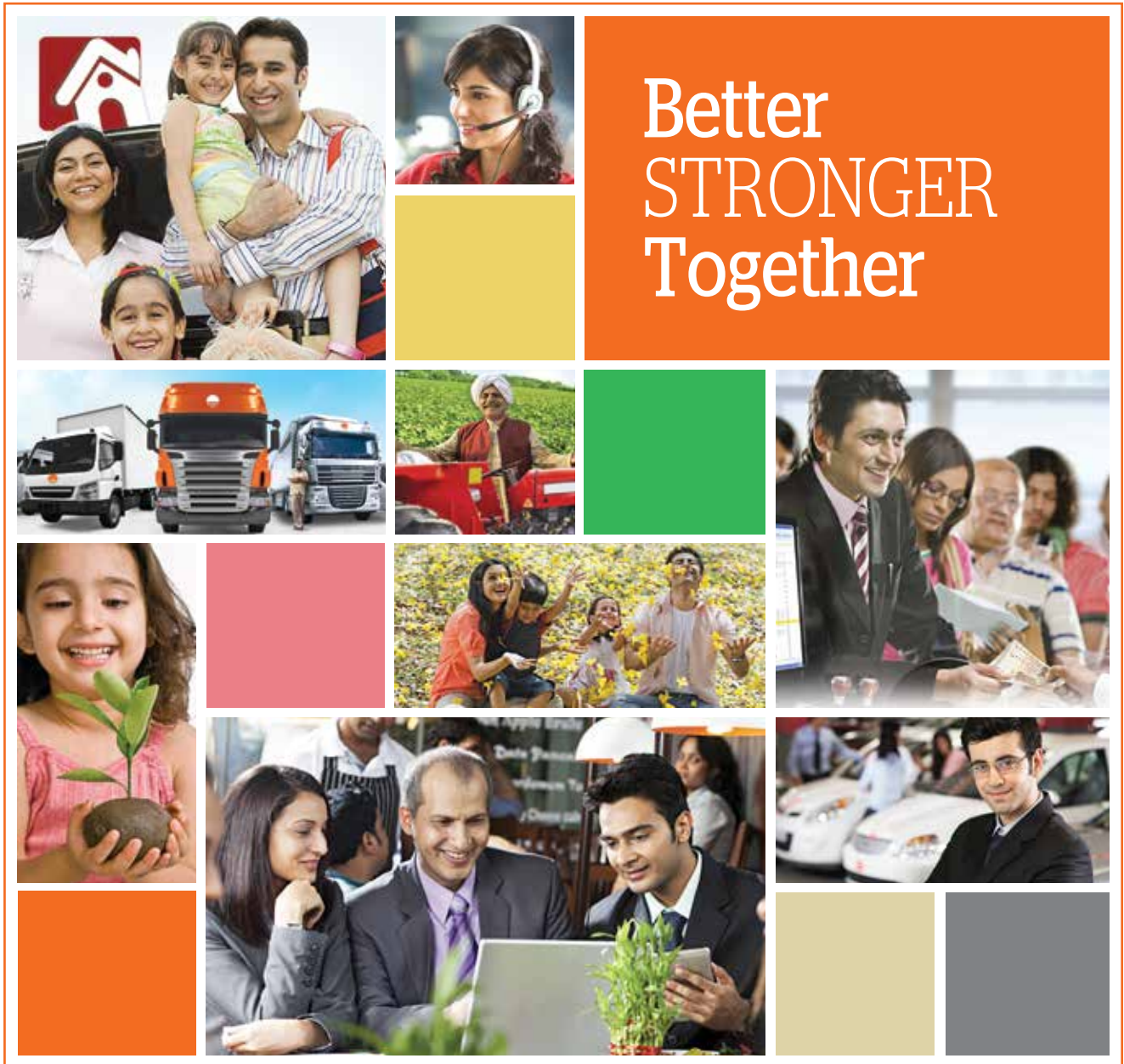


ANNUAL REPORT 2016



Better
STRONGER
Together



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CORPORATE information

Board Of Directors

Dr. Pervez Tahir	Chairman
Mr. Naeemuddin Khan	President / CEO
Mr. Mohammad Jehanzeb Khan	Director
Mr. Hamed Yaqoob Sheikh	Director
Dr. Umar Saif	Director
Syed Maratib Ali	Director
Dr. Muhammad Amjad Saqib	Director
Mr. Mohammed Afzaal Bhatti	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Mr. Omar Saeed	Director
Mr. Raza Saeed	Secretary to the Board

Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Mohammed Afzaal Bhatti	Member
Mr. Saeed Anwar	Member
Mr. Omar Saeed	Member

Board Risk Management Committee (BRMC)

Syed Maratib Ali	Chairman
Mr. Saeed Anwar	Member
Mr. Omar Saeed	Member

Human Resource & Remuneration Committee (HR&RC)

Mr. Mohammad Jehanzeb Khan	Chairman
Syed Maratib Ali	Member
Mr. Mohammed Afzaal Bhatti	Member
Mr. Naeemuddin Khan	Ex-officio Member

Auditors

Deloitte Yousuf Adil Chartered Accountants

Registered Office

BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III, Lahore.
Telephones: +92 - 042-35783700-10
Fax No. +92 - 042 - 35783975
UAN: 111-200-100

Website

www.bop.com.pk

Registrar

M/s. Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Telephones: +92 42 35916714, 35916719, 35839182
Fax No. +92 042 35869037



moving forward



VISION

To be a customer focused bank with service excellence.

MISSION

To exceed the expectation of our stakeholders by leveraging our relationship with the Government of Punjab and delivering a complete range of professional solutions with a focus on programme driven products and services in the agriculture and middle tier markets through a motivated team.





Our network
is growing.

453 online branches
operational and still counting...

Experience the service that makes **BOP** exceptional



CORE values

OUR CUSTOMERS

as our first priority

PROFITABILITY

for the prosperity of our stakeholders that allows us to constantly invest, improve and succeed

CORPORATE SOCIAL RESPONSIBILITY

to enrich the lives of community where we operate

RECOGNITION AND REWARD

for the talented and high performing employees

EXCELLENCE

in everything we do

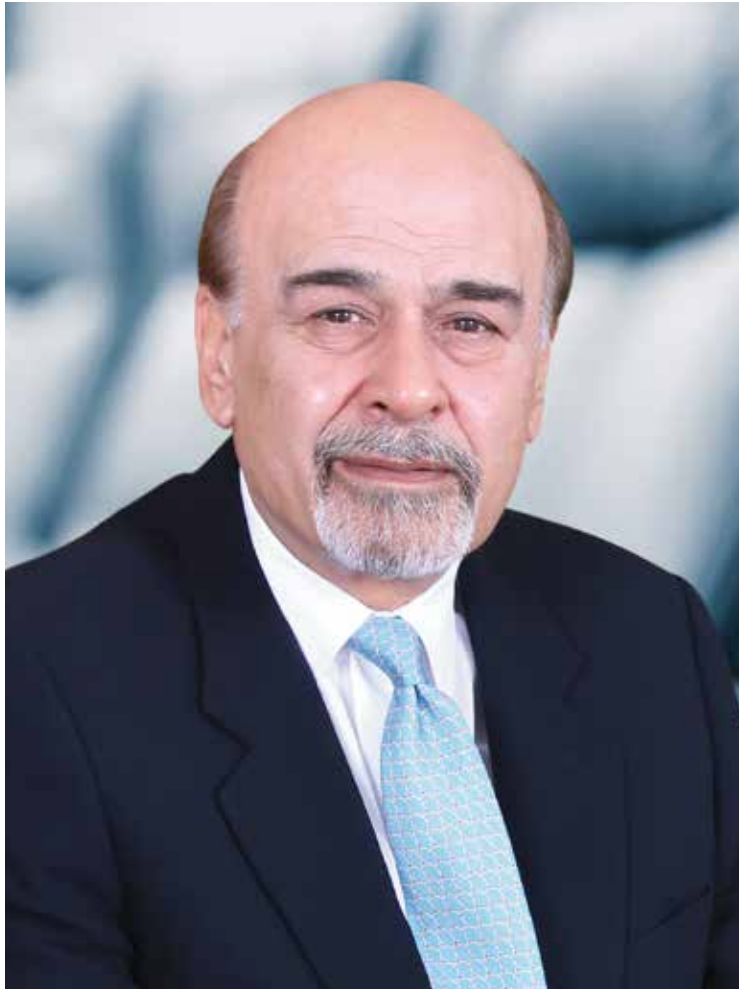
INTEGRITY

in all our dealings

RESPECT

for our customers and each other

MANAGEMENT

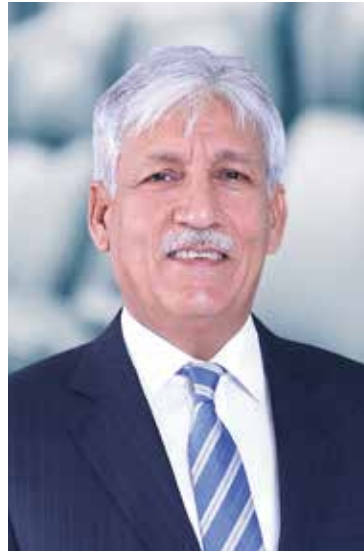


Naeemuddin Khan
President / CEO





Shahid Waqar Mahmood
Group Head SAM & Legal



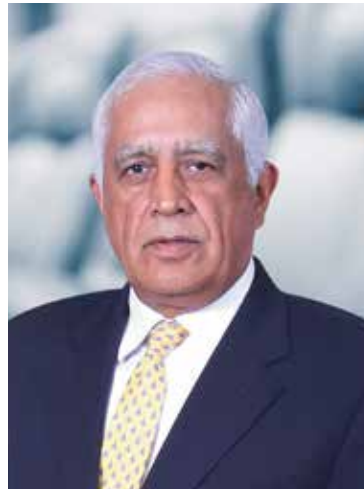
Khalid S. Tirmizey
Deputy CEO



Nadeem Amir
Chief Financial Officer



Ijaz ur Rehman Qureshi
Chief Risk Officer



Taimur Afzal
Group Head Retail Finance



Ahmed Shah Durrani
Group Head Retail Banking,
SME & Payment Services



Mustafa Hamdani
Group Head IB & WB (South)



Moghis Bokhari
Group Head Human Resource



Asim Jahangir Seth
Head Wholesale Banking-II



Khawar S. Ansari
Group Head Treasury & FIs



Omer Iqbal Sheikh
Head Islamic Banking



Muhammad Babar Ayyaz
Head Wholesale Banking-I



Javed Iqbal
Chief Information Officer



Aamir Ali Siddiqui
Head Operations



Khalid Munir
Head Compliance & Internal Control



Asad Ullah Khan
Head Audit & RAR



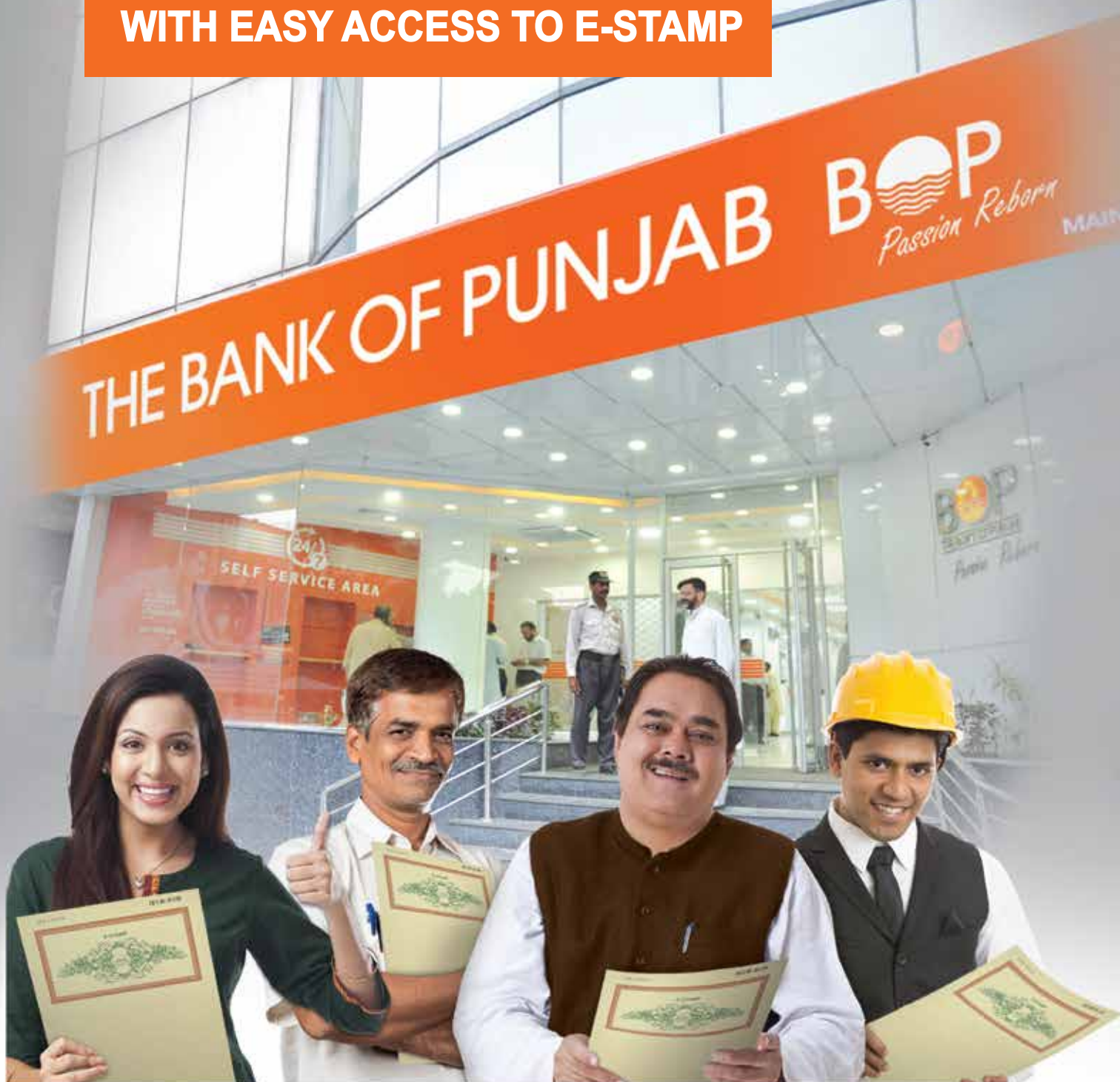
Col (R) Tenwir ul Hassan
Head Administrative Support



Aalya Mawaz
Head Corporate Communication

PUNJAB'S ONLY BANK

WITH EASY ACCESS TO E-STAMP



E-Stamping facility is now available in all BOP branches across Punjab. Bring printed Challan 32-A to any branch and receive Non-Judicial E-Stamp Paper worth Rs. 1000/- and above on fast track while conveniently deposit:

- Capital Value Tax (CVT)
- Registration Fee
- Comparison Fee
- Penalty
- Deficiency Duty/Amount

Credit Rating upgraded to **AA**

Short Term Rating **A1+**



CREDIT rating

Entity Ratings by PACRA

Long Term: AA

Short Term: A1+

Rating Definition

Long Term Rating

AA: Very High Credit Quality. AA Ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable for foreseeable events.

Short Term Rating

A1+: Obligations supported by the highest capacity for timely repayment.



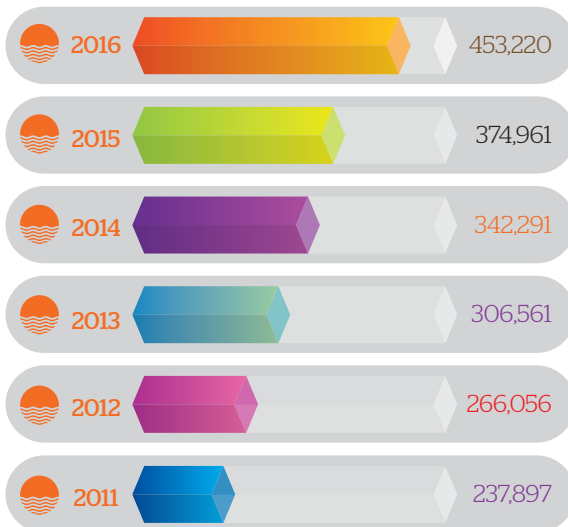
SIX YEARS at a glance

Criteria	2016	2015	2014	2013	2012	2011	
BALANCE SHEET							
Total Assets	Rs in m	545,214	472,284	420,370	352,698	332,111	280,998
Advances (net)	Rs in m	262,068	219,399	170,313	157,286	149,605	127,130
Investments (net)	Rs in m	199,742	176,043	154,875	123,956	129,519	92,581
Shareholders' Equity	Rs in m	24,248	19,397	15,256	12,577	10,733	10,135
Revaluation Reserves	Rs in m	3,607	3,282	4,071	905	1,638	638
Deposits	Rs in m	453,220	374,961	342,291	306,561	266,056	237,897
Borrowings	Rs in m	39,829	55,236	44,743	22,802	44,684	24,964
OPERATING RESULTS							
Markup/ return/ interest earned	Rs in m	29,674	31,266	29,522	24,228	24,666	20,685
Markup/ return/ interest expensed	Rs in m	17,430	20,199	20,526	20,209	22,523	21,073
Net markup income	Rs in m	12,244	11,068	8,996	4,019	2,143	(388)
Non-markup based income	Rs in m	5,294	7,624	2,790	3,596	3,191	1,990
Non-markup based expenses	Rs in m	8,464	7,666	6,250	5,280	4,558	3,711
Provision against NPLs	Rs in m	922	3,431	1,119	(673)	(965)	(3,164)
Net profit/(loss) before tax	Rs in m	8,050	7,529	4,307	3,001	1,404	523
Net profit/(loss) after tax	Rs in m	4,858	4,748	2,787	1,938	1,634	348
OTHER INFORMATION							
EPS (Non dilutive)	Rs. per share	3.12	3.05	1.94	2.34	2.63	0.66
Dividend - Cash	%	-	-	-	-	-	-
Dividend - Bonus issue-Interim	%	-	-	-	-	-	-
- Bonus issue-Final	%	-	-	-	-	-	-
No. of Branches	No.	453	406	364	334	306	284
Staff Strength	No.	7,388	6,739	6,180	6,092	5,491	4,999
Break up value per share*	Rs. per share	10.75	8.60	6.77	5.58	4.82	4.55

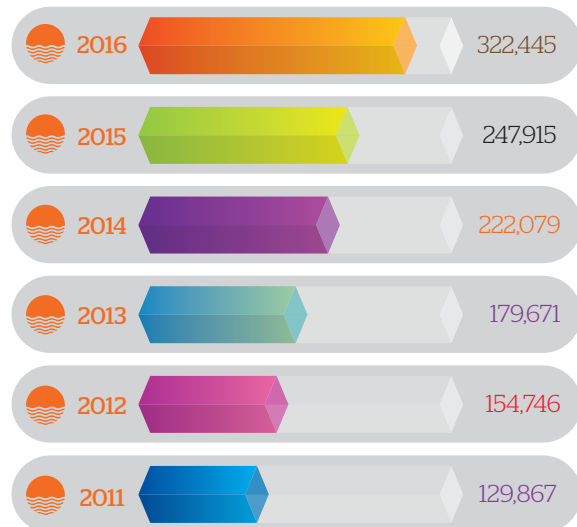
*including impact of share deposit money at par value.

