

ANNUAL REPORT 2016

TRANSFORMING PERSPECTIVE

think samba

World class banking solutions
for the most important things in life

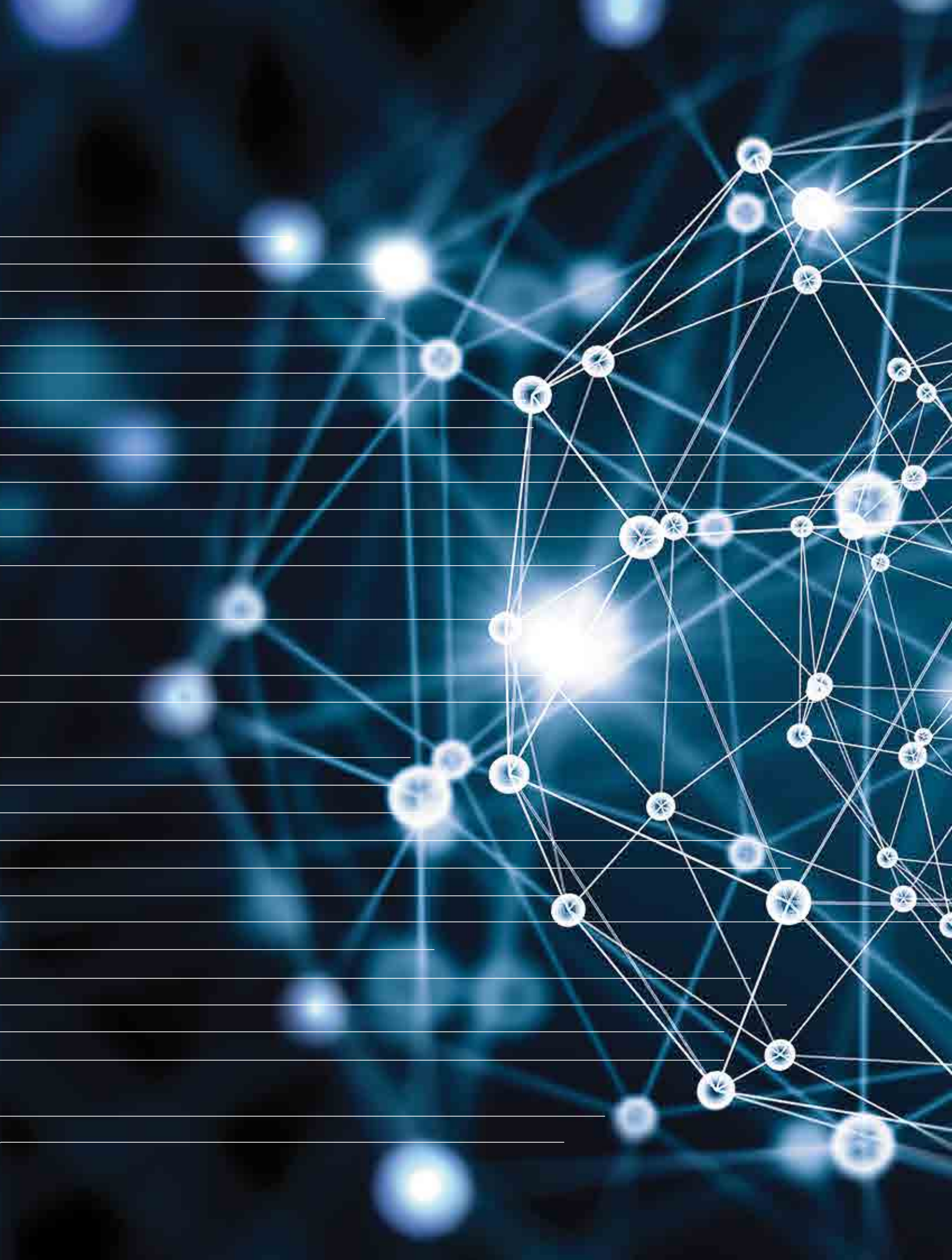
Samba Bank Limited - Subsidiary of Samba Financial Group, Saudi Arabia

samba  سامبا


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VISION & MISSION

Vision

To be the most admired bank in Pakistan providing world class service and innovative solutions through its people and technology, yielding superior returns and demonstrating responsible corporate citizenship.

Mission

To become the most admired bank by:

- Providing world class solutions to our customers by exceeding their service expectations.
- Investing in people by hiring, motivating and retaining talent.
- Creating sustainable value through growth and efficiency of all stakeholders.
- Delivering superior returns to our investors.
- Benefiting the communities in which we operate.

CORE VALUES



Meritocracy

We believe talent is brought to the fore by advancing individuals not for who they are, but for what they can produce. At Samba, we value the role of each employee from the highest to lowest levels.

Equal Opportunity

At Samba, we ensure all employees get equal opportunity to succeed. We value diversity and ensure fairness for all employees.

Respect & Dignity

At Samba, we respect every individual irrespective of their background and evaluate them on his / her potential and performance. Samba values such individual contributions and encourages employees to excel.

Integrity

At Samba, from top management to junior interns, we demand and maintain highest level of integrity. This is not just something we do, it is what we are.

Teamwork

Samba believes single units when joined with many like itself, combine into a powerful force that can achieve great things. We are encouraged to think as a group and to support each other.



COMPANY INFORMATION



Board of Directors

Dr. Shujaat Nadeem Chairman / Non-Executive Director
Mr. Shahid Sattar President and CEO / Executive Director

Mr. Antoine Mojabber* Non-Executive Director
Mr. Beji Tak-Tak Non-Executive Director
Mr. Humayun Murad Independent Director
Mr. Javed Iqbal Non-Executive Director
Mr. Nadeem Babar Independent Director
Ms. Ranya Nashar Non-Executive Director
Mr. Shahbaz Haider Agha Independent Director

* Names are in alphabetical order

Board Audit Committee

Mr. Humayun Murad Chairman
Ms. Ranya Nashar Member
Mr. Javed Iqbal Member

Board Risk Committee

Mr. Beji Tak-Tak Chairman
Mr. Shahid Sattar Member
Mr. Antoine Mojabber Member
Mr. Humayun Murad Member

Board Nomination & Remuneration Committee

Mr. Nadeem Babar Chairman
Mr. Humayun Murad Member
Ms. Ranya Nashar Member

President & Chief Executive Officer

Mr. Shahid Sattar

Company Secretary

Syed Zia-ul-Husnain Shamsi

Chief Financial Officer

Mr. Rashid Jahangir

Auditors

A. F. Ferguson & Co. Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. Advocates & Legal Consultants

Head Office

6th Floor, Sidco Avenue Centre, M.D.M. Wafai Road,
Karachi - Pakistan

Registered Office

2nd Floor, Building # 13-T, F-7 Markaz, Near Post Mall,
Islamabad - Pakistan

Share Registrar

Famco Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery, Block-6 P.E.C.H.S.,
Karachi - Pakistan

Website

www.samba.com.pk

Help Line

11 11 SAMBA (72622)

Credit Rating by JCR-VIS

Medium to Long Term AA (Double A)
Short Term Rating A-1 (A-One)



OUR BRANCH NETWORK



Karachi

Fountain, Saddar
Rashid Minhas
Hyderi
SMCHS
Bahria I
DHA Phase VI
Shahra-e-Faisal
Gulshan
Clifton

Bahadurabad

Ittehad
Saba Avenue
Tauheed Commercial

Lahore

Gulberg
Mall
Allama Iqbal Town
Johar Town

DHA Phase III

New Garden Town
Tufail Sarwar Road
Cavalry Ground
Faisal Town
DHA Phase V
Badami Bagh

Islamabad

Jinnah Avenue

F-11

F-7
DHA Phase II

Rawalpindi

Murree Road
Bahria Town
Wah Cantt.

Gujranwala

G.T. Road

Faisalabad

Liaquat Road

Multan

Nusrat Road

Sialkot

Paris Road

Peshawar

Saddar

AJK - BAGH

Bagh

Currently, SBL has a network of 37 branches located in 10 major cities across the country.

BOARD OF DIRECTORS



Dr. Shujaat Nadeem



Ms. Ranya Nashar



Mr. Antoine Mojabber



Mr. Beji Tak-Tak



Mr. Shahbaz Haider Agha



Mr. Nadeem Babar



Mr. Javed Iqbal



Mr. Humayun Murad



Mr. Shahid Sattar

CHAIRMAN MESSAGE



It gives me great pleasure to share the journey of our Bank towards improving our customer proposition and financial performance. Our strategic objective is provision of value to our customers and unparalleled service offerings.

We have made substantial strides towards boosting our operational and financial performance and we are creating capacity to invest in our business and people. Samba Bank Limited (SBL) profit before tax stands at PKR 926Mio for the year reflecting an increase of PKR 111Mio from the preceding period accompanied with a strong growth in its key revenue drivers contributing to the earning assets of the Bank reaching PKR 91.3Bio as at the close of the year 2016. Asset base of the Bank has crossed PKR 100Bio mark which is a major achievement in our growth story.

In 2016, the Bank undertook various strategic initiatives after due consideration and cost benefit analysis with aim to strengthen Bank's customer proposition and further build our

business platform. I am pleased to share that we have successfully launched new core banking solution by acquiring a state of the art technology in the form of T-24 from M/s Temenos along with all allied systems. Starting 1st January, 2017 the Bank has switched its core banking operations on the new technology connected with newly acquired ATM switch directly integrated with SWIFT, call center and other allied systems. These initiatives will position the bank to better serve our customers and introduce new products and services at much faster pace.

During the year, Corporate and Investment Banking Group made progress on key deliverables however decline in spreads has put some pressure on the business profitability. The cash management team was largely rebuilt, with a vision to enhance the Bank's cash management services; substantially increasing SBL's banking reach to potentially over 4,500 branches across Pakistan, on-boarding reputable clients with substantial deposits and trade business.

The Retail Banking Group continued to grow the deposit book of the Bank and achieved an overall growth of around 17% in 2016 with special emphasis on increasing the low cost deposit portfolio. The current & savings deposit portfolio at the close of the year witnessed a growth by 24% & 9% respectively. More than 3,350 new relationships have been on-boarded yielding incremental deposit of over PKR 4Bio. The induction of these new customers reflects the Bank's increased ability to penetrate into masses and establish itself as a note-worthy retail banking brand in the banking fraternity. During the year, the business explored new initiatives and opportunities to diversify and expand new income sources with strong focus on increasing cross-sell of fee generating products such as Banc-assurance, Takaful and incremental Debit Card spend. The business also successfully ventured in to Hajj related remittances thus bolstering its FX income line. Furthermore, during 2016 SBL expanded its reach by opening 3 new branches in Lahore, Islamabad and Wah Cantt., taking the overall network to 37 branches in 10 cities. SambaGold, a priority banking strategic initiative was launched during the year to cater to the needs of affluent and emerging affluent clientele.

Launch of Commercial Banking Group is a strategic new initiative that is aimed at medium sized corporate entities. SBL has a presence across all the major cities of Pakistan and its growing branch network will enable this initiative to grow further. The group aims to offer a wide range of services including but not limited to receivable financing, working capital financing, trade financing, cash management services and transaction banking services.

During 2016, Global Markets continued with its strategy to support customer business groups, manage Bank's liquidity efficiently, and grow new business line and revenue. The group continues to focus on providing new solutions and increasing cross-sell revenues.

I am pleased to note that the credit rating agency, JCR-VIS has reaffirmed SBL's medium to long-term credit rating at AA (Double AA) and the short-term rating at A-1 (A-One). These long and short-term ratings respectively are indicative of the Bank's high credit quality, moderate risk factor, record of timely payments, and excellent liquidity.

I would like to thank our customers and shareholders for their support. I would also like to thank the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, other regulatory bodies, Board of Directors and my colleagues at Samba Financial Group Saudi Arabia, for their continued support and guidance. In the end, on behalf of the Board of Directors, I would convey our appreciation to the management and the staff of SBL for their hard work, dedication and commitment in achieving the excellent set of results for FY 2016 and wish them success for FY 2017.

Dr. Shujaat Nadeem
Chairman



THE EXECUTIVE TEAM

Left to Right Sitting

SYED GHAZANFAR AGHA
ARIF RAZA
HUMAYUN M.BAWKHER
SHAHID SATTAR
SAMINA HAMID KHAN
RASHID JAHANGIR

Group Head, Corporate & Investment Banking
Group Head, Global Markets (Treasurer)
Chief Credit Officer
President & CEO
Chief Risk Officer
Chief Financial Officer



Left to Right Standing

SITWAT RASOOL QADRI
ABID HUSSAIN
SYED AMIR RAZA ZAIDI
MUHAMMAD ARSHAD MEHMOOD
TALAL JAVED
MUHAMMAD SALMAN ALI
SYED ZIA UL HUSNAIN SHAMSI
AHMAD TARIQ AZAM

Chief Internal Auditor
Group Head, Operations
Group Head, Compliance
Group Head, Human Resources & Training
Group Head, Consumer Banking
Chief Technology Officer
Group Head, Legal Affairs, IRM, Collection & Recovery and Company Secretary
Group Head, Commercial Banking , Administration & Real Estate

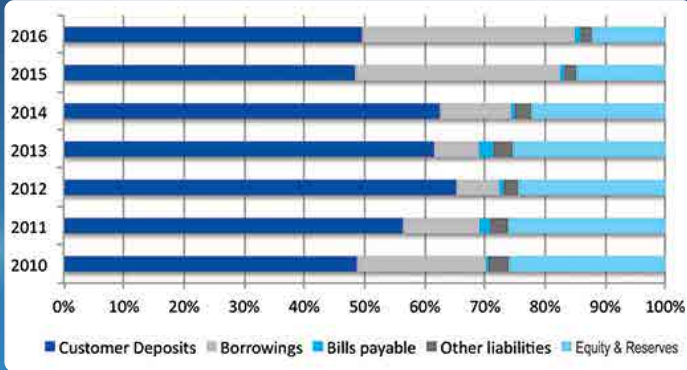
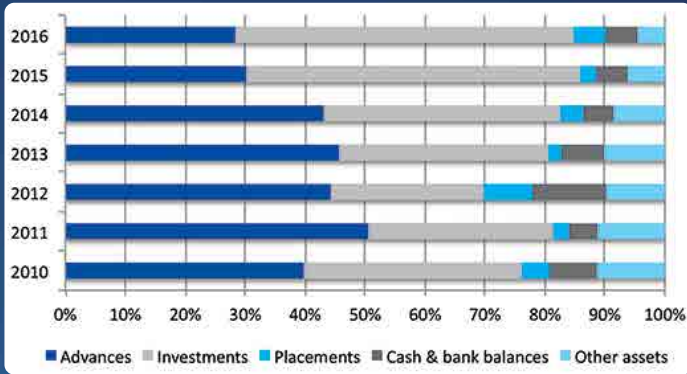
PERFORMANCE HIGHLIGHTS

Data Table for Bar Graphs

	2010	2011	2012	2013	2014	2015	2016
Assets:							
Advances	40%	51%	44%	46%	43%	30%	28%
Investments	36%	31%	26%	35%	39%	56%	56%
Placements	5%	3%	8%	2%	4%	2%	5%
Cash & bank balances	8%	5%	12%	7%	5%	5%	5%
Other assets	11%	11%	10%	10%	9%	6%	5%
Liabilities & Equity:							
Customer Deposits	49%	56%	65%	62%	63%	48%	50%
Borrowings	21%	13%	7%	7%	12%	34%	35%
Bills payable	0%	2%	1%	2%	1%	1%	1%
Other liabilities	3%	3%	2%	3%	3%	2%	2%
Equity & Reserves	26%	26%	24%	25%	22%	15%	12%

A
(SINGLE A)
2010

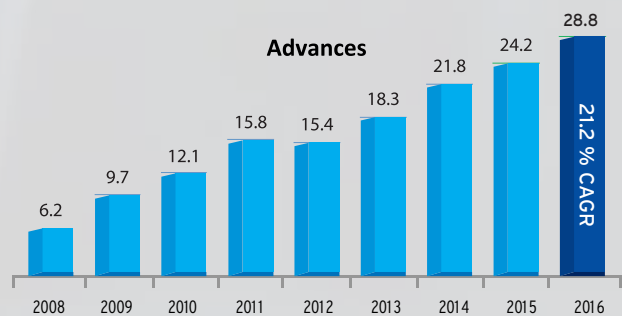
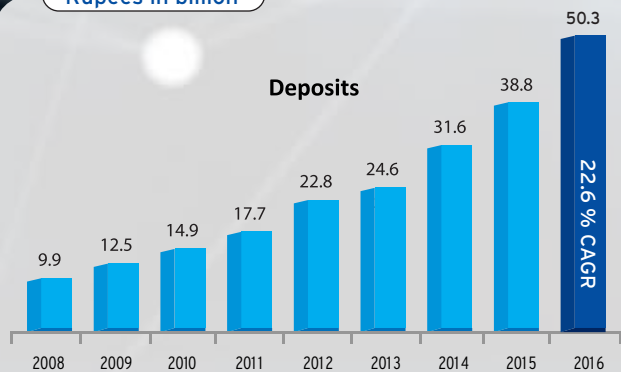
A+
(A-PLUS)
2011



AA
2016
(Retained from 2015)

AA-
(AA MINUS)
2012

Rupees in billion





AWARDS 2016



Global Finance

- Best Bank for Payments and Collections in the Middle East (2nd in a row).
- Best Treasury & Cash Management Provider in Saudi Arabia.
- Best Bank in Saudi Arabia (11th in a row).
- Best Islamic Financial Institution (world wide).
- Best Islamic Financial Institution in Saudi Arabia.
- Best consumer digital bank in Saudi Arabia.
- Best online cash management offering in Middle East & Africa.

The Banker (Top 500 Banking Brands)

- 3rd in the UAE by Brand Value.
- 9th in the Middle East by Brand Value.
- 149th in the World by Brand Value (Up 16 positions).

CPI Financial, Publisher of Banker Middle East

- Best Trade Finance KSA.

Euromoney (Private Banking and Wealth Management)

- Best Investment Banking Capabilities in Saudi Arabia.
- Best Commercial Banking Capabilities in Saudi Arabia.
- Best International Clients in Saudi Arabia.
- Best Innovative Technology - Client Experience in Saudi Arabia and 7th in the Middle East.
- Best Innovative Technology - Back Office Systems in Saudi Arabia.

Institute of Public Administration

- Best National Institution for Employment of Saudi Employees (Ninth Time).

Marine Money International

- The coveted ECA - West Marine Money Deal of the Year Award for involvement in the Gener8 Maritime \$963.7 million Korean ECA-Backed Credit Facility.

Samba received 18 awards in 2016.

DIRECTORS' REPORT



On behalf of the Board of Directors, I am pleased to present the annual report of the Bank along with its audited financial statements and auditors' report for the year ended December 31, 2016.

Economic Highlights

The year 2016 has left valuable imprints on the economy as a whole mainly due to the low volatility in exchange rate, which along with the decline in oil prices, has helped push CPI inflation down to 2.9% in Fiscal Year (FY) 2016 which is significantly below the annual target of 6.0% set for FY 2016, and also lower than 4.5% inflation recorded during FY 2015. However, the positive impact of improvement in growth-enabling factors like better energy supplies, availability of low-cost funding, improved security situation, strong domestic demand, etc, was partially offset by low performance of the agriculture sector during the year. The stable macroeconomic environment, rise in infrastructure spending and an improvement in security conditions led the industrial sector register a healthy growth of 6.8%, not only being higher than 4.8% growth in FY 2015 but also surpassing the annual target of 6.4%. Additional support came from ongoing CPEC-related projects, which created demand for construction and allied industries. The improvements in economic indicators of Pakistan were lauded by international organizations which boosted the confidence of investors' in Pakistani markets. The cumulative efforts resulted in PSX index to cross 50,000 points which is an all-time high mark.

The FBR tax collection recorded a strong growth of 20% in FY 2016, and surpassed the annual target for the first time since FY 2010 which is largely attributed to new tax measures, especially aimed at enhancing the scope of differential taxation structure for return filers and non-filers along with other tax measures implemented from time to time.

The political and law and order situations being the critical success factors for the economy witnessed ups and downs during the period. The overall situation in comparison to the preceding periods emerged to be better and more favorable for the businesses to carry on.

Bank's Operating Results and Financial Review

	Rupees in million	
	2016	2015
Net mark-up / return / interest income after provisions	1,840	2,121
Non mark-up / interest income	1,079	805
Non mark-up / interest expenses	1,993	2,111
Profit before taxation	926	815
Taxation charge	382	385
Profit after taxation	545	431
Earnings per share - PKR	0.54	0.43

The banking industry in Pakistan is experiencing multilateral challenges due to shrinking spreads, tightening of taxation regulations and stringent competition among the market participants.

Despite the challenges in the sector, Samba Bank Limited (SBL) managed to maintain its performance by registering annual profit growth of around 14% in comparison with the preceding year while posting an aggregate profit of PKR 926mn before accounting for taxation. This is reflected by an increase of 26% in the Earnings per Share (EPS) which rose to PKR 0.54 / share during 2016 from PKR 0.43 / share during 2015. The Balance Sheet of the Bank has crossed PKR 100bn mark with an increase of PKR 21bn from the preceding period upheld for comparison.

During the period under review, the Bank further strengthened its earning assets which rose from PKR 70.9bn to PKR 91.3bn at the close of the business in December 2016. This was consequent to the growth of: (i). the advances portfolio, which leveled PKR 29bn thereby demonstrating a rise of 19% and, (ii). the investments, which rose to the tune of PKR 57bn reflecting a growth proportion of 28% in comparison to the close of preceding year. In addition, the deposit base of the Bank increased to PKR 50bn mark demonstrating a rise of 30% during the year.

The gross markup income carried an increase of PKR 214mn to reach up to PKR 5,682mn against PKR 5,468mn during 2015. The non-markup income of the Bank stood at PKR 1,079mn which grew by PKR 274mn from the last year contributed by sustainable diversified growth in all areas of non-funded income including fee, commission, foreign currency dealing, and the trades in debt as well as equity securities.

The Bank managed to recover PKR 88mn against the portfolio classified under non-performing status, demonstrating consistent and effective remedial management. To comply with the requirements of the Prudential Regulations as issued by the SBP, the Bank has created a specific provision against its delinquent corporate portfolio. In addition, to safeguard its assets against credit risk, the Bank has adopted a prudent approach and has maintained a general provision of PKR 105mn against its performing corporate and commercial loans.

To be in line with the best banking service providers, the Bank has undergone a technological shift and migrated to a state of the art banking system, Temenos 24. This upgrade would help enhance the banking experience of its clients to a different level of quality. The upgrade will also enable the Bank to introduce high quality corporate and consumer products simultaneous to maximum customer satisfaction and service standards.

The launch of the Commercial Banking segment last year has shown significant results on the overall financial position of the Bank and has emerged as an independent business line strengthening the clientele. In addition, the Bank successfully managed to pave its way through the Small and Medium Entities (SMEs) market by introducing a new segment dedicated to the SME business which was initiated during the year and highly expected to grow as a crucial business segment.

To cater to the needs of the affluent and emerging affluent clientele, the Bank took a step forward by introducing SambaGold in 2016, a priority banking product.

Credit Rating

JCR-VIS, a premier rating agency of the country, has reaffirmed the medium to long term entity ratings of the Bank at 'AA' (Double A) and the short term rating at 'A-1' (A-One). The outlook on the assigned ratings has also been regarded as 'Stable'. These short term and long term ratings of the Bank denote high credit quality with adequate protection factor and strong capability for timely payments to all financial commitments owing to strong liquidity positions.

Statement of Internal Controls

The Board is pleased to endorse the management's statement on the evaluation of internal controls which is included in the annual report.

Risk Management Framework

Effective risk management is a prerequisite for achieving our business objectives and is thus a central part of the Bank's policies. To ensure that an effective risk management framework is implemented in the Bank, the Board of Directors and senior management are actively involved in the formulation of policies, procedures and limits. Accordingly, the Bank has a comprehensive risk management framework that establishes risk management principles, guidelines and the governance structure. This framework defines the various committees established to undertake effective risk monitoring, by the Board of Directors and senior management, of the various types of risks which include credit, market, liquidity and operational risks. These are discussed in more detail in notes 40, 41, 43 and 45 to the annexed financial statements.

Through the risk management framework, bank-wide risks are managed, with the objective of maximizing the risk-adjusted returns while remaining within the risk parameters approved by the Board. The Bank's risk management framework is designed to balance corporate governance with well-defined independent risk management principles. Refinements were continuously undertaken in the overall risk management governance throughout 2016, based on the guiding principles established by the Board Risk Committee.

Statement under Code of Corporate Governance / Corporate and Financial Reporting Framework

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

- Proper books of account of the Bank have been maintained;
- The financial statements prepared by the management of the Bank fairly present its state of affairs, result of its operations, comprehensive income, cash flows, and changes in equity;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and adopted by the State Bank of Pakistan, have been followed in preparation of the Bank's financial statements, and departures, if any, have been adequately disclosed;
- The system of internal controls is sound in design and has been effectively implemented and monitored on best efforts basis;

- There are no doubts about the Bank's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- A summary of key operating & financial data for last 6 years is included in Annual Report;
- In order to strengthen the equity base for future expansion; the Bank has not declared dividend. Earnings Per Share (EPS) for the year under review is PKR 0.54 (basic / diluted);
- A statement showing the Bank's shareholding pattern as of December 31, 2016 is annexed;
- The book value of investments of Staff Provident Fund is PKR 180mn as per the audited financial statements for the year ended December 31, 2015;
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2016, except as disclosed in these financial statements;
- Statement of Compliance with Code of Corporate Governance is annexed;
- The financial statements of the Bank have been audited without qualification by auditors of the Bank, Messrs A.F. Ferguson & Company, Chartered Accountants; and
- All the directors of the Bank, except for two directors who are exempt from the training requirement, have completed their training programme as per the requirement of the Code.

Election of Directors 2016

During the year 2016, the new Board of Directors of the Bank was elected at the 13th Annual General Meeting held on March 21, 2016. The Board welcomes Dr. Shujaat Nadeem as the Chairman, the newly elected member Mr. Nadeem Babar and Mr. Shahbaz Haider Agha who was appointed to the Board as an Independent Director.

Change in Directors

Mr. Farhat Abbas Mirza resigned from the Board of Directors on April 20, 2016. Mr. Mirza had been on the SBL Board since 2007. The Board wishes to place on record its deepest appreciation for his services on Board. The Board also placed its sincere thanks for the services rendered by the Independent Director Mr. Zahid Zaheer who has served the Bank from 2008 to 2016.

Meetings of the Board

Four (4) Board meetings along with Nine (9) Board Sub-Committee meetings were held during the period under review. The Board granted leave of absence to the Directors who did not attend the meetings. The number of meetings held and attended by each director is:

	Board Meetings	Audit Committee Meetings	Risk Committee Meetings	Nomination & Remuneration Committee Meetings
Number of meetings held	4	4	3	2
Number of meetings attended:				
Dr. Shujaat Nadeem	4	-	-	1
Mr. Antoine Mojabber	4	-	3	1
Mr. Beji Tak-Tak	4	-	3	-
Mr. Humayun Murad	4	3	3	2
Mr. Javed Iqbal	4	4	-	-
Mr. Farhat Abbas Mirza*	1	-	-	-
Mr. Nadeem Babar	3	-	-	1
Ms. Ranya Nashar	3	3	-	1
Mr. Shahbaz Haider Agha**	1	-	-	-
Mr. Zahid Zaheer*	1	1	-	-
Mr. Shahid Sattar	4	-	2	1

* Casual vacancy

** Addition to the Board

Share Acquisition by Directors and Executives

The Pattern of shareholding and additional information regarding pattern of shareholding is attached separately. During the year, no trade in the shares of the Bank was carried out by the Directors, CFO and Company Secretary and their spouses and minor children, except, Dr. Shujaat Nadeem, who purchased 30,000,000 shares, Mr. Nadeem Babar, who purchased 12,500,500 shares, Mr. Shahbaz Haider Agha, purchased 500 qualifying shares of the Bank and Mr. Shahid Sattar sold 357,732 shares. All sale / purchases were made after meeting all the regulatory and disclosure requirements.

Auditors

The retiring external auditors Messrs A.F. Ferguson & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment. The Board of Directors, on the suggestion of the Audit Committee, recommends Messrs A.F. Ferguson & Company, Chartered Accountants (a member firm of PricewaterhouseCoopers) to be appointed for the next year.

Events after the Balance Sheet Date

There have been no material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements.

Future Outlook

The macroeconomic environment forecasts an affirmation to the reduction in fuel prices and the level of inflation. In overall terms, the current account deficit is likely to stay in the range of 0.5 - 1.5 percent of GDP during FY 2017. Key risks to this forecast include: (i) the immediate impact of Brexit on international commodity prices (its impact on Pakistan's exports to the UK will become clear over the medium-term); (ii) slowdown in the Chinese economy; and (iii) an unexpected change in the pace of work on CPEC projects. The core focus of the Bank would be to leverage on the building blocks put into place; steadily build up its earning assets; effectively manage the associated risks; and reduce its cost of funds through continued improvement in its deposit mix. This would be facilitated by delivery of world class banking services to the Bank's valued customers enabled by state of the art Core Banking System.

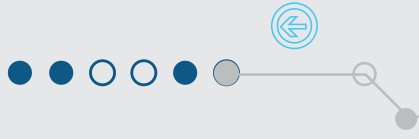
With a view to the above, the Bank has expanded its reach by opening 3 new branches in Lahore, Islamabad and Wah Cantt, taking the overall branch network to 37 spread across 10 cities.

Acknowledgement

I wish to express sincere gratitude to our customers, business partners and shareholders for their patronage and trust. The Board of Directors and the management would like to thank the State Bank of Pakistan and other regulatory bodies for their guidance and support. I also sincerely appreciate the dedication, commitment and team work of all employees of the Bank who worked very hard to transform the Bank into a successful franchise.

On behalf of the Board of Directors,

Shahid Sattar
President and Chief Executive Officer
February 22, 2016
Karachi



ڈائریکٹرز رپورٹ



میں یورڈ آف ڈائریکٹرز کی جانب سے مالیاتی گوشواروں اور آڈٹرز رپورٹ کے ساتھ 31 دسمبر 2016 کو ختم ہونے والے سال کے لیے بینک کی رپورٹ پیش کرتے ہوئے انتہائی سزت محسوس کر رہا ہوں۔

معیشت کے چیدہ چیدہ نکات

2016 کے حالات نے معیشت پر غیر معمولی اثرات مرتب کیے جن کے نتیجے میں زرمبادلہ کے نرخوں میں اتار چڑھاؤ کم رہا اور عالمی منڈی میں تیل کے نرخ کم ہونے سے کزنیومر پرائس انڈیکس (سی پی آئی) کے حوالے سے افراط زر کی شرح 2.9 فیصد تک رہی جو مالی سال 2016 کے ہدف 6.0 فیصد اور گزشتہ مالی سال کی متعلقہ شرح 4.5 فیصد سے کافی کم ہے۔ مگر یہ بات بھی ذہن نشین رہے کہ معاشی نمو یقینی بنانے والے عوامل (توانائی کی بہتر فراہمی، کم لاگت کے مالیاتی وسائل کی دستیابی، امن و امان کی بہتر صورت حال، مستحکم اقتصادی مائیکرو) کے مثبت اثرات کو زرمعی شعبے کی کارکردگی نے خاطر خواہ نتائج حاصل کرنے سے روک دیا۔ اجتماعی معاشی ماحول کی بہتری، بنیادی ڈھانچے پر کی جانے والی سرمایہ کاری اور سلامتی کے حوالے سے حوصلہ افزا صورت حال نے یقینی شعبے کو 6.8 فیصد کی شرح سے نمونہ پانے کے قابل بنایا جو 2015 کی شرح نمو 4.8 فیصد ہی سے نہیں بلکہ 2016 کے ہدف 6.4 فیصد سے بھی زائد تھی۔ پاک چین اقتصادی راہداری سے وابستہ منصوبوں پر کام کی تیز رفتاری نے تعمیرات اور اس سے منسلک صنعتوں کے لیے مزید نمو کی راہ ہموار کی۔ پاکستان کے بہتر معاشی اشاریوں کو عالمی تجزیاتی اداروں نے مکمل کرسرہا جس کے نتیجے میں پاکستانی مارکیٹس پر اندرونی و بیرونی سرمایہ کاروں کے اعتماد میں اضافہ ہوا۔ اجتماعی کاوشوں سے اسٹاک مارکیٹ انڈیکس 50 ہزار کی سطح عبور کر گیا جو ریکارڈ ہے۔

2016 کے دوران محصولات میں 20 فیصد اضافہ ہوا اور 2010 کے بعد پہلی بار محصولات کا ہدف حاصل ہو سکا۔ یہ کامیابی ٹیکس گوشوارے جمع کروانے والوں اور نہ کروانے والوں کے درمیان ٹیکس کے بنیادی ڈھانچے کا فرق واضح کرنے، سہولت و قفے وقفے سے کیے جانے والے آئی اقدامات کا نتیجہ تھی۔

سیاسی صورت حال اور امن و امان کا یقینی کے اہم عوامل ہیں جن میں موجودہ سال کے دوران اتار چڑھاؤ دیکھنے میں آیا۔ بہر کیف، 2015 کے مقابلے میں 2016 میں معاملات بہتر رہے اور کاروبار بہتر انداز سے جاری رکھنے میں قدرے مدد ملی۔

بینک کی کارکردگی اور مالیاتی جائزہ

(تمام رقم کروڑ روپے میں)

2015	2016
212.1	184.0
80.5	107.9
211.1	199.3
81.5	92.6
38.5	38.2
43.1	54.5
0.43	0.54

خالص مارک اپ، ریٹرن، انٹرنسٹ
 مارک اپ یا انٹرنسٹ کے سوا آمدن
 مارک اپ، انٹرنسٹ کے سوا اخراجات
 قبل از محصولات منافع
 محصولات (ٹیکسیشن)
 بعد از محصولات منافع
 فی حصص آمدن (روپیہ)

موجودہ دور میں پاکستان میں شعبہ بینکاری کو کثیر الجہت مشکلات کا سامنا ہے۔ جہاں وسعت کی گنجائش میں کمی اور دوسری طرف سخت تر ٹیکس قوانین و قواعد کا اطلاق کیا جا رہا ہے وہیں مسابقت میں بھی متواتر بڑھوتری کا رجحان دیکھنے میں آ رہا ہے۔

حلقہ بینکاری کو درپیش مشکلات کے باوجود سامبا بینک نے 2016 کے دوران مجموعی طور پر بہتر کارکردگی کا مظاہرہ کرتے ہوئے سالانہ منافع میں 14 فیصد اضافہ ممکن بنایا جو 92.6 کروڑ روپے کی سطح پر گزشتہ برس کے قبل از ٹیکس منافع سے زیادہ اور حوصلہ افزا ہے۔ فی حصص آمدنی 2015 میں 0.43 روپے تھی جو 2016 میں 26 فیصد بڑھ کر 0.54 روپے ہو گئی۔ بیلنس شیٹ بھی گزشتہ برس کے موازنے میں 21 ارب روپے کے اضافے سے 100 ارب سے زائد ہو گئی۔

زیر تجزیہ مدت کے دوران سامبا بینک نے اپنے آمدنی بڑھانے والے اثاثوں میں اضافہ بھی ممکن بنایا۔ 2015 میں یہ 141 ارب 70.9 روپے تھے جو 2016 میں 191.3 ارب روپے ہو گئے۔ یہ کامیابی قرضہ جاتی پورٹ فولیو کے 29 ارب روپے ہو جانے کی بدولت ممکن ہوئی جو 19 فیصد نمو کی نشاندہی کرتی ہے۔ اسی طرز پر گزشتہ برس کے مقابلے میں سرمایہ کاری بھی 28 فیصد اضافے کے ساتھ 57 ارب روپے ہو گئی۔ مزید برآں، بینک کی ڈپازٹ میں بھی اس مدت کے دوران 30 فیصد اضافے سے 50 ارب روپے تک پہنچ گئی۔

2016 میں مجموعی مارک اپ اکم 21.4 کروڑ روپے کے اضافے سے 568.2 کروڑ روپے ہو گئی جو 2015 میں 546.8 کروڑ روپے تھی۔ 2016 میں غیر مارک اپ اکم 107.9 کروڑ روپے رہی جو گزشتہ برس کے مقابلے میں 27.4 کروڑ روپے زیادہ ہے۔ یہ اضافہ ٹیکس، ٹیکسیشن، غیر ٹیکس کرنسی کی خرید و فروخت اور تحسکات کی تجارت کے حوالے سے بہتر کارکردگی کی بدولت ممکن ہو سکا۔

بینک نے 2016 کے دوران غیر فعال درجہ بندی میں منتقل پورٹ فولیو سے 8.8 کروڑ روپے کی وصولیاتی کی جو انتظامی سطح پر عمدہ کارکردگی کا مظہر ہے۔ بینک دولت پاکستان کے جاری کردہ پروڈیٹس ریگولیشن کے مطابق بینک نے غیر فعال کارپوریٹ قرضہ جات کے لیے بھی پروڈنٹس پیش کر رکھا ہے۔ فعال کارپوریٹ اور کمرشل قرضوں کے مقابل اٹاٹوں کو زیادہ سے زیادہ تحفظ فراہم کرنے کے لیے 10.5 کروڑ روپے پیش کیے گئے ہیں۔

بہترین بینکاری خدمت گزاروں کی صف میں شامل رہنے کے لیے سامبا بینک نے ٹیکنالوجیکل سہولت یعنی بناتے ہوئے بہترین بینکاری سہولیات کی فراہمی کے لیے جدید ترین نظام ”ٹیمپو 24“ اپنایا ہے۔ اس اپ گریڈ سے بینک کے کرم فرما اعلیٰ معیار کی بینکاری خدمات سے استفادہ حاصل کر سکیں گے۔ اس اپ گریڈ کے نتیجے میں بینک بھی جدید ترین کارپوریٹ اور کمرشل پروڈکٹس کو اطمینان بخش طریقے سے فراہم کر سکے گا۔

گزشتہ برس کمرشل بینکاری کے اجراء سے سامبا بینک کی مالیاتی ساکھ بہتر ہوئی ہے اور کرم فرمائوں کی بنیاد مضبوط بناتے ہوئے یہ ایک الگ برنس گروپ کے طور پر ابھری ہے۔ بینک نے گزرے ہوئے سال کے دوران چھوٹے اور درمیانے حجم کے کاروباری اداروں کے لیے بھی خصوصی خدمات کا آغاز کیا جو کامیاب رہا اور امید ہے کہ یہ بہت جلد بینک کے لیے ایک اہم شعبے کی شکل اختیار کر لے گا۔

مالی طور پر مستحکم اور مالی استحکام کی طرف بڑھتے والے صارفین کے لیے سامبا بینک نے 2016 میں ایک قابل ترجیح بینکنگ پروڈکٹ SambaGold (سامبا گولڈ) بھی متعارف کروائی۔

کریڈٹ ریٹنگ

ملک کی ممتاز کریڈٹ ریٹنگ ایجنسی JCR-VIS نے سامبا بینک کو درمیانی سے طویل المدت اداریاتی درجہ بندی میں AA جبکہ قلیل المدت درجہ بندی میں A-1 درجے کی توثیق کی ہے۔ ان درجات کے حوالے سے بینک کا عمومی تاثر بھی مستحکم قرار پایا ہے۔ یہ قلیل اور طویل المدت درجات مقبول تحفظ کے ساتھ قرضے ادا کرنے کی عمدہ صلاحیت اور سہولت (liquidity) کے معاملے میں بینک کی مستحکم حیثیت کی نشاندہی کرتی ہیں۔

اسٹیٹمنٹ آف انٹرنل کنٹرول

یورڈ آف ڈائریکٹرز انٹرنل کنٹرول سے متعلق انتظامیہ کے تجربے کی بخوشی توثیق کرتا ہے جو سالانہ رپورٹ کا حصہ ہے۔

رسک مینیجمنٹ فریم ورک

کاروباری اہداف کے حصول کے لیے موثر رسک مینیجمنٹ لازم ہے اور اسی لیے یہ بینک کی بنیادی پالیسی کا حصہ ہے۔ بینک میں موثر رسک مینیجمنٹ فریم ورک نافذ کرنے کے لیے یورڈ آف ڈائریکٹرز اور سینئر انتظامی افسران پالیسی، طریق کار اور حدود کے تعین میں مصروف ہیں۔ بینک کا ایک جامع رسک مینیجمنٹ فریم ورک ہے جو رسک مینیجمنٹ کے اصولوں، رہنما خطوط اور گورننس کے ڈھانچے کو جنمی شکل دیتا ہے۔ یہ فریم ورک قرضوں، مارکیٹ، سیٹلائٹ اور آپریشن سے متعلق خطرات سے نمٹنے کے لیے یورڈ آف ڈائریکٹرز اور سینئر انتظامیہ کی طرف سے بنائی جانے والی کمیٹیوں کے دائرہ کار کا تعین کرتا ہے۔ اس حوالے سے سالانہ رپورٹ سے منسلک مالیاتی گوشواروں کے نوٹ نمبر 40، 41، 43 اور 45 میں صراحت موجود ہے۔

رسک مینیجمنٹ فریم ورک کے تحت بینک کی راہ میں حاصل ہونے والے تمام خطرات کی بہتر انتظام کاری کی جاتی ہے۔ بنیادی مقصد یہ ہے کہ خطرات کے پیش نظر یورڈ آف ڈائریکٹرز کے طے کردہ معیارات و حدود میں رہتے ہوئے متعلقہ آمدن بڑھائی جائے۔ بینک کا رسک مینیجمنٹ فریم ورک خطرات سے نمٹنے کے آزاد و غیر جانب دار اصولوں اور کارپوریٹ گورننس کے درمیان توازن پیدا کرنے کے مقصد کو ذہن نشین رکھتے ہوئے تشکیل دیا گیا ہے۔ یورڈ رسک کمیٹی کے طے کردہ رہنما خطوط کی بنیاد پر 2016 کے دوران مجموعی رسک مینیجمنٹ گورننس کو زیادہ سے زیادہ کارگر بنانے کی بھرپور کوششیں کی گئیں۔

کوڈ آف کارپوریٹ گورننس اور کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کے تحت بیان

یورڈ آف ڈائریکٹرز کوڈ آف کارپوریٹ گورننس کے تحت اپنی ذمہ داریوں سے بخوبی آگاہ ہے اور تصدیق کرتا ہے کہ:

- بینک کی تمام اکاؤنٹ بکس مستند طریقے سے رو بہ عمل لائی گئی ہیں۔
- انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشواروں سے بینک کے تمام مالی معاملات، آپریشنز، جامع آمدن، نقدی کے بہاؤ اور ایکویٹی میں تبدیلی کی بخوبی اور درست نشاندہی ہوتی ہے۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کے موزوں ترین طریق کار پر عمل کیا گیا ہے۔ حساب کتاب کے تمام تخمینے مقبول اور دانش مندانہ فیصلوں کی روشنی میں تیار کیے گئے ہیں۔
- بینک کے مالیاتی گوشواروں کی تیاری میں ان تمام انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کو بروئے کار لایا گیا ہے جو پاکستان میں مروج ہیں اور بینک دولت پاکستان نے بھی اپناتے ہیں۔ اور جہاں کہیں بھی ان معیارات کو اپنانے سے گریز کیا گیا ہے وہاں ضروری صراحت بھی کردی گئی ہے۔
- انٹرنل کنٹرول کے نظام کا ذہن متحکم ہے اور یہ نظام موثر طور پر نافذ کیا گیا ہے۔

- بینک کی کارکردگی جاری رکھنے کی صلاحیت کے حوالے سے کوئی اشتباہ موجود نہیں۔
- کارپوریٹ گورننس کے حوالے سے جن قواعد و ضوابط کا حوالہ دیا گیا ہے ان پر عمل سے کہیں بھی غیر ضروری یا دانستہ گریز نہیں کیا گیا۔
- 6 سال کے کلیدی آپریشنل اور مالیاتی مواد کا خلاصہ رپورٹ میں شامل ہے۔
- مستقبل میں توسیع کو ذہن نشین رکھتے ہوئے انکویٹی میں مضبوط کرنے کی غرض سے بینک نے مقسوم (ڈیویڈنڈ) کا اعلان نہیں کیا ہے۔ زیر جائزہ سال کے لیے فی حصص آمدنی 0.54 روپے (بینک/ڈیویڈنڈ) ہے۔
- 31 دسمبر 2016 کو ادارے کی ملکیت حصص کے طرز سے متعلق بیان بھی اس رپورٹ کا حصہ ہے۔
- 31 دسمبر 2015 کو ختم ہونے والے سال کے لیے اسٹاف پراویڈنٹ فنڈ کے اثاثہ جات کی آڈٹ شدہ مالیت 18.0 کروڑ روپے ہے۔
- مالیاتی گوشواروں میں جن کا ذکر کیا گیا ہے ان کے سوا 31 دسمبر 2016 کو ختم ہونے والے سال کے لیے کہیں پر ٹیکس، ڈیویڈنڈ، لیوریٹیا چارجز کی مد میں کوئی بھی رقم واجب الادا نہیں۔
- کوڈ آف کارپوریٹ گورننس کی تعمیل سے متعلق بیان بھی رپورٹ سے منسلک ہے۔
- بینک کے تمام مالیاتی گوشواروں کی آڈیٹنگ ادارے کے آڈیٹرز میسرز سے ایف فرگن اینڈ کمپنی نے کی ہے۔
- جن کے لیے ٹریڈنگ لازم نہیں اُن دو ڈائریکٹرز کے سوا بینک کے تمام ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کے تحت باضابطہ ٹریڈنگ حاصل کی ہے۔

ڈائریکٹرز کا انتخاب برائے 2016

21 مارچ 2016 کو منعقدہ 13 ویں سالانہ اجلاس عام میں 2016 کے لیے بینک کے ڈائریکٹرز کا انتخاب عمل میں لایا گیا۔ بورڈ اپنے چیئرمین جناب ڈاکٹر شجاعت ندیم اور نئے منتخب رکن جناب ندیم بابر اور اعلیٰ منیجمنٹ ڈائریکٹر جناب شہباز حیدر آغا کو فوش آمدید کہتا ہے۔

ڈائریکٹرز کی تبدیلی

جناب فرحت عباس مرزا نے 20 اپریل 2016 کو بورڈ آف ڈائریکٹرز سے استعفیٰ دیا۔ جناب فرحت عباس مرزا 2007 سے سما بینک کے بورڈ آف ڈائریکٹرز کے رکن تھے۔ بورڈ آف ڈائریکٹرز اس مدت کے دوران اُن کی شاندار خدمات کو قدر کی نگاہ سے دیکھتا ہے۔ بورڈ آف ڈائریکٹرز اینڈ مینجمنٹ ڈائریکٹر جناب زاہد ظہیر کی خدمات کو بھی قدر کی نگاہ سے دیکھتا ہے جنہوں نے سنہ 2008 سے 2016 تک بینک کے لئے خدمات سر انجام دیں۔

بورڈ آف ڈائریکٹرز کے اجلاس

2016 کے دوران بورڈ آف ڈائریکٹرز کے 4 اور ذیلی کمیٹیوں کے 9 اجلاس منعقد ہوئے۔ جن ڈائریکٹرز نے اجلاسوں میں شرکت نہیں کی بورڈ نے اُن کی رخصت کی منظوری دی۔

اجلاس کی تفصیل:

بورڈ اجلاس	آڈٹ کمیٹی اجلاس	رسک کمیٹی اجلاس	نومینیشن اور ریویژن کمیٹی اجلاس
4	4	3	2
4	-	-	1
4	-	3	1
4	-	3	-
4	3	3	2
4	4	-	-
1	-	-	-
3	-	-	1
3	3	-	1
1	-	-	-
1	1	-	-
4	-	2	1

تعداد

شرکت کی تعداد:

ڈاکٹر شجاعت ندیم

جناب انونگ موہنجر

جناب بی بی ناک ناک

جناب ہمایوں مراد

جناب جاوید اقبال

جناب فرحت عباس مرزا*

جناب ندیم بابر

محترمہ مدینہ بیشر

جناب شہباز حیدر آغا**

جناب زاہد ظہیر*

جناب شاہد ستار

* کیو پیکل دیکنسی

** بورڈ میں اضافی

ڈائریکٹرز اور ایگزیکٹوز کی طرف سے شیئرز کا حصول

ملکیت حصص کا طرز اور اس سے متعلق اضافی معلومات الگ سے فراہم کی گئی ہیں۔ سال بھر میں ڈائریکٹرز، ایف او، کینی سیکریٹری، ان کی نیگمات (شاہرہ) اور بچوں نے شیئرز کا لین دین نہیں کیا، اس کے علاوہ شہادت عدالت نے 3 کروڑ شیئرز خریدے، جناب عدیم بابر جنہوں نے 1.25 کروڑ شیئرز خریدے، جناب شہباز حیدر آغا نے بینک کے 500 کو ایفانٹک شیئرز خریدے جبکہ جناب شاہد ستار نے 357,732 شیئرز فروخت کیے۔ شیئرز کی خرید و فروخت تمام متعلقہ قواعد و ضوابط کے تحت کی گئی۔

آڈیٹرز

ریٹائر ہونے والے بیرونی آڈیٹرز میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اپنی خدمات دوبارہ پیش کیں۔ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے میسرز ایف فرگوسن اینڈ کمپنی کو (جو پرائس واٹر ہاؤس کا پرنسپل پارٹنر ہے) آئندہ برس کے لیے بھی بیرونی آڈیٹرز مقرر کر دیا۔

بیلنس شیٹ ڈیٹ کے بعد کے واقعات

بیلنس شیٹ ڈیٹ کے بعد ایسا کوئی بھی واقعہ رونما نہیں ہوا جس کی بنیاد پر مالیاتی گوشواروں میں کوئی تطبیق ضروری سمجھی گئی ہو۔

مستقبل کے امکانات

اجتماعی معاشی ماحول خاصا حاصلہ افزا ہے کیونکہ عالمی منڈی میں خام تیل کے نرخ اور اندرون ملک افزائش میں کمی کا امکان ہے۔ مالی سال 2017 کے دوران کرنٹ اکاؤنٹ کا خسارہ خام قومی پیداوار کے 0.5 سے 1.5 فیصد تک متوقع ہے۔

بہتر معاشی امکانات کے لیے ممکنہ خطرات:

- یورپی یونین سے برطانیہ کے الگ ہونے کے نتیجے میں عالمی منڈی میں اشیاء کی قیمتیں متاثر ہو سکتی ہیں۔ (برطانیہ کے لیے پاکستان کی برآمدات کے حوالے سے صورت حال بھی جلد واضح ہو جائے گی)۔
- چینی معیشت میں سست روی اور
- پاک چین اقتصادی راہداری سے وابستہ منصوبوں کی رفتار میں رد و نما ہونے والی غیر متوقع تبدیلی۔

سامبا بینک کی ساری توجہ اس نکتے پر مرکوز رہے گی کہ تمام بنیادی اجزاء کو درست ترتیب سے رکھا جائے، آمدن میں اضافہ کرنے والے اثاثوں کو محکم کیا جائے، ان سے وابستہ خطرات سے بہتر طور پر نمٹا جائے اور ڈیپازٹس کس میں بہتری لاکر فنڈز کی لاگت کو قابل قبول حد میں رکھا جائے۔ یہ سب کچھ جدید ترین گورنرنٹنگ سسٹم اپناتے ہوئے کسٹمرز کو انتہائی معیاری خدمات فراہم کر کے ممکن بنایا جائے گا۔

سامبا بینک نے 2016 میں اسلام آباد، لاہور اور واہگینڈ میں بھی شاخ کھولی جس کے بعد اب 10 شہروں میں بینک کی 37 شاخیں صارفین کو اعلیٰ معیار کی بینکاری سہولیات فراہم کر رہی ہیں۔

اظہار تشکر

سامبا بینک پر اعتماد کے اظہار اور سرپرستی پر میں بینک کے تمام صارفین، کاروباری شرکت داران اور حصص یافتگان کا شکریہ ادا کرتا ہوں۔ بورڈ آف ڈائریکٹرز اور انتظامیہ عمدہ کارکردگی یقینی بنانے کے لیے ورکاررہنمائی اور معاونت فراہم کرنے پر بینک دولت پاکستان اور دیگر ضوابطی اداروں کا شکریہ ادا کرتا ہوں۔ اپنا فرض سمجھتی ہے۔ بینک کے تمام ملازمین بھی لائق ستائش ہیں جن کی بھرپور وابستگی، محنت اور لگن نے سامبا بینک کی کامیابی میں کلیدی کردار ادا کیا ہے۔

(بورڈ آف ڈائریکٹرز کی طرف سے)

شاہد ستار

صدر اور چیف ایگزیکٹو آفیسر

22 فروری 2017

کراچی

Six Years' Performance Highlights

Rs. in Million

	2011	2012	2013	2014	2015	2016
Statement of Financial Position						
Assets						
Advances - gross	18,375	17,843	20,561	23,916	26,260	30,988
Investments - gross	9,899	9,013	14,104	20,055	44,828	57,272
Lendings to financial institutions	803	2,777	791	1,900	2,000	5,277
Cash and balances with treasury and other banks	1,523	4,342	2,913	2,605	4,330	5,540
Operating fixed assets	904	832	862	801	1,324	1,459
Deferred tax asset - net	1,436	1,409	1,484	1,058	658	410
Other assets - gross	1,276	1,266	1,810	2,567	3,118	2,877
Total assets - gross of provisions	34,216	37,482	42,525	52,903	82,517	103,823
Provision against advances - specific and general	(2,544)	(2,398)	(2,292)	(2,104)	(2,073)	(2,198)
Provision for diminution in the value of investments	(235)	(118)	(113)	(102)	(102)	(35)
Provision held against bad and doubtful other assets	(106)	(112)	(119)	(115)	(176)	(175)
Total assets - net of provisions	31,331	34,854	40,001	50,581	80,166	101,415
Liabilities						
Customer deposits and other accounts	17,669	22,754	24,633	31,642	38,844	50,307
Borrowings	3,996	2,477	2,987	5,965	27,326	35,847
Bills payable	529	251	919	309	492	915
Other liabilities	955	856	1,331	1,411	1,660	2,026
Total liabilities	23,149	26,338	29,870	39,326	68,322	89,095
Net assets	8,182	8,516	10,131	11,255	11,844	12,320
Share capital	14,335	14,335	8,082	10,082	10,082	10,082
Advance against proposed issue of shares	-	-	1,614	-	-	-
Reserves	90	151	167	213	299	408
Unappropriated profit / (accumulated losses)	(6,252)	(6,012)	291	472	816	1,253
Equity	8,173	8,474	10,154	10,767	11,198	11,743
(Deficit) / surplus on revaluation of assets - net of tax	9	42	(23)	488	647	577
	8,182	8,516	10,131	11,255	11,844	12,320
Profit & Loss Account						
Mark-up / return / interest earned	3,352	3,054	3,207	4,619	5,468	5,682
Mark-up / return / interest expensed	(1,944)	(1,722)	(1,823)	(2,806)	(3,326)	(3,576)
Net mark-up / interest income	1,408	1,332	1,384	1,813	2,143	2,106
Fee, commission, brokerage and Income from dealing in foreign currencies	83	112	152	153	201	317
Dividend income and (loss) / gain on sales of securities - net	23	38	-	41	507	739
Other income and unrealised (loss) / gain on revaluation of investments	47	4	8	24	98	23
Non mark-up / interest income	153	154	160	217	805	1,079
Revenue	1,561	1,486	1,544	2,030	2,948	3,185
Non mark-up / interest expenses	(1,397)	(1,459)	(1,551)	(1,646)	(2,111)	(1,993)
(Charge) / reversal / recovery of provision / against write-offs	37	137	88	41	(22)	(265)
Profit before taxation	201	164	81	425	815	926
Taxation	36	137	3	(199)	(385)	(382)
Profit after taxation	237	301	84	226	431	545
Other Information						
Return on equity (RoE)*	2.94%	3.62%	0.91%	2.13%	3.66%	4.38%
Return on assets (RoA)*	0.76%	0.91%	0.23%	0.46%	0.61%	0.64%
Profit before tax to revenue ratio	12.9%	11.0%	5.3%	20.9%	27.7%	29.1%
Advances to deposits ratio (ADR)	89.6%	67.9%	74.2%	68.9%	62.3%	57.2%
Efficiency ratio (cost to revenue)	89.5%	98.2%	100.4%	81.1%	71.6%	62.6%
Earnings Per Share (EPS)**	0.16	0.37	0.10	0.24	0.43	0.54
Market value per share - rupees	1.45	2.85	4.72	7.00	6.00	7.26
Number of employees	760	732	614	602	657	680
Number of branches	28	28	28	28	34	37

* Ratios are based on average volumes of the respective years

** EPS for the year 2011 has not been restated for reduction of shares in 2013

Statement of Internal Controls

Management is responsible for establishing and maintaining adequate controls for providing reasonable assurance on effective and efficient operations, internal financial controls and compliance with laws and regulations. Furthermore, development of internal control systems is an ongoing process. They are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The responsibility for adherence to controls mainly lies with the business from where the risk arises. For monitoring the effectiveness of internal control systems, the Bank has set roles for certain functions such as Audit & Risk Review (ARR), Compliance and the Operations Risk Management Department (ORMD). ARR periodically carries out audits of branches and departments to monitor compliance with the Bank's control and processing standards, and regulatory requirements. Likewise, Compliance department is responsible for assisting the senior management in managing effectively the regulatory compliance and Money Laundering & Terrorist Financing risks faced by the Bank. Also, the ORMD function within the Risk Management Group carries out quality assurance reviews of processes and transactions of branch banking operations, to ensure compliance of policies and fulfillment of regulatory requirements. In order to institutionalize a robust control and risk management culture, Key Risk Indicators (KRIs) for respective control areas have been identified along with tolerance limits. Further, the Bank's KRI inventory is regularly updated to reflect latest trends with breaches being promptly reported. Also, a Risk and Controls Self Assessment (RCSA) regime has been rolled out, throughout the Bank. An accountability process is in place to ensure effectiveness of the overall control environment. Further, management gives due consideration to recommendations made by internal and external auditors and regulators, especially for improvements in internal control systems and processes, and takes timely action to implement their recommendations.

To implement Internal Control Guidelines, as required by State Bank of Pakistan, Internal Audit department reviewed the detailed exercise of documenting and benchmarking existing internal processes and controls, relating to financial reporting on the basis of international standards. This project assists in further improving internal controls across the Bank and ensures compliance with the SBP requirements. As per the SBP roadmap, the Bank had completed all stages and is in compliance with SBP instructions and obtained exemption from the State Bank of Pakistan for submission of Long Form Report (LFR) certified by external auditors. Bank has made efforts to comply with the prerequisites of ICFR through submission of Internal Audit annual assessment report of 2015 to SBP after sign off from Board's Audit Committee.

The Board of Directors is ultimately responsible for the internal control system and endorses the above evaluation by management.

Shahid Sattar
President and Chief Executive Officer
February 22, 2017
Karachi

COMPLAINT HANDLING MECHANISM:

Samba Bank Limited (SBL) aims to provide World Class Banking to its customers by directing all its focus towards highest level of customer satisfaction. This is not possible without being steadfast towards innovation and welcoming customer feedback regarding our products and services with open arms.

SBL has to ensure that the complaints are handled fairly, efficiently and effectively for which it has established a separate function of Customer Care Unit which is headed by a senior resource. The objective of this unit is to ensure that the following principles are thoroughly practiced:

1. Service Oriented Culture inculcates from the Top
2. Fair Treatment of Complaints
3. Resolution of Complaints within shortest possible time
4. Visibility and Accessibility of Complaint Handling Mechanism
5. Integration of Complaint Handling Mechanism Bank-Wide

Customer Care Unit Initiatives for the year 2016:

1. Launch of CRISP (Complaint Resolution Integrated System Platform) our new complaint management system on 26th April 2016

2. Development of Complaint Handling Policy as per instructions issued by State Bank of Pakistan through BC & CPO Circular NO.1 of 2016 dated February 29, 2016.
3. Redesigning of Complaint Handling Process as per instructions issued by State Bank of Pakistan through Consumer Grievance Handling Mechanism

Complaints Summary:

During the year 2016, 938 complaints received; on an average, six working days were taken to resolve a complaint.



Auditors' 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 Samba Bank Limited (the Bank) for the year ended December 31, 2016, to comply with the requirements of Rule No. 5.19 of the Pakistan Stock Exchange Limited where the Bank is listed.

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

As part of our audit of 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 Director's 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 December 31, 2016.

A.F. Ferguson & Co.
Chartered Accountants
February 24, 2017
Karachi

Statement Of Compliance With The Code Of Corporate Governance For The Year Ended December 31, 2016

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

The Board of Directors of Samba Bank Limited (the Bank) has applied the principles contained in the CCG in the following manner:

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. Humayun Murad Mr. Nadeem Babar Mr. Shahbaz Haider Agha
Executive Directors	Mr. Shahid Sattar, President & CEO
Non- Executive Directors	Dr. Shujaat Nadeem (Chairman) Mr. Antoine Mojabber Mr. Beji Tak-Tak Ms. Ranya Nashar Mr. Javed Iqbal

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank (excluding the listed subsidiaries 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 Development Financial Institution or a Non-banking Financial Institution or being broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Any casual vacancy on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on April 20, 2016, due to the resignation of Mr. Farhat Abbas Mirza. Extension in filling the casual vacancy was obtained from the SECP and the SBP till September 30, 2016. The Board of Directors appointed, subject to regulatory approval, Mr. Shahbaz Haider Agha as a director on September 25, 2016. The appointment was approved in principle by the SBP with effect from October 26, 2016, and final clearance in this regard was granted by the regulator on December 7, 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 strategies 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 & conditions of employment of the CEO and other executive & non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose 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 Board arranged training programs for three of its Directors during the year. The rest of the Directors have either completed their training in previous years or are exempt from the requirement.
10. No new appointment of CFO, Company Secretary, and Head of Internal Audit was made during the 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 the CEO and CFO, before approval of the Board.
13. The Directors, Chief Executive Officer 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 non-executive directors and the Chairman of the Audit Committee is an Independent Director.
16. The meetings of the Audit Committee were held at least once in every quarter, prior to approval of interim and final results of the Bank, and 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 Nomination and Remuneration Committee. It comprises of three members, of whom one is a non-executive director, and the Chairman of the Committee is an Independent Director.
18. The Board has set up an effective internal audit function within the Bank. The staff is suitably qualified and experienced for the purpose, and is 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 Programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
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 Bank's securities, was determined and intimated to directors, employees, and stock exchange.
22. Material / Price sensitive information has been disseminated among all market participants at once through 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.