GROWTH trends

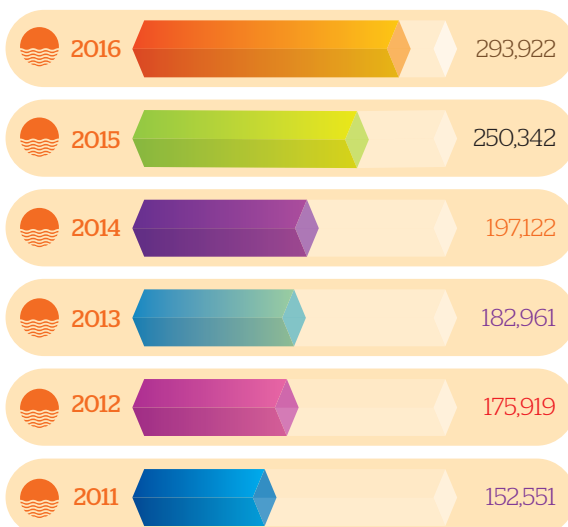
Deposits (Rs. in million)



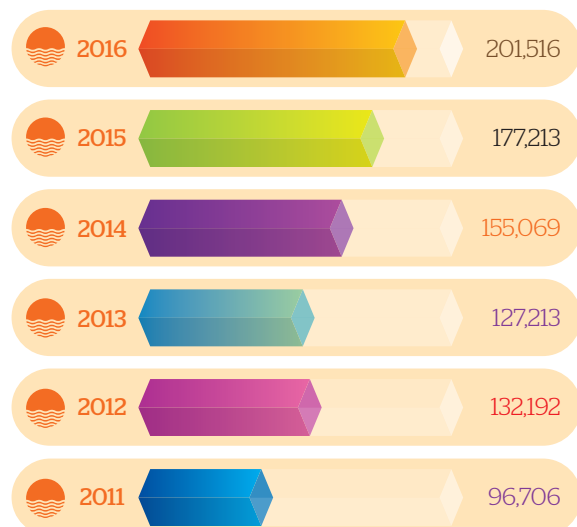
CASA (Rs. in million)



Advances (Rs. in million)

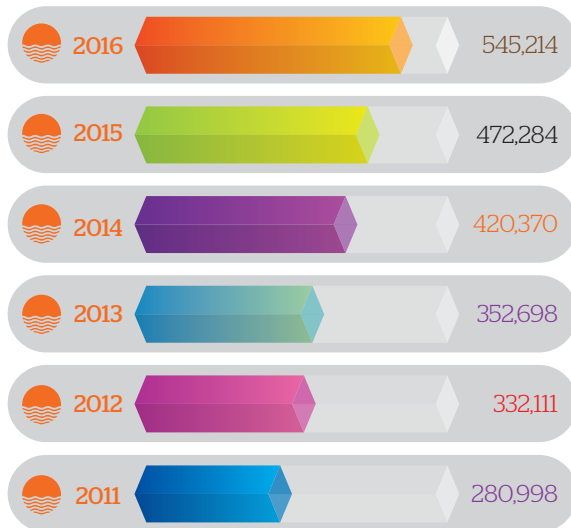


Investments (Rs. in million)

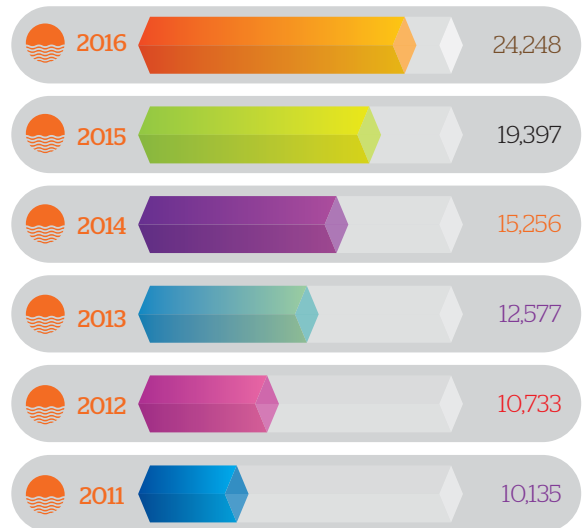


GROWTH trends

Assets (Rs. in million)



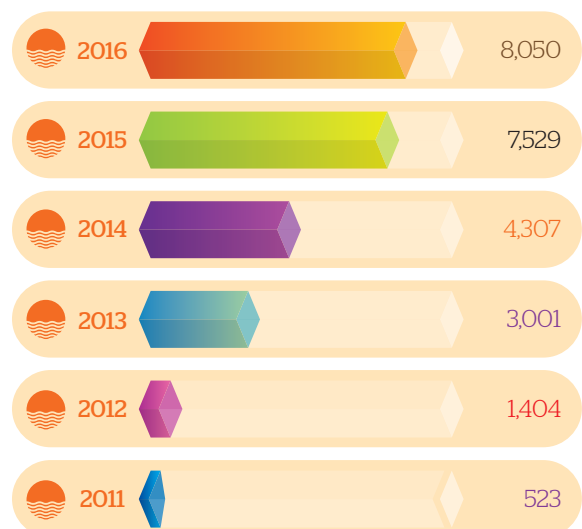
Shareholders' Fund (Rs. in million)



Net Interest Margin (Rs. in million)



Profit Before Tax (Rs. in million)





CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank of Punjab, as a vibrant modern corporate entity, is fully cognizant of the fact that in current era Bank is not only responsible to shareholders alone but there are certain social, environmental and financial obligations that are required to be discharged through implementation of different social activities under Corporate Social Responsibility (CSR) initiatives. The Bank's CSR initiatives are directed to attain a balance or integration of economic, environmental and social imperatives while at the same time addressing shareholders' expectations.



Accordingly, the Bank has been taking keen interest in development of specially designed programs, products and services to meet the requirements of under privileged communities across the country. Besides focusing the areas of human development, education, sports, art & culture and social welfare under its CSR initiative, the Bank has been making calculated and conscious efforts for uplifting of under privileged communities of society.

Key CSR initiatives taken by the Bank:

Social Development through Banking Services:

The Bank has been making concentrated efforts to expand its outreach to every corner of the country with special emphasis on under developed and unbanked areas of the country to promote financial inclusion. During the year 2016, the Bank introduced a new concept of smart branches and 45 such new branches were opened in the remote areas of the country, taking the overall tally of branch network to 453. Besides offering easy access to state of the art banking products and services to the residents of remote areas, new branches are also equipped with latest technologies, dual online connectivity and 24/7 banking services through a vast network of ATMs. Availability of top notch banking services at the door steps of the residents of under privileged areas, with easy access to specially designed credit lines; shall go

a long way in promoting economic activities in underprivileged areas through uplifting agriculture and SME sectors. The Bank takes pride in improving the social lives of millions of peoples across the country by addressing their financial woes through its vast network of branches.

In order to make every segment of the society more effective, with an equal opportunity to excel and contribute towards national economy, the Bank has been making a conscious effort to empower women. Besides offering equal opportunity to women in all dealings of the Bank, specially designed products and services are also being offered to encourage women empowerment.

The Bank has been whole heartedly supporting the Government's Pakistan Remittance initiative (PRI). With long established relationship with top exchange companies, the Bank is providing personalized services to the beneficiaries of the home remittances. Further, Bank has been playing instrumental role in Government of the Punjab (GOPb) Wheat procurement initiative for last several years, helping GOPb on one hand and ensuring quickest disbursement of funds to the farmers through its vast network of branches on the other hand.

Facilitating Government to People contacting:

The Bank's Alternative Delivery Channels (ADCs) have played pivotal role in disbursement of financial assistance to the IDPs, farmers and other needy persons under Khidmat Card scheme. Further, the Bank has been partnering with the GOPb in its various initiatives such as e-stamping which has completely revolutionized and replaced the old manual system of sale/ purchase of stamp-papers. Now, people can generate e-stamp paper through a web portal and get it printed from their selected branch of The Bank of Punjab.

The Bank has also been supporting the GOPb in disbursement of scholarship to thousands of students under Punjab Education Endowment Fund scheme.

Culture, Sports and Heritage:

The Bank makes every possible effort to encourage promotion of culture, sports and local heritage in the



country. Accordingly, Bank generously participates in activities promoting the culture, sports and local heritage. Besides organizing and sponsoring different sports events across the country, the Bank also extends financial support to the cultural events at the Regional levels to help promote local culture.

The Bank has also introduced a new concept of marketing through hiring services of a street theater company to market its products through stage performance in remote areas of the country which will also help reviving street theater.

Environment protection and energy conservation:

The persistent energy crisis in the country has made it obligatory for every individual and organization to play its due role in preserving energy. Accordingly, every effort is being made to keep energy consumption at barest minimum level and ensure effective utilization of day light in offices and branches of the Bank. Further, the generators are being used rationally to avoid pollution and help curtail fuel consumption.

The Bank also realizes the financing needs to help produce alternative energy. Besides facilitating and financing large scale projects for production of environment friendly energy, the Bank has also

introduced Solar Penal financing scheme with an objective to reduce energy woes of common man and help produce low cost environment friendly energy.

Human Resource Development/ Employees Relations:

The Bank takes pride in creating jobs for educated youth of the country. While jobs are awarded through a completely transparent and merit based system, the Bank also acts as an equal opportunity employer to help promote women empowerment. The Bank also takes due care of its lower cadre staff through award of concessional staff finance facilities, award of scholarship to their children and lending helping hand at dire need through its benevolent fund scheme. The Bank has also established a state of the art learning and development center to meet ongoing training requirements of the staff members.

Care for Elderly and Special Persons:

Besides offering personalized and priority services to the senior citizens, the Bank ensures hazard free services to the special persons visiting the Bank. Senior citizens, pensioners and disabled persons are duly taken care of in line with the directives of Government of Pakistan and State Bank of Pakistan.

Revolutionizing Rural Banking

Doorstep Banking in Unbanked Areas

MORE THAN

100

Smart Branches
BY 2017





PRESIDENT'S message

During the year 2016, your Bank continued to reap the benefits of reorganizing and restructuring initiatives taken in last few years which enormously helped the Bank in its unprecedented transformation to a vibrant and healthy corporate entity.

While the revival of public sector enterprises has always remained a difficult and challenging task, your Bank has been able to exhibit an epic turnaround in last few years. The strategic decision of pursuing aggressive expansion along-with sustained remedial management has started paying off and your Bank has been able to post phenomenal financial results during the year 2016.

Our performance in 2016 mirrored another year of solid results and a zenith of quality banking. We always act with integrity and transparency in everything we do which is the cornerstone of our business and the real goal.

During the year 2016, your Bank has been able to enhance its branch network to over 450 and through introduction of new concept of smart branches; the Bank has been leading the way to achieve the objective of financial inclusion through its presence in remote areas of the country. The newly opened smart branches are equipped with online connectivity and offering state of the art modern banking services to the diverse clientele of remote areas. The Bank has planned to open 100 more branches during the year 2017 and by close of the year overall branch network will be expanded to over 550 branches across the country.

While the Bank continued to clean up its balance sheet and take every possible available step to ensure recovery of legacy non-performing loans portfolio, tremendous business growth in last few years has paved the way for a new "Good Bank". With solid balance sheet growth and robust financial results, the overall size of Bank's balance sheet has now crossed the landmark figure of Rs. 500 billion. Similarly, Bank's deposits have also crossed the level of Rs. 450 billion with substantial increase in low cost CASA to further improve Bank's net interest margin. While growing the asset base, it has been ensured that new relationships are within the overall risk appetite of the Bank and credit lines are only allowed to credible borrowers. Accordingly, ratio of impaired relationships from among fresh lines remains at a very minimum level. It is evident from last few years' performance of the Bank that the emerging "Good Bank" has outpaced the remains of a difficult past to a great extent.

Despite low interest rates scenario, optimum utilization of available resources, procurement of low cost deposits and increase in the share of fee based income have enabled the Bank to improve its profitability position.

It is heartening to note that the performance of the Bank has been duly acknowledged by all the stakeholders. The key players of financial market have also shown an enthusiastic and overwhelming support by subscribing first ever privately placed Term Finance Certificates of the Bank which would strengthen the capital structure of the Bank.

The Bank has been contributing significantly towards the growth of the country by way of financing industrial sector and playing its due role in implementation of key initiatives of the Government. Duly recognizing energy woes of the country, the Bank has supported the initiatives taken for the development of alternative energy resources in the country. While the Bank takes pride being pioneer in extending loan to first and largest solar power project, the Bank is also part of major energy related projects being setup in the country.

The marked improvement in financial well-being of the Bank is also demonstrated through the remarkable praise, appreciation and gratitude, it received from regulators and external agencies. During the year 2016, Pakistan Credit Rating Agency (PACRA) has upgraded long term entity rating of the Bank to "AA" with short term rating already being at highest scale of "A1+". Besides being another laurel for the Bank, the said rating up-gradation is also an evidence of a great financial turnaround witnessed by the Bank.

Besides improving upon its products and services, the Bank has also entered into several new business ventures to help improve fee based income and also to participate in the national economy. The Bank has established its footprint in the areas like Cash Management, Home Remittances and Branchless Banking. The Bank has taken a revolutionary initiative in collaboration with the Government of the Punjab for issuance of e-stamp papers through its network. A long and established relationship with several exchange companies is also being enjoyed for facilitating Pakistan Remittance Initiative of Government of Pakistan for disbursement of home remittances through its network. Also, Branchless Banking initiative has been successfully launched



which proved instrumental in disbursement of financial assistance to IDPs and payment of Kissan Relief Package.

Your Bank keeps investing in new IT related infrastructure embellishment. Besides continuously upgrading the IT equipments, establishment of fully functional disaster recovery site and ensuring availability of dual connectivity at all branches, the Bank is also in process of implementing an internationally renowned Oracle based core banking system "Flexcube". Currently, over 50 branches are functioning at new core banking system and complete migration is expected to be secured by 2018.

The Bank is now fully committed to uphold its well-earned place in the financial industry of the country and the Management is also cognizant of challenges that lay ahead. As considerable business opportunities approach with prospects under China Pakistan Economic Corridor (CPEC), your Bank continues to build capacity and is fully equipped to grab its due share in upcoming ventures and, as a result, play a contributing role in national growth and prosperity. While branch network is being enhanced on fast track basis to expand Bank's outreach to

unbanked areas of the country, strategies are being devised to facilitate construction and other allied industrial sectors with special focus on CPEC.

At current pace of growth, your Bank now stands as the most rapidly growing financial institution in the industry and a very bright and prosperous future lies ahead. All these achievements of the Bank have been made possible by a team of dedicated and hardworking human resource led by a very professional management.

I desire to thank all staff members for their committed hard work which empowered the Bank to unify and consummate the strategic goals. The support and guidance of Government of the Punjab and State Bank of Pakistan remained essential in formulation of the Bank's policies for the year. I also extend my gratitude and appreciation to all shareholders and customers for their protracted support and patronage.

Naeemuddin Khan
President / CEO



TOGETHER, WE ARE WRITING OUR SUCCESS STORY!

The Bank of Punjab is proud to take initiatives towards the development of the country by diversifying its product portfolio and services. Our contribution in projects like Metro Bus, Solar Power Plant, Apna Rozgar, Wheat Financing and Remittance services shows our commitment to bring change in the lives of the people of Pakistan.

ECONOMIC review

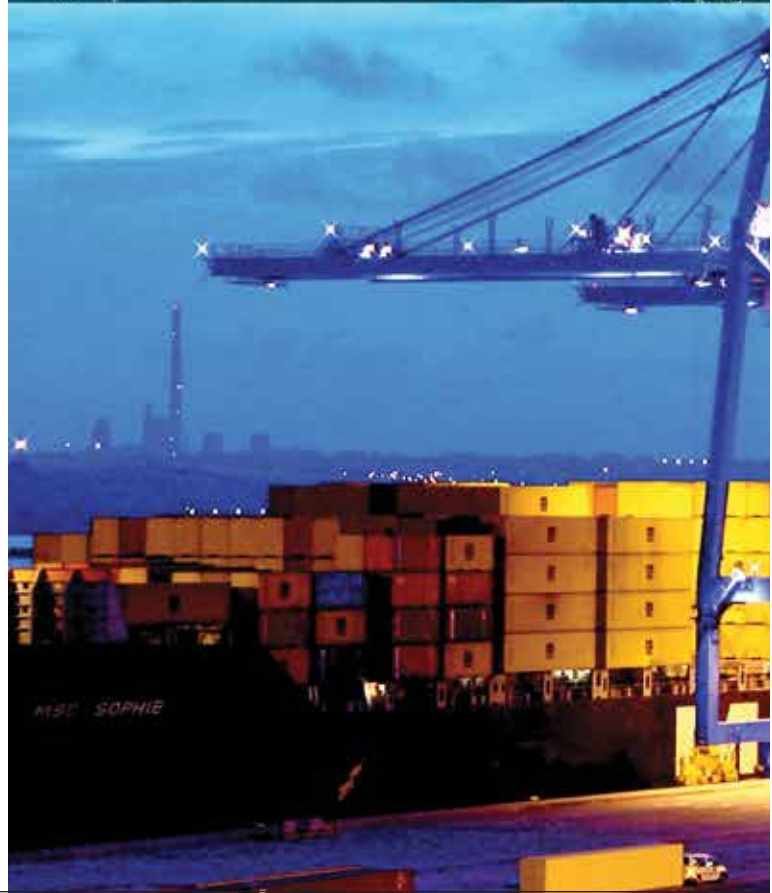
After achieving a growth rate of 4.7 percent in FY16, the real GDP growth target for FY17 was set at 5.7 percent in view of visible improvement in macroeconomic environment, better security conditions, development in energy sector, bearish trend in global commodity prices and fast track working on projects under China Pakistan Economic Corridor (CPEC). Further, the higher growth is expected to be driven by a rebound in agriculture sector and an enhanced contribution from industry as well.

The real economic activities are expected to maintain their momentum. Specifically, the higher production of cotton, sugarcane and maize crops is encouraging. Moreover, better supplies of minor crops also signal some recovery in the agriculture growth. As regard industrial activities, though the performance of large-scale manufacturing (LSM) has remained subdued so far, it is expected that the growth would gain some pace on the back of supporting policies and encouraging outlook for automobile, sugar, pharmaceuticals and construction-related sectors.

Despite the expected pickup in economic activities, the first quarter of FY17 experienced a widening of current account and fiscal deficits. However, the initial assessment indicates that the economy is moving on its growth trajectory, amid some challenges. In agriculture, sugarcane and maize harvests are expected to reach record levels in FY17. LSM - a major component of the industrial sector - witnessed a significant slowdown during Q1-FY17.

The State Bank of Pakistan (SBP) effectively managed the interbank liquidity throughout the Q1-FY17 to ensure stability in the overnight rates, despite significant volatility in interbank liquidity flows. This was also reflected in the stability of the 6-month KIBOR - a benchmark rate used by commercial banks and private businesses.

A sizeable net retirement of government borrowing to scheduled banks and an increase in bank deposits helped increase private sector credit. Benefiting from the historic low interest rates, private businesses are actively borrowing from the banking sector for upgrading and expanding their business processes. Private sector borrowed Rs. 375 billion in first half of FY17 as compared to Rs. 282.6 billion availed in the corresponding period of last year. More important for growth, loans for fixed investments increased by Rs. 134.1 billion in the first half of FY17 compared with an expansion of Rs. 83.8 billion in the same period of last year. Demand for consumer financing, especially for auto loans, also gathered pace during the first half of the year.





In this backdrop the SBP adopted a cautious stance in its monetary policy reviews of July - September, November 2016 and January 2017, and kept the policy rate unchanged at 5.75%. The SBP has also been closely watching a gradual rise in CPI inflation and developments in the external sector, like falling exports, rising imports and declining remittances. Specifically, the average headline CPI inflation rose to 3.9 percent YoY in Q1-FY17, against 1.7 percent in the corresponding period of FY16.

However, the average inflation clocked in at 3.9 percent during the first half of the FY17, lower than the earlier projections due to smooth supply of perishable items, stable exchange rate, and government's absorption of the impact of higher international oil prices. The current trends suggest that the actual inflation would be lower than the target rate of 6 percent in FY17.

The growing CPEC-related imports, decline in exports, non-receipt of Coalition Support Fund, and slowdown in remittances, pushed the current account deficit to USD 3.6 billion in the first half of FY17, from USD 1.7 billion in the same period last year. This higher deficit was financed by an increase in bilateral and multilateral funding along with pick up in investment flows. Going forward, with the aforementioned risks to the external sector, the need of financial inflows would grow further.