Dr. Shujaat Nadeem
Chairman
February 22, 2017

Notice of the Fourteenth Annual General Meeting

Notice is hereby given that the Fourteenth Annual General Meeting of Samba Bank Limited ("the Bank") will be held at 10:00 a.m. on Tuesday, the 21st March, 2017 at Ramada Hotel, Islamabad, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Thirteenth Annual General Meeting held on March 21, 2016.
2. To receive, consider and adopt the audited Annual Accounts of the Bank for the year ended December 31, 2016 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors' and to fix their remuneration. M/s A.F. Ferguson & Co., Chartered Accountants have offered themselves for the re-appointment.

Special Business

4. To consider and approve, as allowed under SRO 470(I)/2016 issued by Securities and Exchange Commission of Pakistan, transmission of the annual balance sheet, profit and loss account, auditors' report, directors' report and ancillary statements / notes / documents ("**Annual Audited Accounts**") along with the notice of general meeting of Samba Bank Limited in electronic form to the shareholders through CD / DVD / USB at their registered address instead of transmitting the said Annual Audited Accounts in hard copy.
5. To consider and approve, the following resolution be passed by the shareholders at the AGM as a special resolution to amend the Article of Association of the Company, with or without modification in order to enable the e-voting mechanism for the shareholders of the Bank.

"RESOLVED THAT the Article of Association of Samba Bank Limited ("the Bank"), be amended by adding a new Article 71(A) under the heading of 'Votes of Members' as follows:

'The provision and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in this Article, irrespective of the other provisions of this Article of Association, notwithstanding anything contradictory therein'.

FURTHER RESOLVED that the Chief Executive Officer and / or the Company Secretary be and are hereby jointly or severally authorized to take such other steps, execute such other documents and make necessary corporate and other filing as may be necessary or expedient for purpose of giving effect to the above resolutions and all other matters incidental or ancillary thereto."

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

This statement is annexed to the Notice of the Fourteenth Annual General Meeting of Samba Bank Limited to be held on Tuesday, March 21, 2017 at which certain Special Businesses to be transacted. The purpose of this statement is to set forth the material facts concerning such Special Businesses.

Any Other Business

To transact any other business of the Bank with the approval of the Chair.

By order of the Board

Date: February 28, 2017
Karachi

Zia-ul-Husnain Shamsi
Company Secretary

Notes:

1. Share Transfer Books of the Bank will remain closed from 15-03-2017 to 21-03-2017 (both days inclusive). Transfer received in order at Bank's Registrar, M/s. Famco Associates (Pvt.) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi up to close of business on 14-03-2017 will be considered in time for the purpose of Annual General Meeting.
2. A member eligible to attend and vote at this meeting may appoint any person as proxy to attend and vote in the meeting. Proxies in order to be effective must be received at the Registered Office of the Bank, duly stamped, signed and witnessed, not less than forty-eight (48) hours before the holding of the meeting.
3. CDC account holders will be required to follow the under mentioned guidelines as laid down in Circular number 1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for attending the meeting.
4. CDC shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards (CNIC) / passport in original along with participants' ID numbers and their account numbers to prove his / her identity, and in case of proxy, must enclose an attested copy of his / her CNIC or passport.
5. In case of a corporate entity the board of directors' resolution / power of attorney with the specimen signature of the nominee shall be submitted with the proxy form to the company, and the same shall be produced in original at the time of the meeting to authenticate the identity of the nominee.
6. Shareholders are requested to notify any change in their addresses to the bank's Share Registrar, M/s. Famco Associates (Pvt.) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi, immediately.

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

(Item Four (4) of Agenda)

The Securities and Exchange Commission of Pakistan, vide S.R.O. 470(I)/2016 dated May 31, 2016, has allowed companies to circulate their annual balance sheet, profit and loss account, auditors' report, directors' report and ancillary statements /

notes / documents ("Annual Audited Accounts") along with the notice of general meeting of Samba Bank Limited in electronic form to the shareholders through CD / DVD / USB at their registered address. This would result in timely delivery of Annual Audited Accounts to the shareholders.

For convenience of its shareholders, the Bank will place on its website a standard request form along with postal and e-mail address of the Share registrar, so that shareholders may request a hard copy of the Audited Annual Accounts. The Bank will provide hard copy free of cost to the requesting shareholder at their registered address within one week of the request.

The Bank is seeking shareholders' approval to circulate the Annual Audited Accounts along with notice of the general meeting in electronic form as aforesaid and pass the Resolution noted at the Agenda item 4 in the notice of Annual General Meeting (attached) with or without modification.

(Item Five (5) of Agenda)

To give effect to the Companies (E-voting) Regulations 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting mechanism.

Submission of CNIC (mandatory)

Pursuant to the section 156 of the Companies Ordinance 1984 and as per directives of the SECP, CNIC / SNIC numbers of shareholder is MANDATORILY to be mentioned on dividend warrants. Shareholders are therefore, requested to submit a copy of their valid CNIC / SNIC (if not already provided) to the company's Share Registrar, M/s. Famco Associates (Pvt.) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi. In the absence of a member's valid CNIC / SNIC, the Company will be constrained to withhold dispatch of dividend warrant to such members.

شوشن:

- 1- بینک کی شیئر ٹرانسفرنگس 15 مارچ 2017 سے 21 مارچ 2017 تک (بشمول دونوں ایام) بند رہیں گی۔ جو ٹرانسفر آرڈر 14 مارچ 2017 کو کام کے اختتام تک رجسٹرار کے دفتر، میسرز فیکو ایسوسی ایشن (پرائیویٹ) لمیٹڈ، 8-F، نزد قارن ہوٹل، نرسری بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی میں وصول ہوں گے ان کو سالانہ اجلاس عام کیلئے بروقت تصدیق کیا جائے گا۔
- 2- ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل ہے وہ اپنے بجائے کسی دوسرے ممبر کو اجلاس میں شرکت کرنے، بولنے، ووٹ دینے اور مخاطب کرنے کیلئے اپنا متبادل مقرر کر سکتا ہے۔ ایسے متبادل کے مؤثر ہونے کیلئے ضروری ہے کہ بجائے گئے اجلاس کے انعقاد سے 48 گھنٹے قبل بینک کے رجسٹرار آفس کو ایسے متبادل ممبر کی اطلاع کے دستاویزات موصول ہوں اور وہ مہر شدہ، دستخط شدہ اور تصدیق شدہ ہوں۔
- 3- سی ڈی سی اکاؤنٹ ہولڈرز کیلئے ضروری ہے کہ وہ اجلاس میں شرکت کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکولر نمبر 1 بتاریخ 26 جنوری 2000 کے مطابق درج ذیل ہدایات پر عمل کریں۔
- 4- سی ڈی سی شیئر ہولڈر کو اختیار حاصل ہوگا کہ وہ اجلاس میں شرکت کریں اور ووٹ دیں تاہم شیئر ہولڈر کو لازمی طور پر اپنا اصل قومی کمپیوٹرائزڈ شناختی کارڈ اپنا سپورٹ ساتھ لانا ہوگا۔ اس کے ساتھ اجلاس میں شرکت کا نمبر، فراہم کردہ اکاؤنٹ نمبر برائے شناخت کا ہونا لازم ہے۔ اور متبادل ممبر کی صورت میں قومی کمپیوٹرائزڈ شناختی کارڈ اپنا سپورٹ کی تصدیق شدہ نقشہ ہمراہ لانی ہوگی۔
- 5- کارپوریٹ ادارہ ہونے کی صورت میں یورڈ آف ڈائریکٹرز کی قرارداد/ نامزد شخص کا دستخط شدہ مختار نامہ، متبادل رکن کے فارم کے ساتھ جمع کروانا ہوگا اور اجلاس کے وقت نامزد رکن کی شناخت کی غرض سے اصل دستاویزات دکھانا ہوں گی۔
- 6- شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اگر ان کے چوں میں کوئی تبدیلی ہو تو فوری طور پر بینک کے شیئر رجسٹرار میسرز فیکو ایسوسی ایشن (پرائیویٹ) لمیٹڈ، 8-F، نزد قارن ہوٹل، نرسری بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو فوری آگاہ کریں۔

کمپنیز آرڈیننس، 1984، سیکشن (b)(1) 160 کے تحت اسٹینڈ / بیان

(ایجنڈے کا آئٹم 4)

- سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، جاری شدہ SRO 470(I)/2016 مورخہ 31 مئی 2016 کے تحت کمپنیوں کو سالانہ بینڈ شیٹ، اکاؤنٹ کے نفع و نقصان، آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ اور اینٹرسٹی/نوش/دستاویزات ("سالانہ آڈٹ شدہ اکاؤنٹس")، سماجی بینڈ کے اطلاع برائے سالانہ اجلاس کے نوٹس کے ساتھ الیکٹرونک طریقے سے بذریعہ سی ڈی/ڈی وی ڈی/ایلیٹس بی شیئر ہولڈرز کو ان کے رجسٹرڈ پتے پر پہنچانے کا مجاز ہے۔ اس سے شیئر ہولڈرز کو سالانہ آڈٹ شدہ اکاؤنٹ کا بروقت حصول ممکن ہوگا۔
- شیئر ہولڈرز کی آسانی کیلئے بینک اپنی ویب سائٹ پر ایک درخواست فارم فراہم کرے گا جس پر شیئر رجسٹرار کا پتہ مع ای میل ایڈریس بھی درج ہوگا تا کہ شیئر ہولڈر آڈٹ شدہ اکاؤنٹ کی دستاویز کے حصول کیلئے درخواست بھی کر سکے۔ درخواست کرنے کے ایک ہفتے کے اندر بینک شیئر ہولڈر کو یہ دستاویزات ان کے رجسٹرڈ پتے پر مفت فراہم کرے گا۔
- جیسا کہ منسلک سالانہ اجلاس عام کے نوٹس میں ترمیم کے ساتھ یا بغیر ترمیم کے بغیر ایجنڈا آئٹم 4 میں قرارداد کے ذریعے پہلے ہی منظور کیا جا چکا ہے، اجلاس عام کے نوٹس کے ساتھ الیکٹرونک طریقے سے سالانہ آڈٹ شدہ اکاؤنٹ کی ترسیل کیلئے بینک کو شیئر ہولڈرز کی منظوری درکار ہے۔

(ایجنڈے کا آئٹم 5)

- کمپنیز ایڈوائز ڈونگ ریگولیشنز 2016 پر عمل درآمد کیلئے کمپنی کے آرٹیکلز آف ایسوسی ایشن میں ترمیم کیلئے شیئر ہولڈرز کی منظوری درکار ہے تاکہ ایڈوائز کے طریقے کو فعال کیا جاسکے۔
- کمپیوٹرائزڈ قومی شناختی کارڈ جمع کروانا (لازمی ہے)

- کمپنیز آرڈیننس 1984 کے سیکشن 156 اور ایس ای سی پی کی ہدایات کے مطابق ڈیویڈنڈ وائٹس پر شیئر ہولڈرز کے سی این آئی سی/ایس این آئی سی نمبر درج ہونا لازمی ہیں۔ شیئر ہولڈرز سے درخواست ہے کہ اپنے اصل سی این آئی سی/ایس این آئی سی کی کاپی (اگر پہلے سے فراہم نہ کی گئی ہو) کمپنی کے شیئر رجسٹرار کو میسرز فیکو ایسوسی ایشن (پرائیویٹ) لمیٹڈ، 8-F، نزد قارن ہوٹل، نرسری بلاک 6، پی ای سی ایچ ایس، کراچی پر جمع کروادیں۔ ممبر کا فعال سی این آئی سی/ایس این آئی سی موجود نہ ہونے کی صورت میں کمپنی ایسے ممبر کو ڈیویڈنڈ وائٹ جاری نہیں کرنے کی پابند ہوگی۔

اطلاع برائے چودھواں سالانہ اجلاس عام

بذریعہ نوٹس لہذا اطلاع دی جاتی ہے کہ سامبا بینک لمیٹڈ ("بینک") کا چودھواں سالانہ اجلاس عام بروز منگل مورخہ 21 مارچ 2017 کو صبح 10:00 بجے، بمقام رمادہ ہوٹل، اسلام آباد میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا:

عمومی امور:

- 1- 21 مارچ 2016 کو منعقد ہونے والے کابینہ کے تیسرے اجلاس عام کے منٹس کی توثیق کرنا۔
- 2- 31 دسمبر 2016 کو ختم ہونے والے سال کیلئے آڈٹ شدہ سالانہ اکاؤنٹس کے ہمراہ انٹریکٹرز اور آڈیٹرز رپورٹس کی وصولی اور ان پر غور و خوض کرنا۔
- 3- آڈیٹرز کے تقریر اور ان کے معاوضے کے تعین پر غور و خوض کرنا۔ میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اپنی دوبارہ تقرری کیلئے خود کو پیش کیا ہے۔

خصوصی امور:

- 4- جیسا کہ سیکرٹری اینڈ ایگزیکٹو کمیشن آف پاکستان کی جانب سے جاری شدہ SRO 470 (I)/2016 کے تحت غور اور منظور کیا گیا ہے، شیئر ہولڈرز سے سالانہ بیننس شیٹ، اکاؤنٹ کے نفع و نقصان، آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ اور اینٹلسری انٹینٹنس / نوٹس / دستاویزات ("سالانہ آڈٹ شدہ اکاؤنٹس") کا تبادلہ سالانہ آڈٹ شدہ اکاؤنٹس کی دستاویزات بھیجنے کے بجائے سامبا بینک لمیٹڈ کے اطلاع برائے سالانہ اجلاس کے نوٹس کے ساتھ ان کے رجسٹرڈ پتے پر الیکٹرونک طریقے سے بذریعہ ڈی / ڈی وی / ڈی / یو ایس بی بھیجا جائے گا۔
- 5- اس قرار داد کی منظوری اور غور و خوض کیلئے شیئر ہولڈر کو سالانہ اجلاس عام میں کابینہ کے آرٹیکل آف ایسوسی ایشن میں ترمیم کیلئے کسی بھی اضافے کے ساتھ یا اس کے بغیر اس قرار داد کو بطور خصوصی قرار داد منظور کروانا ہوگا تاکہ بینک کے شیئر ہولڈر کیلئے ای وونگ کے طریقے کو فعال کیا جاسکے۔

یہ طے پایا کہ سامبا بینک لمیٹڈ ("بینک") کے آرٹیکل آف ایسوسی ایشن میں "ممبرز کے ووٹ" کی ہیڈنگ کے تحت ایک نئے آرٹیکل (A) 71 کے اضافے کے ساتھ درج ذیل ترمیم کی جاسکتی ہے:

'ایس ای سی بی کی جانب سے تجویز کردہ ای وونگ کے شرائط و مضامین، آرٹیکل آف ایسوسی ایشن کی دیگر شرائط سے قطع نظر اور کوئی تضاد نہ ہو، اس آرٹیکل میں وفاقاً شامل تھوڑے جاسکیں گے۔'

مزید یہ طے پایا کہ چیف ایگزیکٹو آفیسر اور / یا کابینہ سیکریٹری یا مشنر کہ یا انفرادی طور پر اس طرح کے دیگر اقدامات اٹھانے جو اس طرح کی دیگر دستاویزات پر عملدرآمد اور لازمی کاروباری اور دیگر ضروری فائلنگ یا درج بالا قرار داد اور دیگر معاملات، عارضی یا اینٹلسری، کیلئے مؤثر اور مفید ہوں، کے مجاز ہیں۔

کمپنیز آرڈیننس، 1984، سیکشن (b) (1) 160 کے تحت اسٹیٹمنٹ

یہ اسٹیٹمنٹ سامبا بینک لمیٹڈ کے منگل، مورخہ 21 مارچ 2017 کو منعقد ہونے والے چودھویں سالانہ اجلاس عام، جس میں چند خصوصی امور کی انجام دہی ہوگی، کے نوٹس کے ساتھ منسلک ہوگا۔ اس اسٹیٹمنٹ کا مقصد اس طرح کے خصوصی امور سے متعلق اہم حقائق کو تیار کرنا ہے۔

دیگر امور:

چیز کی منظوری سے بینک کے دیگر کسی بھی امور کی انجام دہی

بحکم بورڈ

ضیاء الحسنین شمس
کابینہ سیکریٹری

کراچی

28 فروری 2017



FINANCIAL STATEMENTS

For the year ended December 31, 2016



Auditors' Report To The Members

We have audited the annexed statement of financial position of Samba Bank Limited (the Bank) as at December 31, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the un-audited certified returns from the branches except for nineteen 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 management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in the 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;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;

- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2016, and its true balance of 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.

A.F. Ferguson & Co.
Chartered Accountants

Audit Engagement Partner: Shahbaz Akbar
February 24, 2017
Karachi

Statement of Financial Position

AS AT DECEMBER 31, 2016

(Rupees in '000)

	Note	2016	2015
ASSETS			
Cash and balances with treasury banks	6	4,723,664	3,258,421
Balances with other banks	7	816,421	1,071,112
Lendings to financial institutions	8	5,277,254	2,000,000
Investments - net	9	57,237,456	44,726,421
Advances - net	10	28,789,980	24,187,038
Operating fixed assets	11	1,458,715	1,323,670
Deferred tax asset - net	12	409,641	657,592
Other assets - net	13	2,701,360	2,942,082
		101,414,491	80,166,336
LIABILITIES			
Bills payable	14	915,076	492,159
Borrowings	15	35,847,072	27,325,753
Deposits and other accounts	16	50,306,804	38,844,291
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	17	2,026,015	1,659,914
		89,094,967	68,322,117
NET ASSETS		12,319,524	11,844,219
REPRESENTED BY:			
Share capital	18	10,082,387	10,082,387
Reserves		407,680	298,760
Unappropriated profit		1,252,121	816,439
		11,742,188	11,197,586
Surplus on revaluation of assets - net of tax	19	577,336	646,633
		12,319,524	11,844,219
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 47 and Annexures I and II form an integral part of these financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Profit and Loss Account

FOR THE YEAR ENDED DECEMBER 31, 2016

		(Rupees in '000)	
	Note	2016	2015
Mark-up / return / interest earned	21	5,682,057	5,468,187
Mark-up / return / interest expensed	22	3,576,446	3,325,564
Net mark-up / return / interest income		2,105,611	2,142,623
Provision against loans and advances - net	10.4	(338,618)	(26,469)
Reversal of provision for diminution in the value of investments	9.3	67,345	-
Recoveries against debts written-off		5,814	4,929
		(265,459)	(21,540)
Net mark-up / return / interest income after provisions		1,840,152	2,121,083
Non mark-up / interest income			
Fee, commission and brokerage income		177,769	125,696
Dividend income		36,492	22,036
Income from dealing in foreign currencies		139,621	75,208
Gain on sale of securities - net	23	702,571	484,784
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net	9.7	(60)	1,169
Other income	24	23,013	96,364
Total non mark-up / interest income		1,079,406	805,257
		2,919,558	2,926,340
Non mark-up / interest expenses			
Administrative expenses	25	1,980,190	2,060,056
Other provisions / write offs - net	26	7,128	49,597
Other charges	27	5,785	1,310
Total non mark-up / interest expenses		1,993,103	2,110,963
		926,455	815,377
Extraordinary items / unusual items		-	-
Profit before taxation		926,455	815,377
Taxation - Current year	28	(67,373)	(62,464)
- Prior years	28	(29,215)	(13,817)
- Deferred	28	(285,265)	(308,493)
		(381,853)	(384,774)
Profit after taxation		544,602	430,603
Unappropriated profit brought forward		816,439	471,956
Transfer to statutory reserve		(108,920)	(86,120)
Unappropriated profit carried forward		1,252,121	816,439

		(Rupees)	
Earnings per share	29	0.54	0.43

The annexed notes 1 to 47 and Annexures I and II form an integral part of these financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2016

(Rupees in '000)

	2016	2015
Profit after taxation for the year	544,602	430,603
Other comprehensive income	-	-
Total comprehensive income for the year transferred to equity	544,602	430,603
Components of comprehensive income not reflected in equity		
Items that may be reclassified subsequently to profit and loss account		
(Deficit) / surplus on revaluation of available for sale financial assets - net of tax	(69,297)	159,019
Total comprehensive income for the year	475,305	589,622

The annexed notes 1 to 47 and Annexures I and II form an integral part of these financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2016

		(Rupees in '000)	
Note	2016	2015	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	926,455	815,377	
Less: Dividend income	(36,492)	(22,036)	
	889,963	793,341	
Adjustments for non-cash charges and other items:			
Depreciation	146,634	109,941	
Amortisation of intangible assets	14,290	14,488	
Provision against loans and advances - net	338,618	26,469	
Surplus on revaluation of investments held for trading	1,229	12,520	
Gain on 'available for sale securities' - net	(661,820)	(408,066)	
Other provisions / write offs / adjustments - net	22,687	49,597	
Reversal of provision for diminution in the value of investments	(67,345)	-	
Gain on disposal of property and equipment - net	(23,013)	(96,364)	
	(228,720)	(291,415)	
	661,243	501,926	
(Increase) / decrease in operating assets			
Lendings to financial institutions	(3,277,254)	(100,000)	
Investments - held for trading securities	881,500	686,977	
Advances	(4,941,560)	(2,401,335)	
Other assets (excluding current and advance taxation)	152,103	(564,455)	
	(7,185,211)	(2,378,813)	
Increase / (decrease) in operating liabilities			
Bills payable	422,917	183,265	
Borrowings from financial institutions	8,521,319	21,361,177	
Deposits and other accounts	11,462,513	7,202,148	
Other liabilities	366,101	201,064	
	20,772,850	28,947,654	
	14,248,882	27,070,767	
Income tax paid	(5,519)	(3,807)	
Net cash generated from operating activities	14,243,363	27,066,960	
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities	(12,771,210)	(24,813,327)	
Dividend income received	34,042	21,761	
Investments in operating fixed assets	(442,784)	(678,016)	
Sale proceeds from disposal of property and equipment	147,141	127,028	
Net cash used in investing activities	(13,032,811)	(25,342,554)	
CASH FLOWS FROM FINANCING ACTIVITIES			
	-	-	
Increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	1,210,552	1,724,406	
	4,329,533	2,605,127	
Cash and cash equivalents at the end of the year	5,540,085	4,329,533	30

The annexed notes 1 to 47 and Annexures I and II form an integral part of these financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2016

	(Rupees in '000)				
	Share capital	Capital reserve	Statutory reserve	Unappropriated profit	Total
Balance as at December 31, 2014	10,082,387	20,935	191,705	471,956	10,766,983
Profit after taxation for the year ended December 31, 2015	-	-	-	430,603	430,603
Transfer to statutory reserve	-	-	86,120	(86,120)	-
Balance as at December 31, 2015	10,082,387	20,935	277,825	816,439	11,197,586
Profit after taxation for the year ended December 31, 2016	-	-	-	544,602	544,602
Transfer to statutory reserve	-	-	108,920	(108,920)	-
Balance as at December 31, 2016	10,082,387	20,935	386,745	1,252,121	11,742,188

The annexed notes 1 to 47 and Annexures I and II form an integral part of these financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

1. STATUS AND NATURE OF BUSINESS

1.1 Samba Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on the Pakistan Stock Exchange Limited. Its principal office is located at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai Road, Karachi, whereas, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, near Post Mall, Islamabad. The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 84.51% shares of the Bank as at December 31, 2016 (2015: 84.51%). The Bank operates 37 branches (December 31, 2015: 34 branches) inside Pakistan.

1.2 JCR-VIS has determined the Bank's medium to long-term rating as 'AA' with stable outlook and the short-term rating as 'A-1'.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks 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.

3. STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the 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 as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the directives issued by the SECP and SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of the said directives prevail.

3.2 The SBP has deferred the applicability of the International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with the International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the surplus / (deficit) on revaluation of Available for Sale (AFS) securities, may be included in the 'Statement of Comprehensive Income'. Accordingly, the above requirements have been adopted in the preparation of these financial statements.

3.4 Standards, amendments and interpretations to published approved accounting standards that are effective in the current year

There are certain other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not disclosed in these financial statements.

3.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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

	Effective date (accounting periods beginning on or after)
3.5.1 Standard, Interpretations and Amendments	
- IFRS 9 - Financial Instruments	January 1, 2018
- IFRS 15 - Revenue from contracts	January 1, 2018
- IFRS 16 - Leases	January 1, 2019

The management is in the process of assessing the impact of these standards on the financial statements of the Bank.

3.5.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

3.6 Early adoption of standards

The Bank has not early adopted any new or amended standards in 2016.

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain investments, foreign currency balances, commitments in respect of foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

4.2 Functional and presentational currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Bank operates. These financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentational currency.

4.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 34 to these financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise specified.

5.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash and balances with treasury banks and balances with other banks in current and deposit accounts.

5.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

(b) Purchase of securities under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in the financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

5.3 Investments

5.3.1 Classification

The Bank classifies its investments as follows:

(a) Held for trading

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

(b) Held to maturity

These are investments with fixed or determinable payments and fixed maturities and the Bank has the positive intent and ability to hold them till maturity.

(c) Available for sale

These are investments, other than those in associates, if any, that do not fall under the 'held for trading' or 'held to maturity' categories.

(d) Associates

Associates are all entities over which the Bank has significant influence but not control.

5.3.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at trade date, which is the date on which the Bank commits to purchase or sell the investments.

5.3.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as 'held for trading' are initially recognised at fair value while the related transaction costs are expensed out in the profit and loss account.

5.3.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

(a) Held for trading and available for sale

In accordance with the requirements specified by the SBP, quoted securities other than those classified as 'held to maturity' and 'investments in associates', are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the statement of comprehensive income but is kept in a separate account which is shown in the statement of financial position below equity. Surplus / deficit arising on revaluation of quoted securities which are classified as 'held for trading' is taken to the profit and loss account.

(b) Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amount.

(c) Associates

Investment in associates is carried at cost, less accumulated impairment losses, if any.

5.3.5 Impairment

Impairment loss in respect of investments classified as 'available for sale' (except for term finance certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of these investments. A significant or prolonged decline in the value of equity securities is also considered as an objective evidence of impairment. The Prudential Regulations specify that investments in unlisted equity securities are required to be carried at cost. However, in cases where the breakup value of such equity securities is less than the cost, the difference between the cost and breakup value should be charged to the profit and loss account as an impairment charge. In the case of such securities, impairment loss is reversed when the shares are disposed off. Provision for diminution in the value of term finance certificates is made as per the requirements of the Prudential Regulations issued by the SBP. In the event of impairment of available for sale securities, the cumulative loss that had been recognised directly in surplus on revaluation of securities on the balance sheet below equity is removed thereof and recognised in the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

5.3.6 Gain / loss on disposal of investments made during the year is credited / charged to the profit and loss account.

5.4 Advances

(a) Loans and advances

Advances are stated at cost less specific and general provisions. Specific provision for non-performing advances is determined keeping in view the Bank's policy subject to the minimum requirement set out by the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. General provision against consumer and small enterprises financing portfolio is maintained as per the requirements set out in the Prudential Regulations issued by the SBP. In addition to the above mentioned requirements, the Bank also maintains general provision against corporate and commercial advances for potential losses present in the portfolio. This provision is based on management's best estimate and is approved by the Board of Directors of the Bank. Advances are written off when there are no realistic prospects of recovery.

(b) Net investment in finance leases

Net investment in finance leases is stated net of provisions made against non-performing leases.

Leasing arrangements in which the Bank transfers substantially all risks and rewards incidental to the ownership of an asset to the lessee, are classified as finance lease. A receivable is recognised on commencement of the lease term at an amount equal to the present value of minimum lease payments including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease period so as to produce a constant periodic return on the outstanding net investment in the lease.

Unrealised lease income in respect of non-performing finance leases is suspended in accordance with the Prudential Regulations issued by the SBP.

5.5 Operating fixed assets and depreciation

(a) Property and Equipment

(i) Owned Assets

Owned assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress and freehold land. Capital work-in-progress and freehold land are stated at cost less accumulated impairment losses, if any.

Depreciation on operating fixed assets (excluding land, which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 11.2 to these financial statements after taking into account the residual value, if significant. The assets' residual values and useful lives are reviewed and adjusted, if required, at each balance sheet date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

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. All other repair and maintenance is charged to the profit and loss account as and when incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the profit and loss account in the period in which they arise.

(ii) Leased assets

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments, if any, under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Assets held under finance lease are stated at lower of their fair value or present value of minimum lease payments at inception less accumulated depreciation and accumulated impairment losses, if any. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to the future periods.

The finance charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of return on the outstanding liability.

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Bank.

(b) Intangible assets

Intangible assets having definite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged by applying the straight-line method over the useful life of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at the rates specified in note 11.3 to these financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed off. The residual value, useful life and amortisation method are reviewed and adjusted, if appropriate, 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 Bank and the cost of the item can be measured reliably.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which they arise.

(c) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

5.6 Non-current assets held for sale

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

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

5.7 Impairment

At each reporting date, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the profit and loss account.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

5.8 Taxation

(a) Current

The provision for current taxation is based on taxable income for the year, if any, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as specified under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Bank also recognises deferred tax asset / liability on (deficit) / surplus on revaluation of securities which is adjusted against the related (deficit) / surplus in accordance with the requirements of the revised International Accounting Standard (IAS-12) dealing with income taxes.

5.9 Provisions

Provision for guarantee claims and other off balance sheet obligations is recognised when identified and reasonable certainty exists for the Bank to settle the obligation. Expected recoveries are recognised by debiting the customer's account. Charge to the profit and loss account is stated net of expected recoveries.

Other 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 embodying economic benefits 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.

5.10 Staff retirement benefits

(a) Defined contribution plan

The Bank operates a contributory provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Bank and the employees in respect of this benefit. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the profit and loss account when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or reduction in future payments is available.

(b) Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue.

5.11 Borrowings / deposits and their cost

Borrowings / deposits are recorded when the proceeds are received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using the effective mark-up / interest rate method 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 that asset.

5.12 Proposed dividend and transfers between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the balance sheet date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Balance Sheet Date' in the year in which they are approved / transfers are made.

5.13 Revenue recognition

- Mark-up income / interest on advances and returns on investments are recognised on a time proportion basis using the effective interest method except that mark-up / income / return on classified advances and investments is recognised on receipt basis in accordance with the requirements of the Prudential Regulations issued by the SBP. Interest / return / mark-up on rescheduled restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the SBP, except where, in the opinion of the management, it would not be prudent to do so.
- Fee, commission and brokerage income are accounted for on an accrual / time proportion basis.
- Dividend income from investments is recognised when the Bank's right to receive the dividend has been established.
- 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 the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease.
- Unrealised lease income in respect of non-performing finance leases and markup / return on non-performing advances is held in suspense account.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining period till maturity.
- Gains / losses on termination of lease contracts, documentation charges, front end fee and other lease income are recognised as income when realised.

5.14 Foreign currencies

(a) Foreign currency transactions

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at exchange rates prevailing at the reporting date. Foreign bills purchased and forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

(b) Translation gains and losses

Translation gains and losses are included in the profit and loss account.

(c) Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pakistani rupee terms at the exchange rate prevailing at the reporting date.

5.15 Segment reporting

The Bank has structured its key business areas in various segments in a manner that each segment becomes a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(a) Business segments

(i) Corporate Banking

Corporate banking includes project finance, real estate, export finance, trade finance, leasing, lending, guarantees, bills of exchange and deposits and includes services provided in connection with mergers and acquisitions, underwriting, privatisation, securitisation, research, debt (government and high yield) and equity syndications, IPO and secondary private placements. These services are being offered to large corporate entities.

(ii) Global Markets

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

(iii) Retail banking

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

(iv) Commercial banking

Commercial banking includes lendings, export finance, trade finance, bills of exchange and deposits. These services are being offered to small and medium sized entities.

(v) Senoff

It includes certain corporate assets and liabilities which are not allocated to business segments.

(b) Geographical segments

The operations of the Bank are currently based only in Pakistan.

5.16 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as off balance sheet transactions and are disclosed as contingencies and commitments.

5.17 Earnings per share

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

5.18 Financial instruments

5.18.1 Financial assets and liabilities

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

5.18.2 Off-setting of financial instruments

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

5.18.3 Derivatives

Derivative financial instruments are recognised at fair value. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to the profit and loss account.

5.19 Fiduciary assets

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

6. CASH AND BALANCES WITH TREASURY BANKS

		(Rupees in '000)	
	Note	2016	2015
In hand			
Local currency		496,198	388,691
Foreign currencies		127,436	187,899
		623,634	576,590
With State Bank of Pakistan in			
Local currency current account	6.1	2,758,690	1,905,899
Foreign currency current account (Cash Reserve Account)	6.2	331,159	193,247
Foreign currency deposit account (USD Settlement Account)		8,244	3,153
Foreign currency deposit account (Special Cash Reserve Account)	6.2	993,477	579,532
		4,091,570	2,681,831
With National Bank of Pakistan in			
Local currency current account		8,460	-
		4,723,664	3,258,421

- 6.1 The local currency account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by the SBP.
- 6.2 This mainly represents reserve required to be maintained as per BSD Circular No. 14 dated June 21, 2008, with the SBP at an amount equivalent to atleast 20% of the Bank's foreign currency deposits mobilised under FE-25 scheme. This foreign currency cash reserve comprises an amount equivalent to at least 5% of the Bank's foreign currency deposits mobilised under the FE-25 scheme, which is kept in a non-remunerative account (Cash Reserve Account). The balance reserve equivalent to at least 15% of the Bank's foreign currency deposits mobilised under FE-25 scheme is maintained in a remunerative account (Special Cash Reserve Account) on which the Bank is entitled to earn a return which is declared by the SBP on a monthly basis. These deposits carry markup at the rate of Nil (2015: Nil).

7. BALANCES WITH OTHER BANKS

		(Rupees in '000)	
	Note	2016	2015
In Pakistan			
On current account		24,384	4,157
On savings account	7.1	14	14
Outside Pakistan			
On current account	7.2	792,023	1,066,941
		816,421	1,071,112

- 7.1 These carry mark-up at the rate of 3.5% (2015: 4%) per annum.
- 7.2 The above amount includes balance with SAMBA Financial Group (a related party) amounting to Rs. 28.677 million (2015: Rs. 9.736 million).

8. LENDINGS TO FINANCIAL INSTITUTIONS

		(Rupees in '000)	
	Note	2016	2015
Call money lendings	8.2	3,500,000	-
Repurchase agreement lendings (reverse repo)	8.3	1,777,254	2,000,000
		5,277,254	2,000,000

- 8.1 All lendings to financial institutions are in local currency.
- 8.2 These represent lendings to commercial bank in the inter bank money market. These lendings carry mark-up at the rate 6.20% per annum (2015: Nil) and will mature latest by January 02, 2017 (2015: Nil).

8.3 Securities held as collateral against lendings to financial institutions

(Rupees in '000)

Particulars	2016			2015		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market Treasury Bills (face value) - note 8.3.1	500,000	-	500,000	-	-	-
Pakistan Investment Bonds (face value) - note 8.3.1	1,280,000	-	1,280,000	-	2,000,000	2,000,000
	<u>1,780,000</u>	<u>-</u>	<u>1,780,000</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>

8.3.1 These represent short-term lendings to financial institutions against investment securities. These carry mark-up at rates ranging from 5.80% to 5.95% (2015: 6.50%) per annum and will mature latest by January 06, 2017 (2015: January 26, 2016).

9. INVESTMENTS - NET

(Rupees in '000)

Particulars	2016			2015		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
9.1 Investments by type						
Held for trading securities						
Market Treasury Bills	3,979	-	3,979	-	-	-
Pakistan Investment Bonds	-	-	-	768,545	113,668	882,213
Ordinary shares - listed	7,569	-	7,569	10,835	-	10,835
	<u>11,548</u>	<u>-</u>	<u>11,548</u>	<u>779,380</u>	<u>113,668</u>	<u>893,048</u>
Available for sale securities						
Market Treasury Bills	2,068,064	-	2,068,064	6,819,459	1,686,632	8,506,091
Pakistan Investment Bonds	22,732,974	25,886,058	48,619,032	8,011,728	14,876,190	22,887,918
Ordinary shares - listed	1,012,384	-	1,012,384	486,953	-	486,953
Ordinary shares - unlisted	20,500	-	20,500	52,346	-	52,346
	<u>25,833,922</u>	<u>25,886,058</u>	<u>51,719,980</u>	<u>15,370,486</u>	<u>16,562,822</u>	<u>31,933,308</u>
Held to maturity securities						
Pakistan Investment Bonds	4,652,465	-	4,652,465	11,006,107	-	11,006,107
	<u>30,497,935</u>	<u>25,886,058</u>	<u>56,383,993</u>	<u>27,155,973</u>	<u>16,676,490</u>	<u>43,832,463</u>
Less: Provision for diminution in the value of investments - note 9.3	(34,686)	-	(34,686)	(102,031)	-	(102,031)
Investments - net of provisions	<u>30,463,249</u>	<u>25,886,058</u>	<u>56,349,307</u>	<u>27,053,942</u>	<u>16,676,490</u>	<u>43,730,432</u>
Surplus on revaluation of available for sale securities - net - note 19	378,833	509,376	888,209	375,311	619,509	994,820
(Deficit) / surplus on revaluation of held for trading securities - net - note 9.7	(60)	-	(60)	(112)	1,281	1,169
Total investments - net of provisions	<u>30,842,022</u>	<u>26,395,434</u>	<u>57,237,456</u>	<u>27,429,141</u>	<u>17,297,280</u>	<u>44,726,421</u>

9.2 Investments by segment

(Rupees in '000)

	Note	2016	2015
Federal government securities	9.8		
Market Treasury Bills		2,072,043	8,506,091
Pakistan Investment Bonds		53,271,497	34,776,238
		55,343,540	43,282,329
Fully paid-up ordinary shares			
Listed companies	9.5	1,019,953	497,788
Unlisted companies	9.6	20,500	52,346
		1,040,453	550,134
Investments at cost		56,383,993	43,832,463
Less: Provision for diminution in the value of investments	9.3	(34,686)	(102,031)
Investments - net of provisions		56,349,307	43,730,432
Surplus on revaluation of available for sale securities - net	19	888,209	994,820
(Deficit) / surplus on revaluation of held for trading securities - net	9.7	(60)	1,169
Total investments - net of provisions		57,237,456	44,726,421
9.3 Particulars of provision for diminution in the value of investments			
Opening balance		102,031	102,031
Reversal of provision for diminution in the value of investments		(67,345)	-
Closing balance		34,686	102,031
9.3.1 Particulars of provision for diminution in the value of investments by type			
Available for sale securities			
Ordinary shares - listed		24,186	59,685
Ordinary shares - unlisted		10,500	42,346
		34,686	102,031
9.3.2 Particulars of provision for diminution in the value of investments by segment			
Fully paid-up ordinary shares			
Listed companies		24,186	59,685
Unlisted companies		10,500	42,346
		34,686	102,031

9.4 Quality of available for sale securities

Note	2016		2015		
	Market value Rupees in '000	Rating (where available)	Market value Rupees in '000	Rating (where available)	
Market Treasury Bills	2,068,040	-	8,532,819	-	
Pakistan Investment Bonds	49,426,993	-	23,877,396	-	
Ordinary shares - listed					
Bank Alfalah Limited	37,960	AA	-	-	
National Bank of Pakistan	37,445	AAA	-	-	
Attock Cement Pakistan Limited	33,626	A+	-	-	
Fauji Cement Company Limited	56,350	unrated	-	-	
National Refinery Limited	42,834	AA+	-	-	
Nishat Chunian Power Limited	55,480	A+	-	-	
Fauji Fertilizer Bin Qasim	34,848	unrated	-	-	
K-Electric	37,480	AA	-	-	
Amreli Steels Limited	49,943	A	-	-	
Al Shaheer Corporation Limited	28,700	unrated	-	-	
Saif Power Limited	5,636	A+	-	-	
Allied Bank Limited	-	-	14,139	AA+	
Habib Bank Limited	68,313	AAA	35,021	AAA	
MCB Bank Limited	23,782	AAA	26,022	AAA	
United Bank Limited	59,725	AAA	23,243	AA+	
Adamjee Insurance Company Limited	-	-	16,953	AA	
Pak Re-Insurance Company Limited	-	-	17,771	AA	
Nishat Mills Limited	38,068	AA	18,974	AA	
Thal Limited	-	-	13,933	unrated	
Lucky Cement Limited	-	-	24,752	unrated	
Kot Addu Power Company Limited	55,160	AA+	27,054	AA+	
Oil and Gas Development Company Limited	49,605	AAA	29,335	AAA	
Pakistan Petroleum Limited	-	-	30,453	AA+	
Pakistan Telecommunication Company Limited	-	-	16,490	unrated	
Engro Corporation Limited	31,609	AA	41,909	AA	
Fauji Fertilizer Company Limited	52,185	AA	23,595	AA	
Engro Fertilizer Limited	67,980	AA-	42,064	AA-	
First Dawood Mutual Fund	-	-	-	-	
Haji Muhammad Ismail Mills Limited	9.4.1	9,362	unrated	3,488	unrated
First Tawakkal Modaraba	9.4.1	104	unrated	-	-
Tristar Shipping Lines Limited	9.4.1	12	unrated	-	-
Islamic Investment Bank Limited	9.4.1	285	unrated	-	-
Pakistan PVC Limited	9.4.1	11,666	unrated	5,270	unrated
Nazir Cotton Mills Limited	9.4.1	-	-	12,538	unrated
Hamid Textile Mills Limited	9.4.1	2,757	unrated	-	-
B.R.R. Guardian Modaraba	9.4.1	-	-	2,290	unrated
Ecopack Limited	9.4.1	-	-	1,231	unrated
WorldCall Telecom Limited	9.4.1	-	-	654	unrated
Nishat (Chunian) Limited		31,215	unrated	-	-
Cherat Cement Company Limited		43,510	A	-	-
D. G. Khan Cement Company Limited		33,260	unrated	-	-
Pakistan State Oil Company Limited		43,421	AA	-	-
Shell Pakistan Limited		25,865	unrated	-	-
Sui Northern Gas Pipelines Limited		24,471	AA-	-	-
Ordinary shares - unlisted*					
Crescent Bahuman Limited		-	-	-	
Crescent Industrial Chemical Limited		-	-	-	
Pak Asian Funds Limited		10,000	unrated	10,000	unrated
Union Communication (Private) Limited		-	-	-	

* Represents book value net of provision

9.4.1 Although these securities have a market value as at December 31, 2016, they have been fully provided by the Bank on a subjective basis.

9.5 Particulars of investments held in listed securities

2016	2015	Paid-up value per share / certificate (Rupees)	Name of investee company / modaraba / mutual fund	2016	2015
Number of ordinary shares / certificates				(Rupees in '000)	
Available for sale					
1,000,000	-	10.00	Bank Alfalah Limited	29,847	-
500,000	-	10.00	National Bank Of Pakistan	37,610	-
100,000	-	10.00	Attock Cement Pakistan Limited	32,876	-
1,250,000	-	10.00	Fauji Cement Company Limited	46,690	-
75,000	-	10.00	National Refinery Limited	45,150	-
1,000,000	-	10.00	Nishat Chunian Power Limited	51,564	-
680,500	-	10.00	Fauji Fertilizer Bin Qasim	36,146	-
4,000,000	-	3.50	K-Electric	37,675	-
750,000	-	10.00	Amreli Steels Limited	44,641	-
500,000	-	10.00	Al Shaheer Corporation Limited	26,361	-
158,500	-	10.00	Saif Power Limited	5,419	-
-	150,000	10.00	Allied Bank Limited	-	16,068
250,000	175,000	10.00	Habib Bank Limited	48,544	36,913
100,000	120,000	10.00	MCB Bank Limited	22,870	30,062
250,000	150,000	10.00	United Bank Limited	43,082	24,220
-	300,000	10.00	Adamjee Insurance Company Limited	-	17,120
-	525,000	10.00	Pak Re-Insurance Company Limited	-	19,802
250,000	200,000	10.00	Nishat Mills Limited	38,869	22,440
-	55,000	5.00	Thal Limited	-	15,987
-	50,000	10.00	Lucky Cement Limited	-	24,983
700,000	334,000	10.00	Kot Addu Power Company Limited	57,615	27,528
300,000	250,000	10.00	Oil and Gas Development Company Limited	44,242	29,563
-	250,000	10.00	Pakistan Petroleum Limited	-	31,988
-	1,000,000	10.00	Pakistan Telecommunication Company Limited	-	19,299
100,000	150,000	10.00	Engro Corporation Limited	32,204	41,499
500,000	200,000	10.00	Fauji Fertilizer Company Limited	56,335	24,671
1,000,000	500,000	10.00	Engro Fertilizer Limited	67,530	42,407
-	41,500	10.00	First Dawood Mutual Fund	-	341
1,008,225	1,008,225	10.00	Haji Muhammad Ismail Mills Limited	9,362	9,362
36,500	36,500	10.00	First Tawakkal Modaraba	104	104
131,000	131,000	10.00	Tristar Shipping Lines Limited	12	12
60,581	60,581	10.00	Islamic Investment Bank Limited	285	285
1,045,725	1,045,725	10.00	Pakistan PVC Limited	11,666	11,666
-	4,097,499	10.00	Nazir Cotton Mills Limited	-	29,014
1,125,406	1,125,406	10.00	Hamid Textile Mills Limited	2,757	2,757
-	314,500	10.00	B.R.R. Guardian Modaraba	-	1,905
-	91,910	10.00	Ecopack Limited	-	2,634
-	430,100	10.00	WorldCall Telecom Limited	-	4,323
250,000	-	10.00	Cherat Cement Company Limited	31,133	-
150,000	-	10.00	D. G. Khan Cement Company Limited	32,627	-
100,000	-	10.00	Pakistan State Oil Company Limited	41,024	-
50,000	-	10.00	Shell Pakistan Limited	25,575	-
300,000	-	10.00	Sui Northern Gas Pipelines Limited	21,978	-
500,000	-	10.00	Nishat (Chunian) Limited	30,591	-
				1,012,384	486,953
			Less: Provision for diminution in the value of investments - note 9.3.2	(24,186)	(59,685)
			Add: Surplus / (Deficit) on revaluation of listed securities - note 19	80,272	(21,385)
				<u>1,068,470</u>	<u>405,883</u>
Held for trading					
50,000	-	10.00	National Bank Of Pakistan	3,750	-
73,500	-	10.00	Fauji Fertilizer Bin Qasim	3,819	-
-	100,000	10.00	Pak Electron Limited	-	6,810
-	300,000	10.00	HUM Network Limited	-	4,025
				7,569	10,835
			Less: Deficit on revaluation of listed securities - note 9.7	(60)	(639)
				<u>7,509</u>	<u>10,196</u>

9.6 Particulars of investments held in unlisted securities

2016	2015	2016	2015	Based on the latest available financial statements as at	% holding	Name of investee company / fund	2016	2015
Number of ordinary shares / certificates		Break-up value per share (Rupees)					(Rupees in '000)	

Available for Sale

Shareholding upto 10%

2016	2015	2016	2015				2016	2015
1,000,000	1,000,000	16.84	17.37	Jun-16	8.89%	Pak Asian Funds Limited (Chief Executive Officer: Mr. Ashfaq Ahmed Berdi)	10,000	10,000
50,000	50,000	6.86	6.86	Jun-12	0.33%	Union Communication (Private) Limited (Chief Executive Officer: Mr. Khalid Mehmood)	500	500
-	3,184,600	-	(4.07)	Jun-15	0.00%	Crescent Bahuman Limited (Chief Executive Officer: Mr. Nasir Shafi)	-	31,846
1,000,000	1,000,000	(1.20)	(1.20)	Jun-15	0.97%	Crescent Industrial Chemicals Limited (Chief Executive Officer: Mr. Tariq Shafi)	10,000	10,000
							20,500	52,346
						Less : Provision for diminution in the value of investments - note 9.3.2	(10,500)	(42,346)
							10,000	10,000

9.7 Unrealised gain / (loss) on revaluation of investments classified as held for trading - net

(Rupees in '000)

	2016	2015
Pakistan Investment Bonds	-	1,808
Ordinary shares - listed	(60)	(639)
	(60)	1,169

9.8 Particulars of Federal government securities

Market Treasury Bills have a tenor upto one year. The yield on these instruments ranges from 5.79% to 6.22% per annum (2015: 6.37% to 7.00% per annum) with maturities of upto February 16, 2017 (2015: August 18, 2016).

Pakistan Investment Bonds are issued by the Government of Pakistan for a period ranging from of 3 to 10 years. These securities carry profit at rates ranging from 7.00% to 12.00% per annum (2015: 8.75% to 12.00% per annum) with maturities from July 17, 2017 to April 21, 2026 (2015: July 18, 2016 to March 26, 2025).

9.9 Investments include certain approved / government securities which are held by the Bank to comply with the statutory liquidity requirements determined on the basis of the Bank's demand and time liabilities as set out under the Banking Companies Ordinance, 1962.

10. ADVANCES - NET

(Rupees in '000)

	Note	(Rupees in '000)	
		2016	2015
Loans, cash credits, running finances, etc. In Pakistan		29,348,877	25,817,621
Net investment in finance leases In Pakistan	10.2	321,750	352,350
Bills discounted and purchased (excluding treasury bills) Payable in Pakistan		1,301,571	74,143
Payable outside Pakistan		15,754	15,527
Advances - gross		30,987,952	26,259,641
Provision against advances - specific and general	10.4	(2,197,972)	(2,072,603)
Advances - net of provision		28,789,980	24,187,038
10.1 Particulars of advances - gross			
10.1.1 In local currency		26,073,406	24,263,100
In foreign currencies		4,914,546	1,996,541
		30,987,952	26,259,641
10.1.2 Short-term (upto one year)		24,776,312	19,420,849
Long-term (over one year)		6,211,640	6,838,792
		30,987,952	26,259,641

10.2 Net investment in finance leases

(Rupees in '000)

	2016				2015			
	Not later than one year	Later than one year and less than five years	Over five years	Total	Not later than one year	Later than one year and less than five years	Over five years	Total
Lease rentals receivable	289,176	-	-	289,176	313,565	-	-	313,565
Residual value	36,657	-	-	36,657	42,916	-	-	42,916
Minimum lease payments	325,833	-	-	325,833	356,481	-	-	356,481
Finance charge for future periods	(4,083)	-	-	(4,083)	(4,131)	-	-	(4,131)
Present value of minimum lease payments	321,750	-	-	321,750	352,350	-	-	352,350

10.3 Advances include Rs. 2,372.926 million (2015: Rs. 1,973.975 million) which have been placed under non-performing status as detailed below:

(Rupees in '000)

Category of classification	2016								
	Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Classified portfolio									
Substandard	2,565	-	2,565	640	-	640	640	-	640
Doubtful	698,712	-	698,712	453,521	-	453,521	453,521	-	453,521
Loss	1,671,649	-	1,671,649	1,637,903	-	1,637,903	1,637,903	-	1,637,903
	2,372,926	-	2,372,926	2,092,064	-	2,092,064	2,092,064	-	2,092,064

(Rupees in '000)

Category of classification	2015								
	Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Classified portfolio									
Substandard	1,677	-	1,677	419	-	419	419	-	419
Doubtful	-	-	-	-	-	-	-	-	-
Loss	1,972,298	-	1,972,298	1,932,103	-	1,932,103	1,932,103	-	1,932,103
	1,973,975	-	1,973,975	1,932,522	-	1,932,522	1,932,522	-	1,932,522

10.3.1 No benefit of forced sale value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD circular No. 01 dated October 21, 2011.

10.4 Particulars of provision against advances

(Rupees in '000)

Note	2016			2015		
	Specific	General	Total	Specific	General	Total
Opening balance	1,932,522	140,081	2,072,603	2,100,866	3,325	2,104,191
Charge for the year	460,517	197,548	658,065	4,304	138,000	142,304
Reversals	(87,726)	(231,721)	(319,447)	(114,591)	(1,244)	(115,835)
	372,791	(34,173)	338,618	(110,287)	136,756	26,469
Amounts written off	(213,249)	-	(213,249)	(58,057)	-	(58,057)
Closing balance	2,092,064	105,908	2,197,972	1,932,522	140,081	2,072,603

10.4.1 General provision as at December 31, 2016 includes provision of Rs. 1.333 million (2015: Rs. 2.081 million) held against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. In addition, the Bank has made a general provision of Rs. 104.575 million (2015: Rs. 138 million) against corporate and commercial advances for potential losses present in the portfolio. This provision is based on management's best estimate and is approved by the Board of Directors of the Bank.

(Rupees in '000)

10.4.2 Particulars of provisions against advances

	2016			2015		
	Specific	General	Total	Specific	General	Total
In local currency	2,092,064	105,908	2,197,972	1,932,522	140,081	2,072,603

10.5 Particulars of write-offs

(Rupees in '000)

	Note	2016	2015
10.5.1 Against provisions	10.4	213,249	58,057
10.5.2 Write-offs of Rs. 500,000 and above	10.6	205,679	52,709
Write-offs of below Rs. 500,000		7,570	5,348
		213,249	58,057

10.6 Details of loan write-off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2016 is given in Annexure-I 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.

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

		(Rupees in '000)	
Note	2016	2015	
Debits due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons			
	414,019	322,557	
	334,133	234,906	
	(136,816)	(143,444)	
10.7.1	611,336	414,019	
Debits due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members			
	-	-	
	-	-	
	-	-	
	-	-	
Debits due by subsidiary companies, controlled firms, managed modarabas and other related parties			
	-	-	
	-	-	
	-	-	
	-	-	

10.7.1 These include loans given by the Bank to its employees as per the terms of their employment. The maximum total amount of financings granted during the year was Rs. 611.336 million (2015: Rs. 414.019 million). The maximum amount has been calculated by reference to the month end balance.

11. OPERATING FIXED ASSETS

		(Rupees in '000)	
Note	2016	2015	
Capital work-in-progress	391,908	219,754	
Property and equipment	935,931	1,027,485	
Intangible assets	35,030	54,459	
	1,362,869	1,301,698	
Non-current assets held for sale	95,846	21,972	
	1,458,715	1,323,670	
11.1 Capital work-in-progress			
Civil works	10,090	1,659	
Land and buildings	155,500	-	
Advances to suppliers and contractors	226,318	218,095	
	391,908	219,754	

11.2 Property and equipment

(Rupees in '000)

Description	2016													Net book value as at December 31, 2016	Rate per annum (%)	
	Cost					Accumulated depreciation					Balance as at December 31, 2016					
	Balance as at January 1, 2016	Additions	Transfers to assets held for sale	Disposals	Adjustments	Balance as at December 31, 2016	Balance as at January 1, 2016	Charge for the year	Transfers to assets held for sale	Disposals		Adjustments				
Owned																
Freehold land	433,702	9,762	(69,778)	-	1,494	375,180	-	-	-	-	-	-	375,180	-		
Buildings on freehold land	158,005	6,192	(24,398)	-	-	139,799	95,221	3,264	(21,043)	-	(115)	77,327	62,472	5		
Furniture and fixtures	577,253	84,547	(1,142)	(67,373)	(1,678)	591,607	327,012	57,093	(401)	(60,182)	(489)	323,033	268,574	5/10/20		
Electrical, office and computer equipment	642,856	154,276	-	(132,517)	160	664,775	512,924	80,463	-	(131,780)	611	462,218	202,557	20/33/50		
Vehicles	218,222	5,464	-	(178,886)	-	44,800	67,396	5,814	-	(55,558)	-	17,652	27,148	20		
	<u>2,030,038</u>	<u>260,241</u>	<u>(95,318)</u>	<u>(378,776)</u>	<u>(24)</u>	<u>1,816,161</u>	<u>1,002,553</u>	<u>146,634</u>	<u>(21,444)</u>	<u>(247,520)</u>	<u>7</u>	<u>880,230</u>	<u>935,931</u>			

(Rupees in '000)

Description	2015													Net book value as at December 31, 2015	Rate per annum (%)	
	Cost					Accumulated depreciation					Balance as at December 31, 2015					
	Balance as at January 1, 2015	Additions	Transfers to assets held for sale	Disposals	Adjustments	Balance as at December 31, 2015	Balance as at January 1, 2015	Charge for the year	Transfers to assets held for sale	Disposals		Adjustments				
Owned																
Freehold land	329,622	104,080	-	-	-	433,702	-	-	-	-	-	-	433,702	-		
Buildings on freehold land	115,594	42,411	-	-	-	158,005	89,239	5,982	-	-	-	95,221	62,784	5		
Furniture and fixtures	468,113	134,052	-	(24,912)	-	577,253	310,271	40,945	-	(24,204)	-	327,012	250,241	10		
Electrical, office and computer equipment	567,646	110,840	-	(35,630)	-	642,856	509,003	39,385	-	(35,464)	-	512,924	129,932	20 / 33		
Vehicles	168,185	68,573	-	(18,536)	-	218,222	55,535	23,629	-	(11,768)	-	67,396	150,826	20		
	<u>1,649,160</u>	<u>459,956</u>	<u>-</u>	<u>(79,078)</u>	<u>-</u>	<u>2,030,038</u>	<u>964,048</u>	<u>109,941</u>	<u>-</u>	<u>(71,436)</u>	<u>-</u>	<u>1,002,553</u>	<u>1,027,485</u>			

11.3 Intangible Assets

(Rupees in '000)

Description	2016											Net book value as at December 31, 2016	Rate per annum (%)	
	Cost					Accumulated amortisation								
	Balance as at January 1, 2016	Additions	Disposals	Adjustments	Balance as at December 31, 2016	Balance as at January 1, 2016	Charge for the year	Disposals	Adjustments	Balance as at December 31, 2016				
Computer software														
		132,689	10,389	(17,215)	(15,553)	110,310	78,230	14,290	(17,215)	(25)	75,280	35,030	20	

(Rupees in '000)

Description	2015											Net book value as at December 31, 2015	Rate per annum (%)	
	Cost					Accumulated amortisation								
	Balance as at January 1, 2015	Additions	Disposals	Adjustments	Balance as at December 31, 2015	Balance as at January 1, 2015	Charge for the year	Disposals	Adjustments	Balance as at December 31, 2015				
Computer software														
		105,437	27,252	-	-	132,689	63,742	14,488	-	-	78,230	54,459	20	

11.4 Disposal of fixed assets

The details of disposals of assets whose original cost or book value exceed one million rupees or two hundred and fifty thousand rupees respectively, whichever is lower, are given in Annexure "III".

Information relating to sale of fixed assets (otherwise than through regular auction) made to chief executive, a director, an executive or a shareholder holding not less than ten percent of the voting shares of the bank or any related party as required by SBP's BSD Circular No. 4 dated February 17, 2006 is also given in Annexure "III".

11.5 Non-current assets held for sale

The non-current assets held for sale of the Bank include two vacant properties situated in Lahore, having a carrying value of Rs. 73.874 million and Rs. 21.972 million respectively. A formal plan to dispose off these properties is in place, one property is in the advanced stage of sale and for the other property, initial contacts with the potential buyers have been established. It is expected that the process of sale of the properties will be completed in the near future.

		(Rupees in '000)	
	Note	2016	2015
11.6	Carrying amount of temporarily idle property	755	929
11.7	The gross carrying amount (cost) of fully depreciated / amortised assets that are still in use:		
	Buildings	32,428	32,428
	Computer & Equipments	351,119	458,628
	Furniture & Fixtures; and	167,949	183,089
	Intangibles	38,094	50,937
		589,590	725,082
12.	DEFERRED TAX ASSET - NET		
	Taxable temporary differences		
	Net investment in finance leases	(100,522)	(108,286)
	Surplus on revaluation of securities - net	19 (310,873)	(348,187)
	Accelerated tax depreciation	(3,454)	3,717
	Deductible temporary differences		
	Recognised tax losses	12.1 252,952	513,000
	Provision against loans and advances, investments and other assets	571,538	597,348
	Deferred tax asset recognised	409,641	657,592

12.1 This includes deferred tax asset recognised on unabsorbed tax depreciation and amortisation (2015: tax losses including tax depreciation and amortisation). The Bank has unabsorbed tax depreciation and amortisation (2015: tax losses including tax depreciation and amortisation) amounting to Rs. 723 million (2015: Rs. 1,555 million) as at December 31, 2016. Based on this, the management has recognised deferred tax debit balance of Rs. 253 million (2015: Rs. 513 million) against the total available tax benefit of Rs. 253 million (2015: Rs. 544 million). The deferred tax debit balance recognised represents the management's best estimate of the potential benefit which is expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in these years against losses carried forward from prior years.

The amount of this benefit has been computed based on the financial projections of the Bank prepared by the management which have been approved by the Board of Directors.

13. OTHER ASSETS - NET

		(Rupees in '000)	
	Note	2016	2015
Income / mark-up accrued			
- in local currency		1,830,716	1,985,031
- in foreign currencies		39,824	4,965
Advances, deposits, prepaid rent and other prepayments		150,608	196,552
Taxation (payments less provisions)		439,773	530,842
Fee and commission receivable		45,853	47,009
Unrealised gain on forward foreign exchange contracts		158,853	109,592
Others	13.1	210,866	244,090
		2,876,493	3,118,081
Provisions held against bad and doubtful other assets	13.2	(175,133)	(175,999)
Other assets (net of provisions)		2,701,360	2,942,082

13.1 This includes an amount of Rs. 32.389 million (2015: Rs. 32.389 million) receivable from InterAsia Leasing Limited.

13.2 Provisions held against bad and doubtful other assets

(Rupees in '000)

	Note	2016	2015
Opening balance		175,999	115,373
Charge for the year		-	1,661
Reversals		-	(210)
		-	1,451
Amounts written-off during the year		(866)	(825)
Transferred from provision against off-balance sheet obligations		-	60,000
Closing balance		175,133	175,999
14. BILLS PAYABLE			
In Pakistan		915,076	492,159
15. BORROWINGS			
In Pakistan		35,847,072	27,325,753
15.1 Particulars of borrowings			
In local currency		35,847,072	24,707,228
In foreign currency		-	2,618,525
		35,847,072	27,325,753
15.2 Details of borrowings secured / unsecured			
Secured			
Borrowings from SBP under export refinance scheme	15.2.1	2,512,000	1,956,762
Borrowings from SBP under LTFF	15.2.2	98,016	-
Repurchase agreement borrowings	15.2.3	5,840,000	18,508,084
Bai Muajjal borrowing	15.2.4	19,873,586	-
		28,323,602	20,464,846
Unsecured			
Call money borrowings	15.2.5	7,501,134	4,220,046
FCY Borrowings	15.2.6	-	2,618,525
Bankers Equity Limited (Under liquidation)	15.2.7	22,336	22,336
		7,523,470	6,860,907
		35,847,072	27,325,753

15.2.1 The Bank has entered into various agreements with the SBP for extending export finance to customers. As per the terms of the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the time of maturity of finances by directly debiting the current account maintained with SBP. This facility is secured against demand promissory note executed in favor of SBP. These borrowings carry mark-up at the rate of 2.0% per annum (2015: 3.5% per annum), and have maturity period of upto four months from deal date (2015: four months).