The outlook of Pakistan's economy for FY17 is expected to remain positive and GDP growth would be further strengthened during the year. Besides expected improvement in agriculture sector, LSM growth is also projected on the back of continued supportive policies, like low interest rates, reduced cost of energy with improved availability, strong domestic demand, healthy corporate margins and an investment friendly environment. Further, the increased pace of work on infrastructure and CPEC-related projects would boost the demand for cement and steel products.



DIRECTORS' report

For the year ended December 31, 2016

The Board of Directors is pleased to present the 27th Annual Report of The Bank of Punjab together with the audited Financial Statements and Auditors' Report thereon for the year ended December 31, 2016.

Performance at a Glance

During the year 2016, the Bank remained focused on business expansion with a view to grow the business volumes with improved margins. As of December 31, 2016, the deposits of the Bank stood at Rs. 453,220 million as against Rs. 374,961 million on December 31, 2015, thereby registering a hefty growth of 21%. Growth in low cost CASA Deposits and effective financial control also made significant contribution towards Bank's Net Interest Margin (NIM), which improved to Rs. 12,244 million as against Rs. 11,068 million during previous year thereby registering a rise of 11%. Similarly, The non-interest/markup income, excluding capital gains, remained at Rs. 2,742 million as against Rs. 2,358 million during last year. Accordingly, the Bank was able to post a pre-tax profit of Rs. 8,050 million as against Rs. 7,529 million last year.

As on date of Statement of Financial Position, the Gross Advances of the Bank touched the level of Rs. 293,922 million as against Rs.250,342 million as on December 31, 2015. The Investments grew to the level of Rs. 199,742 million as against Rs. 176,043 million, with major concentration in Government Securities. Similarly, as on Balance Sheet date, total assets increased to Rs. 545,214 million as against Rs. 472,284 million as at close of the last year, thereby depicting a rise of 15%.

As at the close of the year 2016, net advances aggregating to Rs. 17,530 million requiring additional provision of Rs. 16,505 million have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP on the basis of two Letters of

Comfort (LOCs) issued by the Government of the Punjab, as explained in detail in Note 1.2 of the financial statements.

Financial Highlights

	Rs. in Million
Profit after taxation	4,858.3
Accumulated Loss b/f	(5,220.3)
Transfer from surplus on revaluation of fixed assets (net of tax)	54.6
Transfer from surplus on revaluation of non banking assets (net of tax)	2.5
Transfer from statutory reserve to accumulated losses	2,000.0
Transfer to statutory reserve	(971.6)
Actuarial (loss)/gain on re-measurement recognized	(64.6)
Unappropriated profit c/f	658.9
Earnings per share-Rupees	3.12

Capital Adequacy and Minimum Capital Requirements

As at December 31, 2016, paid-up capital, reserves (net of losses) and share deposit money, as allowed by SBP, amounted to Rs. 24,248 million and the Capital Adequacy Ratio (CAR) stood at 12.28% under Basel III

reporting framework against regulatory requirement of 10.65%.

During the year 2011, Government of the Punjab (GOPb), being majority shareholder, in order to support capital structure of the Bank, deposited Rs. 7,000 million as advance subscription money, in addition to Rs.10,000 million deposited in year 2009 against future issue of shares by the Bank. Accordingly, during the year 2013, in the first phase, the Bank issued Right Shares of Rs. 5,000 million (99.53%) at a discount of Rs 0.5 per share. Subsequently, in the second phase, the Bank issued right issue of Rs. 5,000 million (47.39%) at par value during year 2014. During the year 2014, GOPb also extended a subordinated loan of Rs. 2.0 billion to support capital structure of the Bank for the purpose of regulatory capital requirement.

In order to support the business growth, strengthen capital structure of the Bank, comply with Basel-III Capital Requirements and to support retirement of LOCs issued by GOPb, during year 2016, the Bank has issued rated, unsecured & subordinated term finance certificates of Rs. 2,500 million under section 120 of the Companies Ordinance, 1984. Further, in March 2017, the Board of Directors has also approved issue of 1,088,579,215 right shares (70%) for Rs. 12.00 per share at a premium of Rs. 2.00 per share.



Nevertheless, the GOPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

Human Resource Management

HR plays an instrumental role in securing the future success of the Bank. In doing so, the function is guided by its vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance.

The Bank has put in place a robust human resource management function thus ensuring that the Bank attracts, recruits, develops, retains and sustains a high performing, diverse work force by developing and implementing progressive human resource management policies and strategies. Accordingly, the Bank has been successful in fostering a positive work environment that places high value on professional and collaborative work relationships while recognizing the importance of individual contributions.

Risk Management Framework

Risk management is a structured and disciplined approach aligning strategy, processes, people, technology and knowledge for evaluating and managing uncertainties that an organization faces as it creates value. The Bank's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with best practices & SBP guidelines.

The Board of Directors of the Bank is primarily responsible for laying down risk parameters and establishing an integrated risk management and control system. The Bank's Board approves Risk Management policies and has also set out exposure limits taking into account the risk appetite of the Bank and the skills available for managing the risks. The Board of Directors is supported by "Board Risk Management Committee" in this respect.

The Bank's Management has introduced a holistic approach towards implementation of effective risk management framework and has been engaged in extensive and detailed evaluation and assessment of risk management framework in all areas of banking operations in line with the strategic direction set by the Board of Directors.



Under Board of Directors' guidance, the Bank continued to execute the risk strategy and undertake controlled risk-taking activities within this risk management framework; combining core policies, procedures and process design with active portfolio management. The Bank continuously challenges and improves its Risk Management Framework in the light of the international best practices and State Bank of Pakistan guidelines, besides learning from its past experience.



The credit risk mechanism consists of policies and procedures that ensure credit risk is measured and monitored both at account and portfolio levels. The Bank has standardized and well-defined approval processes for all credit proposals to minimize the credit risk associated with them. The Bank has also developed credit rating models and the entire credit portfolio of the bank is subject to internal credit rating. The Bank continuously monitors portfolio concentrations by borrower, groups, industry, geographic locations, etc. and constantly strives to improve credit

quality and maintain a risk profile that is diverse in terms of borrowers, products, industry type and geographic location.

Market risk is managed through the ALCO that meets regularly and decides on the size, mix, tenor, pricing and composition of various assets and liabilities. The Committee is primarily involved in identification, measurement, monitoring and management of liquidity and interest rate risks using various tools such as Ratio analysis, Gap analysis, Interest Rate



Sensitivity etc. for management of liquidity and interest rate risks.

Through Basel Steering Committee, the management keeps abreast of effective deployment of capital and monitor regulatory compliance of CAR in compliance with guidelines of SBP.

Comprehensive systems and procedures have been put in place for managing Operational Risk. Quarterly updates on Operational Risk events are presented to senior management and Board's risk committee. Currently, the bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). All new products introduced by the Bank pass through an approval process to identify and address operational risk issues. The bank has endeavored to acquire state of the art systems to support automated risk management framework for better risk measurement and management that will provide enabling environment to generate recurrent earnings and create shareholder value.

Information Technology

Being a progressive organization, the Bank has always focused on continuous development of its IT systems

thereby enabling it to save costs, improve service efficiency, introduce new products & services and strengthen control environment. During the year 2015, the Bank initiated the process for implementation of state of the art core banking system (CBS) "Flexcube Universal Banking System" and, by close of year 2016, 51 branches have been migrated to new CBS while entire branch network shall be migrated by June 30, 2018.

The Bank has a network of 453 online branches, including 3 sub-branches, along with 274 ATMs to help customers enjoy the convenience of 24/7 banking services. In order to provide smooth banking services to valued clients, branches have been equipped with back-up connectivity, while a comprehensive IT Security Policy has been put in place to ensure safety of customers' data and facilitate execution of banking transactions in a secured environment. In order to mitigate the risk involved in a disaster situation, Disaster Recovery protocols are in place to ensure smooth conduct of customer services. In order to assist the management in decision making, a robust Management Information System has been made available by the Bank's IT Division.



Life
Current Account

CONVENIENT BANKING WITH SECURITY

The Bank of Punjab Life Current Account gives comprehensive banking solutions to its consumers as this account offers all the features of a current account with the added benefit of Free Life Insurance.

- Free ATM/Debit Card
- Free Online Banking
- Free Universal Cheques
- Free Life Insurance Cover (up to 3 Times of Last 3 Months Average Balance with a Cap of Rs. 2 Million)

(All Free Features Start on Maintaining a Monthly Average Balance of Rs. 5,000/-)



Special Assets Management (SAM)

The Special Assets Management Group of the Bank has been entrusted with the task of recovery/regularization of Non-Performing Loans (NPLs) portfolio. In this regard, a comprehensive strategy has been implemented to recover and restructure the infected portfolio for early recovery and to convert its stagnant portfolio into generating assets.

With a view to make the recovery exercise of NPLs result oriented, the Management, apart from conventional recourse available for resolution in and outside the Court, has also initiated search and attachment of defaulters' hidden assets to hound them to come to table of negotiations for amicable settlement. Apart from placement of defaulters' names on ECL, the Bank has also initiated hard hitting legal actions against the defaulters under National Accountability Ordinance, 1999 and FIA Act, 1974. On the initiatives taken by the Bank's Management, NAB and FIA have commenced investigations against several defaulters and it is expected that their efforts would yield result in near future.

Branch Network

While pursuing the growth strategy, besides targeting improved business volumes and revenues, the Bank has also focused on providing banking services to unbanked communities. During year 2016, the Bank opened 45 new smart branches in remote areas under the project "Sunrise". Now, with a nationwide network of 453 branches, including 3 sub-branches, the Bank is providing a wide range of products and services to its valued clients. During, year 2017, the Bank intends to further expand its outreach and opening of about 100 branches, including 55 smart branches and 10 sub-branches, has been planned.

Islamic Banking

The Bank commenced its Islamic Banking Operations during the year 2013 under the brand name of "Taqwa Islamic Banking" by offering Shariah compliant products and services. The Bank has been able to post significant growth over the period and the network has now enhanced to 50 Branches, including 2 sub-branches. The Bank is offering a wide range of shariah compliant products and services to its valued

clients, through this platform. Recognizing immense potential, the network shall be further stretched in the following years while the product lines would also be substantially enhanced.

Payment Services

With an objective to meet the electronic banking and services requirements of bank's customers through alternative channels under one umbrella, following key functions have been clubbed as the Payment Services Group:

- Alternate Distribution Channels
- Branchless Banking
- BOP Phone Banking

The Payment Services Group is offering full range of products and services specially tailored and designed to meet the requirements of each group of customers. The Bank is offering full range of products and services through a wide range of alternative channels. These services broadly include commercial electronic banking activities, remote banking convenience, and financial inclusion initiatives. The solutions being offered by the bank are at par with the global standards and enable quick, accurate, and convenient banking services to our valued clients.

The Bank has also taken various initiatives under Alternate Delivery Channel (ADC) to provide different services to its valuable clients, successfully introducing the following services:

- BOP Debit MasterCard
- BOP Phone Banking & Complaint Management Unit
- Enterprise wide Customer Relationship Management (CRM) solution
- CTI/Contact Centre Solution
- SMS Banking
- Utility Bills Payment System
- Interbank Funds Transfer

In order to support Government of Punjab (GoPb) various initiatives for poverty alleviation and ensuring better governance in the province, The Bank of Punjab has paid specific attention to the areas of financial inclusion, documentation of economy, transparency and automation of disbursement system. The Bank has undergone significant transformation in areas of technology specifically designed for execution of GoPb's mandated programs, with an extensive outreach covering remote and unbanked areas of the country. This has

been made possible via induction of Branchless Banking infrastructure at the bank.

The Bank of Punjab is making every possible effort to support GoPb in the areas of healthcare, child education, direct subsidy disbursement, education and vocational training with an objective to uplift under privileged segments of the society. In order to ensure transparency through NADRA verification of beneficiaries, the Bank has also implemented biometric enabled POS Terminals along with a Prepaid Card Standalone system. Some of the key initiatives in this respect are as under:

- Khidmat Card Program for poor & marginalized communities.
- Khadim-e-Aala Flood Relief Program for flood affectees.
- Waziristan IDPs Aid Disbursement Program.
- Disbursement of Scholarships under Punjab Education Endowment Fund
- Payments under Prime Minister's Kissan Package
- E Stamping

The Bank of Punjab Phone Banking is the primary source of convenient banking inquires and transactions anytime anywhere. This personalized banking channel is undergoing substantial growth in terms of infrastructure, technology, as well as scope of services offered. The Phone Banking service is being extended to outbound calling, whereby our valued customers will now be reached to intimate, highlight, and advise them regarding latest banking offering and services.

The following new initiatives/projects are in progress and are expected to be made operational during year 2017:

- EMV enabled Chip based cards issuance
- Enhancement of ATM network with state of the art machines
- Mobile Banking platform
- Mobile Based Lifestyle Application
- Discounts and promotions on card based transactions
- Khidmat Card - Girls stipend program
- Substantial enhancement in country-wide agent network for Branchless Banking

Home Remittances

The Bank is following the strategy to enlarge its market share in Home Remittances by offering



automated efficient processes to facilitate this service. In this regard, integration with a number of overseas Exchange Companies to facilitate Home Remittances in a secured and efficient manner has been accomplished, while payment through Inter Bank Transfer Facility (IBFT) & Prepaid Cards would also be introduced shortly. During the year 2016, the Bank handled over 1.0 million home remittance transactions aggregating to Rs. 45.7 billion.

Wheat Procurement Program

During the year 2016, the Bank successfully managed syndicated financing arrangement for wheat procurement program of the Government of the Punjab as “Lead Arranger” to the tune of Rs. 194.5 billion as against Rs. 132.8 billion during year 2015.

Financing for Self Employment under “Apna Rozgar Scheme”

During the years 2011-12, the Bank financed 20,000 vehicles to educated unemployed youth of Punjab

under Government of Punjab’s Self Employment Scheme. Owing to noteworthy recovery rate of 99%, disbursement of further 50,000 vehicles for educated unemployed youth under “Apna Rozgar Scheme” was completed in 2016 and the Bank is now managing the largest auto lease portfolio in the banking sector.

Internal Controls

The Board of Directors of The Bank of Punjab has overall responsibility for ensuring existence of an adequate and effective system of internal control that is designed to manage the Bank’s risks within an acceptable risk profile. The Board is pleased to endorse the Statement on Internal Controls made by the management, which is included in the annual report.

Statement of compliance with Corporate and Financial Reporting Framework

The Directors are pleased to give the following statement in respect of Code of Corporate Governance:



- The financial statements, together with notes thereon have been prepared in conformity with the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984. These Statements present fair state of affairs, the result of its operations, cash flows and changes in equity and comprehensive income. Proper books of account of the Bank have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting and Financial Reporting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed in the Annual Accounts. The system of internal control is sound in design and has been effectively implemented and monitored.

- There is no significant doubt upon 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.

- All the statutory liabilities, if any, have been adequately disclosed in the financial statements.

- Dividend has not been declared for the year in order to strengthen the equity base and to comply with regulatory requirements.

- Value of investment of Staff Provident Fund and Gratuity Fund, based on latest audited accounts is Rs.2,086,688 thousand & Rs. 426,280 thousand, respectively.

- Statement showing pattern of shareholding as on December 31, 2016 is disclosed at page No. 250 of the Annual Report.

- Statement showing key operating and financial data for the last six years is disclosed at page No. 11 of the Annual Report.

- Statement of compliance with code of corporate governance is presented at page No. 45 of the Annual Report.

- During the year, 9 meetings of Board of Directors were held with following attendance:

Name of Directors	No. of Meetings attended
Mr. Abdul Ghafoor Mirza (*)	3
Dr. Pervez Tahir (**)	2
Mr. Naeemuddin Khan	8
Mr. Mohammad Jehanzeb Khan	7
Khawaja Farooq Saeed	9
Mr. Saeed Anwar	9
Dr. Umar Saif	5
Syed Maratib Ali	7
Mr. Omar Saeed	2
Mr. Mohammed Afzaal Bhatti	9
Dr. Muhammad Amjad Saqib (***)	6
Mr. Shoukat Ali (****)	0

(*) Mr. Abdul Ghafoor Mirza, Chairman retired on June 11, 2016.

(**) Dr. Pervez Tahir, Chairman assumed charge on August 31, 2016

(***) Dr. Muhammad Amjad Saqib, director cleared under FPT by SBP on 03/3/2016.

(****) Mr. Shoukat Ali, Director cleared under FPT by SBP on 21/06/2016. Mr. Shoukat Ali did not attend any (0/4) meeting as he was granted leave for performing umrah in 231st BOD meeting and was transferred to Revenue deptt: as per record of 232nd BOD meeting and proceeded to four months training forthwith.

- During the year, 4 meetings of Central Audit Committee(CAC) of Board of Directors were held with following attendance:

Name of Directors	No. of Meetings attended
Khawaja Farooq Saeed	4
Mr. Saeed Anwar	4
Mr. Omar Saeed	1
Mr. Mohammed Afzaal Bhatti	4

- During the year, 3 meetings of Board Risk Management Committee (BRMC) of Board of Directors were held with following attendance:



Name of Directors	No. of Meetings attended
Syed Maratib Ali	3
Mr. Saeed Anwar	3
Mr. Omar Saeed	0

- During the year, 3 meetings of Human Resource & Remuneration Committee (HR&RC) of Board of Directors were held with following attendance:

Name of Directors	No. of Meetings attended
Mr. Mohammad Jehanzeb Khan	3
Khawaja Farooq Saeed	2
Dr. Umar Saif	0
Mr. Naemuddin Khan	3
Mr. Mohammed Afzaal Bhatti (*)	1
Syed Maratib Ali (**)	1

(*) & (**) Mr. Muhammad Afzaal Bhatti and Syed Maratib Ali, Directors/Members, attended HR&RC meeting on 19/10/2016 after reconstituted the HR&RC by the Board in its 228th meeting dated 14/03/2016.

- During the year, 2 meetings of NPL Review Committee (NRC) of Board of Directors were held with following attendance:

Name of Directors	No. of Meetings attended
Syed Maratib Ali	2
Mr. Saeed Anwar	2
Khawaja Farooq Saeed	2
Mr. Muhammad Afzaal Bhatti	2

- During the year, 2 Directors completed Directors' Training Program conducted by Pakistan Institute of Corporate Governance.

Credit Rating

While acknowledging the improved risk profile of the Bank, M/s Pakistan Credit Rating Agency (PACRA) has upgraded the Long-term Entity Rating of the Bank from "AA-" to "AA", while the Short-term Entity Rating has been maintained at "A1+".

As per standard rating scale and definition "AA" long term rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments, not significantly vulnerable to foreseeable events. Similarly, "A1+" short term rating denotes obligations supported by the highest capacity for timely repayment.



Subsidiary

Punjab Modaraba Services (Pvt) Limited, Bank's wholly owned subsidiary, is managing First Punjab Modaraba. The net assets of the subsidiary stood at Rs. 32.732 million as at the year-end as against Rs. 26.883 million on December 31, 2015.

Outlook for the year 2017

Based upon the progress made so far, the Bank would continue following the growth strategies by expanding its outreach across the country, especially in unbanked areas, to improve its share of wallet and thus further boost its profitability. Implementation of modern technological tools, especially new Core Banking System, would not only bring more operational efficiency but also provide leverage to manage the growth in a robust control environment. The Bank also fully recognizes significance of China Pakistan Economic Corridor (CPEC) and its resultant opportunities. It is fully geared up to ensure making active contribution not only to benefit from resultant opportunities but to make its due contribution towards the national economic development. Simultaneously recovery/regularization of infected portfolio would remain a cornerstone of the Bank's strategy and all out efforts shall continue to ensure recovery of NPLs through all possible recourses.

Auditors

Bank's existing External Auditors M/s. Deloitte Yousof Adil, Chartered Accountants, have completed five years term and as per requirement of Code of Corporate Governance, new auditors are required to be appointed for the year ending December 31, 2017.