15.2.2 These represent borrowings from SBP to provide refinance to customers and carries markup at the rate of 2.0% (2015: Nil) per annum and will mature latest by January 13, 2022 (2015: Nil).

15.2.3 This represents funds borrowed from interbank market against government securities and carries mark up at the rate of 5.90% per annum (2015: 6.50% per annum) and will mature on January 06, 2017 (2015: January 08, 2016).

15.2.4 This represents funds borrowed against government securities and carries mark up at rates ranging from 5.70% to 5.78% per annum (2015: Nil) and will mature latest by November 22, 2017 (2015: Nil).

15.2.5 This represents funds borrowed from interbank market. These carry mark up at rates ranging from 5.50% to 5.90% per annum (2015: 6.00% to 6.50% per annum) and will mature latest by June 20, 2017 (2015: May 13, 2016).

15.2.6 Prior year amount represents borrowings from foreign inter bank market that carried markup at rates ranging from 1.05% to 2.12% per annum and matured on January 29, 2016.

15.2.7 This represents amount payable to Bankers Equity Limited (under liquidation) on account of counter receivable from InterAsia Leasing Limited (Note 13.1) and carries no mark-up.

16. DEPOSITS AND OTHER ACCOUNTS

(Rupees in '000)

	Note	2016	2015
Customers			
Fixed deposits		21,740,249	15,738,230
Savings deposits		14,334,826	11,453,530
Current accounts - non-remunerative		8,590,967	7,125,203
Others - non-remunerative		100,983	17,266
		44,767,025	34,334,229
Financial Institutions			
Remunerative deposits		5,278,603	4,171,269
Non-remunerative deposits		261,176	338,793
	16.2	5,539,779	4,510,062
		50,306,804	38,844,291
16.1 Particulars of deposits and other accounts			
In local currency		43,693,809	35,007,528
In foreign currencies		6,612,995	3,836,763
		50,306,804	38,844,291

16.2 These accounts include deposits of SAMBA Financial Group amounting to Rs. 115.261 million (2015: Rs. 263.061 million).

17. OTHER LIABILITIES

(Rupees in '000)

	Note	2016	2015
Mark-up / return / interest payable			
- in local currency		604,711	208,118
- in foreign currencies		8,397	45,727
Accrued expenses		764,747	805,273
Unclaimed dividends		4,255	4,255
Provision against off-balance sheet obligations	17.2	186,876	186,876
Lease key money		37,098	43,358
Unrealised loss on forward exchange contracts		127,792	105,512
Others	17.1	292,139	260,795
		2,026,015	1,659,914
17.1 This includes Rs. 105.304 million (2015: Rs. 99.223 million) net payable to SAMBA Financial Group (SFG).			
17.2 Provision against off-balance sheet obligations			
Opening balance		186,876	198,876
Charge for the year		-	48,000
Reversals		-	-
		-	48,000
Transfer to provision against other assets	13.2	-	(60,000)
Closing balance	17.2.1	186,876	186,876

17.2.1 This includes:

- a) A provision of Rs. 71.134 million (2015: Rs. 71.134 million) made in respect of two counter guarantees amounting to Rs. 71.134 million issued by Crescent Investment Bank Limited, an amalgamated entity, on behalf of Mr. Reyaz Shafi favouring Privatization Commission of Pakistan (PC). The PC had invoked / called for payment of both the guarantees prior to their expiry date. However, Mr. Reyaz Shafi had obtained stay order for payments against the guarantees on the grounds that the guarantees were conditional and the conditions had not been met. Subsequently, the PC filed a suit against Faysal Bank Limited and Al-Baraka Islamic Bank, the guarantees issuing banks, against counter guarantees of the amalgamated entity, in the Lahore High Court under the Privatization Commission Ordinance, 2000 for payment against the guarantees. The case is still pending for decision. As a matter of prudence, full provision of Rs. 71.134 million (2015: Rs. 71.134 million) was made by the amalgamated entity, in respect of this matter, which is being maintained.

- b) A provision of Rs. 14.130 million (2015: Rs. 14.130 million) made in respect of a guarantee amounting to Rs. 14.130 million issued by Crescent Investment Bank Limited, an amalgamated entity, on behalf of Mohammad Amin Muhammad Bashir Limited (MAMB) favouring Collector of Customs. The guarantee has been called twice by the Collector of Customs along with mark-up at the rate of 14 percent per annum. MAMB has filed a petition before the Honourable Supreme Court, which is still pending; therefore, no payment has been made in respect of this guarantee. As a matter of prudence, full provision of Rs. 14.130 million (2015: Rs. 14.130 million) was made in respect of this matter by the amalgamated entity, which is being maintained.
- c) A 50% provision is maintained amounting to Rs. 52.762 million (2015: Rs. 52.762 million) in respect of a guarantee issued by the Bank in favour of a gas utility company on behalf of Dewan Cement Limited. The amount of guarantee will be payable by the bank if and when a call is made upon the bank by the beneficiary, in case of a default by the company. The company has shown gradual and visible improvement in the affairs of its business, hence, after obtaining necessary approval from SBP, the account was upgraded from Loss to Doubtful in 2012 and accordingly, 50% of the provisioning was reversed. Currently, provisioning of Rs. 52.762 million (2015: Rs. 52.762 million) is being maintained.
- d) A provision of Rs. 48 million (2015: Rs. 48 million) has been maintained in respect of a fraud and forgery claim. The matter is still under investigation and is sub-judice. The management is confident that the case will be settled in the favour of the Bank. However, as a matter of prudence, a provision has been made in the financial statements.

18. SHARE CAPITAL

18.1 Authorised capital

(Number of Shares)		Ordinary shares of Rs. 10 each	(Rupees in '000)	
2016	2015		2016	2015
1,500,000,000	1,500,000,000		15,000,000	15,000,000

18.2 Issued, subscribed and paid-up capital

(Number of Shares)						Ordinary shares of Rs. 10 each	(Rupees in '000)	
2016			2015				2016	2015
Issued for cash	Issued for consideration other than cash	Total	Issued for cash	Issued for consideration other than cash	Total			
883,317,458	124,921,190	1,008,238,648	883,317,458	124,921,190	1,008,238,648	At the beginning of the year	10,082,387	10,082,387
883,317,458	124,921,190	1,008,238,648	883,317,458	124,921,190	1,008,238,648	Balance as at December 31	10,082,387	10,082,387

18.2.1 Shares held by the related parties of the bank

Directors, their spouses and minor children

Mr. Humayun Murad
 Mr. Farhat Abbas Mirza
 Mr. Javed Iqbal
 Mr. Zahid Zaheer
 Mr. Nadeem Babar
 Mr. Shahbaz Haider Agha
 Dr. Shujaat Nadeem
 Mr. Shahid Sattar

Associated Companies, undertakings and related parties

Samba Financial Group (SFG)

(Number of Shares)	
2016	2015
281	281
-	70,479
2,819	2,819
-	581
12,500,500	-
500	-
35,832,424	5,832,424
1,288,300	1,646,032
49,624,824	7,552,616
852,040,531	852,040,531
901,665,355	859,593,147

19. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX

(Rupees in '000)

	Note	2016	2015
Available for sale			
Federal government securities		807,937	1,016,205
Ordinary shares - listed		80,272	(21,385)
		888,209	994,820
Related deferred tax		(310,873)	(348,187)
		577,336	646,633
20. CONTINGENCIES AND COMMITMENTS			
20.1 Direct credit substitutes			
Favouring banks and other financial institutions		1,423,247	508,832
Favouring others		261,997	262,354
		1,685,244	771,186
20.2 Transaction-related contingent liabilities / commitments			
Guarantees in favour of			
Government	20.2.1	1,504,792	1,953,356
Others		1,828,537	80,144
		3,333,329	2,033,500
20.2.1 Includes guarantees of Rs. 195.209 million (2015: Rs. 32.111 million) given on behalf of SAMBA Financial Group - a related party.			
20.3 Trade-related contingent liabilities			
Favouring others		2,022,465	4,769,881
20.4 Other contingencies			
Claims against the Bank not acknowledged as debt		125,456	125,456

These represent various cases filed against the Bank for recovery of damages / settlement of deposit balances by various parties. Based on the legal advice, management believes that the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

20.5 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs. 426.787 million (2015: Rs. 426.787 million) for the assessment years 1995-96, 1996-97, 1999-00, 2001-02, 2002-03 on account of non-deduction of tax on profit paid under portfolio management scheme, interest paid on foreign currency deposits and certificates of investment. The department has also raised further demand of Rs. 645.337 million (2015: Rs. 645.337 million) for assessment years 1999-00, 2000-01 to assessment year 2002-03 and tax year 2006 on account of taxability of investment banks as banking companies and taxation of dividend income as normal banking income, lease rentals received or receivable, lease key money and certain other items. The aforementioned relates to pending assessments of the Bank and amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited and Pakistan Industrial Leasing Corporation. Tax department has also raised demand of Rs. 29.052 million (2015: Rs. 29.052 million) for the assessment years 2009, 2010 & 2011 on account of Federal Excise Duty. Further, tax department has raised a demand of Rs. 16.480 million and Rs. 28.110 million on account of monitoring of withholding taxes for the tax years 2014 and 2015 respectively.

Presently, the Bank is contesting these issues at various appellate forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the Bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favor of the Bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands aggregating Rs. 1,145.766 million (2015: Rs. 1,145.766 million) raised by the income tax authorities.

20.6 Commitments in respect of forward exchange contracts

(Rupees in '000)

	2016	2015
Purchase	21,528,476	21,285,553
Sale	22,013,341	18,977,675

20.7 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

20.8 Capital commitments

Commitments for capital expenditure as at December 31, 2016 amounted to Rs. 75.78 million (2015: Rs. 94.96 million).

21. MARK-UP / RETURN / INTEREST EARNED

(Rupees in '000)

	2016	2015
On loans and advances to:		
- Customers	1,572,173	1,690,488
On investments:		
- Held for trading securities	86,382	251,340
- Available for sale securities	2,859,526	2,053,343
- Held to maturity securities	932,493	1,248,129
	3,878,401	3,552,812
On deposits with financial institutions	1,043	365
On securities purchased under resale agreements	134,066	189,271
On call lendings	96,374	35,251
	5,682,057	5,468,187

22. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	2,091,875	1,767,960
Securities sold under repurchase agreements	749,202	849,796
Other short-term borrowings	564,536	358,728
SBP LTFF Refinance	1,897	34,649
SBP export refinance	45,382	93,866
Others	123,554	220,565
	3,576,446	3,325,564

23. GAIN ON SALE OF SECURITIES - NET

Government securities	680,208	426,430
Ordinary shares - listed	22,363	58,354
	702,571	484,784

24. OTHER INCOME

Gain on disposal of property and equipment - net	23,013	96,364
	23,013	96,364

25. ADMINISTRATIVE EXPENSES

(Rupees in '000)

	Note	2016	2015
Salaries, allowances and benefits		895,404	884,709
Contribution to provident fund plan	32	28,832	25,980
Non-executive directors' fees, allowances and other expenses		7,520	11,143
Rent, taxes, insurance, electricity, etc.		281,294	326,410
Legal and professional charges		16,623	29,434
Communications		127,080	120,134
Group shared service cost		109,084	(16,597)
Repairs and maintenance		117,044	229,626
Stationery and printing		25,523	25,982
Advertisement and publicity		16,261	75,363
Auditors' remuneration	25.1	6,565	5,248
Depreciation	11.2	146,634	109,941
Amortisation of intangible assets	11.3	14,290	14,488
Travelling and conveyance		45,699	76,244
Charges paid to Central Depository Company of Pakistan Limited		1,796	1,371
Security services		39,329	37,017
Workers' Welfare Fund (WWF)	25.2	18,426	16,640
Fee and commission paid		30,193	31,871
Donation	25.3	153	-
Others		52,440	55,052
		1,980,190	2,060,056
25.1 Auditors' remuneration			
Statutory audit fee		2,030	1,790
Fee for quarterly and annual group reporting		851	751
Fee for review of the half yearly financial statements		458	404
Special certifications and others		2,300	1,421
Out-of-pocket expenses		926	882
		6,565	5,248
25.2 Under the Worker's Welfare Ordinance, 1971 the Bank is liable to pay WWF @ 2% of profit before tax as per the accounts or declared income as per the income tax return, whichever is higher.			
25.3 Donation made to the Kidney Center Institute. None of the directors, executives or their spouses had any interest in the donee.			
26. OTHER PROVISIONS / WRITE OFFS - NET			
Provision against bad and doubtful other assets - net	13.2	-	1,451
Provision against off balance sheet obligations	17.2	-	48,000
Fixed assets written-off	11.4	7,128	146
		7,128	49,597

27. OTHER CHARGES

		(Rupees in '000)	
	Note	2016	2015
Penalties imposed by the State Bank of Pakistan		5,785	1,310
		<u>5,785</u>	<u>1,310</u>

28. TAXATION

		(Rupees in '000)	
	Note	2016	2015
For the year			
Current	28.1	67,373	62,464
Deferred		285,265	308,493
For prior years			
Current	28.2	29,215	13,817
		<u>381,853</u>	<u>384,774</u>

28.1 Current tax charge for the year represents minimum tax on turnover as stipulated in the Income Tax Ordinance, 2001.

28.2 During the current year, the Finance Act 2016 extended the application of super tax brought into effect through the Finance Act 2015 for rehabilitation of temporary displaced persons. Accordingly, the Bank has recognised prior year tax charge of Rs. 29.215 million in the current year which is determined at the applicable tax rate of 4 percent on taxable income for the tax year 2016 (i.e. year ended December 31, 2015).

28.3 Relationship between tax expense and accounting profit

		(Rupees in '000)	
		2016	2015
Profit before taxation		926,455	815,377
Effects of:			
- Tax calculated at the applicable rate of 35%		324,259	285,382
- Prior year charge		29,215	13,817
- Permanent differences		529	3,269
- Others		27,850	82,306
Tax charge for the year		<u>381,853</u>	<u>384,774</u>

29. EARNINGS PER SHARE

		(Rupees in '000)	
		2016	2015
Profit after taxation		544,602	430,603
(Number of Shares)			
Weighted average number of ordinary shares		1,008,238,648	1,008,238,648
(Rupees)			
Earnings per share		0.54	0.43

29.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at December 31, 2016 and 2015 which would have any effect on the earnings per share if the option to convert is exercised.

30. CASH AND CASH EQUIVALENTS

		(Rupees in '000)	
	Note	2016	2015
Cash and balances with treasury banks	6	4,723,664	3,258,421
Balances with other banks	7	816,421	1,071,112
		<u>5,540,085</u>	<u>4,329,533</u>

		(Number)	
		2016	2015
31. STAFF STRENGTH	Note		
Permanent		449	432
Temporary / on contractual basis		1	3
Bank's own staff strength at the end of the year		450	435
Outsourced	31.1	230	222
Total number of employees at the end of the year		680	657

31.1 Outsourced staff includes those employees that are hired by an outside contractor / agency and are assigned to the Bank to perform various tasks / activities of the Bank.

32. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund plan for 420 employees (2015: 382 employees). Both employer and employees contribute 8.33% (2015: 8.33%) of the basic salaries to the fund every month. The expense charged in respect of this benefit is disclosed in note 25 to these financial statements.

33. COMPENSATION OF DIRECTORS AND EXECUTIVES

		(Rupees in '000)					
		2016			2015		
		President and Chief Executive Officer	Directors	Executives	President and Chief Executive Officer	Directors	Executives
Fees		-	7,862	-	-	10,279	-
Managerial remuneration		22,170	-	274,112	20,155	-	240,202
Contribution to defined contribution plan		1,847	-	21,287	1,679	-	18,587
Rent and house maintenance		9,977	-	123,350	9,070	-	103,124
Utilities		2,217	-	27,411	2,015	-	24,020
Medical		2,217	-	27,411	2,015	-	24,020
Fuel reimbursement		-	-	68,894	-	-	17,926
Bonus		32,000	-	73,780	25,000	-	69,945
Conveyance		-	-	387	-	-	346
Other allowances		1,848	-	-	1,680	-	-
		72,276	7,862	616,632	61,614	10,279	498,170
Number of persons		1	6	204	1	4	184

33.1 The Chief Executive Officer is provided with the use of bank maintained car

33.2 Executives include employees, other than the Chief Executive Officer and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

34. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

- i) classification and provisioning against investments (notes 5.3 and 9).
- ii) classification and provisioning against advances (notes 5.4 and 10).
- iii) determination of useful lives and depreciation / amortisation of operating fixed assets (notes 5.5 and 11).
- iv) income taxes (notes 5.8, 12 and 28).
- v) provision against other assets (notes 5.9 and 13.2).
- vi) provision against off-balance sheet obligations (notes 5.9 and 17.2).

35. FAIR VALUE OF FINANCIAL INSTRUMENTS AND DERIVATIVE INSTRUMENTS

35.1 On-balance sheet financial instruments

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

The fair value of traded investments is based on quoted market prices, except for tradeable securities classified as 'held to maturity'. Held to maturity securities are carried at amortised cost in order to comply with the requirements specified by the State Bank of Pakistan. The fair value of these investments amounts to Rs. 4,895.976 million (2015: Rs. 11,455.038 million).

The value of unquoted equity investments is determined as lower of carrying value and break-up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment in respect of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 to these financial statements.

The repricing and maturity profile and effective rates are stated in notes 42 and 44 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, are frequently repriced.

35.2 Off-balance sheet financial instruments

(Rupees in '000)

	2016		2015	
	Book value	Fair value	Book value	Fair value
Forward purchase of foreign exchange	21,528,476	21,401,375	21,285,553	21,209,970
Forward sale of foreign exchange	22,013,341	21,855,179	18,977,675	18,898,012

35.3 The table below analyses the traded investments, except for tradeable securities classified as held to maturity by their respective valuation methods. Valuation of investment is carried out as per guidelines specified by the State Bank of Pakistan.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (level 3).

(Rupees in '000)

	2016			
	Level 1	Level 2	Level 3	Total
RECURRING FAIR VALUE MEASUREMENT				
FINANCIAL INSTRUMENTS - ON BALANCE SHEET				
INVESTMENTS - NET				
Held for Trading Securities				
Market Treasury Bills	-	3,979	-	3,979
Fully paid-up ordinary shares	7,509	-	-	7,509
Available for Sale Securities				
Pakistan Investment Bonds	-	49,426,993	-	49,426,993
Market Treasury Bills	-	2,068,040	-	2,068,040
Fully paid-up ordinary shares	1,068,470	-	-	1,068,470
Total	1,075,979	51,499,012	-	52,574,991
FINANCIAL INSTRUMENTS - OFF BALANCE SHEET				
Forward purchase of foreign exchange	-	21,401,375	-	21,401,375
Forward sale of foreign exchange	-	21,855,179	-	21,855,179

(Rupees in '000)

	2015			
	Level 1	Level 2	Level 3	Total
RECURRING FAIR VALUE MEASUREMENT				
FINANCIAL INSTRUMENTS - ON BALANCE SHEET				
INVESTMENTS - NET				
Held for Trading Securities				
Pakistan Investment Bonds	-	884,021	-	884,021
Fully paid-up ordinary shares	10,196	-	-	10,196
Available for Sale Securities				
Pakistan Investment Bonds	-	23,877,395	-	23,877,395
Market Treasury Bills	-	8,532,819	-	8,532,819
Fully paid-up ordinary shares	405,883	-	-	405,883
Total	416,079	33,294,235	-	33,710,314
FINANCIAL INSTRUMENTS - OFF BALANCE SHEET				
Forward purchase of foreign exchange	-	21,209,970	-	21,209,970
Forward sale of foreign exchange	-	18,898,012	-	18,898,012

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills and Pakistan Investment Bonds.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques and inputs used in determination of fair values within level 1 and 2

Item	Valuation techniques and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page). These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Fully paid-up listed ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

35.4 Derivative instruments

The Bank at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Agreements or FX Options. However, the Bank's Treasury buys and sells derivative instruments such as forward foreign exchange contract.

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Particulars	(Rupees in '000)					
	2016					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income (net of interest expense and provisions)	63,860	1,486,900	704,795	72,283	591,720	2,919,558
Total operating expenses	(373,505)	(174,845)	(1,163,774)	(30,284)	(250,695)	(1,993,103)
Net (loss) / income (before tax)	(309,645)	1,312,055	(458,979)	41,999	341,025	926,455
Segment assets (gross)	25,854,752	68,889,783	2,440,518	3,937,665	2,699,564	103,822,282
Segment non-performing loans	1,845,562	-	527,364	-	-	2,372,926
Segment provision held*	(1,693,254)	(34,686)	(410,552)	-	(269,299)	(2,407,791)
Segment liabilities	13,521,372	33,858,289	40,189,122	549,010	977,174	89,094,967
Depreciation of fixed assets	1,421	873	89,844	154	54,342	146,634
Amortization of intangible assets	119	1,401	2,548	46	10,176	14,290
Segment return on net assets (%)**	-1.48%	2.29%	-22.10%	2.09%	-1.43%	0.64%
Segment cost of funds (%)**	4.99%	6.09%	4.58%	5.97%	0.00%	5.07%

Particulars	(Rupees in '000)					
	2015					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income (net of interest expense and provisions)	449,347	1,133,126	673,270	2,225	618,921	2,876,889
Total operating expenses	(350,099)	(136,689)	(1,043,828)	(4,935)	(525,961)	(2,061,512)
Net (loss) / income (before tax)	99,249	996,436	(370,557)	(2,710)	92,959	815,377
Segment assets (gross)	24,498,772	52,191,541	2,356,653	587,099	2,882,904	82,516,969
Segment non-performing loans	1,422,086	-	551,889	-	-	1,973,975
Segment provision held*	(1,511,914)	(102,031)	(433,321)	-	(303,367)	(2,350,633)
Segment liabilities	7,483,937	25,578,408	34,184,330	86,572	988,870	68,322,117
Depreciation of fixed assets	4,027	1,742	59,269	66	44,837	109,941
Amortization of intangible assets	34	1,043	1,492	-	11,919	14,488
Segment return on net assets (%)**	0.49%	2.27%	-24.42%	-2.90%	-9.56%	0.61%
Segment cost of funds (%)**	6.42%	7.38%	5.38%	6.84%	0.00%	5.63%

* The provision against each segment represents provision held against advances, investments and other assets.

** The segment rate of return and cost of funds are based on average assets and liabilities for the year.

37. TRUST ACTIVITIES

The Bank commonly acts as a trustee and in other fiduciary capacity that result in the holding or placing of assets on behalf of individuals, trust, retirement benefit plans and other institutions. These are not assets of the Bank and, therefore, are not included in the statement of financial position.

Category	(Rupees in '000)							
	2016	2015	2016			2015		
	Number of IPS Accounts		Securities Held (Face Value)					
		Market Treasury Bills	Pakistan Investment Bonds	Total	Market Treasury Bills	Pakistan Investment Bonds	Total	
Employee Funds	2	7	174,200	-	174,200	300,200	60,000	360,200
Others	9	11	73,200	23,800	97,000	35,800	16,230	52,030
	11	18	247,400	23,800	271,200	336,000	76,230	412,230

38. RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its holding company, employee contribution plan, its directors and key management personnel.

Banking transactions with related parties are entered into the normal course of business. Remuneration to key management personnel is in accordance with employee agreements and services rules. These agreements also provide for disbursement of advances on terms softer than those offered to the customers of the Bank.

Contributions to the contributory provident fund scheme are made in accordance with the terms of the contribution plan. Remuneration to the Chief Executive Officer and directors are disclosed in note 33 to these financial statements and are determined in accordance with the terms of their appointment.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank considers all members of the executive team, including the Chief Executive Officer to be key management personnel.

Details of transactions with related parties are given below:

(Rupees in '000)

2016				2015			
Directors	Key management personnel	Parent Company	Others	Directors	Key management personnel	Parent Company	Others

BALANCES OUTSTANDING - GROSS

Advances

At January 1	-	107,403	-	-	-	66,341	-	-
Disbursed during the year	-	60,041	-	-	-	74,638	-	-
Repaid during the year	-	(23,480)	-	-	-	(33,576)	-	-
At December 31	-	143,964	-	-	-	107,403	-	-

Deposits

At January 1	15,700	23,546	-	1,767	7,220	31,457	-	6,072
Received during the year	681,298	404,735	-	201,527	178,526	488,609	-	95,473
Withdrawn during the year	(668,011)	(400,725)	-	(196,629)	(170,046)	(496,519)	-	(99,778)
At December 31	28,987	27,556	-	6,665	15,700	23,547	-	1,767

Others

Guarantees	-	-	195,209	-	-	-	32,111	-
Balances in nostro accounts	-	-	28,677	-	-	-	9,736	-
Sundry payable (including Group Shared Service cost) - net	-	-	105,304	-	-	-	99,223	-
Balances in vostro accounts	-	-	115,261	-	-	-	263,062	-
Borrowings (including markup payable)	-	-	-	-	-	-	2,136,425	-

TRANSACTIONS DURING THE YEAR

Remuneration and benefits	-	222,800	-	-	-	193,740	-	-
Directors fee	7,862	-	-	-	10,279	-	-	-
Commission income on guarantees	-	-	-	-	-	-	26,953	-
Mark-up / return / interest expensed	65	660	-	673	1,535	658	41,820	268
Mark-up / return / interest income	-	6,769	-	-	-	3,821	-	-
Disposal of fixed assets	-	16,520	-	-	-	-	-	-
Group shared services cost	-	-	109,084	-	-	-	(16,597)	-
Sale of government securities	-	-	-	-	-	-	-	20,715
Purchase of government securities	-	-	-	-	-	51,037	-	13,189

Forex transactions during the year December 31, 2016 - Samba Financial Group

(Currency in '000)

2016				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	1,937	-	-	-
CAD	1,421	1,416	-	-
CHF	100	-	-	-
EUR	13,645	15,575	4,800	2,600
GBP	8,500	29,935	14,925	4,790
JPY	125,203	-	9,500	-
SAR	74,625	97,027	13,128	2,251
SGD	25	-	-	-
USD	135,560	49,357	9,962	29,448
PKR	-	5,296,414	-	-

Forex deals outstanding as at the year end December 31, 2016 - Samba Financial Group

(Currency in '000)

2016				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	300	-
GBP	-	-	725	-
USD	-	-	-	1,210

Forex transactions during the year December 31, 2015 - Samba Financial Group

(Currency in '000)

2015				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	1,700	-	-	-
AUD	19	8	-	-
CAD	-	35	-	-
CHF	30	37	25	-
EUR	7,469	17,575	11,275	5,030
GBP	6,080	11,040	10,140	5,110
HKD	-	3	-	-
JPY	-	3,014	-	-
SAR	5,900	16,300	-	2,300
SEK	-	36	-	-
SGD	-	12	-	-
USD	98,975	18,744	14,079	28,015

Forex deals outstanding as at the year end December 31, 2015 - Samba Financial Group

(Currency in '000)

2015				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	700	-
GBP	-	-	1,700	-
USD	-	-	-	3,313

38.1 Details of loans and advances to the companies or firms in which the directors of the group are interested as directors, partners or in case of private companies as members, are given in note 10.7 to these financial statements. Details of remuneration to the executives are disclosed in note 33 to these financial statements, whereas the number of shares of the Bank held by the related parties is disclosed in note 18.2.1 to these financial statements.

39. CAPITAL-ASSESSMENT AND ADEQUACY BASEL III SPECIFIC

39.1 Capital Management

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated February 4, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. During the year SBP vide its BPRD Circular No. 11 of 2014 dated November 5, 2014 has revised the disclosure requirements with respect to capital adequacy related information. The disclosures below have been prepared on the basis of these new guidelines. The comparative information has been restated to facilitate comparison.

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next three to five years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the SBP vide its various circulars issued from time to time.

The Bank prepares an annual budget and five year plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing the five year plan. The growth prospects take into consideration prevailing economic and political factors in Pakistan and abroad.

The Banks are required to maintain Minimum Capital Requirement (MCR) as prescribed by the State Bank of Pakistan through its BSD Circular No. 7 dated April 15, 2009 which required the minimum paid up capital (net of accumulated losses) to be raised to Rs. 10 billion by the year ended December 31, 2013. As at December 31, 2016 the Bank's Paid up Capital is Rs. 10.082 billion. In addition, the Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.65 percent of their risk weighted exposure. The Bank's CAR as at December 31, 2016 is approximately 23.94 percent (2015: 30.30 percent) of its risk weighted exposure.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon the requirements under the Basel Accord as per the guidelines issued by the State Bank of Pakistan from time to time in this regard.

Major credit risk in respect of on and off-balance sheet exposures are mainly claims on banks, corporates, retail customers, residential mortgages and unquoted associated undertakings. Market risk exposures are mainly in fixed income securities and foreign exchange. The Bank's potential risk exposures shall remain in these exposure types.

The stress test is carried out using sensitivity analysis as per SBP guidelines wherein the Bank gauged its resilience against the sixteen stress scenarios / shocks and built its capacity to maintain either the level of resilience or preparedness against majority of these shocks. The Bank has evaluated its capacity to remain within the regulatory CAR under all stress conditions.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

39.2 Capital Structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:

- a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after deductions for investments in the equity of subsidiary companies engaged in banking and financial activities (to the extent of 50%), reciprocal crossholdings and deficit on revaluation of available for sale investments and deduction for book value of intangibles.
- b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria after deduction of remaining 50% investment in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.

Presently the Bank does not have any AT1 capital.

- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and equity investments after deduction of deficit on available for sale investments (upto a maximum of 78%).

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Bank through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

39.3 Capital Adequacy Ratio

The capital to risk weighted asset ratio, calculated in accordance with SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach of Credit and Market Risk and Basic indicator Approach for Operational Risk is presented below:

Capital Adequacy Ratio (CAR) disclosure

Particulars	(Rupees in '000)	
	2016	2015
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	10,082,387	10,082,387
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
Discount on issue of shares	-	-
General / Statutory Reserves	407,680	298,760
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	1,252,121	816,439
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	11,742,188	11,197,586
Total regulatory adjustments applied to CET1 (Note 39.4)	(349,203)	(342,618)
Common Equity Tier 1	11,392,985	10,854,968

Particulars	(Rupees in '000)	
	2016	2015
Additional Tier 1 (AT1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which:	-	-
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total of Regulatory Adjustment applied to AT1 capital (Note 39.6)	-	-
Additional Tier 1 capital after regulatory adjustments	-	-
Tier 1 Capital (CET1 + admissible AT1)	11,392,985	10,854,968
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
Capital instruments subject to phase out arrangement issued	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries	-	-
- 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	105,908	140,081
Revaluation Reserves (net of taxes)		
of which:		
- Revaluation reserves on fixed assets	-	-
- Unrealized gains / losses on AFS	450,322	433,244
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
T2 before regulatory adjustments	556,230	573,325
Total regulatory adjustment applied to T2 capital (Note 39.6)	-	-
Tier 2 capital (T2) after regulatory adjustments	556,230	573,325
Tier 2 capital recognized for capital adequacy	556,230	573,325
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	556,230	573,325
TOTAL CAPITAL (T1 + admissible T2)	11,949,215	11,428,293
Total Risk Weighted Assets (RWA) {for details refer Note 39.12}	49,906,183	37,719,208
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	22.83%	28.78%
Tier-1 capital to total RWA	22.83%	28.78%
Total capital to total RWA	23.94%	30.30%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	-	-
- capital conservation buffer requirement	0.65%	0.25%
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	16.83%	22.78%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
CCB (Consisting of CET 1 only)	0.65%	0.25%
Total capital minimum ratio	10.65%	10.25%

(Rupees in '000)

Particulars	2016		2015	
	Amount	Pre - Basel III treatment*	Amount	Pre - Basel III treatment*
39.4 Common Equity Tier 1 capital: Regulatory adjustments				
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	197,432	-	137,418	-
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)	151,771	252,952	205,200	513,000
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)	-	-	-	-
Significant investments in the common stocks of 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	-	-	-	-
- deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustments applied to CET1	349,203	252,952	342,618	513,000

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

39.5 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)	-	-	-	-
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	-	-	-	-

Particulars	(Rupees in '000)			
	2016		2015	
	Amount	Pre - Basel III treatment*	Amount	Pre - Basel III treatment*
39.6 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)	-	-	-	-
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	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

	(Rupees in '000)	
	2016	2015
39.7 Risk Weighted Assets subject to pre-Basel III treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
of which: deferred tax assets	101,181	307,800
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	240,969	128,485
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	156,689	144,592
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	105,908	140,081
Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

		(Rupees in '000)	
		2016	
Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
39.8 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1			
Assets			
Cash and balances with treasury banks		4,723,664	4,723,664
Balances with other banks		816,421	816,421
Lending to financial and other institutions		5,277,254	5,277,254
Investments		57,237,456	57,237,456
Advances		28,789,980	28,789,980
Operating fixed assets		1,458,715	1,458,715
Deferred tax assets		409,641	409,641
Other assets		2,701,360	2,701,360
Total assets		101,414,491	101,414,491
Liabilities and Equity			
Bills payable		915,076	915,076
Borrowings		35,847,072	35,847,072
Deposits and other accounts		50,306,804	50,306,804
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		2,026,015	2,026,015
Total liabilities		89,094,967	89,094,967
Share capital		10,082,387	10,082,387
Discount on issue of shares		-	-
Reserves		407,680	407,680
Unappropriated profit		1,252,121	1,252,121
Surplus on revaluation of assets - net of tax		577,336	577,336
Total liabilities and equity		101,414,491	101,414,491
39.9 Reconciliation of balance sheet to eligible regulatory capital - Step 2			
Assets			
Cash and balances with treasury banks		4,723,664	4,723,664
Balances with other banks		816,421	816,421
Lending to financial and other institutions		5,277,254	5,277,254
Investments		57,237,456	57,237,456
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual Funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	-	-
- others	e	-	-
Advances		28,789,980	28,789,980
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	105,908	105,908
Operating fixed assets		1,458,715	1,458,715
- of which: Intangibles	k	197,432	197,432
Deferred tax assets		409,641	409,641
of which:			
- DTAs that rely on future profitability excluding those arising from temporary differences	h	252,952	252,952
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets		2,701,360	2,701,360
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		101,414,491	101,414,491

		(Rupees in '000)	
		2016	
Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
Liabilities and Equity			
Bills payable		915,076	915,076
Due from financial institutions		35,847,072	35,847,072
Deposits and other accounts		50,306,804	50,306,804
Sub-ordinated loans of which:		-	-
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:		-	-
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	-	-
Other liabilities		2,026,015	2,026,015
Total liabilities		89,094,967	89,094,967
Share capital			
- of which: amount eligible for CET1	s	10,082,387	10,082,387
- of which: amount eligible for AT1	t	-	-
Reserves of which:		407,680	407,680
- portion eligible for inclusion in CET1 - Statutory reserve	u	407,680	407,680
- portion eligible for inclusion in CET1 - General reserve		-	-
- portion eligible for inclusion in Tier 2 General reserve	v	-	-
Discount on issue of shares		-	-
Unappropriated profit	w	1,252,121	1,252,121
Minority Interest of which:		-	-
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets of which:		-	-
- Revaluation reserves on Fixed Assets		-	-
- Unrealized Gains/Losses on AFS	aa	577,336	577,336
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and Equity		101,414,491	101,414,491

39.10 Basel III Disclosure (with added column) - Step 3

		(Rupees in '000)	
		2016	
Particulars		Source based on reference number from step 2	Component of regulatory capital reported by bank
Common Equity Tier 1 capital (CET1): Instruments and reserves			
1 Fully Paid-up Capital			10,082,387
2 Balance in share premium account		(s)	-
3 Discount on issue of shares			-
4 Reserve for issue of bonus shares			-
5 General / Statutory Reserves			407,680
6 Gain / (Losses) on derivatives held as Cash Flow Hedge		(u)	-
7 Unappropriated / unremitted profits		(w)	1,252,121
8 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)	-
9 CET 1 before Regulatory Adjustments			11,742,188

(Rupees in '000)

Particulars	2016	
	Source based on reference number from step 2	Component of regulatory capital reported by bank
Common Equity Tier 1 capital: Regulatory adjustments		
10 Goodwill (net of related deferred tax liability)	(j) - (s)	-
11 All other intangibles (net of any associated deferred tax liability)	(k) - (p)	197,432
12 Shortfall of provisions against classified assets	(f)	-
13 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(h) - (r) * x%	151,771
14 Defined-benefit pension fund net assets	(l) - (q) * x%	-
15 Reciprocal cross holdings in CET1 capital instruments	(d)	-
16 Cash flow hedge reserve		-
17 Investment in own shares / CET1 instruments		-
18 Securitization gain on sale		-
19 Capital shortfall of regulated subsidiaries		-
20 Deficit on account of revaluation from bank's holdings of property / AFS	(ab)	-
21 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
22 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
23 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
24 Amount exceeding 15% threshold of which:		-
- significant investments in the common stocks of financial entities		-
- deferred tax assets arising from temporary differences		-
25 National specific regulatory adjustments applied to CET1 capital		-
26 Investment in TFCs of other banks exceeding the prescribed limit		-
27 Any other deduction specified by SBP (mention details)		-
28 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-
29 Total regulatory adjustments applied to CET1		349,203
Common Equity Tier 1		11,392,985
Additional Tier 1 (AT1) Capital		
30 Qualifying Additional Tier-1 instruments plus any related share premium of which:		-
31 - Classified as equity	(t)	-
32 - Classified as liabilities	(m)	-
33 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
34 - of which: instrument issued by subsidiaries subject to phase out		-
35 AT1 before regulatory adjustments		-
Additional Tier 1 Capital: Regulatory adjustments		
36 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
37 Investment in own AT1 capital instruments		-
38 Reciprocal cross holdings in Additional Tier 1 capital instruments		-
39 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)	-
40 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
41 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		-
42 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
43 Total of Regulatory Adjustment applied to AT1 capital		-
44 Additional Tier 1 capital		-
45 Additional Tier 1 capital recognised for capital adequacy		-
Tier 1 Capital (CET1 + admissible AT1)		11,392,985

			(Rupees in '000)	
			2016	
Particulars	Source based on reference number from step 2	Component of regulatory capital reported by bank		
Tier 2 Capital				
46	Qualifying Tier 2 capital instruments under Basel III	-		
47	Capital instruments subject to phase out arrangement from Tier 2	-	(n)	
48	Tier 2 capital instruments issued to third party by consolidated subsidiaries	-	(z)	
	- of which: instruments issued by subsidiaries subject to phase out	-		
49	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	105,908	(g)	
50	Revaluation Reserves eligible for Tier 2 of which:	-		
51	- portion pertaining to Fixed Asset	-		
52	- portion pertaining to AFS securities	450,322	78% of (aa)	
53	Foreign Exchange Translation Reserves	-	(v)	
54	Undisclosed / Other Reserves (if any)	-		
55	T2 before regulatory adjustments	556,230		
Tier 2 Capital: Regulatory adjustments				
56	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	-		
57	Reciprocal cross holdings in Tier 2 instruments	-		
58	Investment in own Tier 2 capital instrument	-		
59	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)	
60	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)	
61	Amount of Regulatory Adjustment applied to T2 capital	-		
62	Tier 2 capital (T2)	-		
63	Tier 2 capital recognised for capital adequacy	-		
64	Excess Additional Tier 1 capital recognised in Tier 2 capital	-		
65	Total Tier 2 capital admissible for capital adequacy	556,230		
TOTAL CAPITAL (T1 + admissible T2)				11,949,215

39.11 Leverage Ratio

According to Basel III instructions issued by State Bank of Pakistan (BPRD circular # 06 dated August 15, 2013), it is mandatory for all the banks to calculate and report the Leverage Ratio on a quarterly basis with the minimum benchmark of 3%. The Leverage Ratio calculated below is based on average balances of last quarter of 2016 and 2015 respectively

The reason for calculating leverage ratio is to avoid excessive On- and Off-balance sheet leverage in the banking system. A simple, transparent and non-risk based Ratio has been introduced with the following objectives:

- Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- Reinforce the risk based requirements with an easy to understand and a non-risk based measure.

			(Rupees in '000)	
			2016	2015
Particulars				
On balance sheet exposures				
1	On-balance sheet items (excluding derivatives but including collateral)	94,444,609		86,195,742
2	Derivatives	-		-
3	Total On balance sheet exposures	94,444,609		86,195,742
Off balance sheet exposures				
4	Off-balance sheet items (excluding derivatives)	8,510,019		8,819,529
5	Commitment in respect of derivatives (derivatives having negative fair value are also included)	411,543		383,160
6	Total Off balance sheet exposures	8,921,562		9,202,689
Capital and total exposures				
7	Tier 1 capital (Note 41.2)	11,392,985		10,854,968
8	Total exposures (sum of lines 3 and 6)	103,366,171		95,398,431
Basel III leverage ratio			11.02%	11.38%

Shift in leverage ratio is mainly due to increase in on balance sheet exposure.

(Rupees in '000)

39.12 Risk-weighted exposures	Note	2016		2015	
		Capital Requirement	Risk adjusted value	Capital Requirement	Risk adjusted value
Credit Risk					
Portfolios subject to standardised approach (Comprehensive approach)					
On-Balance Sheet Items:					
Cash and Cash Equivalent		-	-	-	-
Sovereign and central banks		824	8,244	315	3,153
Public Sector Entities (PSEs)		87,044	870,436	37,261	372,606
Banks and securities firms		141,881	1,418,814	92,441	924,411
Corporate portfolio	39.13	2,265,011	22,650,108	1,821,675	18,216,754
Retail non mortgages	39.13	13,275	132,749	8,525	85,248
Mortgages - Residential		15,116	151,162	12,500	125,000
Past Due Loans		14,735	147,351	2,888	28,880
Operating Fixed Assets		126,128	1,261,283	118,625	1,186,252
Other assets		285,696	2,856,956	310,106	3,101,058
		2,949,710	29,497,103	2,404,336	24,043,362
Off balance sheet items:					
Non-Market Related:					
Direct credit substitutes		26,200	261,997	13,118	131,177
Performance-related contingencies	39.14	114,659	1,146,587	93,195	931,946
Trade-related contingencies		47,611	476,105	76,371	763,710
		188,470	1,884,689	182,684	1,826,833
Risk-weighted exposures					
Market related:					
Outstanding interest rate contracts		-	-	-	-
Outstanding foreign exchange contracts	39.15	50,987	509,865	39,735	397,347
		50,987	509,865	39,735	397,347
Equity Exposure Risk in the Banking Book					
Listed equity investments held in banking book		-	-	-	-
Unlisted equity investments held in banking book		1,500	15,000	1,500	15,000
Recognised portion of significant investment		-	-	-	-
		1,500	15,000	1,500	15,000
Total credit risk exposures		3,190,667	31,906,657	2,628,255	26,282,542
Market Risk					
Capital Requirement for portfolios subject to Standardized Approach					
Interest rate risk		1,126,889	11,268,888	643,368	6,433,675
Equity position risk		215,195	2,151,950	83,215	832,150
Foreign exchange risk		15,903	159,025	36,110	361,102
Position in options		-	-	-	-
Total market risk exposures		1,357,987	13,579,863	762,693	7,626,927
Operational Risk					
Capital Requirement for operational risks		441,966	4,419,663	380,974	3,809,739
TOTAL		4,990,620	49,906,183	3,771,922	37,719,208
Capital Adequacy Ratio		Required	Actual	Required	Actual
		December-16	December-15	December-15	December-15
CET1 to total RWA		6.00%	22.83%	6.00%	28.78%
Tier-1 capital to total RWA		7.50%	22.83%	7.50%	28.78%
Total capital to total RWA		10.65%	23.94%	10.25%	30.30%

39.13 Cash margin and eligible securities amounting to Rs. 36.467 million have been deducted from gross advances using comprehensive approach to credit risk mitigation under Basel III. Advances are not net off with general provision amounting to Rs. 105.908 million which is reported separately in Tier II (supplementary) capital as per BSD circular letter number 03 dated May 20, 2006.

39.14 Cash margin and eligible securities amounting to Rs. 452.075 million have been deducted from off-balance sheet items.

39.15 Contracts having original maturities of 14 days or less have been excluded.

39.16 Main Features of Regulatory Capital Instruments

Main Features		Common Shares
1	Issuer	Samba Bank Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	SBL
3	Governing law(s) of the instrument Regulatory treatment	Laws applicable in Pakistan
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo/ group/ group & solo	Solo
7	Instrument type	Ordinary shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs. 10,082,387
9	Par value of instrument	Rs. 10
10	Accounting classification	Shareholders' equity
11	Original date of issuance	January 13, 2006
12	Perpetual or dated	Perpetual
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable Coupons / dividends	NA
17	Fixed or floating dividend/ coupon	Floating dividend
18	coupon rate and any related index/ benchmark	NA
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible
24	If convertible, conversion trigger (s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual interest
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

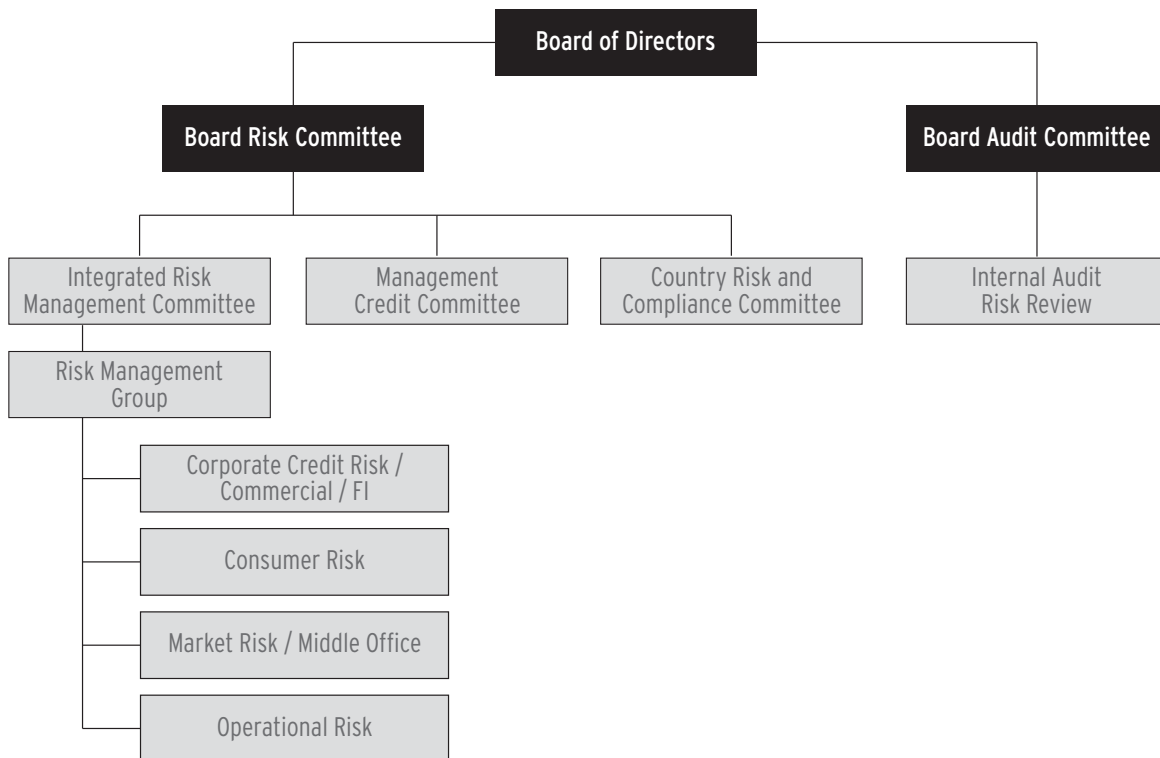
40. RISK MANAGEMENT

Risk can be defined as a combination of the probability of an event and its consequences. In all types of undertakings, there is a potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside). Risk Management is increasingly recognised as being concerned with both positive and negative aspects of risk. However, as a matter of prudence it is generally recognised that consequences are only negative and therefore the management of risk is focused on prevention and mitigation of harm.

The types and degree of risk an organisation may be exposed to depends upon its size, complexity in business activities, volume etc. Unless risks are assessed and measured it will not be possible to control risks. Further, an accurate assessment of risk gives management a clear view of the Bank's standing and helps in deciding future action plans. Management of risk by banks in Pakistan is governed by rules and regulations set by the State Bank of Pakistan in its capacity as a Regulator of the banks.

The Bank maintains a dedicated Risk Management organisational unit, independent from any business and reporting directly to the President & CEO through the Chief Risk Officer.

The Bank is exposed to a number of risks, such as credit, market, operational, liquidity, etc. The Board of Directors is ultimately responsible for the risk management function. In order to find an appropriate balance between risk and the desired level of return, the Board has formed certain specialised committees such as Integrated Risk Management Committee (IRMC), Management Credit Committee (MCC), Asset and Liability Committee (ALCO) and Country Risk and Compliance Committee (CRCC) to manage these areas. These committees act within the Bank's overall policies and Board delegated authorities. Integrated Risk Management Committee is a management committee which reviews and monitors risks associated with activities of specific areas. Country Risk and Compliance Committee provides senior management oversight on all material issues pertaining to Operational Risk and Compliance. The Board Risk Committee oversees the risk management function, including credit risks, market risks, liquidity risks and operational risks that can cause losses to the Bank, to ensure appropriate supervision and governance of the risk management function.



40.1 Credit Risk

Credit Risk is the risk of loss as a result of failure by a customer or counterparty to meet its contractual obligations. Credit Risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor. The principal source of credit risk arises from loans and advances to Financial Institutions, Corporations and Commercial activities.

(a) Credit Risk Management (CRM) Objectives & Policies

Specific credit risk management objectives are:

- To gain a clear and accurate understanding and independent assessment of the level of credit risk being undertaken at each individual facility level going up to the total portfolio.
- To develop and implement uniform and acceptable credit standards across the Bank.
- To ascertain that overall risk of the Bank's corporate and commercial credit portfolio remains within manageable limits.
- To control and plan the taking of credit risk in conjunction with business, ensuring it is appropriately diversified and avoiding undesirable concentrations.
- To ensure that an effective CRM framework is in place that enables a proactive approach to identifying potential risks.
- To ensure that the balance sheet correctly reflects the value of our assets.

(b) CRM Organisation and Structure

Taking credit risk is central to the business therefore it has been ensured that business managers in conjunction with risk managers are responsible for establishing and maintaining appropriate risk limits and risk management procedures.

(c) Credit Approval Authorities and Standardised Procedures

A system of checks and balances has been established around the extension of credit which is based on an independent risk management function and multiple credit approvers. Every extension of credit is required to be approved by authorised Credit Officers from business and risk.

The Credit Policy approved by the Board of Directors (BoD) include:

- Setting maximum exposure limits for a single obligor and for a single group of related obligors based upon the obligor risk rating of the customer and the group.
- Defining maximum exposure limit to an individual sector in terms of portfolio composition to avoid excessive concentration.
- Requirement to risk rate every obligor on the basis of a standard and approved internal credit risk rating policy.
- Setting consistent standards to be followed across the Corporate, Commercial and Financial Institutions Group for the origination, documentation and maintenance of extensions of credit. These standards include problem recognition, the classification process of problem credits and remedial action. Quarterly reporting is made to the BoD on all credit exposures approved during the quarter, all changes in classification, provisions and write-offs taken during the quarter.

(d) Credit Risk Portfolio Management

The Bank seeks to manage its credit risk exposure by ensuring that its customers meet the minimum credit standards as defined in the approved Credit Policy. It also seeks diversification of lending activities by ensuring that there is no undue concentration of risks within groups of customers, industry segments and tenor buckets.

The corporate and commercial portfolio is monitored through the Integrated Risk Management Committee (IRMC) which includes risk managers and Chief Risk Officer - CRO. The major functions of the IRMC pertaining to Credit Risk Management include:

- To review the lending policies and standards that conform to the regulations and the internal credit lending standards.
- Manage and monitor the overall credit risk exposure of the Bank, in terms of the pre-defined limits.
- Develop and implement standards of credit quality.
- Regularly review, monitor and evaluate the quality of credit portfolio in the light of the approved limits.
- Review and approve the overall provisioning of the corporate and commercial portfolio.

(e) Risk Rating

The BoD has approved the Internal Credit Risk Rating Policy for the Corporate and Investment Banking Group. Through this policy, an appropriate rating mechanism has been devised for the purpose of identifying and measuring the credit risk against each obligor / transaction. The mechanism considers factors such as management, financial health, overall past performance at industry / country level, etc. and subsequently, the facility structuring / collateral and / or support (if any).

For the purpose of evaluating credit risk and assigning grades that illustrate the credit risk associated with the obligor, an Obligor Risk Rating model named "FARAS" Financial Analysis and Risk Assessment System (copyright of Samba Financial Group and licensed to the Bank for its use) Pakistan Version (modified to suit Pakistani economic environment) has been implemented. The model determines the Obligor Risk Rating (ORR) based on certain quantitative and qualitative information / assessment. It assigns grades from "2" to "7" (under the performing category), with sub-grades to denote a better or worse position than the full grade to a degree that is sufficient to be noted, but not material enough to require a full grade change (upgrade or downgrade). FARAS has been introduced, implemented and in use by the Corporate & Investment Banking Groups, Commercial Banking Group and forms an integral part of the credit approval process that materially helps in decision making.

The Bank has implemented a maker and checker control process for assigning the final ORR to an obligor. The business managers are the makers and Independent Risk is the checker and also approves the final assigned risk rating to an obligor.

ORRs ranging between "8" to "10" are assigned to classified obligors based upon an internal classification and remedial management process.

The credit limits delegations under the Credit Policy are based on a grid that is driven by the assigned risk rating.

(f) Mitigants

A range of initiatives are used to mitigate credit risk.

Credit Principles and Policy

To ensure consistency and standardization across the Corporate, Commercial, Financial Institution and Investment Banking Groups, standard credit procedures and policy are implemented through the BoD approved Credit Policy. This ensures clear definition of responsibilities of the business, risk, credit administration and remedial departments and provides a basis for a disciplined environment.

Counter Party Limits and Risk Rating

The maximum permitted per party limits under the credit delegations are derived as a function of the ORR of that obligor or group of obligors and therefore, acts as a check and balance on building up excessive obligor concentrations.

Concentration Risk

The Credit Policy provides limits for industry sector concentrations. Through the regular IRMC meetings on the portfolio composition, exposures are monitored to highlight any concentrations that may occur and future strategy is devised to prevent excessive concentration of risk.

Collateral

One of the mitigants is the collateral held against the credit exposures. The Credit Policy requires that collateral should always be realistically valued, providing margins, duly insured in favour of the Bank and giving the Bank a pari passu status with other lenders for similar transactions / nature of exposure. In case of a weak credit, facility specific support / guarantees are recommended as risk mitigation. To minimize the credit loss, seeking additional collateral from the obligor is recommended, as soon as impairment indicators are noticed in individual loans and advances.

Early Warning Mechanism

The Credit Policy and established procedures prescribe an early warning mechanism which the business managers are required to follow. Due to early problem recognition the business may seek additional collateral and exercise other such measures to stop further deterioration.

Target Market Screens (TM) and Risk Acceptance Criteria (RAC)

Industry Specific and Generic TM Screens & RACs have been approved and put in place as basic guiding rules.

Target Market (TM) Document

A Board approved TM document has been put in place after joint deliberation between Corporate & Investment Banking Group (CIBG) & Credit Risk Management (CRM). This defines the target market and risk appetite for the CIBG business and is reviewed on a need basis. It serves as a guiding document for the relationship team and also acts as an effective risk management tool.

Rapid Portfolio Reviews (RPR)

In order to assess the impact of any major event in the country that can have a negative impact on the health of the corporate portfolio, the entire portfolio is stressed through the RPR process on need basis. The RPRs conducted in the past include the impact of the prevailing inter-circular debt, currency devaluation, gas supply curtailment, increase in cotton prices and subsequent fall in cotton prices leading to inventory losses on the financial health of textile sector obligors etc. The RPR is an effective risk management tool and has helped the Bank in assessing the robustness of its portfolio and taking corrective actions in a timely and proactive manner.

(g) Remedial management and allowances for impairment

The approved procedures define the Classified Credit process to be followed in order to establish a consistent approach to problem recognition, problem labeling, remedial action, loan loss provisioning and the initiation of credit write-offs. Clear responsibilities are defined pertaining to all processes that are required to be followed, in order to have an effective remedial management set-up in place.

A Remedial Asset Committee comprising remedial and risk managers and President & CEO, under the initiative of the Institutional Remedial Management Department, conducts regular reviews of the corporate credit classified portfolio and also recommends recovery / work-out plans, waivers and write-offs.

The Bank follows a very stringent loan loss reserve policy and as a result the impaired portfolio of the Bank is almost fully provisioned.

41. SEGMENTAL INFORMATION

41.1 Segment by class of business

Chemical, Lubricants and pharmaceuticals
Agriculture, forestry, hunting and fishing
Textile
Cement
Sugar
Footwear and leather garments
Automobile and transportation services
Construction
Wholesale and retail trade
Financial
Insurance
Electronics and electrical appliances
Power (electricity), gas, water and sanitary
Individuals
Manufacturing
Transport, storage and communication
Services
Paper and allied
Others

2016					
Gross advances		Deposits		Contingencies & commitments	
Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
6,249,681	20.17	5,560,994	11.05	1,257,887	2.42
480,589	1.55	280,374	0.54	-	-
5,230,504	16.88	406,504	0.81	213,078	0.41
427,632	1.38	10,010	0.02	82,476	0.16
2,567,311	8.28	103,284	0.21	-	-
271,141	0.87	9,274	0.02	-	-
1,328	-	4,586,384	9.12	261,997	0.50
-	-	566,545	1.13	-	-
115,390	0.37	-	-	33,436	0.06
-	-	4,203,953	8.36	43,541,817	83.85
829	-	1,220,542	2.43	-	-
239,286	0.77	103,893	0.21	-	-
3,232,032	10.43	-	-	2,359,780	4.54
1,007,701	3.25	19,188,140	38.14	-	-
6,241,919	20.14	-	-	1,426,463	2.75
1,717,120	5.54	-	-	-	-
851,817	2.75	9,841,484	19.56	54,928	0.11
147,536	0.48	-	-	-	-
2,206,136	7.14	4,225,423	8.40	2,697,995	5.20
30,987,952	100.00	50,306,804	100.00	51,929,857	100.00

Chemical and pharmaceuticals
Agriculture, forestry, hunting and fishing
Textile
Cement
Sugar
Footwear and leather garments
Automobile and transportation services
Construction
Wholesale and retail trade
Financial
Insurance
Electronics and electrical appliances
Power (electricity), gas, water and sanitary
Individuals
Manufacturing
Transport, storage and communication
Services
Paper and allied
Others

2015					
Gross advances		Deposits		Contingencies & commitments	
Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
2,507,418	9.55	3,217,747	8.28	1,073,159	2.18
1,730	0.01	265,643	0.68	-	-
5,734,396	21.84	312,680	0.80	455,135	0.92
-	-	316,377	0.81	57,301	0.12
1,268,036	4.83	518	-	-	-
241,192	0.92	349	-	92,652	0.19
1,328	0.01	2,950,238	7.60	261,354	0.53
1,872,618	7.13	913,571	2.35	-	-
8,634	0.03	-	-	33,259	0.07
-	-	2,977,802	7.67	40,263,228	81.83
829	-	1,269,175	3.27	-	-
123,898	0.47	78,399	0.20	-	-
5,062,349	19.28	-	-	500,000	1.02
1,127,858	4.30	18,845,536	48.52	-	-
4,441,816	16.91	-	-	1,274,345	2.59
1,105,519	4.21	1,605,304	4.13	17,400	0.04
347,929	1.32	3,494,010	8.99	7,608	0.02
15	-	-	-	-	-
2,414,076	9.19	2,596,942	6.70	5,168,536	10.49
26,259,641	100.00	38,844,291	100.00	49,203,977	100.00

41.2 Segment by sector

	2016					
	Gross advances		Deposits		Contingencies & commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	4,295,338	13.86	11,695,298	23.25	91,573	0.18
Private	26,692,614	86.14	38,611,506	76.75	51,838,284	99.82
	30,987,952	100.00	50,306,804	100.00	51,929,857	100.00

	2015					
	Gross advances		Deposits		Contingencies & commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	2,663,027	10.14	31,805,494	81.88	2,430,724	4.94
Private	23,596,614	89.86	7,038,797	18.12	46,773,253	95.06
	26,259,641	100.00	38,844,291	100.00	49,203,977	100.00

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

	(Rupees in '000)			
	2016		2015	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
Chemical and pharmaceuticals	672	612	672	612
Agriculture, forestry, hunting and fishing	-	-	950	585
Textile	286,438	281,918	543,205	538,250
Sugar	220,885	121,061	21,236	21,236
Construction	-	-	-	-
Manufacturing	622,963	477,596	128,556	127,750
Footwear and leather garments	2,706	1,806	3,703	2,713
Automobile and transportation services	1,328	1,228	1,328	1,228
Insurance	829	729	829	729
Electronics and electrical appliances	38,977	38,677	38,977	38,677
Power (electricity), gas, water, sanitary	591,383	591,383	591,383	591,383
Individuals	516,457	491,728	542,357	516,870
Services	2,716	1,846	3,533	2,603
Others	87,572	83,480	97,246	89,886
	2,372,926	2,092,064	1,973,975	1,932,522

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

Public / government	-	-	-	-
Private	2,372,926	2,092,064	1,973,975	1,932,522
	2,372,926	2,092,064	1,973,975	1,932,522

41.5 Geographical segment analysis

(Rupees in '000)

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
Pakistan	926,455	101,414,491	12,319,524	51,929,857

(Rupees in '000)

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
Pakistan	815,377	80,166,336	11,844,219	49,203,977

The Bank does not have any overseas operations, therefore its entire geographical dispersion arises inside Pakistan.