The Board of Directors, on the suggestions of Audit Committee, recommended appointment of M/s EY Ford Rhodes as statutory auditors of the Bank for year ending December 31, 2017.

Acknowledgement

I would like to acknowledge and appreciate the valuable support and guidance of State Bank of Pakistan and Government of the Punjab. I also wish to thank our shareholders and valued clients for their continued patronage and profoundly convey gratitude to Bank's staff as well for their dedication and commitment towards the Bank.

Dr. Pervez Tahir
Chairman



SUCCESS OF YOUR BUSINESS, OUR BUSINESS!



- Free Business Assets Insurance (On Maintaining Monthly Average Balance of Rs. 1 Million)
- Free Over the Counter/ATM Cash Withdrawal Insurance (On Maintaining Monthly Average Balance of Rs. 100,000/-)
- Free Online Cash Deposit and Withdrawal
- Free ATM/Debit Card and Cheque Book
- Free Universal Cheque

(All Free Features Start on Maintaining a Monthly Average Balance of PKR 25,000/-)

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے دی بینک آف پنجاب کی 27 ویں سالانہ رپورٹ اور آڈٹ شدہ مالی حسابات برائے سال بد اختتام 31 دسمبر 2016 بشمول آڈیٹرز رپورٹ پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

مالیاتی کارکردگی

سال 2016ء کے دوران بینک نے کاروباری حجم اور منافع میں ترقی کو مد نظر رکھتے ہوئے اپنے دائرہ کار کو وسیع کرنے پر توجہ مرکوز رکھی۔ سال 2016ء کے دوران بینک کے ڈپازٹس 21% کے شاندار اضافے کے ساتھ 453,220 ملین روپے ہو گئے جو کہ 31 دسمبر 2015ء کو 374,961.1 ملین روپے کی سطح پر تھے۔ کم لاگت ڈپازٹ میں خاطر خواہ اضافے اور بہتر مالیاتی کنٹرول کی بدولت بینک کا نیٹ انٹرسٹ مارجن 11% اضافے سے 12,244 ملین روپے کی سطح پر پہنچ گیا جو کہ پچھلے سال 11,068 ملین روپے کی سطح پر تھا۔ اسی طرح بینک کی نان انٹرسٹ/مارک اپ آمدنی (علاوہ کپیٹل گین) 2,742 ملین روپے کی سطح پر رہی جو کہ گذشتہ سال 2,358 ملین روپے تھی۔ اس طرح بینک نے 8,050 ملین روپے کا قبل از ٹیکس منافع کمایا جو کہ پچھلے سال 7,529 ملین روپے تھا۔

31 دسمبر 2016ء کو بینک کے قرضہ جات 293,922 ملین روپے کی سطح پر پہنچ گئے جو کہ گذشتہ سال 250,342 ملین روپے کی سطح پر تھے۔ بینک کی سرمایہ کاری بھی بڑھ کر 199,742 ملین روپے کی سطح پر پہنچ گئی جو کہ گذشتہ سال 176,043 ملین روپے تھی۔ بینک کی سرمایہ کاری کا زیادہ تناسب حکومتی سیکورٹیز میں رہا۔ اسی طرح بینک کے اثاثہ جات 15% اضافے کے ساتھ 545,214 ملین روپے کی سطح پر پہنچ گئے جو کہ گذشتہ سال 472,284 ملین روپے کی سطح پر تھے۔

سال 2016ء کے اختتام پر 17,530 ملین روپے کے نیٹ قرضہ جات جن پر سٹیٹ بینک آف پاکستان کی پروڈنشل ریگولیشن کے تحت 16,505 ملین روپے کی اضافی پروویژن بنتی ہے حکومت پنجاب کے جاری کردہ لیٹرز آف کمفرٹ کی بنیاد پر سٹیٹ بینک آف پاکستان کی جانب سے دی جانے والی رعایت کے تحت نہیں ڈالی گئی اور مالی حسابات کے نوٹ 1.2 میں اس کی تفصیلات دی گئی ہیں۔

ملین روپے میں

4,858.3
(5,220.2)
54.6
2.5
2,000.0
(971.6)
(64.6)
658.9
3.12

مالیاتی نتائج

بعد از ٹیکس منافع
افتتاحی غیر تخصیص شدہ نقصان
پائیدار اثاثوں کی دوبارہ پیمائش (خالص از ٹیکس)
نان بینکنگ اثاثوں کی دوبارہ پیمائش (خالص از ٹیکس)
قانونی ذخائر سے منتقلی
قانونی ذخائر میں منتقلی
متعین ایمپلائز بینیفٹ کی دوبارہ پیمائش
اختتامی غیر تخصیص شدہ منافع
فی حصص آمدنی (روپے)

31 دسمبر 2016ء کو بینک کا ادا شدہ سرمایہ، ریزرو (نیٹ آف لاسز) بشمول شیئرز ڈپازٹ منی 24 ارب روپے کی سطح پر تھے اور بیزل III رپورٹنگ فریم ورک کے تحت کپیٹل ایڈیوکیٹی ریٹو 12.28% رہی جس کی مطلوبہ سطح 10.65% تھی۔

حکومت پنجاب نے اکثریتی سرمایہ کار کی حیثیت سے بینک کے کپیٹل کو سپورٹ کرنے کے لیے سال 2009ء اور 2011ء میں مستقبل میں شیئرز کے اجراء کے لیے بالترتیب 10 ارب روپے اور 7 ارب روپے شیئرز ڈپازٹ منی کے طور پر جمع کروائے۔ سال 2013ء میں پہلے مرحلے میں بینک نے 5 ارب روپے (99.53%) کا رائٹ ایبٹو 0.5 روپے فی شیئر کے ڈسکاؤنٹ پر کیا۔ دوسرے مرحلے میں سال 2014ء میں بینک نے 5 ارب روپے (47.39%) کا رائٹ ایبٹو پارولیو پر کیا۔ سال 2014ء کے دوران حکومت پنجاب نے بینک کے کپیٹل سٹرکچر کو سپورٹ کرنے کے لیے 2.0 ارب روپے کا سب آڈیٹڈ اینڈ لون بھی دیا۔

اس ضمن میں سال 2016ء کے دوران بینک نے کمپنیز آرڈیننس کی سیکشن 120 کے تحت 2.5 ارب روپے کے ٹرم فنانس سرٹیفکیٹ جاری کیے۔ علاوہ ازیں مارچ 2017ء میں بورڈ آف ڈائریکٹرز نے 1,088,579,215 (70%) رائٹ شیئرز 12.00 روپے فی شیئر بشمول 2.00 روپے پر بیمہ کا اجراء منظور کیا ہے۔ علاوہ ازیں ان لیٹرز آف کمفرٹ کے ذریعے اکثریتی سرمایہ کار کی حیثیت سے حکومت پنجاب نے توثیق کی ہے کہ وہ بینک کو ہر صورت میں مطلوبہ قانونی تقاضوں کو پورا کرنے کے لیے ہمیشہ مددگار رہے گی۔

ہیومن ریسورس مینجمنٹ

ہیومن ریسورس بینک کی ترقی میں اہم کردار ادا کرتا ہے۔ اس ضمن میں ایک ایسا ماحول دستیاب کیا گیا ہے جس میں باہمی تعاون کے ذریعے ادارے کی ترقی کو یقینی بنایا جائے۔ بینک نے ہیومن ریسورس مینجمنٹ کا ایک مؤثر نظام قائم کیا ہے جس کے ذریعے ایسی حکمت عملی کا نفاذ یقینی بنایا گیا ہے جس سے قابل اور باصلاحیت افرادی قوت کو دستیاب رکھا جاسکے۔ اس حوالے سے بینک نے ایک ایسا مثبت ماحول دستیاب کیا ہے جس میں بینک کی افرادی قوت پیشہ وارانہ انداز میں ادارے کی ترقی کے لیے کردار ادا کر سکے۔

رسک مینجمنٹ

رسک مینجمنٹ ایک منظم اور مربوط طریقہ کار ہے جس میں حکمت عملی، انسانی وسائل، ٹیکنالوجی اور علم کو یکجا کر کے ادارے کو درپیش خطرات کو کم کرنے میں مدد ملتی ہے۔ بینک کی رسک مینجمنٹ کی حکمت عملی مختلف اقسام کے رسک کی صحیح سمجھ، منظم رسک اسسٹمنٹ، رسک کو جانچنے کے طریقہ کار اور مسلسل مشاہدے پر مبنی ہے۔ اس ضمن میں تمام پالیسیز اور طریقہ کار کو اسٹیٹ بینک آف پاکستان کی ہدایات اور بہترین پریکٹس کی روشنی میں تیار کیا گیا ہے۔

بینک کا بورڈ آف ڈائریکٹرز رسک مینجمنٹ کا ایک مربوط نظام وضع کرنے اور کنٹرول سسٹم قائم کرنے کیلئے ذمہ دار ہے۔ بینک کا بورڈ رسک مینجمنٹ کی پالیسیوں کی منظوری دیتا ہے اور اس حوالے سے ضروری امور کی تعریف وضع کرتا ہے۔ اس ضمن میں بورڈ کی رسک مینجمنٹ کمیٹی ضروری معاونت فراہم کرتی ہے۔

بینک کی مینجمنٹ نے بورڈ کی جاری کردہ ہدایات کے مطابق رسک مینجمنٹ کا ایک مربوط نظام وضع کیا ہے جس کے ذریعے بینک کے تمام شعبہ جات میں رسک کی تفصیلی جانچ کی جاتی ہے۔ بورڈ آف ڈائریکٹرز کی رہنمائی میں بینک رسک مینجمنٹ کی حکمت عملی پر عمل پیرا ہے۔ اس نظام کا باقاعدگی سے جائزہ لیا جاتا ہے اور اسے مزید بہتر بنانے کی کوشش کی جاتی ہے۔ اس سلسلے میں بین الاقوامی طریقہ کار اور اسٹیٹ بینک آف پاکستان کی ہدایات سے رہنمائی لی جاتی ہے۔

بینک کا کریڈٹ رسک کا نظام پالیسیز اور طریقہ کار پر مشتمل ہے جس کے ذریعے کریڈٹ رسک کو ہر سطح پر جانچا جاتا ہے۔ بینک میں قرضہ جات کی منظوری کیلئے ایک موثر طریقہ کار وضع کیا گیا ہے تاکہ کریڈٹ رسک کو کم ترین سطح پر رکھا جاسکے۔ بینک اپنے پورٹ فولیو کو مختلف اساس پر باقاعدگی سے جانچتا ہے اور پورٹ فولیو کے معیار کو بہتر بنانے کی ہر ممکن کوشش کی جاتی ہے۔

مارکیٹ رسک کو ALCO کے ذریعے مانیٹر کیا جاتا ہے جو کہ باقاعدگی سے ایسٹ اور لائیبلیٹیز کی ساخت اور دیگر عوامل کا جائزہ لیتی ہے۔ یہ کمیٹی خاص طور پر لیکویڈیٹی اور انٹرسٹ ریٹ رسک کا جائزہ لیتی ہے اور اس ضمن میں مختلف تجربات سے مدد لی جاتی ہے۔ بیزل سٹیئرنگ کمیٹی کے ذریعے مینجمنٹ کمیٹی کے موثر استعمال کو یقینی بناتی ہے اور اس ضمن میں CAR کی مطلوبہ سطح کے مقابل پوزیشن اور اسٹیٹ بینک آف پاکستان کی ہدایات پر عمل درآمد کا جائزہ لیا جاتا ہے۔

آپریٹنگ رسک مینجمنٹ کی لئے ایک جامع نظام اور طریقہ کار وضع کیا گیا ہے۔ آپریٹنگ رسک سے متعلقہ واقعات سے ماہی بنیاد پر انتظامیہ اور بورڈ کی رسک مینجمنٹ کمیٹی کو پیش کئے جاتے ہیں۔ بینک رسک مینجمنٹ کے ایک جدید اور خود کار نظام پر عمل درآمد کیلئے کوشاں ہے جس کے ذریعے رسک مینجمنٹ کے عمل کو مزید موثر بنایا جاسکے تاکہ منافع اور شیئر ہولڈرز کی ویلوی میں اضافہ ہو سکے۔

انفارمیشن ٹیکنالوجی

ایک ترقی پسند ادارے کی حیثیت سے بینک نے ہمیشہ اپنی توجہ انفارمیشن ٹیکنالوجی کے نظام کو مضبوط بنانے پر مرکوز رکھی ہے تاکہ اخراجات میں کمی، خدمات کے معیار میں بہتری، نئی مصنوعات کا آغاز اور انٹرنل کنٹرول کو مضبوط بنایا جاسکے۔ سال 2015ء کے دوران بینک نے ایک جدید بینکنگ سوفٹ ویئر "Flexcube" پر عمل درآمد شروع کیا تھا اور سال 2016ء کے اختتام پر بینک کی 51 شاخوں میں عمل درآمد مکمل ہو چکا تھا جبکہ بینک کے تمام نیٹ ورک میں 30 جون 2018ء تک نیا سوفٹ ویئر مکمل طور پر نافذ ہو جائے گا۔

بینک اپنی 453 برانچز بشمول 3 سب برانچز اور 274 ای ٹی ایم کے نیٹ ورک کے ذریعے صارفین کو 24/7 بینکنگ کی سہولیات مہیا کرتا ہے۔ سہولیات کو معیاری سطح پر برقرار رکھنے کے لیے تمام برانچوں کو دہرے آن لائن راپٹوں کے ذریعے لنک کیا گیا ہے۔ علاوہ ازیں بہترین آئی ٹی سیکورٹی کے ذریعے صارفین کو محفوظ انداز میں بینکنگ کی سہولیات فراہم کی گئی ہیں۔ کسی بھی ناگہانی صورت حال میں خدمات کا تسلسل برقرار رکھنے کے لیے ضروری اقدامات کیے گئے ہیں۔ انتظامیہ کو فیصلہ سازی میں مدد فراہم کرنے کے لیے جدید مینجمنٹ انفارمیشن سسٹم مہیا کیا گیا ہے۔

سپیشل اینسٹ بیجمنٹ

سپیشل اینسٹ بیجمنٹ گروپ کو بینک کے غیر فعال قرضہ جات کی ریکوری اور ریگولر ایڈجسٹمنٹ کا کام سونپا گیا ہے۔ اس ضمن میں ایک جامع حکمت عملی وضع کی گئی ہے جس کے ذریعے غیر فعال قرضہ جات کی جلد وصولی اور انہیں فعال بنانے کے لیے اقدامات کیے جا رہے ہیں۔ ان کاوشوں کو نتیجہ خیز بنانے کے لیے انتظامیہ نے روایتی اقدامات کے علاوہ نادہندگان کے خفیہ اثاثہ جات کے ذریعے وصولی کے لیے بھی اقدامات کئے ہیں۔ نادہندگان کے نام ایگزٹ کنٹرول لسٹ میں ڈالنے کے علاوہ قومی احتساب بیورو آرڈیننس 1999ء اور ایف آئی اے ایکٹ 1974ء کے تحت موثر اقدامات کو یقینی بنایا گیا ہے۔ ان اقدامات کے نتیجے میں نیب اور ایف آئی اے نے متعدد نادہندگان کے خلاف تحقیقات شروع کی ہیں اور اس ضمن میں جلد نتائج متوقع ہیں۔

برانچ نیٹ ورک

بینک کے کاروبار کو وسیع کرنے کی حکمت عملی پر عمل کرتے ہوئے کاروباری حجم اور آمدنی میں ترقی کے علاوہ دور دراز علاقوں کے لوگوں کے لیے بینکنگ سہولیات فراہم کرنے پر توجہ دی گئی ہے۔ سال 2016ء کے دوران پراجیکٹ ”سن رائز“ کے تحت 45 سمارٹ برانچیں کھولی گئی ہیں۔ اب 453 برانچوں بشمول 3 سب برانچوں کے ملک گیر نیٹ ورک کے ذریعے بینک اپنے صارفین کو خدمات مہیا کر رہا ہے۔ سال 2017ء کے دوران بینک 100 نئی برانچیں کھولنے کا ارادہ رکھتا ہے جس میں 55 سمارٹ برانچوں اور 10 سب برانچوں شامل ہیں۔

اسلامک بینکنگ

بینک نے ”تقویٰ اسلامی اسلامک بینکنگ“ کے نام سے سال 2013ء میں اسلامی بینکاری کا آغاز کیا جس کے ذریعے صارفین کو شرعی قوانین کے تحت بینکاری کی سہولیات فراہم کی جا رہی ہیں۔ اس ضمن میں بینک نے خاطر خواہ ترقی کی ہے اور اب بینک کا اسلامی بینکنگ نیٹ ورک 50 برانچوں بشمول 2 سب برانچوں پر مشتمل ہے جس کے ذریعے متعدد خدمات مہیا کی جا رہی ہیں۔ مستقبل میں مواقع کو مدنظر رکھتے ہوئے آئندہ سالوں میں اسلامی بینکنگ نیٹ ورک کو توسیع دی جائے گی اور نئی خدمات متعارف کرائی جائیں گی۔

بیجمنٹ سروسز

صارفین کی الیکٹرانک بینکنگ کی ضروریات کو مدنظر رکھتے ہوئے بیجمنٹ سروسز گروپ کے تحت مندرجہ ذیل سہولیات کو یکجا کیا گیا ہے:

- متبادل ذرائع ترسیل
- برانچ لیس بینکنگ
- BOP فون بینکنگ

بیجمنٹ سروسز گروپ اپنے صارفین کی مختلف ضروریات حاصل طور پر تیار کردہ خدمات اور سہولیات کے ذریعے پورا کر رہا ہے۔ بینک کی ان سہولیات کا موازنہ عالمی معیار سے کیا جاسکتا ہے اور ان کے ذریعے صارفین نہایت آسانی کے ساتھ اپنی کاروباری ضروریات پورا کر سکتے ہیں۔ اس ضمن میں مندرجہ ذیل اقدامات قابل ذکر ہیں:-

- BOP ڈیٹ ماسٹر کارڈ
- BOP فون بینکنگ اور کمپلیٹ بیجمنٹ یونٹ
- کسٹمر ریلیشن شپ بیجمنٹ سلوشن
- CTI کوئیک سنٹر سلوشن
- SMS بینکنگ
- یوٹیٹی بلز بیجمنٹ سسٹم
- انٹر بینک فنڈ ٹرانسفر

حکومت پنجاب کے غربت ختم کرنے کے مختلف اقدامات اور صوبہ میں گورننس بہتر بنانے کے لیے بینک بھر پور مدد فراہم کر رہا ہے۔ اس ضمن میں بینک نے اپنے نظام کو خاص طور پر بہتر بنایا ہے تاکہ خاص طور پر دور دراز علاقوں میں حکومت کے مختلف اقدامات میں مدد فراہم کی جاسکے۔ اس کے لئے خاص طور پر برانچ لیس بینکنگ کا آغاز کیا گیا ہے امداد کی ترسیل کو محفوظ بنانے کے لیے بینک نے بائیومیٹرک POS ڈیوائسز کا استعمال نادرا کے نظام سے منسلک کیا ہے۔ اس حوالے سے مندرجہ ذیل اقدامات قابل ذکر ہیں:-

- خدمت کارڈ کے ذریعے غرباء میں امداد کی تقسیم
- خادم اعلیٰ فلڈ ریلیف پروگرام کے تحت سیلاب زدگان کو امداد کی تقسیم
- وزیرستان کے بے گھر افراد کو امداد کی تقسیم
- پنجاب انڈومنٹ فنڈ کے تحت طلباء و طالبات میں وظائف کی تقسیم
- وزیر اعظم کسان پیکج کے تحت امداد کی تقسیم

E- سہولیات

بینک آف پنجاب کی فون بینکنگ کے ذریعے صارفین مختلف سہولیات کو آسانی کے ساتھ استعمال کر سکتے ہیں۔ بینک ان سہولیات کا دائرہ کار مزید وسیع کر رہا ہے اور سال 2017ء کے دوران مندرجہ ذیل سہولیات متعارف کرانے کا ارادہ رکھتا ہے:

- EMV- چپ میٹ کارڈ کا اجراء
- ATM نیٹ ورک میں توسیع
- موبائل بینکنگ کا آغاز
- BOP اسٹر کارڈ کے استعمال پر ڈسکاؤنٹ اور دیگر سہولیات
- خدمت کارڈ کے ذریعے طالبات میں وظائف کی تقسیم
- برانچ لیس بینکنگ میں ملکی سطح پر توسیع

ترسیلات زر

ترسیلات زر میں اضافہ کے لیے بینک خود کار نظام کے تحت ادائیگی کی حکمت عملی پر عمل کر رہا ہے۔ اس سلسلے میں بیرون ملک آپ بھی کمپنیوں کے ساتھ روابط کو بڑھایا جا رہا ہے جبکہ انٹرنیشنل فنڈز ٹرانسفر اور پری سیڈ کارڈز کے ذریعے ادائیگی کو بھی جلد متعارف کرایا جائے گا۔ سال 2016ء کے دوران بینک نے 45.7 ارب روپے کی 1 ملین سے زائد ترسیلات زر کی ادائیگیاں کی تھیں۔

گندم کی خریداری

سال 2016ء کے دوران بینک نے حکومت پنجاب کے لیے گندم کی خریداری کے لیے لیڈ اربنجر کے طور پر 194.5 ارب روپے کا انتظام کیا جبکہ سال 2015ء کے دوران اس مد میں 132.8 ارب روپے کا انتظام کیا گیا تھا۔

خود روزگار ”اپناروزگار اسکیم“

سال 2011-12ء کے دوران بینک نے حکومت پنجاب کی خود روزگار اسکیم کے تحت 20,000 گاڑیاں تعلیم یافتہ بیروزگار نوجوانوں میں تقسیم کیں۔ 99% کی شاندار وصولی کی شرح کی وجہ سے بیروزگار تعلیم یافتہ نوجوانوں میں 50,000 مزید گاڑیاں ”اپناروزگار اسکیم“ کے تحت تقسیم کی گئیں اور اس وقت بینک ملک میں آن لیز کاسب سے بڑا پورٹ فولیو چلا رہا ہے۔

انٹرنل کنٹرول

دی بینک آف پنجاب کا بورڈ آف ڈائریکٹرز رسک کے مختلف درجات کو کم کرنے اور ایک موثر انٹرنل کنٹرول کا نظام قائم کرنے کے لیے ذمہ دار ہے۔ بورڈ آف ڈائریکٹرز مینجمنٹ کی جانب سے پیش کی جانے والی انٹرنل کنٹرول سٹیٹمنٹ کی توثیق کرتے ہیں جو کہ اس سالانہ رپورٹ میں شامل ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعبیل

بورڈ آف ڈائریکٹرز کوڈ آف کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل سٹیٹمنٹ جاری کرتے ہوئے خوشی محسوس کرتے ہیں:

- بینک کے مالیاتی گوشوارے بینکنگ کمینیز آرڈیننس 1962ء اور کمینیز آرڈیننس 1984ء کے تحت تیار کیے گئے ہیں۔ یہ گوشوارے بینک کے مالی معاملات کی درست صورتحال، کیش فلوز اور ایکویٹی میں تبدیلی کی درست عکاسی کرتے ہیں اور مناسب مالی حسابات تیار کیے گئے ہیں۔
- مالی گوشوارے کی تیاری کے دوران مناسب اکاؤنٹنگ پالیسیز پر عمل کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط انداز میں لگائے گئے ہیں۔
- بینک نے مالیاتی گوشواروں کی تیاری میں انٹرنیشنل اکاؤنٹنگ سٹینڈرڈز (جو پاکستان میں بینکوں پر لاگو ہوتے ہیں) کی پاسداری کی ہے اور کسی انحراف کی صورت میں ضروری تفصیلات سالانہ حسابات میں دی گئی ہیں۔ انٹرنل کنٹرول کا نظام مکمل طور پر موثر ہے اور اس کی باقاعدہ نگرانی کی جاتی ہے۔
- بینک کی اپنے امور جاری رکھنے کی صلاحیت پر کسی طرح کے شکوک و شبہات نہیں ہیں۔
- کوڈ میں مذکور کارپوریٹ گورننس پر عمل کرنے میں کوئی اہم انحراف نہیں کیا گیا۔ جیسا کہ سٹیٹنگ ریگولیشن میں بیان کیا گیا ہے۔
- تمام قانونی ذمہ داریاں (اگر کوئی ہیں) مناسب طریقے سے مالی گوشواروں میں ظاہر کی گئی ہیں۔
- بینک کی ایکویٹی کو مضبوط بنانے اور قانونی ضروریات کو پورا کرنے کے لیے کوئی ڈیویڈنڈ نہیں دیا گیا۔
- تازہ ترین مالی گوشواروں میں سٹاف پروویڈنٹ فنڈ اور گریجویٹ فنڈ کی سرمایہ کاری کی مالیت بالترتیب 2,086,688 ہزار روپے اور 426,280 ہزار روپے تھی۔
- 31 دسمبر 2016ء کو بینک کا شیئر ہولڈنگ پیٹرن مالی حسابات کے صفحہ نمبر 250 پر موجود ہے۔

گزشتہ 6 سال سے متعلقہ اہم آپریٹنگ اور مالی اعداد و شمار مالی حسابات کے صفحہ نمبر 11 پر دیئے گئے ہیں۔
کوڈ آف کارپوریٹ گورننس کی تعمیل سے متعلق بیان مالی حسابات کے صفحہ نمبر 45 پر دیا گیا ہے۔

سال 2016ء کے دوران بینک کے بورڈ آف ڈائریکٹرز کے 19 اجلاس ہوئے جن کی تفصیل مندرجہ ذیل ہے:-

حاضری	ڈائریکٹر کا نام
3	عبدالغفور مرزا (*)
2	ڈاکٹر پرویز طاہر (**)
8	نعیم الدین خان
7	محمد جہانزیب خان
9	خواجہ فاروق سعید
9	سعید انور
5	ڈاکٹر عمر سیف
7	سید مراتب علی
2	عمر سعید
9	محمد افضال بھٹی
6	ڈاکٹر محمد امجد ثاقب (***)
0	شوکت علی (****)

(*) عبدالغفور مرزا، چیئر مین 11 جون 2016 کو ریٹائر ہو گئے تھے۔

(**) ڈاکٹر پرویز طاہر نے چیئر مین کا چارج 31 اگست 2016 کو سنبھالا۔

(***) ڈاکٹر محمد امجد ثاقب، ڈائریکٹر کوالٹی اینڈ بینک آف پاکستان نے 3 مارچ 2016 کو FPT کے تحت کلیئرنس دی۔

(****) شوکت علی، ڈائریکٹر کوالٹی اینڈ بینک آف پاکستان نے 21 جون 2016 کو FPT کے تحت کلیئرنس دی۔ شوکت علی نے بورڈ کے کسی اجلاس میں شرکت نہیں کی اور انہیں عمرے کی ادائیگی کیلئے بورڈ

کے 231 ویں اجلاس میں رخصت دی گئی اور بورڈ کے 232 ویں اجلاس کے ریکارڈ کے مطابق انکی ٹرانسفر ریونیوڈ پارٹنٹ میں ہو گئی اور وہ چار ماہ کی ٹریڈنگ کے لئے چلے گئے۔

سال 2016ء کے دوران بورڈ آف ڈائریکٹرز کی سنٹرل آڈٹ کمیٹی کے 14 اجلاس مندرجہ ذیل حاضری کے ساتھ منعقد ہوئے:

حاضری	ڈائریکٹر کا نام
4	خواجہ فاروق سعید
4	سعید انور
1	عمر سعید
4	محمد افضال بھٹی

سال 2016ء کے دوران بینک کے بورڈ آف ڈائریکٹرز کی رسک مینجمنٹ کمیٹی کے 13 اجلاس مندرجہ ذیل حاضری کے ساتھ منعقد ہوئے:

حاضری	ڈائریکٹر کا نام
3	سید مراتب علی
3	سعید انور
0	عمر سعید

سال 2016ء کے دوران بینک کے بورڈ آف ڈائریکٹرز کی ہیومن ریسورس اینڈ ریویژن کمیٹی کے 13 اجلاس مندرجہ ذیل حاضری کے ساتھ منعقد ہوئے:-

حاضری	ڈائریکٹر کا نام
3	محمد جہانزیب خان
2	خواجہ فاروق سعید
0	ڈاکٹر عمر سیف
3	نعیم الدین خان
1	محمد افضل بھٹی (*)
1	سید مراتب علی (**)

(*) و (**): محمد افضل بھٹی اور سید مراتب علی، ڈائریکٹرز/ممبرز نے بورڈ کے 14 مارچ 2016 کو منعقد ہونے والے 228 ویں اجلاس میں کمیٹی کی تشکیل نو کے بعد 19 اکتوبر 2016 کو منعقد ہونے والے کمیٹی کے اجلاس میں شرکت کی۔

سال 2016ء کے دوران بینک کے بورڈ آف ڈائریکٹرز کی NPL ریویو کمیٹی کے 12 اجلاس مندرجہ ذیل حاضری کے ساتھ منعقد ہوئے:

حاضری	ڈائریکٹر کا نام
2	سید مراتب علی
2	سعید انور
2	خواجہ فاروق سعید
2	محمد افضل بھٹی

سال 2016ء کے دوران بینک کے دو ڈائریکٹرز نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کے زیر اہتمام ٹریننگ کورس میں شرکت کی۔

کریڈٹ ریٹنگ

بینک کی رسک پروفائل میں بہتری کے پیش نظر پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی طویل مدتی ریٹنگ "AA-" سے بڑھا کر "AA" کر دی جبکہ قلیل مدتی ریٹنگ کو "A1+" کی اعلیٰ ترین سطح پر برقرار رکھا گیا۔ سینڈرز ریٹنگ سکیل کے مطابق "AA" ریٹنگ بہت کم درجے کے کریڈٹ رسک کو ظاہر کرتی ہے۔ یہ ریٹنگ مالیاتی وعدوں کی بروقت ادائیگی کی صلاحیت کو ظاہر کرتی ہے۔ اسی طرح "A1+" کی قلیل مدتی ریٹنگ ادائیگیوں کی اعلیٰ ترین صلاحیت کو ظاہر کرتی ہے۔

ذیلی ادارہ

پنجاب مضاربہ سروسز پرائیویٹ لمیٹڈ بینک کا کل ملکیتی ذیلی ادارہ ہے جو فرسٹ پنجاب مضاربہ کو چلا رہا ہے۔ سال 2016ء کے اختتام پر ذیلی ادارے کے نیٹ ایسٹ 32.732 ملین روپے تھے جو کہ 31 دسمبر 2015ء کو 26.883 ملین روپے تھے۔

سال 2017ء کے لیے حکمت عملی

حالیہ کارکردگی کے پیش نظر بینک کاروبار میں ترقی کی حکمت عملی پر عمل جاری رکھے گا اور ملک میں دائرہ کار کو پھیلا جائے گا تاکہ بینک کے کاروباری حجم اور منافع میں اضافہ کیا جاسکے۔ نئی ٹیکنالوجی کے استعمال خاص طور پر نئے کوریٹنگ سسٹم پر عمل درآمد سے بینک کے آپریشنز میں بہتری آئے گی اور کنٹرول کو بہتر بنانے میں مدد ملے گی۔ بینک CPEC کی اہمیت اور اس کے نتیجے میں پیدا ہونے والے مواقع سے مکمل طور پر آگاہ ہے۔ بینک اس ضمن میں مواقع سے فائدہ اٹھانے اور ملکی ترقی میں اہم کردار ادا کرنے کے لیے مکمل طور پر تیار ہے۔ علاوہ ازیں غیر فعال قرضہ جات کی وصولی اور بحالی بینک کی اولین ترجیح رہے گی اور اس سلسلے میں تمام ممکن اقدامات کیے جائیں گے۔

آڈیٹرز

بینک کے موجودہ آڈیٹرز میسرز ڈیلائیٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس اپنی پانچ سالہ مدت پوری کر چکے ہیں اور کوڈ آف کارپوریٹ گورننس کے تحت سال 2017 کے لیے نئے آڈیٹرز کی تعیناتی مطلوب ہے۔ بینک کے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز پر میسرز EY فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس کی سال 2017 کے لیے بینک کے آڈیٹرز کے طور پر تعیناتی تجویز کی ہے۔

اظہار تشکر

میں سٹیٹ بینک آف پاکستان اور حکومت پنجاب کے تعاون اور مدد کا شکر یہ ادا کرتا ہوں۔ میں بینک کے شیئرز ہولڈرز اور معزز صارفین کی مسلسل سرپرستی پر ان کا مشکور ہوں اور بینک کے شاف کی لگن اور محنت یعنی طور پر لائق تحسین ہے۔

ڈاکٹر پرویز طاہر
چیئر مین



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Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Rule Book of Pakistan Stock Exchange (PSX) 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 Bank has applied the principles contained in the Code 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	No.	Names
Independent Directors	3	1. Khawaja Farooq Saeed 2. Mr. Saeed Anwar 3. Mr. Omar Saeed
Executive Directors	1	1. Mr. Naeemuddin Khan
Non-Executive Directors	7	1. Dr. Pervez Tahir 2. Mr. Mohammad Jehanzeb Khan 3. Mr. Hamed Yaqoob Sheikh (*) 4. Mr. Mohammed Afzaal Bhatti 5. Dr. Umar Saif 6. Syed Maratib Ali 7. Dr. Muhammad Amjad Saqib

(*) Joined Board of Directors after SBP, Fit & Proper Test Clearance on January 09, 2017.

- The independent directors meet the criteria of independence under clause 5.19.1.(b) of PSX Rule Book.
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 directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by the stock exchange.
 4. No casual vacancy, out of elected directors, occurred during the period. The vacancy occurring on the Board due to retirement of Chairman on June 11, 2016 was filled through appointment by the Government of Punjab on August 31, 2016.
 5. Bank has prepared a "Code of Conduct" and appropriate steps have been taken to disseminate it throughout the Bank along with its placement on Bank's website.
 6. The Board has developed a vision / mission statement and overall corporate strategy. The Board has also developed significant policies of the Bank and 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 have been taken by the board. However, the President / CEO have been appointed with remuneration and terms & conditions of his service determined by the Government of the Punjab (Government) as per Section 11(1) of the BOP Act, 1989.
 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 except for two meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The Board has appropriate arrangements in place for orientation of its directors to apprise them of their duties and responsibilities. Two directors including Chairman of the Board attended the training program during the period under review.
10. The CFO was appointed prior to the implementation of Code of Corporate Governance. The Board retained the services of Company Secretary for a period of two years after attaining the age of superannuation on October 22, 2016. The services of Head of Internal Audit were confirmed by the Board on recommendations of the Chairman CAC w.e.f. November 16, 2015.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, Chairman and two members of the Committee are independent directors.
16. The Annual Audited Financial Statements for the year ended December 31, 2015 were recommended by the Central Audit Committee along with Un-audited statements for the quarter ended March 31, 2016 in 2nd quarter of the year 2016 due to receipt of certain approvals from the regulator after close of the 1st quarter. However, subsequent to that, meetings of the Audit Committee were held in each quarter prior to approval of Interim and Final Results of the Bank and as required by Code of Corporate Governance. The Terms of Reference/Charter of the Audit Committee has already been approved by the Board.
17. The Board has formed a Human Resource & Remuneration Committee. It comprises of four members, of whom two are non executive directors and the Chairman of the Committee is also a non-executive Director. President/CEO in his Ex-Officio capacity is an Executive Director/Member.
18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Bank and are involved in internal audit function on full time basis.
19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Rule Book of Pakistan Stock Exchange (PSX) 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 requirement 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 Code of Corporate Governance have been complied with except for the following, where the corresponding provision(s) of The Bank of Punjab Act, 1989 have been complied.

Reference Clauses from Code of Corporate Governance	Corresponding Provisions of The Bank of Punjab Act - 1989
<p>(iii) 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.</p> <p>(vi) The Chairman shall be elected from among the non-executive directors of the listed company.</p>	<p>Section 14 A Director appointed by the Government, other than President, shall hold office during the pleasure of Government.</p> <p>Section 15(1) Any vacancy occurring on the Board by the death, resignation, removal or disqualification of any Director shall be filled by the remaining Directors, who shall co-opt a duly qualified person to fill the vacancy.</p> <p>Provided that where a vacancy occurs in the office of a Director appointed by the Government, the vacancy shall be filled only by appointment by the Government.</p> <p>Section 10(2) The Chairman of the Board shall be nominated by the Government from amongst official Directors.</p> <p>Further, in terms of Section 10(3), the Chairman shall preside over the meetings of the Board and shall have a casting vote, but he shall not exercise any executive authority or powers.</p>

For and on behalf of the Board

Naeemuddin Khan
President/CEO

REVIEW REPORT TO THE MEMBERS

On Statement Of Compliance With The Best Practices Of The Code Of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of The Bank of Punjab (the Bank) to comply with the requirements of Regulations contained in the Rule Book of Pakistan Stock Exchange Limited, where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement 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 personnel and review of various documents prepared by the Bank to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board'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 for their consideration and approval 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, recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2016.

Further, we highlight the state of compliance with certain requirement of the code as reflected in the paragraphs 8 and 16 of the Statement which relate to two instances of circulation of board meeting notice (s) less than seven days before the meeting; and one quarter where meeting of Central Audit Committee was not held due to receipt of certain regulatory approvals subsequent to the quarter.

Chartered Accountants

**Engagement Partner:
Nadeem Yousuf Adil**

Dated: March 29, 2017
Place: Karachi

REPORT OF SHARIAH BOARD

(For the Financial year 2016)

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Taqwa Islamic Banking The Bank of Punjab (TIB BOP) are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of TIB BOP.

1. In line with IBD Circular No. 1 of 2015 dated April 07, 2015 issued by State Bank of Pakistan (SBP), the Shariah Governance Framework (SGF) has come into force with effect from July 1st, 2015. In compliance of the said circular Shariah Board became effective in October 2015.

Four (04) Shariah Board meetings have been held during the year 2016. Minutes of meetings have been subsequently submitted in Islamic Banking Department of SBP.

One (01) meeting of Shariah Board with Board of Directors of the bank was held in the year 2016 to discuss the performance of TIB BOP and importance of Shariah Governance Framework of SBP.

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

Category of TIB BOP operations is overall satisfactory as per details given below:

- I. TIB BOP has by and large complied with Shariah rules and principles in the light of fatawa, rulings and guidelines issued by RSBM / Shariah Board.
- II. TIB BOP has by and large complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP.
- III. TIB BOP has a satisfactory mechanism in place to ensure Shariah compliance in their overall operations.

- IV. Business affairs of TIB BOP, especially with reference to transactions, relevant documentation and procedures performed and executed by the Bank during the year 2016 are, by and large, in conformity with the principles and guidelines of Shariah and other guidelines issued by Shariah Board and SBP.

- V. Following are products, services and policies developed by the bank in 2016. The same were reviewed and approved by the Shariah Board.

- a. Islamic Banking Staff Finance Policy/ Guidelines
- b. Shariah Compliance Policy
- c. Shariah Compliance Manual
- d. Shariah Compliance Checklist
- e. Operations Manual
- f. Profit & Loss Distribution Policy Framework
- g. Policy of Charity Fund
- h. Treasury Investment Policy
- i. Sale & Lease Back Policy
- j. Letter of Credit Sight/Usance
- k. Running Musharakah Product

- VI. Shariah Compliance Department (SCD) was working with 02 staff members. One Shariah Scholar member is added to the strength of Shariah Compliance Department to enhance the effective control over Shariah Compliance environment of TIB BOP. The management has ensured that department shall be further strengthened in near future.

- VII. TIB BOP has a proper system in place to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized. Detail of the charity fund is available in the statement of financial position of TIB BOP (annexure I of Annual Report 2016 BOP).

- VIII. TIB BOP has overall acceptable system of profit and loss distribution. Profit is being

properly distributed to all saving account holders on Mudarabah principles.

- IX. Trained Human Resource is extremely vital for the success of Islamic Banking Industry. Nine (09) training sessions were conducted and three hundred eight (308) staff members were trained during the year 2016.
 - X. Shariah Board has been provided adequate resources enabling it to discharge its duties effectively.
 - XI. TIB BOP management is making efforts to implement SGF of SBP; however extra efforts are advised to meet all the requirements of SGF in true letter and spirit.
3. There are following significant Shariah related issues which need to be addressed:
- I. Presently the pool management system is being operated manually on excel base system. It is advised that TIB BOP should have a fully automated IT system without human interventions to meet the criteria of pool management as advised by SBP.
 - II. On the training segment, being an ongoing activity it is advised that more specialized product training sessions along with the Shariah Essentials training should be conducted to further improve the knowledge of the staff.
 - III. Internal Shariah Audit Unit is established under the umbrella of Audit & RAR Group and working with one staff member. Management is advised to fill the vacant positions of the unit as soon as possible.
 - IV. The Bank's Shariah Compliance Department should make extra efforts to understand the customer's business model before formulation of process flow of any facility. In this regard frequent customer meetings, factory visits, reviews of business processes and transactions should be undertaken.
 - V. Strategy for replacement of conventional insurance of Branch premises, lockers, cash etc with Islamic system should be made as soon as possible.

VI. Employment contracts, Staff Health Insurance, Provident Fund and Retirement benefits of the employees working under TIB BOP should be reviewed and brought in line with Shariah rulings available in the matter.

VII. Staff Finance Policy has been approved by the Shariah Board but it could not be implemented. Resultantly, the employees of TIB BOP are bound to utilize facilities of the conventional banking. It is strongly recommended that Staff Finance Policy approved by Shariah Board of the bank should be implemented.

4. The Shariah Board of TIB BOP is satisfied with overall performance and operations of Taqwa Islamic Banking The Bank of Punjab and hope that the management will keep following Shariah Board and SBP's instructions, will take concrete measures to improve and strengthen Shariah compliance and play pivotal role in sound and transparent growth of Islamic Banking country-wide.

Mufti Muhammad Zahid
Chairman Shariah Board

Dr. Ejaz Ahmed Samadani
Member Shariah Board

Dr. Muhammad Mushtaq Ahmed
Resident Shariah Board Member

Dated: 19 January 2017



**DELIVERING THE
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BOP Taqwa Islamic Banking is honored to provide the best Shariah compliant products and services, approved by the Shariah Board, to our valued customers through our wide network of branches across urban and rural cities.

شریعی بورڈ رپورٹ (برائے مالی سال-2016)

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

شریعی بورڈ کے طور پر ہماری ذمہ داری "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" کے آپریشنز میں شرعی اصول و ضوابط کی تعمیل سے متعلق رپورٹ کا اجراء ہے۔ جبکہ بورڈ آف ڈائریکٹرز اور بینک کی ایگزیکٹو مینجمنٹ ہمہ وقت "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" میں شرعی اصولوں اور قوانین کے نفاذ کے کلی طور پر ذمہ دار ہیں۔

1- اسٹیٹ بینک آف پاکستان کے جاری کردہ سرکلر نمبر 1/2015 کے مطابق Shariah Governance Framework (SGF) یکم جولائی 2015 سے مؤثر طور پر لاگو ہو چکا ہے اور اسکی تعمیل کے طور پر شریعی بورڈ کا قیام "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" میں اکتوبر 2015 سے عمل میں آچکا ہے۔ سال 2016 میں شریعی بورڈ کے چار اجلاس منعقد ہوئے ہیں اور اجلاس کی تفصیلات اسٹیٹ بینک آف پاکستان کے اسلامی بینکنگ ڈیپارٹمنٹ میں جمع کی جا چکی ہیں۔ 2016 میں شریعی بورڈ کا ایک اجلاس بینک کے بورڈ آف ڈائریکٹرز کے ساتھ بھی ہوا جس میں "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" کی کارکردگی اور اسٹیٹ بینک کے جاری کردہ Shariah Governance Framework (SGF) کی اہمیت اور نفاذ پر گفتگو ہوئی۔

2- ہماری رائے کی بنیاد جیسا کہ ہم نے اس رپورٹ میں ذکر کیا ہے شریعی کمپلائنس کے ڈیپارٹمنٹ نے بینک ہذا کے تمام طرح کے امور کا بشمول متعلقہ دستاویزات اور لائحہ عمل کا نمونے کے طور پر جائزہ لیا ہے۔ مزید یہ کہ ہم نے شعبہ اندرونی شریعی آڈٹ کی رپورٹس کا بھی جائزہ لیا ہے۔ درج بالا کی بنیاد پر ہمارا نقطہ نظر یہ ہے۔

"تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" کے آپریشنز مجموعی طور پر تسلی بخش ہیں جسکی تفصیل درج ذیل ہے۔

I- "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" مجموعی طور پر شریعی بورڈ اور ریزولوشن شریعی بورڈ ممبر سے جاری شدہ فتاویٰ اور اصول و ضوابط پر کاربند رہا ہے۔
II- "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" اسٹیٹ بینک آف پاکستان کے شریعی سے متعلق جاری کردہ احکامات، قواعد و ضوابط، ہدایات اور رہنما اصولوں پر مجموعی طور پر کاربند رہا ہے۔

III- "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" میں آپریشنز کو شریعی کمپلائنس بنانے کیلئے تسلی بخش نظام موجود ہے۔

IV- 2016 کے دوران کیے گئے "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" کے معاملات خاص طور پر لین دین کے حوالے سے متعلقہ دستاویزات اور طریقہ کار کی کارکردگی مجموعی طور پر شرعی قواعد و ضوابط اور شریعی بورڈ کی طرف سے جاری شدہ ہدایات کے مطابق پائی گئیں۔

V- 2016 میں بینک نے درج ذیل نئی پراڈکٹس، سروسز اور پالیسیاں وضع کی ہیں جو کہ ریزولوشن شریعی بورڈ ممبر اور شریعی بورڈ نے جائزہ لینے کے بعد منظور کر دی ہیں۔

a- اسلامی بینکنگ سٹاف فنانس پالیسی/ گائیڈ لائن

b. شریعی کمپلائنس پالیسی

c. شریعی کمپلائنس مینول

d. شریعی کمپلائنس چیک لسٹ

e. آپریشنز مینول

f. پرافٹ اینڈ لاس ڈسٹریبیوشن پالیسی فریم ورک

g. پالیسی آف چیریٹی فنڈ

h. ٹریڈری انویسٹمنٹ پالیسی

i. سیل اینڈ لیز بینک پالیسی

j. لیٹر آف کریڈٹ سائٹ/ پوزٹس

k. رنگ مشارکہ پراڈکٹ

VI. شریعی کمپلائنس ڈیپارٹمنٹ دو افراد پر مشتمل تھا۔ شریعی کمپلائنس ڈیپارٹمنٹ کو مزید مستحکم بنانے کیلئے ایک شریعی سیکلر کا اضافہ کیا گیا ہے تاکہ "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" کے شریعی کمپلائنس کو مزید مؤثر کیا جائے۔ انتظامیہ نے اس بات کی یقین دہانی کروائی ہے کہ اس ڈیپارٹمنٹ کو مزید مضبوط کیا جائے گا۔

VII- ممنوعہ ذرائع سے ہونے والی آمدن کو خیراتی اکاؤنٹ میں منتقل کرنے اور اسکے مؤثر استعمال کو یقینی بنانے کیلئے "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" میں ایک

- مؤثر نظام موجود ہے۔ خیراتی رقم کی تفصیل بینک کی "سالانہ مالیاتی رپورٹ" میں موجود ہے۔
- VIII "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" میں نفع و نقصان کو تقسیم کرنے کا ایک قابل قبول نظام موجود ہے اور "سیونگ اکاؤنٹ" میں "مضاربہ" کے اصولوں کے مطابق کھاتہ داروں میں مناسب طریقہ سے منافع تقسیم کیا جا رہا ہے۔
- IX باصلاحیت افراد کا اسلامی بینکنگ کی صنعت کی کامیابی کے لیے انتہائی اہم ہیں۔ رواں سال 9 تربیتی مجالس منعقد کی گئی ہیں جس میں 308 افراد کو تربیت دی گئی ہے۔
- X شریعہ بورڈ کو مناسب وسائل مہیا کر دیے گئے ہیں تاکہ وہ اپنی ذمہ داریوں کو احسن اور مؤثر طریقہ سے سرانجام دے سکے۔
- XI "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" کی انتظامیہ اسٹیٹ بینک آف پاکستان کے جاری کردہ Governance Framework Shariah (SGF) کے تمام تقاضوں کو اسکی صحیح روح کے مطابق نافذ کیا جاسکے۔

- 3- شریعہ سے متعلق مندرجہ ذیل کچھ اہم امور ہیں جنکی نشاندہی ضروری ہے:
- I- فی الحال پول بینجمنٹ خود کار نظام کے تحت نہیں ہے "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" کو "اسٹیٹ بینک آف پاکستان" کی ہدایت کے مطابق اپنے "آئی ٹی" کے نظام کو مضبوط بنانا چاہیے تاکہ پول بینجمنٹ خود کار نظام کے تحت آجائے۔
- II- ٹریڈنگ ایک مسلسل جاری رہنے والا عمل ہے لہذا ہدایت کی جاتی ہے کہ پراڈکٹ اور اسکے اہم شرعی پہلوؤں کے حوالے سے بینک کے سٹاف کی علم و آگہی کو مزید بہتر بنانے کے لیے مجالس منعقد کروائی جائیں۔
- III- "انٹرنل شریعہ آڈٹ" کا یونٹ ایک سٹاف ممبر پر مشتمل "آڈٹ اور RAR" کے ڈیپارٹمنٹ کے تحت قائم ہو چکا ہے اور کام کر رہا ہے۔ بینجمنٹ کو ہدایت کی گئی ہے کہ اس یونٹ میں خالی پوزیشنز کو جلد از جلد پر کیا جائے۔
- IV- بینک کے شریعہ کمپلائنس ڈیپارٹمنٹ کو کسی بھی فیڈبیلٹی کے طریقہ کار کو مرتب کرنے سے پہلے کسٹمر کے کاروبار کے ماڈل کو اچھی طرح سمجھ لینا چاہیے۔ اس حوالے سے کسٹمر کیساتھ ملاقات، کاروباری یونٹ کا دورہ بھی ہونا چاہیے اور کاروبار کے لائحہ عمل اور لین دین کے معاملات کا جائزہ لینا چاہیے۔
- V- بینک کی بلڈنگ، لاکرز، اور بینک میں موجود کیش کی کنٹینرل انشورنس کو اسلامی طریقہ کار کے تحت لانے کی حکمت عملی جلد از جلد بنائی جائے۔
- VI- "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" میں سٹاف کا بینک کے ساتھ معاہدہ ملازمت، ہیلتھ انشورنس، پراویڈنٹ فنڈ اور ملازمین کے ریٹائرمنٹ فنڈز کے معاملات کو شرعی قوانین کے دائرہ میں لایا جائے۔
- VII- سٹاف فائنانس پالیسی شریعہ بورڈ سے منظور ہو چکی ہے لیکن ابھی تک لاگو نہیں ہو پائی۔ نتیجتاً تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" کے ملازمین ضرورت کی صورت میں کنٹینرل کی سٹاف فائنانس پالیسی والی سہولیات استعمال کرنے پر مجبور ہیں۔ اس بات کی سفارش کی جاتی ہے کہ شریعہ بورڈ سے منظور شدہ سٹاف فائنانس پالیسی کو لاگو کیا جائے۔

- 4- شریعہ بورڈ "تقویٰ اسلامی بینکنگ دی بینک آف پنجاب" بینک ہذا کی مجموعی کارکردگی اور امور سے مطمئن ہے اور امید کرتا ہے کہ انتظامیہ شریعہ بورڈ اور اسٹیٹ بینک آف پاکستان کی ہدایات پر عملدرآمد کو یقینی بنائے گی، شریعہ قوانین اور اصولوں کی پابندی کو بہتر اور مضبوط بنانے کے لیے ٹھوس اقدامات کریگی اور ملکی سطح پر اسلامی بینکنگ کی مضبوط اور شفاف نشوونما کیلئے اہم کردار ادا کریگی۔

واللہ سبحانہ و تعالیٰ اعلم

مفتی محمد زاہد

چیئر مین شریعہ بورڈ

ڈاکٹر مفتی محمد مشتاق احمد

ممبر شریعہ بورڈ

ڈاکٹر مفتی اعجاز احمد صدیقی

ممبر شریعہ بورڈ

STATEMENT OF internal controls

The Management of The Bank of Punjab (the "Bank") acknowledges its responsibility for establishing and maintaining an adequate and effective system of internal control to provide reasonable assurance to achieve the following:

- Efficiency and effectiveness of the operations;
- Reliability of financial reporting;
- Compliance with applicable laws and regulations.

The internal control system encompasses policies and procedures relating to all processes, products and activities of the bank's operations. All significant policies and procedural manuals are in place, which are reviewed, revised, and improved to keep them current with latest activities and challenges.

Implementing State Bank of Pakistan (the "SBP") Guidelines on Internal Controls, to place an effective internal control system has been the Bank's top priority. Compliance & Internal Control Division (C&ICD) has been entrusted with remediation of internal control deficiencies and maintaining the system on an ongoing basis. During the year 2016, walkthrough of processes and activities were conducted to update related processes, risks and control documentation. C&ICD also ensures implementation of control design improvements recommended by Audit & RAR Group (A & RAR), SBP and External Auditors.

The A & RAR, independent from Management, is entrusted with the supervisory function with respect to the review of internal controls. A & RAR evaluates, validates, monitors and contributes to ongoing effectiveness of control systems as part of its scope. It periodically reports significant findings, directly to the Central Audit Committee (CAC) of the Board. The A & RAR is also entrusted with the function to assess adequacy and effectiveness of the control activities as well as testing implementation of and compliance with all the prescribed policies and procedures. The

management expeditiously takes up the findings and observations of Audit Group, SBP and Bank's External Auditors to ensure implementation of control design improvements.

The Bank has put in place all stages of SBP roadmap on Internal Control over Financial Reporting (ICFR). External Auditor of the Bank also evaluates the effectiveness of ICFR system through a special review, and a Long Form Report (LFR) is submitted to SBP as per regulatory requirements. During the year under review, we have endeavored to follow the guidelines issued by SBP on ICFR for evaluation and management of significant risks and shall continue further improvements in Internal Controls System.

Internal Controls System evolves continuously and hence its evaluation is an ongoing process. This statement of internal controls is based on the management's assessment towards various aspects of the Internal Controls System of the Bank. The Internal Control Systems of the Bank are designed to minimize and manage risks rather than eliminate the risk of failure to achieve the desired objectives; hence it can only provide reasonable assurance and not absolute assurance, against material misstatement or loss. The system of internal control followed by the Bank is considered to be adequate in design and is being implemented and continuously monitored.

Naemuddin Khan
President / CEO

NOTICE OF ANNUAL general meeting

Notice is hereby given that the 26th Annual General Meeting of the members of The Bank of Punjab will be held at Sapphire Banquet Hall, New Garden Town, Lahore on Friday, 28th April, 2017 at 9:30 a.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of Extra Ordinary General Meeting held on December 19, 2016.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Bank of Punjab for the year ended December 31, 2016 together with the Director's and the Auditors' reports thereon.
3. To appoint Auditors for the year ending December 31, 2017 and to fix their remuneration.

Special Business:

1. Conversion of TFCs into Ordinary Shares of the Bank upon the occurrence of a Point of Non-Viability as determined by the State Bank of Pakistan.

"RESOLVED THAT with respect to the Term Finance Certificate Issue ("TFCs") of The Bank of Punjab ("Bank") in the amount of PKR 2,500,000,000/- (Pak Rupees Two Billion Five Hundred Million) pursuant to the terms of the Trust Deed dated December 6, 2016 and in accordance with the directions of the State Bank of Pakistan's ("SBP") instructions regarding loss absorbercy as provided under the 'Instructions for Basel III Implementation in Pakistan' ("Basel III Rules") issued under BPRD Circular # 06 dated August 15, 2013 as amended from time to time, in the event SBP exercises its option to convert the TFCs into ordinary shares of the Bank upon the occurrence of a Point of Non-Viability ("PONV"),

such ordinary shares shall be issued other than by way of rights in accordance with the proviso provided under section 86(1) of the Companies Ordinance, 1984 ("Additional Shares").

FURTHER RESOLVED that the issuance of such Additional Shares shall be based on the market value of the shares of the Bank on the date of trigger of PONV as declared by SBP and shall be subject to a cap of 207,000,000 (Two Hundred and Seven Million) additional ordinary shares being issued, or such other number as may be agreed to in consultation with SBP and shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with the proviso under section 86(1) of the Companies Ordinance, 1984.

FURTHER RESOLVED that the President/CEO or Company Secretary of the Bank, be and are hereby singly authorized to take all steps, necessary, ancillary and incidental to the above and are further authorized to sign execute and deliver all necessary documents, agreements and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned."

2. Any other item of business with the permission of the Chair.

By order of the Board

Raza Saeed
Secretary to the Board
Lahore: April 07, 2017

NOTES

01. The Register of Members and the Share Transfer Books of the Bank shall remain closed for transfer from 21-04-2017 to 27-04-2017 (both days inclusive).
02. All members are entitled to attend the meeting; however, the right of vote is restricted to those who are registered as such for a period of not less than three months prior to the date of the meeting as per section 17(1) of The Bank of Punjab Act, 1989.
03. Proxies in order to be effective must be deposited at the Corporate Affairs Department of the Bank, BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore not less than 48 hours before the meeting. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. 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) along with proxy form to the Company.
04. A member is entitled to appoint another member as proxy to attend the meeting.
05. The members should quote their Folio number in all correspondence with the Bank and at the time of attending the Meeting.
06. Members are requested to promptly notify any change in their addresses to our Registrar M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore before book closure so that entitlement, if any, be dispatched at the correct addresses.
07. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular 01 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan:

A. FOR ATTENDING THE MEETING

- i) In case of individual, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors; resolution/power of attorney with specimen signature of the nominee shall have to be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES

- i) In case of individual, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall have to be submitted (unless it has been provided earlier) along with proxy form to the Company.
08. Entry of the member or his/her duly authorized person will be on strict identification as per specimen signature on the Bank's record.
 09. SECP vide SRO # 787 (I)/2014 dated 8th September, 2014 has allowed companies to circulate Annual Audited Financial Statements along with notice of Annual General Meeting to its members through e.mail. Shareholders who desire to receive the Bank's Annual Audited Financial Statements and notice of Annual General Meeting through e.mail, in future, are requested to fill the requisite form available on Bank's Website i.e. www.bop.com.pk.

In case any member who has provided consent to receive Annual Audited Financial Statements and notice of Annual General Meeting through e-mail subsequently requests for a hard copy, the same shall be provided free of cost within 7 days of the receipt of such request.

10. Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if Bank receives consent form from the members holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to the Corporate Affairs Department, Lahore.

I/We _____ of _____ being a member of The Bank of Punjab, holding _____ ordinary shares as per registered Folio/CDC Account

No. _____ hereby opt for video conference facility at _____.

Signature of Member(s)

The Bank will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

A Statement under Bank's Bye-Laws # 18-IV(ii) and Statement under Section 160(1)(b) of the Companies Ordinance 1984

Conversion of TFCs into Ordinary Shares of the Bank upon the occurrence of a Point of Non-Viability as determined by the State Bank of Pakistan.

On December 23, 2016, The Bank of Punjab ("Bank") issued Term Finance Certificates in the amount of PKR 2,500,000,000/- (Pak Rupees Two Billion Five Hundred Million) ("TFCs") to raise Tier 2 Capital. This privately placed, rated, unsecured and subordinated issue was raised to comply with the State Bank of Pakistan's ("SBP") regulation to maintain the minimum Capital Adequacy Ratio ("CAR").