41.6 Credit Risk – General Disclosures

The Bank has adopted Standardised approach, under Basel III. According to the regulatory statement submitted under the standardised Approach, the portfolio has been divided into Claims on Public Sector Entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 49.72% of the total exposure, 8.99% represents claims on PSEs, 0.42% represents retail non-mortgages and the remaining 0.89% exposure pertains to claims categorised as mortgage residential portfolio.

41.7 Credit Risk: Standardised Approach

Currently the Bank does not have any policy whereby customers have to be rated by a rating agency. Therefore, the Bank uses unsolicited / solicited ratings of JCR-VIS, PACRA and other foreign agencies wherever applicable.

Following are the types of exposure for which each agency is used:

Exposure	JCR-VIS	PACRA	Fitch, Moody's & S&P
Corporate	✓	✓	✓
Banks	✓	✓	✓
Sovereigns	-	-	-
SME's	-	-	-
Securitized	-	-	-

Most of the Bank's asset base is short or medium term. Therefore, the Bank uses the entity's rating to assess the risk of exposure without any adjustments.

For exposure amounts after risk mitigation subject to the standardised approach, amount of bank's / DFI's outstanding (rated & unrated) in each risk bucket as well as those that are deducted are as follows:

(Rupees in '000)

Exposure	Rating category No.	Amount outstanding	Deduction CRM*	Net Amount
Corporate	1-4	11,106,759	258,514	10,848,245
Banks	1-5	6,107,981	-	6,107,981
Sovereigns (local govt. securities)	N/A	8,744,035	-	8,744,035
Unrated		19,659,455	201,604	19,457,851
Total		<u>45,618,230</u>	<u>460,118</u>	<u>45,158,112</u>

* CRM= Credit Risk Mitigation

Eligible financial collateral and other eligible collateral after the application of haircuts

The Bank has adopted simple approach to credit risk mitigation and therefore has not applied any haircuts to the collateral. Moreover eligible collateral only includes cash / liquid securities.

Main types of collateral taken by the bank are:

- Cash margin
- Lien on deposits / government securities
- Hypothecation on stocks / assets
- Mortgage on properties

41.8 Market risk

The Bank is exposed to market risk which is the risk that the value of on and off-balance sheet exposures of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and / or commodity prices resulting in a loss to earnings and capital.

41.8.1 Principal sources of Market Risks in both Trading Book and Banking Book

Price Risk

Price risk is the risk that there may be a financial loss as a result of change in the level or volatility of interest rates, foreign exchange rates, and commodity or equity prices.

Liquidity Risk

Liquidity risk is the risk that any bank, business and its entities, will be unable to meet a financial commitment when due.

Differentiation between Trading and Banking Book

Trading Book

- Positions that are assumed to be held for short term.
- Securities are to be sold within 90 days from the date of their classification as held for trading under normal circumstances.
- They are marked-to-market (MTM) daily.
- Any MTM difference affects the profit and loss (P&L) account.

Banking Book

- Securities holding intention is for long term.
- Sale before maturity is permitted.
- Positions are marked-to-market (MTM) periodically.
- MTM differences affect the equity.
- Interest income / expense affect profit and loss account.

41.9 Market Risk Management

41.9.1 Objectives

Market risk is the risk to a bank's financial condition resulting from adverse movements in market prices. Accurately measuring a bank's market risk requires timely information about the current market values of its assets, liabilities, and off-balance sheet positions. Market risk arises from factors such as changing interest rates and currency exchange rates, the liquidity of markets for specific commodities or financial instruments, and local or world political and economic events. All of these sources of potential market risk can affect the value of the institution and should be considered in the market risk measurement process.

Management of market risk aims to control related risk exposure while ensuring that earnings commensurate with levels of risk.

The Bank has approved market risk policy encompassing market risk limit framework where all relevant market factors have been identified and taken into consideration in the establishment of the independent market risk limit frameworks. The policy also articulates standards for defining, measuring and communicating market risk.

The Bank has established quantitative limits related to market risk and has also set limits for the maximum amount of losses arising from market activities as under:

41.9.2 Price Risk Management

Trading Book is controlled through:

- Factor Sensitivity and associated limits
- Value at Risk (VaR) limits
- Trading - Action triggers

Banking Book is controlled through:

- Factor Sensitivity and associated limits
- DV01 limits
- Triggers - Simplified action triggers

41.9.3 Structure and Organization of the Market Risk Management



41.9.4 Market Risk Management Function

- Monitoring compliance with all the market risk management policies and procedures of the treasury function as approved by the Board of Directors.
- Identifying and specifying all relevant market factors for each risk-taking unit.
- Monitoring the day-to-day dealings of the front office against the pre-determined tolerable limits.
- Ensuring that the following are reflected in the periodic (at least quarterly) profit and loss account:
 - All transactions executed; and
 - Current independent market data used with respect to revaluation.
- Dealer limits monitoring and excess reporting.
- Test-reviews of recorded telephone conversations for Treasury deal confirmations and related telephone recordings through Telecard (computer software) voice recording process.
- As per new Rate Reasonability Review Process document, any transaction outside the agreed tolerance band will be reviewed and highlighted by Market Risk.
- Review the factor sensitivity, VaR and stress testing methodologies and results for reasonableness, consistency and completeness.
- Preparing forecasts (simulations) showing the effect of various possible changes in market conditions relating to risk exposures and ensure their integrity.
- Preparing Market Access Reports (MAR), maturity and interest rate risk GAP reports.
- Preparing market risk dashboard for Integrated Risk Management Committee (IRMC), Board Risk Committee (BRC) and senior management.
- Preparing GAP analysis report and reviewing methodologies to calculate risk under Pillar I and II of ICAAP Framework.
- Preparing Business Continuity Programme (BCP) for market risk.
- Finalising methodologies to calculate risks under Pillar I & II for ICAAP Framework.
- Jointly developing, with business, standard stress test scenarios and reviewing the standard stress test library at least annually.
- Reviewing the Bank's capital adequacy.

41.9.5 Scope and Nature of Risk Reporting

- It is the policy of the Bank that a comprehensive set of market risk data, generated through the businesses' risk-taking activities, is identified and communicated throughout the applicable business, IRMC and Senior Management.
- It is the responsibility of Market Risk Management to define, construct and maintain an independent market risk reporting framework that effectively, consistently and meaningfully communicates risks, risk appetite and the quality of earnings.
- At a minimum, market risk reports are produced for each risk-taking unit, consistent with the level at which the independent market risk limit frameworks are established. However, additional market risk reports may be produced if Market Risk Management determines that the level and / or nature of the risk within a business, warrant inclusion in the market risk reporting packages.
- The market risk data and other data used to populate the independent market risk reports should be from independent risk systems or other independent support systems (e.g., general ledger). If the information available in the independent systems is not sufficiently comprehensive, any other data used to populate the reports must be subject to a reconciliation process to ensure its integrity.
- It is the responsibility of Market Risk Management and the business to assist in the quality control process by reviewing the reports for reasonableness, consistency and completeness.

41.9.6 Market Risk Management System

The Bank has market risk software to manage the market risks from its trading and non-trading activities.

At each level, checks and balances are maintained through a system in which back and middle offices operate independently from front offices. In addition, ALCO, IRMC and BRC meetings are held respectively every month / quarter to deliberate important matters related to market risk and control.



41.10 Market Risk Measurement Model

Since daily variation in market risk is significantly greater than other types of risk, the Bank measures and manages market risk using VaR on a daily basis.

Market risk for trading and non-trading activities is measured using a uniformed market risk measurement model. The principal model used for these activities is historical simulation (HS) model (holding period, 10 days; confidence interval, 99%; and observation period 365 business days). The HS model calculates VaR amount by estimating the profit and loss on the current portfolio by applying actual fluctuations in the market rates and prices over a fixed period in the past. This method is capable of capturing certain statistically infrequent movements, e.g., a fat tail, and accounts for the characteristics of financial instruments with non-linear behaviour. However, the Bank is not using this model to calculate Basel III regulatory capital adequacy ratios which are being computed using the standardised approach which is in accordance with the regulatory requirement.

The Bank is using the following components for measuring market risk factors:

- Factor Sensitivities
- Volatility and Correlation Calculations
- Value-at-Risk (VaR)
- Stress Testing
- Back Testing

41.11 Foreign Exchange Risk

The Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The risk is managed through State Bank of Pakistan's forward covers and other hedging instruments. Overall foreign exchange risk is managed by dealing in authorised currencies, devising separate authority matrices for different types of foreign currency transactions and assigning the ceilings of exposures to parties. Foreign exchange open and mismatch positions are controlled through internal limits and are marked to market on a daily basis to contain forward exposures.

(Rupees in '000)

	2016			
	Assets	Liabilites	Off-balance sheet items	Net foreign currency exposure
Pakistan Rupee	94,207,783	(82,466,033)	430,105	12,171,855
United States Dollar	7,040,507	(6,350,284)	(560,356)	129,867
Great Britain Pound	114,931	(219,001)	97,072	(6,998)
Japanese Yen	163	-	-	163
Euro	21,819	(59,357)	33,179	(4,359)
Other currencies	29,288	(292)	-	28,996
	101,414,491	(89,094,967)	-	12,319,524

(Rupees in '000)

	2015			
	Assets	Liabilites	Off-balance sheet items	Net foreign currency exposure
Pakistan Rupee	76,133,698	(61,660,143)	(2,316,644)	12,156,911
United States Dollar	3,930,803	(6,399,721)	2,107,819	(361,099)
Great Britain Pound	56,975	(168,431)	128,724	17,268
Japanese Yen	1,486	-	-	1,486
Euro	21,291	(93,271)	80,101	8,121
Other currencies	22,083	(551)	-	21,532
	80,166,336	(68,322,117)	-	11,844,219

41.12 Equity Position Risk

Equity position risk in Trading Book arises due to changes in prices of individual stocks or levels of equity indices. Currently, the Bank's equity investments comprises of Available for Sale (AFS) and held for trading (HFT) portfolio. The AFS portfolio is maintained with a medium-term view of capital gains and dividend income.

42. MISMATCH OF INTEREST RATE SENSITIVE ASSETS AND LIABILITIES

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Bank monitors this risk and manages it by repricing of assets and liabilities with the objective of limiting the potential adverse effects on the profitability of the Bank.

The Bank's interest rate sensitivity position based on the earlier of contractual re-pricing or maturity date is as follows:

(Rupees in '000)

		2016										
Effective yield/ interest rate %	Total	Exposed to yield / interest rate risk									Non-interest bearing financial instruments	
		Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
On-balance sheet financial instruments												
Assets												
Cash and balances with												
-	4,723,664	-	-	-	-	-	-	-	-	-	-	4,723,664
-	816,421	14	-	-	-	-	-	-	-	-	-	816,407
6.10%	5,277,254	5,277,254	-	-	-	-	-	-	-	-	-	-
7.95%	57,237,456	876,950	1,195,023	-	1,912,080	23,936,818	5,634,856	15,030,991	7,564,760	-	-	1,085,978
6.65%	28,789,980	10,308,013	10,614,645	5,878,907	649,744	216,636	227,094	507,537	108,916	-	-	278,488
-	2,701,360	-	-	-	-	-	-	-	-	-	-	2,701,360
	99,546,135	16,462,231	11,809,668	5,878,907	2,561,824	24,153,454	5,861,950	15,538,528	7,673,676	-	-	9,605,897
Liabilities												
Bills payable												
-	915,076	-	-	-	-	-	-	-	-	-	-	915,076
6.05%	35,847,072	7,940,000	6,820,556	1,092,577	19,873,586	-	-	98,016	-	-	-	22,337
4.62%	50,306,804	8,237,942	9,041,596	19,450,407	4,549,805	30,000	4,070	39,858	-	-	-	8,953,126
-	2,026,015	-	-	-	-	-	-	-	-	-	-	2,026,015
	89,094,967	16,177,942	15,862,152	20,542,984	24,423,391	30,000	4,070	137,874	-	-	-	11,916,554
On-balance sheet gap												
	10,451,168	284,289	(4,052,484)	(14,664,077)	(21,861,567)	24,123,454	5,857,880	15,400,654	7,673,676	-	-	(2,310,657)

Cumulative Yield / Interest Risk Sensitivity Gap

284,289 (3,768,195) (18,432,272) (40,293,839) (16,170,385) (10,312,505) 5,088,149 12,761,825 12,761,825

(Rupees in '000)

		2015										
Effective yield/ interest rate %	Total	Exposed to yield / interest rate risk									Non-interest bearing financial instruments	
		Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
On-balance sheet financial instruments												
Assets												
Cash and balances with												
-	3,258,421	-	-	-	-	-	-	-	-	-	-	3,258,421
-	1,071,112	852,657	-	-	-	-	-	-	-	-	-	218,455
6.35%	2,000,000	2,000,000	-	-	-	-	-	-	-	-	-	-
8.89%	44,726,421	51,946	99,168	975,115	26,897,722	906,121	2,742,349	3,827,558	8,800,363	-	-	426,079
6.64%	24,187,038	10,133,390	10,722,759	1,602,987	16,393	374,032	375,277	471,097	476,577	-	-	14,526
-	2,942,082	-	-	-	-	-	-	-	-	-	-	2,942,082
	78,185,074	13,037,993	10,821,927	2,578,102	26,914,115	1,280,153	3,117,626	4,298,655	9,276,940	-	-	6,859,563
Liabilities												
Bills payable												
-	492,159	-	-	-	-	-	-	-	-	-	-	492,159
6.20%	27,325,753	24,326,609	2,226,980	749,828	-	-	-	-	-	-	-	22,336
4.57%	38,844,291	7,822,666	6,128,437	15,454,660	1,084,653	812,613	30,000	30,000	-	-	-	7,481,262
-	1,659,914	-	-	-	-	-	-	-	-	-	-	1,659,914
	68,322,117	32,149,275	8,355,417	16,204,488	1,084,653	812,613	30,000	30,000	-	-	-	9,655,671
On-balance sheet gap												
	9,862,957	(19,111,282)	2,466,510	(13,626,386)	25,829,462	467,540	3,087,626	4,268,655	9,276,940	-	-	(2,796,108)

Cumulative Yield / Interest Risk Sensitivity Gap

(19,111,282) (16,644,772) (30,271,158) (4,441,696) (3,974,156) (886,530) 3,382,125 12,659,065 12,659,065

43. LIQUIDITY RISK

Liquidity Risk Management

The objective is to establish standards for defining, measuring and reporting liquidity risk in order to ensure the transparency and comparability of liquidity risk-taking activities.

Liquidity risk is being monitored through the following:

(a) Gap Analysis: Market Access Report (MAR)

Market Access Report is a key tool in monitoring the current liquidity position of the Bank and it measures the 'gaps' over various time horizons, based on a business-as-usual assumption that the asset levels remain constant. MAR quantifies the daily and cumulative gap in a business-as-usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the markets (internal or external), required to replace maturing liabilities or assets. MAR Limits establish a boundary for how much incremental funding is appropriate, relative to the size of statement of financial position and market capacity.

(b) Stress Scenario

Stress test is intended to quantify the likely impact of an event on the balance sheet and the net potential cumulative gap over a 3-month period, and to ascertain what incremental funding may be required under the defined stress scenario. The scenario is proposed by the Market Risk Management at a minimum on an annual basis, endorsed by the treasurer, and approved by the Board of Directors.

(c) Scope and Nature of Risk Reporting

- It is the policy of the Bank that the comprehensive set of liquidity risk data, generated through the businesses' risk-taking activities, is identified and communicated throughout the applicable business, treasury, and senior management.
- Market Risk is responsible to construct and maintain an independent liquidity risk-reporting framework that effectively, consistently and meaningfully communicates risks and risk appetite.
- Treasurer is responsible to ensure the completeness and integrity of the liquidity risk data, and that the data can be effectively reported into the independent risk systems.
- ALCO, the Treasurer and the market risk managers are responsible for assisting in the quality control process by reviewing the reports for reasonableness, consistency and completeness.

(d) Mitigating Liquidity Risk and Processes for Continuous Monitoring

The following tools are being used in order to monitor the liquidity risk:

- Market Access Report (MAR)
- Stress Scenario
- Liquidity Ratios
- Significant Funding Sources (large funds providers)
- Contingency Funding Plans

44. MATURITIES OF ASSETS AND LIABILITIES

44.1 Maturities of assets and liabilities based on expected maturities

(Rupees in '000)

		2016									
		Total	Upto one 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		4,723,664	1,475,987	917,850	324,394	370,811	1,631,042	332	3,248	-	-
Balances with other banks		816,421	816,421	-	-	-	-	-	-	-	-
Lendings to financial institutions		5,277,254	5,277,254	-	-	-	-	-	-	-	-
Investments - net		57,237,456	876,951	1,202,531	-	2,990,549	23,936,818	5,634,856	15,030,991	7,564,760	-
Advances - net		28,789,980	3,575,800	10,222,729	6,235,680	3,596,170	363,470	1,020,333	3,098,562	677,236	-
Operating fixed assets		1,458,715	37,562	66,285	98,888	140,657	175,335	130,714	158,395	224,382	426,497
Deferred tax assets		409,641	-	-	-	168,472	(114,100)	(5,734)	(142,587)	503,590	-
Other assets		2,701,360	2,080,935	32,651	36,771	47,138	5,598	7,733	490,534	-	-
		101,414,491	14,140,910	12,442,046	6,695,733	7,313,797	25,998,163	6,788,234	18,639,143	8,969,968	426,497
Liabilities											
Bills payable		915,076	915,076	-	-	-	-	-	-	-	-
Borrowings		35,847,072	7,940,000	6,820,556	1,092,577	19,873,587	-	-	120,352	-	-
Deposits and other accounts		50,306,804	10,458,238	11,261,892	3,980,275	4,549,805	20,012,666	4,070	39,858	-	-
Other liabilities		2,026,015	901,924	829,217	23,449	35,458	77	2	235,888	-	-
		89,094,967	20,215,238	18,911,665	5,096,301	24,458,850	20,012,743	4,072	396,098	-	-
Net assets		12,319,524	(6,074,328)	(6,469,619)	1,599,432	(17,145,053)	5,985,420	6,784,162	18,243,045	8,969,968	426,497
Represented by:											
Share capital		10,082,387	-	-	-	-	-	-	-	-	-
Advance against proposed issue of right shares		-	-	-	-	-	-	-	-	-	-
Reserves		407,680	-	-	-	-	-	-	-	-	-
Accumulated earnings		1,252,121	-	-	-	-	-	-	-	-	-
		11,742,188	-	-	-	-	-	-	-	-	-
Deficit on revaluation of assets - net of tax		577,336	-	-	-	-	-	-	-	-	-
		12,319,524	-	-	-	-	-	-	-	-	-

(Rupees in '000)

		2015									
		Total	Upto one 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		3,258,421	1,236,609	549,217	251,422	54,898	1,163,053	1,611	1,611	-	-
Balances with other banks		1,071,112	1,071,112	-	-	-	-	-	-	-	-
Lendings to financial institutions		2,000,000	2,000,000	-	-	-	-	-	-	-	-
Investments - net		44,726,421	51,946	99,168	975,115	27,323,801	906,121	2,742,349	3,827,558	8,800,363	-
Advances - net		24,187,038	9,664,860	4,675,879	3,606,214	1,480,919	958,442	325,661	1,803,619	1,671,444	-
Operating fixed assets		1,323,670	11,959	54,287	56,762	80,039	55,134	68,420	289,525	118,315	589,229
Deferred tax assets		657,592	-	-	-	39,000	-	-	-	618,592	-
Other assets		2,942,082	2,040,770	38,410	36,250	113,317	23,209	14,535	675,591	-	-
		80,166,336	16,077,256	5,416,961	4,925,763	29,091,974	3,105,959	3,152,576	6,597,904	11,208,714	589,229
Liabilities											
Bills payable		492,159	492,159	-	-	-	-	-	-	-	-
Borrowings		27,325,753	24,326,609	2,226,980	749,828	-	-	-	22,336	-	-
Deposits and other accounts		38,844,291	9,653,205	7,958,976	2,793,400	17,566,097	812,613	30,000	30,000	-	-
Other liabilities		1,659,914	303,889	944,957	46,247	164,559	13,127	236	186,899	-	-
		68,322,117	34,775,862	11,130,913	3,589,475	17,730,656	825,740	30,236	239,235	-	-
Net assets		11,844,219	(18,698,606)	(5,713,952)	1,336,288	11,361,318	2,280,219	3,122,340	6,358,669	11,208,714	589,229
Represented by:											
Share capital		10,082,387	-	-	-	-	-	-	-	-	-
Advance against proposed issue of right shares		-	-	-	-	-	-	-	-	-	-
Reserves		298,760	-	-	-	-	-	-	-	-	-
Accumulated earnings		816,439	-	-	-	-	-	-	-	-	-
		11,197,586	-	-	-	-	-	-	-	-	-
Deficit on revaluation of assets - net of tax		646,633	-	-	-	-	-	-	-	-	-
		11,844,219	-	-	-	-	-	-	-	-	-

Maturities of assets and liabilities reflect their carrying values at which these are reported in the statement of financial position. The maturities of assets and liabilities having contractual maturities have been determined on the basis of the remaining period at the

reporting date to the contractual maturity date. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date of realisation / settlement.

44.2 Maturities of assets and liabilities based on contractual maturities

(Rupees in '000)

2016										
Total	Upto one 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	4,723,664	4,723,664	-	-	-	-	-	-	-	-
Balances with other banks	816,421	816,421	-	-	-	-	-	-	-	-
Lendings to financial institutions	5,277,254	5,277,254	-	-	-	-	-	-	-	-
Investments - net	57,237,456	876,951	1,202,531	-	2,990,549	23,936,818	5,634,856	15,030,991	7,564,760	-
Advances - net	28,789,980	11,285,444	7,133,857	5,094,352	1,262,659	1,220,307	1,201,761	1,160,982	430,618	-
Operating fixed assets	1,458,715	37,562	66,285	98,888	140,657	175,335	130,714	158,395	224,382	426,497
Deferred tax assets	409,641	-	-	-	168,472	(114,100)	(5,734)	(142,587)	503,590	-
Other assets	2,701,360	2,080,935	32,651	36,771	47,138	5,598	7,733	490,534	-	-
	101,414,491	25,098,231	8,435,324	5,230,011	4,609,475	25,223,958	6,969,330	16,698,315	8,723,350	426,497
Liabilities										
Bills payable	915,076	915,076	-	-	-	-	-	-	-	-
Borrowings	35,847,072	7,940,000	6,820,557	1,092,577	19,873,586	-	-	120,352	-	-
Deposits and other accounts	50,306,804	34,881,497	9,041,596	1,759,978	4,549,805	30,000	4,070	39,858	-	-
Other liabilities	2,026,015	901,924	829,217	23,449	35,458	77	2	235,888	-	-
	89,094,967	44,638,497	16,691,370	2,876,004	24,458,849	30,077	4,072	396,098	-	-
Net assets	12,319,524	(19,540,266)	(8,256,046)	2,354,007	(19,849,374)	25,193,881	6,965,258	16,302,217	8,723,350	426,497
Represented by:										
Share capital	10,082,387	-	-	-	-	-	-	-	-	-
Advance against proposed issue of right shares	-	-	-	-	-	-	-	-	-	-
Reserves	407,680	-	-	-	-	-	-	-	-	-
Accumulated earnings	1,252,121	-	-	-	-	-	-	-	-	-
	11,742,188	-	-	-	-	-	-	-	-	-
Deficit on revaluation of assets - net of tax	577,336	-	-	-	-	-	-	-	-	-
	12,319,524	-	-	-	-	-	-	-	-	-

(Rupees in '000)

2015										
Total	Upto one 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	3,258,421	3,258,421	-	-	-	-	-	-	-	-
Balances with other banks	1,071,112	1,071,112	-	-	-	-	-	-	-	-
Lendings to financial institutions	2,000,000	2,000,000	-	-	-	-	-	-	-	-
Investments - net	44,726,421	51,946	99,168	975,115	27,323,801	906,121	2,742,349	3,827,558	8,800,363	-
Advances - net	24,187,038	13,563,239	4,187,704	1,653,513	16,393	958,442	325,661	1,803,619	1,678,467	-
Operating fixed assets	1,323,670	11,963	54,287	56,762	80,039	55,134	68,420	289,525	118,315	589,225
Deferred tax assets	657,592	-	-	-	39,000	-	-	-	618,592	-
Other assets	2,942,082	2,040,770	38,410	36,250	113,317	23,209	14,535	675,591	-	-
	80,166,336	21,997,451	4,379,569	2,721,640	27,572,550	1,942,906	3,150,965	6,596,293	11,215,737	589,225
Liabilities										
Bills payable	492,159	492,159	-	-	-	-	-	-	-	-
Borrowings	27,325,753	24,326,609	2,226,980	749,828	-	-	-	22,336	-	-
Deposits and other accounts	38,844,291	29,795,727	6,128,437	962,861	1,084,653	812,613	30,000	30,000	-	-
Other liabilities	1,659,914	303,889	944,957	46,247	164,559	13,127	236	186,899	-	-
	68,322,117	54,918,384	9,300,374	1,758,936	1,249,212	825,740	30,236	239,235	-	-
Net assets	11,844,219	(32,920,933)	(4,920,805)	962,704	26,323,338	1,117,166	3,120,729	6,357,058	11,215,737	589,225
Represented by:										
Share capital	10,082,387	-	-	-	-	-	-	-	-	-
Advance against proposed issue of right shares	-	-	-	-	-	-	-	-	-	-
Reserves	298,760	-	-	-	-	-	-	-	-	-
Accumulated earnings	816,439	-	-	-	-	-	-	-	-	-
	11,197,586	-	-	-	-	-	-	-	-	-
Deficit on revaluation of assets - net of tax	646,633	-	-	-	-	-	-	-	-	-
	11,844,219	-	-	-	-	-	-	-	-	-

Current and Saving deposits have been classified under maturity upto one month as these do not have any contractual maturity. Further, the Bank estimates that these deposits are a core part of its liquid resources and will not fall below the current year's level.

45. OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, errors or mistakes or frauds committed by people, inadequate systems, and from external events. The Bank has an Operational Risk Framework duly approved by the Board which is reviewed after every three years. The Bank has a well developed Operational Risk System, and has implemented an Operational Risk Framework aligned to international best practices. The Bank is using Key Risk Indicators, Risk & Control Self - Assessment and capturing Operational Incidents as tools for identification, monitoring, measuring, and management of operational risk.

A sound internal governance structure enhances the effectiveness of the Bank's Operational Risk Management and is accomplished at the enterprise level through formal oversight by the Board, the CRO and risk management committees aligned to the Bank's overall risk governance framework and practices.

The Bank has set up an Operational Risk Management Department (ORMD), housed within the Risk Management Group which is entrusted with managing controls and processes in an efficient and effective manner. The Operational Risk Management Department (ORMD) oversees the processes for sound operational risk management and also serves as an escalation point for critical operational risk matters within the Bank. The ORMD reports operational risk activities to the Board Risk Committee and Bank's Integrated Risk Management Committee (IRMC) that reviews all risk areas of the Bank, on a holistic basis, and its main activities include:

- Operational Risk Management
- Business Continuity Planning
- Fraud Risk Management
- Information Security
- Quality Assurance Reviews
- Whistle Blowing Unit
- System Parameters and Users Access Maintenance Management

With respect to Basel III for Operational Risk, the bank currently uses the Basic Indicator Approach (BIA) for determining the Operational charge for MCR calculation purposes. Furthermore, the Bank has no immediate plan to move beyond the Basic Indicator Approach.

Operational Risk System has been rolled out Bank-wide. Key Risk Indicators and operational loss incidents are now captured in the Operational Risk System. BCP being part of Bank's control activity is under the umbrella of Operational Risk Management Unit and fortifies the Risk Management Group. The Bank has developed its business continuity Management plan in accordance with the best practices. Department level Business continuity Management plans have also been developed and are being tested in a modular format. The Bank has also developed its business continuity plan in accordance with the best practices. Department level Business continuity plans have also been developed and are being tested in a modular format.

To improve Bank's control, monitoring, and security on electronic information / transactions, during the year 2016, the Bank has embarked upon an on-going augmentation of IT management policies, IT Security policies, procedures and technical staffing.

Furthermore, the Bank is implementing Internal Control over Financial Reporting (ICFR). As per the SBP roadmap, the Bank has completed all stages and is in compliance with SBP instructions on ICFR and has submitted its Long Form Report (LFR) duly certified by the external auditors during the year. From the year 2014 onwards, the Bank has obtained exemption from the State Bank of Pakistan for submission of LFR certified by external auditors. Accordingly, the Bank has made efforts to comply with the prerequisites of ICFR for issuance of annual assessment report by the Board's Audit Committee.

The Bank has well defined policies and procedures in place for each unit duly vetted by the management. The policies & procedures are reviewed periodically to ensure that these are in line with all the relevant laws and regulations.

In addition to the above, institution wide risk, fraud, information security and business continuity awareness is being promoted through regular communications and training workshops.

46. DATE OF AUTHORISATION

These financial statements were approved and authorised for issue on February 22, 2017 by the Board of Directors of the Bank.

47. GENERAL

47.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, for better presentation. However, there are no material reclassifications to report in these financial statements.

47.2 Figures have been rounded off to the nearest thousand rupees.

President & Chief Executive Officer

Chairman

Director

Director

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF PROVIDED

DURING THE YEAR ENDED DECEMBER 31, 2016

ANNEXURE - I

S.No.	Name and address of the borrower	Name of the individuals / partners / directors	CNIC / Passport No.	Father's / Husband's name	Outstanding liabilities at the beginning of the year			Principal written off	Interest / Mark-up written off	Other financial relief provided	Total
					Principal	Interest / Mark-up	Others				
(Rupees in '000)											
1	"Nazir Cotton Mills Limited 61-K, Gulberg - III, Lahore"	"i- Mian Shahzad Aslam ii- Mian Aamir Naseem iii- Mian Farrukh Naseem"	i- 35202-1622560-7 ii- 35202-6929272-4 iii- 33100-8343512-9	i- Mian Muhammad Aslam (Late) ii- Mian Naseem Anwar iii- Mian Naseem Anwar	236,543	-	-	185,543	-	-	185,543
2	Dim Muhammad Dadabhooy 35 - Khayabane- Janbaz Phase-V DHA Karachi	i- Din Muhammad Dadabhooy ii- Muhammad Farooq Dadabhooy iii- Abdul Rahim Dadabhooy	i- 42301-2153356-5 ii- 517-89-114237 iii- 42301-7851179-7	i- Muhammad Farooq Dadabhooy ii- Abdul Ghani Dadabhooy iii- Muhammad Farooq Dadabhooy	1,100	6,309	-	800	6,309	-	7,109
3	"Noor Oil Mills (Pvt) Limited 592-A, New Central Park, Jail Road, Multan"	"i- Amtal Aziz ii- Khawaja Muhammad Fazal	"i- 322-56-593081 ii- 222-51-069748	"i- Khawaja Muhammad Fazil ii- Muhammad Shafi	1,356	-	62	1,356	-	62	1,418
4	"A-Kay Shoes 183-N, Model Town Extension, Lahore."	"M. Amir Dawood	"266-65-004300	"Sardar Khan.	907	-	22	907	-	22	929
5	"Al Waris Traders Nishtar Road, 5- Nadia Terrace, Karachi."	Inam Waris	505-90-166884	Sufi Muhammad Hameed Waris	743	-	28	743	-	28	771
6	"Chaudhry Apparels (Pvt) Limited P-816-C, Latif Wenson, Civil Lines, Faisalabad."	"i- Saeed Akhtar ii- Muhammad Latif"	"i- N/A ii- N/A"	"i- Muhammad Sharif Awan ii- Muhammad Sharif Awan"	2,091	-	71	2,162	-	71	2,162
7	"Classic Nourishment (Pvt) Limited. 346/5, Industrial Area, Kot Lakhpat, Lahore."	"i- Tehsina Rauf ii- Aamir Fayyaz"	"i- 101-85-100360 ii- 517-62-348785"	"i- Abdul Rauf ii- Fayyaz Ahmad"	1,327	-	81	1,408	-	81	1,408
8	"Combined Hi-Tech Engineering (Pvt) Limited. 9-B, Shalimar Link Road, Lahore."	"i- Tariq Ashraf Khan ii- Jaaya Ashraf Khan"	"i- 267-47-181254 ii- 267-88-181254"	"i- Ashraf Khan ii- Tariq Ashraf Khan"	1,170	-	63	1,233	-	63	1,233
9	"Minerva Center/Cinema Outside Jhang Bazar, Faisalabad."	Malik Saleem Ahmed	246-60-025529	Muhammad Mehboob	979	-	150	979	-	150	1,129
10	"Quality Travel Services (Pvt.) Limited. G-19, 5 Davis Road, Hill View Arcade, Lahore."	Arif Raza Jaffery	270-56-023008	Fida Hussain	757	-	22	757	-	22	779
11	"Rao Clinic House No. 65, Street 42, Gulzab Colony, Sammabad, Lahore."	Muhammad Ahsin	249-63-006010	Rao Mahfooz Ali Khan	586	-	38	586	-	38	624
12	"Touch Stone (Pvt) Limited 28-C, Gulberg III, Lahore."	"i- Uzma Baig ii- Mirza Shaukat Mehmood"	"i- 272-92-249152 ii- 272-38-412413"	"i- Mirza Shaukat Mehmood ii- Mirza Sultan Mehmood"	563	-	25	563	-	25	588
13	"Usma Tax G-263, GableTown, F.B. Area, Karachi."	"i- Syed Muhammad Sohail Zafar ii- Shahid Ali Ansari"	"i- 502-62-053124 ii- 501-54-457125"	"i- Muhammad Zafar ii- M. A. Ansari"	870	-	49	870	-	49	919
14	"Crystal Seeds (Pvt) Limited 5-6, Al Hamrah Cultural Complex, Near Qadafi Stadium, Lahore"	"i- Khawaja Salahuddin ii- Khawaja Murtaza Salahuddin"	"i- 275-46-012601 ii- 275-79-407721"	"i- Khawaja Amin uddin ii- Khawaja Salahuddin"	462	-	43	462	-	43	505
15	"Ammar Textile (Pvt) Limited. 18-KM Multan Road, Lahore."	"i- Khawaja Belal Ahmad ii- Mrs. Sameena Belal"	"i- 270-49-082190 ii- 270-54-170953"	"i- Khawaja Ghulam Mohy-ud-Din ii- W/O Khawaja Belal Ahmad"	7,525	1,685	-	7,525	1,685	-	9,210
Total					256,979	7,994	654	205,679	7,994	654	214,327

11.4 As referred to in note 11.4 to the financial statements, details of disposal of fixed assets to executives and other persons are given below:

(Rupees in '000)

Description	Cost	Accumulated depreciation	Book Value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
Owned vehicles							
Honda City (M/T) LEB-15-9689	1,545	171	1,374	1,450	76	As per policy	Murad Ahmad Khan (Bank Employee)
Honda City (M/T) LED-15-1792	1,547	120	1,427	1,450	23	As per policy	Muhammad Akram (Bank Employee)
Honda City (M/T) LED-15-1794	1,545	120	1,425	1,450	25	As per policy	Muhammad Nadeem (Bank Employee)
Honda City (M/T) LED-15-1798	1,545	120	1,425	1,450	25	As per policy	Salman Karamat (Bank Employee)
Honda City (M/T) LED-15-1804	1,545	54	1,491	1,450	(41)	As per policy	Ghufran (Bank Employee)
Honda City (M/T) LEE-14-3956	1,512	316	1,196	1,350	154	As per policy	Shahzad Hussain (Bank Employee)
Honda City (M/T) LEE-14-3957	1,512	316	1,196	1,350	154	As per policy	Asim Riffat Darr (Bank Employee)
Honda City (M/T) LEE-14-3958	1,512	316	1,196	1,350	154	As per policy	Muhammad Ali Zia (Bank Employee)
Honda City (M/T) LEE-14-3960	1,512	316	1,196	1,375	179	As per policy	Hammad Nasim (Bank Employee)
Honda City Aspire AXV-971	1,609	708	901	1,150	249	As per policy	Saleem Lalani (Bank Employee)
Honda City Aspire MT BEF-878	1,544	68	1,476	1,400	(76)	As per policy	Erum Hussain (Bank Employee)
Honda City ASR-649	1,375	908	467	964	497	Through Tender	Shafique-ur-rehman
Honda City ATV-948	1,292	853	439	1,002	563	Through Tender	Milnam Motors
Honda City ATZ-586	1,286	849	437	880	443	As per policy	Imtiaz Ahmed (Bank Employee)
Honda City ATZ-587	1,286	849	437	880	443	As per policy	Zeeshan Kaisar (Bank Employee)
Honda City AUN-765	1,474	973	501	988	487	Through Tender	Muhammad Abid ansar
Honda City AUQ-501	1,341	885	456	978	522	Through Tender	Qazi Muhammad Abdul
Honda City AUZ-101	1,347	874	473	1,024	551	Through Tender	Shafique-ur-rehman
Honda City AWF-526	1,391	780	611	1,050	439	As per policy	Shoab Saleem (Bank Employee)
Honda City AWF-527	1,391	780	611	1,050	439	As per policy	Muhammad Zubair (Bank Employee)
Honda City AXM-753	1,559	738	821	1,150	329	As per policy	Ahmed Arif (Bank Employee)
Honda City AXV-969	1,607	707	900	1,150	250	As per policy	Aziz Balouch (Bank Employee)
Honda City AYY-632	1,527	588	939	1,169	230	Through Tender	Muhammad Nasir Khan
Honda City AZC-892	1,519	585	934	1,210	276	Through Tender	Muhammad Islam
Honda City AZT-933	1,517	517	1,000	1,200	200	Through Tender	Muhammad Islam
Honda City AZT-944	1,517	501	1,016	1,200	184	As per policy	Clifford Lucas (Bank Employee)
Honda City AZT-949	1,517	517	1,000	1,199	199	Through Tender	Muhammad Islam
Honda City AZT-953	1,517	517	1,000	1,139	139	Through Tender	Muhammad Nasir Khan
Honda City AZT-959	1,517	484	1,033	1,250	217	As per policy	Hameed Ullah (Bank Employee)
Honda City BAR-434	1,553	461	1,092	1,030	(62)	As per policy	Aamir Hussain Shaikh (Bank Employee)
Honda City BAR-437	1,553	461	1,092	1,100	8	As per policy	Zafar Iqbal (Bank Employee)
Honda City BAR-442	1,553	495	1,058	1,205	147	Through Tender	Muhammad Islam
Honda City BAW-114	1,695	522	1,173	1,166	(7)	Through Tender	Riaz Ahmed
Honda City BBC-882	1,583	348	1,235	1,350	115	As per policy	Khurram Darr (Bank Employee)
Honda City BBV-205	1,539	388	1,151	1,255	104	Through Tender	Wasim Mirza
Honda City BBZ-956	1,552	341	1,211	1,260	49	Through Tender	Muhammad Islam
Honda City BBZ-960	1,552	205	1,347	1,350	3	As per policy	Osman Baggia (Bank Employee)
Honda City BBZ-962	1,552	171	1,381	1,350	(31)	As per policy	Zeevar Scheik (Bank Employee)
Honda City BCY-640	1,542	171	1,371	1,400	29	As per policy	Ammar Mujeeb Khan (Bank Employee)
Honda City BDC-575	1,542	171	1,371	1,400	29	As per policy	Farhan Feroz (Bank Employee)
Honda City BDU-290	1,543	52	1,491	1,400	(91)	As per policy	Suffyan Jamil (Bank Employee)
Honda City BDU-296	1,543	102	1,441	1,400	(41)	As per policy	Kabir Hussain (Bank Employee)
Honda City BDV-394	1,544	85	1,459	1,400	(59)	As per policy	Ali Nawaz (Bank Employee)
Honda City BDV-936	1,542	68	1,474	1,400	(74)	As per policy	Sibestian Semeul (Bank Employee)
Honda City BDV-940	1,542	68	1,474	1,400	(74)	As per policy	Mariam Wahid (Bank Employee)
Honda City BEF-855	1,683	56	1,627	1,400	(227)	As per policy	M.Bilal Karim (Bank Employee)
Honda City CV-589	1,561	207	1,354	1,350	(4)	As per policy	Faqir Muhammad (Bank Employee)
Honda City DSI ASY-572	1,272	839	433	850	417	As per policy	Muhammad Tayyab (Bank Employee)
Honda City DSI ATC-293	1,272	839	433	1,000	567	As per policy	Muhammad Amin (Bank Employee)
Honda City DSI AXW-627	1,515	700	815	1,010	195	Through Tender	Muhammad Abid ansar
Honda City DSI AXW-630	1,515	667	848	1,150	302	As per policy	Khalid Ahmed Aamir (Bank Employee)
Honda City DSI AYA-136	1,515	667	848	1,000	152	As per policy	Omair Alam (Bank Employee)
Honda City LE-10-6041	1,290	851	439	1,032	593	Through Tender	Muzamal Ahmed
Honda City LE-10-7584	1,294	854	440	995	555	Through Tender	Mujtaba Laghani
Honda City LED-11-6485	1,400	908	492	948	456	Through Tender	Khurram Imtiaz
Honda City LED-11-6486	1,400	754	646	1,000	354	As per policy	Muhammad Sibtain (Bank Employee)
Honda City LED-13-4558	1,675	553	1,122	1,350	228	As per policy	Saqib Ayaz (Bank Employee)
Honda City LEE-13-1044	1,533	506	1,027	1,250	223	As per policy	Mazhar Elahi (Bank Employee)
Honda City LEE-9174	1,534	641	893	1,100	207	As per policy	Omra Liaqat (Bank Employee)

(Rupees in '000)

Description	Cost	Accumulated depreciation	Book Value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
Honda City LEF-13-6097	1,569	432	1,137	1,250	113	As per policy	Raheel Niaz (Bank Employee)
Honda City LEH-15-4346	1,512	83	1,429	1,370	(59)	Through Tender	Faisal Khan
Honda City LZN-5175	806	532	274	605	331	Through Tender	Muhammad Ali
Honda City Manual AVF-029	1,364	870	494	1,080	586	Through Tender	Muhammad Islam
Honda City Manual LEH-1152	1,512	116	1,396	1,450	54	As per policy	Sharjeel Khan (Bank Employee)
Honda City Manual LEH-15-1132	1,512	50	1,462	1,450	(12)	As per policy	Rashid Khumboo (Bank Employee)
Honda City MT AS-147	1,574	468	1,106	1,177	71	Through Tender	Rizwan Mazhar
Honda City MT BAW-102	1,552	427	1,125	1,200	75	As per policy	Sabih Akbar (Bank Employee)
Honda City MT BAW-106	1,552	427	1,125	1,200	75	As per policy	Anees Ghaffar (Bank Employee)
Honda City MT BDQ-397	1,542	120	1,422	1,400	(22)	As per policy	Muhammad Sarwar (Bank Employee)
Honda City MT BDQ-402	1,542	120	1,422	1,400	(22)	As per policy	Kausar Imam (Bank Employee)
Honda City MT BDQ-407	1,542	120	1,422	1,400	(22)	As per policy	Hassan Zahid (Bank Employee)
Honda City MT BDQ-411	1,542	120	1,422	1,400	(22)	As per policy	Uzair Jilani (Bank Employee)
Honda City MT BDS-468	1,542	102	1,440	1,400	(40)	As per policy	Muhammad Ali Karghatra (Bank Employee)
Honda City MT BDT-130	1,542	102	1,440	1,400	(40)	As per policy	Rizwan Alam (Bank Employee)
Honda City MT EG-829	1,520	134	1,386	1,450	64	As per policy	Kanwar Ubaid (Bank Employee)
Honda City MT LEE-8936	1,619	217	1,402	1,200	(202)	As per policy	Rohail Butt (Bank Employee)
Honda City PT BDJ-492	1,684	167	1,517	1,400	(117)	As per policy	Moiz Mukhtar (Bank Employee)
Honda City RS-926	1,383	776	607	1,000	393	As per policy	Syed Nawab Haider (Bank Employee)
Honda City SV-378	1,358	851	507	1,103	596	Through Tender	Hassan Akhtar Abbasi
Honda City ZT-274	1,540	508	1,032	1,203	171	Through Tender	Rizwan Mazhar
Honda City-Prosmatec BAW-652	1,689	465	1,224	1,350	126	As per policy	Abbas Ali Hatim (Bank Employee)
Honda Civic BCL-815	2,521	337	2,184	1,950	(234)	As per policy	M.Salman Ali (Bank Employee)
Honda Civic BDC-579	2,522	281	2,241	2,125	(116)	As per policy	Abid Hussain (Bank Employee)
Honda Civic VTI AX-401	2,522	638	1,884	1,900	16	As per policy	Zia-ul-Husnain Shamsi (Bank Employee)
Honda Civic VTI AXG-523	2,109	1,067	1,042	1,390	348	Through Tender	Jasoo Mal
Honda Civic VTI AZD-014	2,451	971	1,480	1,660	180	As per policy	Syed Ghazanfar Agha (Bank Employee)
Honda Civic VTI LE-14-6562	2,522	638	1,884	2,050	166	As per policy	Ahmed Tariq Azam (Bank Employee)
Honda Civic VTI LEC-13-9537	2,435	884	1,551	1,636	85	Through Tender	Kashif Mukhtar
Honda Civic VTI PT Oriol NAV BAM-071	2,455	756	1,699	1,850	151	As per policy	Talal Javed (Bank Employee)
Honda Civic VTI PT Oriol NAV BAM-549	2,456	756	1,700	1,850	150	As per policy	Irfan Malik (Bank Employee)
Honda Civic VTI PT Oriol NAV BAM-550	2,456	756	1,700	1,850	150	As per policy	Arshad Mehmood (Bank Employee)
Honda Civic VTI PT Oriol NAV BAM-553	2,456	756	1,700	1,850	150	As per policy	Samina H.Khan (Bank Employee)
Honda Civic VTI PT Oriol NAV BEE-693	2,577	115	2,462	2,150	(312)	As per policy	Humayun Bawker (Bank Employee)
Toyota Corolla - Altis AUM-942	1,968	1,299	669	1,155	486	Through Tender	Jasoo Mal
Toyota Corolla GL 1.3 AWQ-479	1,578	885	693	1,227	534	Traded off	Mr. Abdul
Toyota Corolla GLI ANE-577	969	640	329	784	455	Through Tender	Adnan Naseer
Toyota Corolla GLI ANL-873	969	640	329	912	583	Through Tender	Muhammad Mohsin
Toyota Corolla GLI ASE-217	1,438	949	489	932	443	Through Tender	Tahir Saeed
Toyota Corolla GLI ATX-575	1,432	945	487	1,100	613	As per policy	Imran Ali (Bank Employee)
Toyota Corolla GLI AUC-122	1,446	955	491	1,100	609	As per policy	Ashfaq Shaikh (Bank Employee)
Toyota Corolla GLI AUC-234	1,434	947	487	873	386	Through Tender	Muhammad Abid ansar
Toyota Corolla GLI AUL-214	1,468	969	499	979	480	Through Tender	Muhammad Abid ansar
Toyota Corolla GLI AYP-898	1,694	689	1,005	1,200	195	As per policy	Ahsan UI Haq (Bank Employee)
Toyota Corolla GLI BBJ-118	1,785	393	1,392	1,380	(12)	As per policy	Sitwat Rasool Qadri (Bank Employee)
Toyota Corolla GLI BBL - 759	1,679	369	1,310	1,200	(110)	As per policy	Imran Siddiqui (Bank Employee)
Toyota Corolla GLI BBN-965	1,503	301	1,202	1,280	78	As per policy	Shafiq Pasha (Bank Employee)
Toyota Corolla GLI LEF-14-8522	1,771	287	1,484	1,500	16	As per policy	Javed Siddiqui (Bank Employee)
Toyota Corolla GLI Un Registered	1,753	96	1,657	1,753	96	As per policy	Fatima Ali (Bank Employee)
Toyota Corolla GLI Un Registered	1,753	19	1,734	1,753	19	As per policy	Imran Kazim (Bank Employee)
Toyota Corolla GLI VY-948	1,729	742	987	1,300	313	As per policy	Kazi Kashif (Bank Employee)
Toyota Corolla-Gli AZS-487	1,694	559	1,135	1,180	45	As per policy	Salman Bashir (Bank Employee)
Motorbike KDR-8002	39	26	13	9	(4)	Traded off	Aslam Autos
Bicycles	7	5	2	-	(2)	Write Off	
	178,886	55,558	123,328	142,775	19,447		
Furniture and fixtures							
Renovation at Hyderi branch	1,318	1,318	-	-	-	Write Off	
Renovation at Bahadurabad branch	1,740	1,740	-	-	-	Write Off	
Renovation at Gulshan-e-Iqbal branch	1,400	1,400	-	-	-	Write Off	
Renovation at F-11 Islamabad branch	1,549	1,549	-	-	-	Write Off	
Renovation at Jinnah Avenue branch	1,775	1,775	-	-	-	Write Off	
Renovation at Bahadurabad branch	3,161	3,161	-	-	-	Write Off	
Renovation at Gulshan-e-Iqbal branch	2,779	2,779	-	-	-	Write Off	
Renovation at F-11 Islamabad branch	5,097	5,097	-	-	-	Write Off	
Renovation at Johar Town branch	1,144	667	477	-	(477)	Write Off	

(Rupees in '000)

Description	Cost	Accumulated depreciation	Book Value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
Renovation at GT Road Gujranwala branch	1,756	1,756	-	-	-	Write Off	
Renovation at Rawalpindi branch	4,299	4,299	-	-	-	Write Off	
Renovation at Rawalpindi branch	1,384	1,384	-	-	-	Write Off	
Renovation at Rawalpindi branch	1,506	1,506	-	-	-	Write Off	
Furniture item at Johar Town branch	514	150	364	-	(364)	Write Off	
Items having book value less than Rs. 250,000 and cost less than Rs. 1,000,000	6,573	5,799	774	947	173	Through Tender	Miscellaneous
Items having book value less than Rs. 250,000 and cost less than Rs. 1,000,000	31,378	25,802	5,576	-	(5,576)	Write Off	
	67,373	60,182	7,191	947	(6,244)		
Electrical, office and computer equipment							
Generator at Head Office	1,180	1,180	-	318	318	Through Tender	Iman Group
PABX at Data Centre Head Office	1,949	1,949	-	42	42	Through Tender	Nescop Technologies
PABX at IT Dept Head Office	3,259	3,259	-	42	42	Through Tender	Nescop Technologies
PABX at IT Dept Head Office	3,762	3,762	-	42	42	Through Tender	Nescop Technologies
PABX at Data Centre Head Office	1,949	1,949	-	42	42	Through Tender	Nescop Technologies
PABX at Jinnah Avenue Branch	1,044	1,044	-	42	42	Through Tender	Nescop Technologies
PABX at Bahria Branch	1,300	1,300	-	23	23	Through Tender	Nescop Technologies
PABX at Data Centre Head Office	1,949	1,949	-	42	42	Through Tender	Nescop Technologies
Electrical equipment at Data Centre Head Office	2,910	2,910	-	60	60	Through Tender	PC & Printer World
Generator at Rawalpindi branch	1,004	1,004	-	-	-	Write off	
Network Security Equipment at Data Centre Head Office	3,496	3,496	-	-	-	Write off	
Network equipment at Gulberg branch	1,975	1,975	-	-	-	Write off	
Items having book value less than Rs. 250,000 and cost less than Rs. 1,000,000	27,217	27,188	29	2,766	2,737	Through Tender	Various
Items having book value less than Rs. 250,000 and cost less than Rs. 1,000,000	79,523	78,815	708	-	(708)	Write off	
	132,517	131,780	737	3,419	2,682		
Other Disposals							
Application Program License - IT Dept Head office	2,266	2,266	-	-	-	Write off	
Swift Software - IT Dept Head Office	1,727	1,727	-	-	-	Write off	
Swift Software - IT Dept Head Office	1,050	1,050	-	-	-	Write off	
Software Fee	1,500	1,500	-	-	-	Write off	
Items having book value less than Rs. 250,000 and cost less than Rs. 1,000,000	10,672	10,672	-	-	-	Write off	
	17,215	17,215	-	-	-		
2016	395,991	264,735	131,256	147,141	15,885		
2015	79,078	71,436	7,642	19,028	11,386		

During the year no other assets were sold to the chief executive, directors, executives or to a shareholder holding not less than ten percent of the voting shares of the Bank, other than those disclosed above.

Pattern of Shareholding

AS AT DECEMBER 31, 2016

Number of Shareholders	Shareholding		Total Shares held
	From	To	
1,536	1	100	66,938
1,917	101	500	504,129
772	501	1,000	558,072
798	1,001	5,000	1,775,672
153	5,001	10,000	1,076,806
67	10,001	15,000	833,713
31	15,001	20,000	550,841
27	20,001	25,000	605,641
21	25,001	30,000	585,912
10	30,001	35,000	327,046
11	35,001	40,000	415,988
10	40,001	45,000	428,043
10	45,001	50,000	485,560
4	50,001	55,000	207,270
15	55,001	60,000	857,054
3	60,001	65,000	185,941
2	65,001	70,000	137,659
2	70,001	75,000	142,085
1	75,001	80,000	77,526
1	80,001	85,000	81,000
5	90,001	95,000	459,029
4	95,001	100,000	399,925
4	100,001	105,000	410,157
1	105,001	110,000	108,000
4	110,001	115,000	451,064
1	120,001	125,000	124,043
1	130,001	135,000	132,681
3	145,001	150,000	444,355
1	155,001	160,000	156,383
1	160,001	165,000	162,766
1	170,001	175,000	173,848
1	175,001	180,000	175,915
1	180,001	185,000	183,000
1	190,001	195,000	191,476
3	195,001	200,000	596,858
1	200,001	205,000	200,916
2	210,001	215,000	421,544
1	215,001	220,000	218,500
2	230,001	235,000	463,651
1	235,001	240,000	235,163
1	240,001	245,000	240,228

Number of Shareholders	Shareholding		Total Shares held
	From	To	
4	250,000	255,000	1,004,372
1	280,001	285,000	281,916
2	295,001	300,000	595,664
1	300,001	305,000	300,100
1	305,001	310,000	308,379
1	315,001	320,000	319,149
1	340,001	345,000	341,229
1	355,000	360,000	355,000
1	405,001	410,000	409,818
1	410,001	415,000	412,000
1	415,001	420,000	419,326
1	425,001	430,000	429,290
1	475,001	480,000	479,739
1	490,001	495,000	493,945
1	560,001	565,000	563,832
1	585,001	590,000	589,777
1	620,001	625,000	622,532
1	940,001	945,000	941,599
1	1,205,000	1,210,000	1,205,000
1	1,280,001	1,285,000	1,280,122
1	1,285,001	1,290,000	1,288,300
1	1,480,001	1,485,000	1,483,991
1	1,650,001	1,655,000	1,652,306
1	1,690,001	1,695,000	1,690,620
1	1,915,001	1,920,000	1,917,445
1	2,550,001	2,555,000	2,553,784
1	2,635,001	2,640,000	2,635,899
1	2,970,001	2,975,000	2,973,804
1	3,300,000	3,305,000	3,300,000
1	7,305,001	7,310,000	7,309,000
1	11,935,001	11,940,000	11,936,420
1	12,500,001	12,505,000	12,500,500
1	20,785,001	20,790,000	20,788,998
1	21,125,001	21,130,000	21,129,439
1	35,830,001	35,835,000	35,832,424
1	852,040,001	852,045,000	852,040,531
5,471	← ----- →		1,008,238,648

Category of Shareholding

AS AT DECEMBER 31, 2016

S.No.	Shareholders' category	Number of Shareholders	Number of Shares	%
1	Directors, Chief Executive Officer, and their spouse and minor children	6	49,624,824	4.92
2	Executives	2	295	0.00
3	Associated Companies, Undertakings and related Parties	1	852,040,531	84.51
4	NIT and ICP	2	25,297	0.00
5	Banks, Development Financial Institutions, Non Banking Financial Institutions	20	29,745	0.00
6	Insurance Companies	6	2,637,454	0.26
7	Modarabas and Mutual Funds	19	3,398,981	0.34
8	Share holders holding 10% (excluding Associated companies, undertakings and related parties)	-	-	0.00
9	General Public :			
	a. Local	5,298	24,905,801	2.47
	b. Foreign	1	196	0.00
10	Others	116	75,575,524	7.50
	Total	5,471	1,008,238,648	100.00

Information as required under Code of Corporate Governance

AS AT DECEMBER 31, 2016

Shareholders' category	Number of shares held	%
i. Associated Companies, Undertakings and Related Parties		
Samba Financial Group (SFG)	852,040,531	84.51
ii. Mutual Funds		
M/s. Safeway Fund Limited	263	0.00
M/s. Asian Stocks Fund Limited	99	0.00
CDC - Trustee AKD Opportunity Fund	412,000	0.04
CDC - Trustee National Investment (Unit) Trust	2,973,804	0.29
	3,386,166	0.34
iii. Directors, CEO and their Spouse(s) and minor children		
Dr. Shujaat Nadeem	35,832,424	3.55
Mr. Nadeem Babar	12,500,500	1.24
Mr. Javed Iqbal*	2,819	0.00
Mr. Shahbaz Haider Agha	500	0.00
Mr. Humayun Murad	281	0.00
Mr. Shahid Sattar	1,288,300	0.13
	49,624,824	4.92
* Joint account with Mrs. Nishat Iqbal		
iv. Executives	295	0.00
v. Public Sector Companies and Corporations	2,635,899	0.26
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	666,647	0.07
vii. NIT & ICP	25,297	0.00
viii. General Public		
a. Local	24,905,801	2.47
b. Foreign	196	0.00
ix. Others	74,952,992	7.43
	1,008,238,648	100.00
x. Shareholders Holding five percent or more Voting Rights in the Listed Company		
Samba Financial Group (SFG)	852,040,531	84.51

Note: During the year, Dr. Shujaat Nadeem purchased 30,000,000 shares, Mr. Nadeem Babar purchased 12,500,500 shares, Mr. Shahbaz Haider Agha purchased 500 qualifying shares and Mr. Shahid Sattar has sold 357,732 shares of the Bank.

Samba Bank Limited

Form of Proxy

14th Annual General Meeting

I / We, _____ of _____ being member(s) of Samba Bank Limited (the Bank) holding _____ ordinary shares hereby appoint _____ of _____ or failing him / her _____ of _____ who is / are also member(s) of Samba Bank Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Bank to be held at 10:00 a.m. on Tuesday, March 21, 2017 at Ramada Hotel Islamabad and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2017.

Signed by the said _____

in the presence of
1. _____

2. _____

Folio / CDC Account No.

Please affix here Revenue
Stamp of Rs. 5/-

Important:

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Bank, 2nd Floor Building # 13-T, F-7 Markaz, Near Post Mall, Islamabad, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i) The proxy form shall be witnessed by the persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the company.

AFFIX
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The Company Secretary

Samba Bank Limited

2nd Floor, Building # 13-T, F-7 Markaz,
Near Post Mall,
Islamabad.

سامبا بینک لمیٹڈ

پراکسی فارم

چودھواں سالانہ اجلاس عام

میں / ہم _____ کے _____ بطور سامبا بینک لمیٹڈ ممبر / ممبران
عمومی شیئر کیلئے _____ کو متعین کرتا ہے / کرتی ہے / کرتے ہیں
یا _____ کو مسترد کرتے ہیں۔

جو کہ / جو بھی سامبا بینک لمیٹڈ کے ممبر ہیں اور بطور میرے / ہمارے پراکسی میں میرے / ہمارے نہ آنے کی وجہ سے شرکت کریں گے اور میرے لیے / ہمارے لیے ووٹ ڈالیں گے
اور میری / ہماری جانب سے بینک کے سالانہ اجلاس عام میں شرکت کریں گے جو 10 بجے صبح، بروز منگل 21 مارچ 2017 کو روماد ہٹل، اسلام آباد میں منعقد کیا جا رہا ہے اور
التوا کی صورت میں کہیں بھی منعقد کیا جائے۔

بطور گواہی میں / ہمارے ہاتھ / یہ مہر _____ کے دن _____ 2017۔

بھیجے والے کے دستخط : _____
ان افراد کی موجودگی میں : 1. _____
2. _____

فونیو / سی ڈی سی اکاؤنٹ نمبر

برائے مہربانی یہاں 5 روپے والی
ریونیو مہر لگائیں

اہم اطلاع:

- 1- یہ پراکسی فارم، حسب ضابطہ مکمل اور دستخط شدہ اور بینک کے رجسٹرڈ آفس، سیکینڈ فلور، بلڈنگ نمبر 13- ٹی، ایف-7 مرکز، نزد پوسٹ مال، اسلام آباد کم از کم اجلاس سے
48 گھنٹے پہلے سے وصول کردہ ہو۔
- 2- کوئی بھی شخص تب تک بطور پراکسی کام کر سکتا ہے جب تک کہ وہ بذات خود بینک کا ممبر ہو، علاوہ اُس کے جس کو کارپوریشن نے خود ممبر نہ ہوتے ہوئے بھی مقرر کیا ہو۔
- 3- اگر کسی ممبر نے ایک سے زائد پراکسی مقرر کی ہو یا بینک کے کسی ممبر کی جانب سے ایک سے زائد دستاویز جمع کروائی گئی ہوں، ایسی تمام پراکسی تجاویز نا اہل ہوں گی۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ کے افراد:

اوپر بتائی گئی اضافی تفصیلات کے ساتھ درج ذیل دستاویز بھی ضروری ہیں

- i پراکسی فارم ان افراد سے تصدیق شدہ ہوں جن کے نام، پتے اور کمپیوٹرائیزڈ شناختی کارڈ نمبرز فارم پر درج ہوں۔
- ii پراکسی کی یا تینیشنل اونر کمپیوٹرائیزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ منسلک کریں۔
- iii اجلاس کے وقت پراکسی کو اپنا اصل کمپیوٹرائیزڈ شناختی کارڈ یا اصل پاسپورٹ دکھانا ہوگا۔
- iv کارپوریٹ کے تجویز کردہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی نمونے کے طور پر دی گئی دستخط کے ساتھ (پہلے جمع نہ کروانے کی صورت میں)
کمپنی کے فراہم کردہ پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

ڈاک ٹکٹ
چسپاں
گریں

کمپنی سیکریٹری

سامبا بینک لمیٹڈ








سیکنڈ فلور، بلڈنگ نمبر T-13، F-7 مرکز،
نزد پوسٹ مال،
اسلام آباد۔










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Samba Bank Limited

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