SBP through BSD Circular No. 7 dated April 15, 2009 had directed all banks to achieve and maintain the minimum CAR of 10% by December 2013. SBP vide its Circular No. 6 of Banking Policy and Regulation Department ("BPRD") dated August 15, 2013 ("Basel III Circular"), covering Basel III reforms, gave a roadmap to increase the minimum CAR upto 12.5% in a phased manner by December 31, 2019.

As per the requirements of Basel III under the aforementioned Basel III Circular, the terms and conditions of the TFCs must have a provision of "loss absorbency" for it to be qualified as a Tier 2 Capital instrument.

The relevant portion of the Basel III Circular relating to "loss absorbency" is reproduced below:

"A-5-3 Loss Absorbency of Non-Equity Capital Instruments at the Point of Non-Viability

i. The terms and conditions of all non-CET1 and Tier 2 instruments issued by banks must have a provision in their contractual terms and conditions that the instruments, at the option of the SBP, will either be fully and permanently converted into common share or immediately written off upon the occurrence of a non-viability trigger event called the Point of Non-Viability (PONV) as described below;

- ii. The PONV trigger event is the earlier of;
 - a. A decision made by SBP that a conversion or temporary/ permanent write-off is necessary without which the bank would become non-viable.
 - b. The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by SBP.
 - iii. The issuance of any new shares as a result of the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.
 - iv. The amount of non-equity capital to be converted/ written-off will be determined by the SBP.
 - v. Where an Additional Tier-1 capital instrument or Tier-2 capital instrument provides for conversion into ordinary shares, the terms of the instruments should include provision that upon a trigger event the investors holding 5% or more of paid-up shares (ordinary or preferred) will have to fulfill fit and proper criteria (FPT) of SBP.
 - vi. The conversion terms of the instruments must contain pricing formula linked to the market value of common equity on or before the date of trigger event. However, to quantify the maximum dilution and to ensure that prior shareholder/regulatory approvals for any future issue of the required number of shares is held, the conversion method must also include a cap on the maximum number of shares to be issued upon a trigger event.
 - vii. The conversion method should describe and take into account the order (hierarchy of claims) in which the instruments will absorb losses in liquidation/ gone concern basis. These terms must be clearly stated in the offer documents. However, such hierarchy should not impede the ability of the capital instrument to be immediately converted or to be written off.
 - viii. There should be no impediments (legal or other) to the conversion i.e. the bank should have all prior authorizations (sufficient room in authorized capital etc.) including regulatory approvals to issue the common shares upon conversion.
 - ix. The contractual terms of all Additional Tier 1 and Tier 2 capital instruments must state that SBP will have full discretion in deciding/ declaring a bank as a non-viable bank. SBP will, however, form its opinion based on financial and other difficulties by which the bank may no longer remain a going

concern on its own unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the CET1/ MCR of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures will include complete write-off/ conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the SBP.”

As per the loss absorbency conditions, upon the occurrence of a “Point of Non-Viability” event (“PONV”), SBP may at its option, fully and permanently convert the TFCs into common shares of the issuer, i.e. the Bank and / or have them immediately written off (either partially or in full).

In light of the above conditions, the Bank is required to obtain all approvals for the issuance of such additional shares, which additional shares shall be issued based on the market value of the shares of the Bank on the date of trigger of PONV as declared by SBP and shall be subject to a cap of 207,000,000 (Two Hundred and Seven Million) additional ordinary shares being issued, or such other number as may be agreed to in consultation with SBP. It may further be noted that issuance of such additional shares shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with the proviso under section 86(1) of the Companies Ordinance, 1984 .

The information required to be annexed to the notice is set out below:

Name of the persons to whom shares will be issued	The shares will be issued to the TFC Holders (at that time) in accordance with the directions of SBP at the time of trigger of PONV.
Price at which the proposed shares will be issued	The shares shall be at the market value of the shares of the Bank at the time of trigger of PONV as declared by SBP
Purpose of the issue, utilization of the proceeds of the issue and benefits to the Company and its shareholders with necessary details	To convert the outstanding TFC amount (in whole or part) into shares of the Bank in accordance with the directions of SBP.
Existing shareholding of the persons to whom the proposed shares will be issued	Not Applicable
Total shareholding of the persons after the proposed issue of shares	Not Applicable
Whether the persons have provided written consent for purchase of such shares	The terms of the Trust Deed for the TFC Issue contain the details regarding such conversion.
Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of SBP vide its Circular No. 6 of Banking Policy and Regulation Department (“BPRD”) dated August 15, 2013, as amended from time to time.
Justification, with details of the latest available market price and break-up value per share, if such price differs from par value	Not Applicable

The shares issued will rank pari passu in all respects with the existing shares of the Company. The issue of shares without rights is subject to approval from the Securities and Exchange Commission of Pakistan.

The Directors of the Company have no personal interest in the Resolutions except in their capacity as shareholders of the Company to the extent of their respective shareholding.



**UNCONSOLIDATED
FINANCIAL STATEMENTS**
for the year ended December 31, 2016

Auditors' Report to the members

We have audited the annexed unconsolidated statement of financial position of The Bank of Punjab (the Bank) as at December 31, 2016 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 16 branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control and prepare and present the financial statements in conformity with approved accounting standards and the requirements of The Bank of Punjab Act, 1989, 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 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 60% of the total loans and advances of the Bank, we report that:

- (a) in our opinion, proper books of account have been kept by the Bank as required by The Bank of Punjab Act, 1989, the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - i. the unconsolidated statement of financial position and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 6.1 to the financial statements with which we concur;
 - ii. the expenditure incurred during the year was for the purpose of the Bank's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform

with approved accounting standards as applicable in Pakistan, and give the information required by The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2016 and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to Note 1.2 to the financial statements in which the matters related to equity injection by the Government of Punjab (GoPb), regulatory compliance and relaxations granted by the State Bank of Pakistan (SBP) from provisioning against certain advances based on the undertaking by GoPb in respect of capital injection and enduring support of GoPb have been fully discussed. Our opinion is not qualified in respect of these matters.

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: March 29, 2017

Karachi

Unconsolidated Statement of Financial Position

As at December 31, 2016

	Note	2016 Rupees in '000'	2015
ASSETS			
Cash and balances with treasury banks	7	35,756,024	26,190,481
Balances with other banks	8	3,765,867	4,512,033
Lendings to financial institutions	9	11,562,133	6,113,262
Investments - net	10	199,741,990	176,043,046
Advances - net	11	262,067,924	219,398,631
Operating fixed assets	12	7,692,675	6,484,312
Deferred tax assets - net	13	6,480,256	7,905,981
Other assets - net	14	18,147,262	25,635,908
		545,214,131	472,283,654
LIABILITIES			
Bills payable	16	4,183,480	1,887,432
Borrowings	17	39,829,134	55,236,429
Deposits and other accounts	18	453,219,740	374,961,096
Sub-ordinated loans	19	4,500,000	2,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities	20	15,627,279	15,520,357
		517,359,633	449,605,314
NET ASSETS		27,854,498	22,678,340
REPRESENTED BY			
Share capital	21	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Reserves	22	1,300,673	2,329,001
Share deposit money	23	7,000,000	7,000,000
Unappropriated profit / (accumulated losses)		658,938	(5,220,276)
		24,247,585	19,396,699
Surplus on revaluation of assets - net of tax	24	3,606,913	3,281,641
		27,854,498	22,678,340
CONTINGENCIES AND COMMITMENTS		25	

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these unconsolidated financial statements.

Chairman

President

Director

Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2016

	Note	2016 Rupees in '000'	2015
Mark-up / return / interest earned	26	29,674,488	31,266,427
Mark-up / return / interest expensed	27	17,430,154	20,198,798
Net mark-up / interest income		12,244,334	11,067,629
Provision against non-performing loans and advances - net	11.5.5	922,236	3,431,451
Provision for diminution in the value of investments - net	10.3	102,632	64,815
Bad debts written off directly	11.6	-	-
		1,024,868	3,496,266
Net mark-up / interest income after provisions		11,219,466	7,571,363
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		974,703	824,126
Dividend income		61,774	50,843
Income from dealing in foreign currencies		75,248	109,280
Gain on sale and redemption of securities - net	28	2,525,572	5,013,546
Unrealized loss on revaluation of investments classified as held for trading	10.8	(1,176)	(8,522)
Other income	29	1,658,309	1,635,068
Total non-markup / interest income		5,294,430	7,624,341
		16,513,896	15,195,704
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	30	8,346,001	7,389,591
Provision against other assets	14.3	569,923	224,382
(Reversal of provision) / Provision against off balance sheet obligations	20.1	(485,668)	32,274
Other charges	31	33,699	19,958
Total non-markup / interest expenses		8,463,955	7,666,205
		8,049,941	7,529,499
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		8,049,941	7,529,499
Taxation - Current year		960,820	388,908
- Prior years		364,259	143,953
- Deferred		1,866,508	2,248,317
	32	3,191,587	2,781,178
PROFIT AFTER TAXATION		4,858,354	4,748,321
Accumulated losses brought forward		(5,220,276)	(9,113,154)
Transfer from surplus on revaluation of fixed assets - net of tax		54,639	57,738
Transfer from surplus on revaluation of non banking assets - net of tax		2,513	-
Transfer from surplus on revaluation of fixed assets on disposal		-	7,133
Transfer from statutory reserve to accumulated losses		2,000,000	-
Transfer to statutory reserve		(971,672)	(949,664)
Actuarial (loss) / gain on remeasurement recognized		(64,620)	29,350
		(4,199,416)	(9,968,597)
Unappropriated profit / (accumulated losses) carried forward		658,938	(5,220,276)
Basic earnings per share - Rupees	33	3.12	3.05
Diluted earnings per share - Rupees	34	3.12	3.05

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these unconsolidated financial statements.

Chairman

President

Director

Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2016

	Note	2016 Rupees in '000'	2015
Profit after taxation for the year		4,858,354	4,748,321
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:			
Actuarial (loss) / gain on remeasurement recognized during the year	37.1.1	(64,620)	29,350
Comprehensive income transferred to equity		4,793,734	4,777,671
Components of comprehensive income not reflected in equity:			
Items to be reclassified to profit and loss in subsequent periods:			
Change in surplus on revaluation of investments - net of tax		(385,309)	(726,628)
Items not to be reclassified to profit and loss in subsequent periods:			
Surplus on revaluation of fixed assets - net of tax		141,767	2,496
Surplus on revaluation of non banking assets - net of tax		625,966	-
Total comprehensive income for the year		5,176,158	4,053,539

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these unconsolidated financial statements.

Chairman

President

Director

Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2016

	Note	2016 Rupees in '000'	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,049,941	7,529,499
Less: Dividend income		(61,774)	(50,843)
		7,988,167	7,478,656
Adjustments for:			
Depreciation on property and equipment	12.2	693,261	548,043
Depreciation on non banking assets acquired in satisfaction of claims	30	105,601	-
Depreciation on ijarah assets under IFAS - 2	30	80,077	56,670
Amortization on intangible assets	12.3	23,395	13,335
Amortization of premium on debt securities		708,843	430,311
Unrealized loss on revaluation of investments classified as held for trading	10.8	1,176	8,522
Provision against non-performing loans and advances - net	11.5.5	922,236	3,431,451
Provision for diminution in the value of investments - net	10.3	102,632	64,815
Provision for employees compensated absences	37.1.3	(136,542)	9,338
Provision for gratuity	37.1.1	78,615	77,367
Provision against other assets	14.3	569,923	224,382
(Reversal of provision) / Provision against off balance sheet obligations	20.1	(485,668)	32,274
Net profit on sale of property and equipment	29	(16,785)	(21,124)
Net profit on sale of non-banking assets acquired in satisfaction of claims	29	(11,636)	(240,489)
Gain on sale and redemption of securities - net	28	(2,525,572)	(5,013,546)
Finance charges on leased assets	30	-	16
		109,556	(378,635)
		8,097,723	7,100,021
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(5,448,871)	26,035,361
Net investments in held for trading securities		(23,263,387)	(77,280)
Advances - net		(43,671,606)	(53,276,065)
Others assets - net		7,040,922	(6,332,571)
		(65,342,942)	(33,650,555)
Increase / (Decrease) in operating liabilities:			
Bills Payable		2,296,048	159,701
Borrowings		(15,417,446)	10,512,527
Deposits and other accounts		78,258,644	32,670,333
Other liabilities		585,897	5,149,493
		65,723,143	48,492,054
		8,477,924	21,941,520
Financial charges paid on leased assets		-	(16)
Income tax paid		(1,703,866)	(378,273)
Net cash flow from operating activities		6,774,058	21,563,231
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(14,315,418)	(17,614,115)
Net investments in held to maturity securities		15,000,000	-
Dividends received		72,663	49,609
Investments in operating fixed assets		(1,435,818)	(1,493,092)
Sale proceeds of property and equipment disposed-off		22,889	33,438
Sale proceeds of non-banking assets disposed-off		190,852	1,721,712
Net cash used in investing activities		(464,832)	(17,302,448)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease obligations		-	(1,128)
Issuance of sub-ordinated term finance certificates		2,500,000	-
Net cash flow from / (used in) financing activities		2,500,000	(1,128)
Net increase in cash and cash equivalents		8,809,226	4,259,655
Cash and cash equivalents at beginning of the year		30,627,855	26,368,200
Cash and cash equivalents at end of the year	35	39,437,081	30,627,855

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these unconsolidated financial statements.

Chairman

President

Director

Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2016

	Capital reserves					Revenue reserve		Total
	Share capital	Discount on issue of shares	Statutory reserve	Share premium	Restructuring reserve	Share deposit money	Unappropriated profit / (accumulated losses)	
Balance as at January 01, 2015	15,551,132	(263,158)	1,341,455	37,882	701,906	7,000,000	(9,113,154)	15,256,063
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	57,738	57,738
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	-	7,133	7,133
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	-	4,777,671	4,777,671
Transfer from restructuring reserve against NPLs	-	-	-	-	(701,906)	-	-	(701,906)
Transfer to statutory reserve	-	-	949,664	-	-	-	(949,664)	-
Balance as at December 31, 2015	15,551,132	(263,158)	2,291,119	37,882	-	7,000,000	(5,220,276)	19,396,699
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	54,639	54,639
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	2,513	2,513
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	-	4,793,734	4,793,734
Transfer from restructuring reserve against NPLs	-	-	-	-	-	-	-	-
Transfer to unappropriated profit / (accumulated losses)	-	-	(2,000,000)	-	-	-	2,000,000	-
Transfer to statutory reserve	-	-	971,672	-	-	-	(971,672)	-
Balance as at December 31, 2016	15,551,132	(263,158)	1,262,791	37,882	-	7,000,000	658,938	24,247,585

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these unconsolidated financial statements.

Chairman

President

Director

Director

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

1. STATUS AND NATURE OF BUSINESS

- 1.1** The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 453 branches including 03 sub branches and 48 islamic banking branches (2015: 406 branches including 01 sub branch and 48 islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).
- 1.2** As on December 31, 2016, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 24,247,585 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the year, net advances aggregating to Rs. 17,529,757 thousand (December 31, 2015: Rs. 20,391,075 thousand) requiring additional provision of Rs. 16,505,482 thousand (December 31, 2015: Rs. 19,450,421 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No.OSED/Div-01/SEU-03/010(01)-2017/005967 dated March 09, 2017 on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

The GoPb being the majority shareholder, in order to support the Bank, deposited Rs.10,000,000 thousand and Rs. 7,000,000 thousand as share deposit money in the year 2009 and 2011 respectively against future issue of shares by the Bank. Further, the GoPb vide two LOCs has also undertaken to inject necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 3,580,000 thousand (net of tax @ 35%) and Rs. 10,570,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2018 if the Bank fails to make provision of Rs. 21,770,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning. In addition, in terms of aforesaid LOCs, the GoPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

During the year 2016, the Bank was required by SBP to record provisioning in staggered manner against exposure covered under LOCs aggregating to 15% by December 31, 2016, which has been fully complied with by the Bank. Further, SBP vide above referred letter advised the Bank to record provisioning against exposures covered under LOCs in a staggered manner as follows:

- Staggering of provision at an aggregate rate of 25% during 2017, i.e. 12.5% by June 30, 2017 and additional 12.5% by December 31, 2017 against exposure covered under LOCs as of December 31, 2016.
- Going forward, exposure covered under LOCs at the beginning of 2018 would be subject to 25% provision staggering by June 30, 2018 and remaining balance by December 31, 2018.

On the basis of enduring support of GoPb, the arrangements as outlined above and the business plan prepared by the management which has been approved by the Board of Directors, the Board is of the view that the Bank would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

2. BASIS OF PREPARATION

- 2.1** In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time.

Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked-up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

- 2.2** These unconsolidated financial statements are separate financial statements of the Bank in which the investment in subsidiary is stated at cost less impairment losses (if any) and has not been accounted for on the basis of reported results and net assets of the investee.
- 2.3** The financial results of Islamic Banking business have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in Annexure-I to these unconsolidated financial statements.

3. STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the directives issued by the SBP, requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of these unconsolidated financial statements.

IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these unconsolidated financial statements is based on the requirements laid down by the SBP.

The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard - 3 for Profit & Loss Sharing on Deposits (IFAS 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank.

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention, except for revaluation of free hold land and buildings on free hold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

These unconsolidated financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the approved accounting standards 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. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Bank's unconsolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

5.1 Classification of investments

In classifying investments as "held for trading" the Bank has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity" the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

5.2 Provision against non-performing advances and debt securities classified as investments

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances and debt securities is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision.

5.3 Impairment of available for sale investments

The Bank considers that available for sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the statement of financial position date, the management has determined an impairment loss on available for sale securities and held to maturity securities as disclosed in note 10.3.1.

5.4 Depreciation, amortization and revaluation of operating fixed assets

Estimates of useful life of operating fixed assets are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The

method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Bank estimates the revalued amount of free hold land and buildings on free hold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

5.5 Income taxes

In making estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are various matters where the Bank's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

5.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

5.7 Non banking assets acquired in satisfaction of claims

The Bank estimates the revalued amounts of non banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of previous financial year, except for the change explained in note 6.1. Significant accounting policies are enumerated as follows:

6.1 Change in accounting policy

The Bank has changed its accounting policy regarding non-banking assets acquired in compliance with the requirements of the 'Regulations for Debt Property Swap', effective from the date of issuance by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016.

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation except land which is carried at revalued amount. Revaluation by independent professionally qualified valuers, is carried out with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of non banking assets is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalized. Had the accounting policy not been changed, non banking assets and surplus on revaluation of assets would have been lower by Rs. 653,031 thousand and related deferred tax would have been lower by Rs. 25,712 thousand.

6.2 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

6.3 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized:

6.3.1 Mark-up / return / interest income

Mark-up / return / interest on advances and return on investments are recognized in profit and loss account on an accrual basis, except mark-up on non-performing advances which is recognized when received.

6.3.2 Dividend income

Dividend income is recognized when the Bank's right to receive the dividend is established.

6.3.3 Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized as income when these are realized.

6.3.4 Fees and commission income

Commission income is recognized on time proportion basis.

6.4 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for doubtful debts. Provision for doubtful debts is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

The rentals received / receivable on Ijarahs are recorded as income / revenue. Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Bank charges depreciation from the date of the delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

6.5 Investments

Investments other than those categorized as held for trading are initially recognized at fair value which includes transaction costs associated with the investments. Investments classified as held for trading are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

All regular way purchase / sale of investment are recognized on the trade date, i.e., the date the Bank commits to purchase / sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified as follows:

- Held for trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market/interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to profit and loss account.
- Held to maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortized cost.
- Available for sale – These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus / (deficit) on revaluation taken to ‘Surplus / (deficit) on revaluation of assets shown below equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP’s Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortized using the effective yield method.

On de-recognition or impairment in quoted available for sale securities the cumulative gain or loss previously reported as “Surplus / (Deficit) on revaluation of assets” below equity is included in the profit and loss account for the period.

Gain and loss on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

6.6 Lending to / borrowing from financial institutions

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

6.6.1 Sale under repurchase obligations

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 from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

6.6.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is amortized over the period of the contract and recorded as interest income.

6.7 Operating fixed assets and depreciation

6.7.1 Owned

Property and equipment, other than free hold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Free hold land is carried at revalued amount.

Depreciation on property and equipment is charged to income using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 12.2 to these unconsolidated financial statements. Impairment loss or its reversal, if any, is charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed.

Surplus / (Deficit) arising on revaluation of free hold land and buildings on free hold land is credited to the "Surplus / (Deficit) on Revaluation of Assets" shown below equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of operating fixed assets are included in income currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

6.7.2 Leased

Property and equipment subject to finance lease are accounted for by recording the assets and the related liabilities. These are stated at fair value or present value of minimum lease payments whichever is lower at the inception of the lease less accumulated depreciation. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability. The property and equipment acquired under finance leasing contracts is depreciated over the useful life of the assets as per rates given in note 12.2 to these unconsolidated financial statements.

6.7.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any). The cost of intangible assets is amortized over their useful lives, using the straight line method as per the rates given in note 12.3 to these unconsolidated financial statements. Amortization on additions is charged from the month the assets are available for use while no amortization is charged in the month in which the assets are disposed.

6.7.4 Capital work-in-progress

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

6.8 Taxation

6.8.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

6.8.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at 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 statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

6.9 Assets acquired in satisfaction of claims

The Bank acquires assets in settlement of claims. These are measured at revalued amounts as mentioned in note 6.1 to these unconsolidated financial statements.

6.10 Employee retirement and other benefits

6.10.1 Defined contribution plan – Provident fund

The Bank operates an approved provident fund scheme, covering all permanent employees. Contributions are made monthly by the Bank and the employees at the rate of 8.33% of basic salary. Contributions by the Bank are charged to income.

6.10.2 Gratuity scheme

The Bank operates an approved funded gratuity scheme for all its employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they occur.

6.10.3 Employees' compensated absences

The Bank makes annual provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to income in the year in which they occur.

6.11 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

6.12 Provisions

Provisions are recorded when the Bank has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

6.13 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

6.14 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

6.15 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

6.16 Earnings per share

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

6.17 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

6.18 Financial instruments

6.18.1 Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and bank balances, lending to financial institutions, investments, advances, certain receivables, borrowing from financial institutions, deposits and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.18.2 Offsetting

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

6.19 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

6.19.1 Business segments

Trading and sales

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

Retail banking

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

Commercial banking

Commercial banking includes project finance, real estate finance, export finance, trade finance, lending, guarantees, bills of exchange and deposits.

Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

Agency service

It includes depository receipts, securities lending (customers), issuer and paying agents.

6.19.2 Geographical segments

The Bank operates only in Pakistan.

6.20 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2016

During the year, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the amendments, interpretations and improvements did not have any material effect on the unconsolidated financial statements of the Bank.

6.21 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements provided that such changes do not conflict with the format of financial statements prescribed by the SBP for banks.

Standard or Interpretations	Effective date (accounting periods beginning on or after)
IFRS 2 Share based payments– Clarification of the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 12 Disclosure of Interests in Other Entities – Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)	January 01, 2017
IAS 7 Statement of Cash Flows – amendments as a result of the disclosure initiative	January 01, 2017
IAS 12 Income Taxes – Recognition of deferred tax assets for unrealized losses	January 01, 2017
IAS 28 Investment in Associates and Joint ventures – Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration – Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customer

	Note	2016 Rupees in '000'	2015
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
- Local currency	7.1	5,945,166	5,670,290
- Foreign currencies		774,935	687,435
		6,720,101	6,357,725
With State Bank of Pakistan (SBP) in:			
- Local currency current account	7.2	17,403,109	10,876,445
- Foreign currency deposit account:	7.3		
- Non remunerative		382,831	337,265
- Remunerative	7.4	1,228,107	1,104,703
		19,014,047	12,318,413
With National Bank of Pakistan in:			
- Local currency current account		10,021,876	7,514,343
- Local currency deposit account		-	-
		10,021,876	7,514,343
		35,756,024	26,190,481

7.1 This includes National Prize Bonds of Rs. 34,312 thousand (2015: Rs. 38,526 thousand).

7.2 This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

7.3 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

7.4 This carries mark-up as announced by the SBP on monthly basis.

	Note	2016 Rupees in '000'	2015
8. BALANCES WITH OTHER BANKS			
In Pakistan:			
- On current accounts		1,665,141	2,335,280
- On deposit accounts	8.1	1,610,987	1,086,935
		3,276,128	3,422,215
Outside Pakistan:			
- On current accounts		244,762	377,956
- On deposit accounts	8.2	244,977	711,862
		489,739	1,089,818
		3,765,867	4,512,033

8.1 These carry mark-up at rates ranging from 1.75% to 4.75% per annum (2015: 4.5% to 6.00% per annum).

8.2 These carry mark-up at the rates ranging from 0.05% to 0.41% per annum (2015: 0.05% to 0.11% per annum).

	Note	2016 Rupees in '000'	2015
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Reverse repurchase agreement lendings	9.2	6,162,133	4,513,262
Certificate of investments		-	1,000,000
Placements	9.3	5,400,000	600,000
		11,562,133	6,113,262
9.1 Particulars of lendings			
In local currency		11,562,133	6,113,262
In foreign currency		-	-
		11,562,133	6,113,262

9.2 Securities held as collateral against lendings to financial institutions

	2016			2015		
	Rupees in '000'					
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market treasury bills	3,302,133	-	3,302,133	2,263,262	-	2,263,262
Pakistan investment bonds	2,860,000	-	2,860,000	2,250,000	-	2,250,000
	6,162,133	-	6,162,133	4,513,262	-	4,513,262

Market value of securities held as collateral as at December 31, 2016 amounted to Rs. 6,225,139 thousand (2015: Rs. 4,745,547 thousand). These carry mark-up at rate ranging from 5.90% to 6.25% per annum (2015: 6.40% to 7.50% per annum) with maturities upto January 06, 2017.

9.3 These carry profit at rate ranging from 4.85% to 6.25% per annum (2015: 5.85% to 6.50% per annum) with maturities upto February 24, 2017.

10. INVESTMENTS - NET

	Note	2016			2015		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000'							
10.1 Investments by types							
Held for trading securities:							
Ordinary shares of listed companies	Annex II - 1	-	-	-	98,411	-	98,411
Market treasury bills	10.4	23,298,833	-	23,298,833	-	-	-
		23,298,833	-	23,298,833	98,411	-	98,411
Available for sale securities:							
Market treasury bills	10.4 & Annex II - 7	80,885,259	9,925,825	90,811,084	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	10.4 & Annex II - 7	59,242,027	15,979,961	75,221,988	69,936,695	6,401,929	76,338,624
Ordinary shares / certificates of listed companies and modarabas	Annex II - 1	1,305,364	-	1,305,364	1,510,314	-	1,510,314
Preference shares of listed companies	Annex II - 2	340,451	-	340,451	415,451	-	415,451
Ordinary shares of unlisted company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijara sukuk	Annex II - 7	2,885,472	-	2,885,472	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	10.9	-	-	-	5,503,881	-	5,503,881
Listed term finance certificates	Annex II - 4	1,193,277	-	1,193,277	664,623	-	664,623
Unlisted term finance certificates / sukuks	Annex II - 5	6,015,763	-	6,015,763	3,455,200	-	3,455,200
		151,892,613	25,905,786	177,798,399	120,041,242	41,716,199	161,757,441

		2016			2015		
	Note	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000'							
Held to maturity securities:							
Pakistan investment bonds	10.5	253,867	-	253,867	15,191,724	-	15,191,724
WAPDA bonds		400	-	400	400	-	400
		254,267	-	254,267	15,192,124	-	15,192,124
Subsidiary:							
Punjab modaraba services (private) limited	Annex II - 6	164,945	-	164,945	164,945	-	164,945
Total investments at cost		175,610,658	25,905,786	201,516,444	135,496,722	41,716,199	177,212,921
Provision for diminution in the value of investments - net	10.3	(3,068,083)	-	(3,068,083)	(3,048,940)	-	(3,048,940)
Investments - net of provision		172,542,575	25,905,786	198,448,361	132,447,782	41,716,199	174,163,981
Surplus on revaluation of available for sale securities	24.3	1,264,948	29,857	1,294,805	1,880,716	6,871	1,887,587
Deficit on revaluation of held for trading securities	10.8	(1,176)	-	(1,176)	(8,522)	-	(8,522)
Total investments at market value		173,806,347	25,935,643	199,741,990	134,319,976	41,723,070	176,043,046
10.2 Investments by segments:							
Federal government securities:							
Market treasury bills	10.4 & Annexure II - 7	104,184,092	9,925,825	114,109,917	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	10.4 & Annexure II - 7	59,495,894	15,979,961	75,475,855	85,128,419	6,401,929	91,530,348
Government of Pakistan ijara sukuk	Annexure II - 7	2,885,472	-	2,885,472	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	10.8	-	-	-	5,503,881	-	5,503,881
Ordinary shares/certificates:							
Listed companies and modarabas	Annex II - 1	1,305,364	-	1,305,364	1,608,725	-	1,608,725
Unlisted company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Unlisted subsidiary company	Annex II - 6	164,945	-	164,945	164,945	-	164,945
Preference shares - listed companies		340,451	-	340,451	415,451	-	415,451
Term finance certificates and bonds:							
Listed term finance certificates	Annex II - 4	1,193,277	-	1,193,277	664,623	-	664,623
Unlisted term finance certificates / sukuks	Annex II - 5	6,015,763	-	6,015,763	3,455,200	-	3,455,200
WAPDA bonds		400	-	400	400	-	400
Total investments at cost		175,610,658	25,905,786	201,516,444	135,496,722	41,716,199	177,212,921
Provision for diminution in the value of investments - net	10.3	(3,068,083)	-	(3,068,083)	(3,048,940)	-	(3,048,940)
Investments - net of provision		172,542,575	25,905,786	198,448,361	132,447,782	41,716,199	174,163,981
Surplus on revaluation of available for sale securities	24.3	1,264,948	29,857	1,294,805	1,880,716	6,871	1,887,587
Deficit on revaluation of held for trading securities	10.8	(1,176)	-	(1,176)	(8,522)	-	(8,522)
Total investments at market value		173,806,347	25,935,643	199,741,990	134,319,976	41,723,070	176,043,046

	Note	2016 Rupees in '000'	2015
10.3 Provision for diminution in the value of investments - net			
Opening balance		3,048,940	3,114,422
Charge for the year		102,632	93,152
Reversal during the year		-	(28,337)
		102,632	64,815
Reversal on disposal		3,151,572 (83,489)	3,179,237 (130,297)
Closing balance	10.3.1	3,068,083	3,048,940

10.3.1 Particulars of provision in respect of type and segment**Available for sale securities:**

Ordinary shares of listed companies		388,561	414,567
Preference shares		340,451	295,302
Ordinary shares of unlisted company		11,949	11,949
Term finance certificates - listed		17,348	17,348
Term finance certificates - unlisted		2,171,888	2,171,888
		2,930,197	2,911,054

Held to maturity securities:

WAPDA bonds		400	400
Subsidiary company		137,486	137,486
		3,068,083	3,048,940

10.4 Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.

10.5 This includes investment in privately placed term finance certificates of Pakistan International Airlines amounting to Rs. 60,377 thousand (2016: 74,310 thousand) for which SBP has allowed relaxation from R-8 of Prudential Regulations for Corporate / Commercial Banking upto December 31, 2016 being Government of Pakistan guaranteed exposure.

10.6 Market value of held to maturity investments amounted to Rs. 263,326 thousand (2015: Rs. 15,647,265 thousand).

10.7 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

10.8 Unrealized loss on revaluation of investments classified as held for trading

		2016 Rupees in '000'	2015
Ordinary shares of listed companies		-	(8,522)
Market treasury bills		(1,176)	-
		(1,176)	(8,522)

10.9 This represents outright purchase of GOP Ijara Sukuk (GIS) on deferred payment basis (Bai-Muajjal) at returns ranging from Nil per annum (2015: 6.34% to 8.92 % per annum).

	Note	2016 Rupees in '000'	2015
11. ADVANCES - NET			
Loans, cash credits, running finances etc.			
- In Pakistan		237,926,509	200,787,493
- Outside Pakistan		-	-
		237,926,509	200,787,493
Net book value of assets in ijarah under IFAS 2 - In Pakistan	11.2	517,073	230,780
Islamic financing and related assets		8,419,676	4,316,782
Net investment in finance lease			
- In Pakistan	11.3	39,519,683	41,290,683
- Outside Pakistan		-	-
		39,519,683	41,290,683
Bills discounted and purchased (excluding market treasury bills)			
- Payable in Pakistan		6,043,018	2,186,757
- Payable outside Pakistan		1,495,896	1,529,217
		7,538,914	3,715,974
Advances - (gross)	11.1	293,921,855	250,341,712
Less: Provision for non-performing loans and advances			
- Specific	11.4 & 11.5	(31,462,960)	(30,596,588)
- General	11.5	(390,971)	(346,493)
		(31,853,931)	(30,943,081)
Advances - net of provision		262,067,924	219,398,631
11.1 Particulars of advances (gross)			
11.1.1 In local currency		293,317,377	249,557,103
In foreign currencies		604,478	784,609
		293,921,855	250,341,712
11.1.2 Short-term advances upto one year		120,508,258	114,924,999
Long-term advances for over one year		173,413,597	135,416,713
		293,921,855	250,341,712

11.2 Net book value of assets in Ijarah under IFAS 2 - In Pakistan

	2016				2015			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000'				Rupees in '000'			
Assets acquired under ijarah	-	679,784	-	679,784	-	315,594	-	315,594
Less: Accumulated depreciation on ijarah	-	162,711	-	162,711	-	84,814	-	84,814
Net investment in ijarah	-	517,073	-	517,073	-	230,780	-	230,780

	2016				2015			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000'				Rupees in '000'			

11.3 Net investment in finance lease

Lease rentals receivable	3,035,757	27,770,600	-	30,806,357	4,115,724	29,717,519	-	33,833,243
Add: Guaranteed residual value	1,613,625	9,089,196	-	10,702,821	221,367	9,457,133	-	9,678,500
Minimum lease payments	4,649,382	36,859,796	-	41,509,178	4,337,091	39,174,652	-	43,511,743
Less: Finance charge for future periods	827,763	1,161,732	-	1,989,495	789,342	1,431,718	-	2,221,060
Present value of minimum lease payments	3,821,619	35,698,064	-	39,519,683	3,547,749	37,742,934	-	41,290,683

11.4 Advances include Rs. 54,953,553 thousand (2015: Rs. 57,069,295 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2016								
	Rupees in '000'								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other Assets Especially Mentioned	337,806	-	337,806	2,042	-	2,042	2,042	-	2,042
Substandard	1,585,906	-	1,585,906	80,564	-	80,564	80,564	-	80,564
Doubtful	7,450,320	-	7,450,320	3,609,147	-	3,609,147	3,609,147	-	3,609,147
Loss	45,579,521	-	45,579,521	27,771,207	-	27,771,207	27,771,207	-	27,771,207
	54,953,553	-	54,953,553	31,462,960	-	31,462,960	31,462,960	-	31,462,960

Category of classification	2015								
	Rupees in '000'								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other Assets Especially Mentioned	101,466	-	101,466	857	-	857	857	-	857
Substandard	4,281,121	-	4,281,121	869,489	-	869,489	869,489	-	869,489
Doubtful	4,474,983	-	4,474,983	2,175,523	-	2,175,523	2,175,523	-	2,175,523
Loss	48,211,725	-	48,211,725	27,372,220	-	27,372,220	27,550,719	-	27,550,719
	57,069,295	-	57,069,295	30,418,089	-	30,418,089	30,596,588	-	30,596,588

11.4.1 Provision against certain net advances amounting to Rs. 17,529,757 thousand (2015: Rs. 20,391,075 thousand) requiring additional provision of Rs. 16,505,482 thousand (2015: Rs. 19,450,421 thousand) has not been considered necessary in these unconsolidated financial statements on the basis of undertaking given by GoPb as stated in Note 1.2. Further, during the year, in order to meet the staggering requirement of 15% an additional provision net off recoveries amounting to Rs. 1,143,817 thousand (2015: 1,568,575 thousand) has been recognized.

11.5 Particulars of provisions against non-performing loans and advances

	Note	2016			2015			
		Specific	General	Total	Specific	General	Total	
Rupees in '000'								
11.5.1	Opening balance	30,596,588	346,493	30,943,081	26,702,645	107,125	26,809,770	
	Charge for the year	4,375,441	76,344	4,451,785	5,781,689	239,368	6,021,057	
	Reversals for the year	(3,497,683)	(31,866)	(3,529,549)	(1,887,700)	-	(1,887,700)	
	Amounts written off	11.5.5 11.6	877,758 (11,386)	44,478 -	922,236 (11,386)	3,893,989 (46)	239,368 -	4,133,357 (46)
	Closing balance		31,462,960	390,971	31,853,931	30,596,588	346,493	30,943,081
11.5.2	In local currency		31,462,960	390,971	31,853,931	30,596,588	346,493	30,943,081
	In foreign currencies		-	-	-	-	-	-
			31,462,960	390,971	31,853,931	30,596,588	346,493	30,943,081

11.5.3 General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

11.5.4 The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years has been reduced by Rs. 3,217 thousand (net of FSV benefit availed during the period) (2015: Rs. Nil) which has resulted in increased charge for specific provision for the year by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not been recognized, before and after tax profits for the year would have been higher by Rs. 3,217 thousand (2015: higher by Rs. Nil) and Rs. 2,091 thousand (2015: higher by Rs. Nil) respectively.

11.5.5 Provision against non-performing loans and advances - charge to profit and loss account

	Note	2016	2015	
Rupees in '000'				
Provision against non-performing loans and advances-net	11.5.1	922,236	4,133,357	
Transfer from restructuring reserve		-	(701,906)	
		922,236	3,431,451	
11.6 Particulars of write offs:				
11.6.1	Against provisions	11.5.1	11,386	46
	Directly charged to profit and loss account		-	-
			11,386	46
11.6.2	Write Offs of Rs. 500,000 and above	11.7	327	-
	Write Offs of below Rs. 500,000		11,059	46
			11,386	46

11.7 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(s) during the year ended December 31, 2016 is given in Annexure-III.

11.8 Particulars of loans and advances to executives, subsidiary & associated companies, etc.

	Note	2016 Rupees in '000'	2015
Debts due by executives or officers of the Bank or any of them either severally or jointly with any other persons :			
Balance at beginning of year		1,991,152	1,945,778
Loans granted during the year		885,202	630,888
Repayments received during the year		(549,233)	(585,514)
Balance at end of year	11.8.1	2,327,121	1,991,152
Debts due by subsidiary company and managed modaraba :			
Balance at beginning of year		855,445	760,121
Loans granted during the year		932,466	744,280
Repayments received during the year		(709,297)	(648,956)
Balance at end of year		1,078,614	855,445
		3,405,735	2,846,597

11.8.1 These represent staff loans given to executives and officers in accordance with their terms of employment and advances given under consumer finance schemes of the Bank.

	Note	2016 Rupees in '000'	2015
12. OPERATING FIXED ASSETS			
Capital work in progress	12.1	882,444	782,338
Property and equipment	12.2	6,768,011	5,651,041
Intangible assets	12.3	42,220	50,933
		7,692,675	6,484,312
12.1 Capital work in progress			
Civil works		99,150	156,968
Hardware - Core Banking System		356,002	351,315
Hardware - Others		32,875	30,943
Software - Core Banking System		379,275	235,046
Software - Others		15,142	8,066
		882,444	782,338

12.2.1 Details of disposal of property and equipment

Particulars	Cost / Revalued amount	Book value	Sale price	Profit / (Loss)
Rupees in '000'				
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	62,949	6,104	22,889	16,785
2016	62,949	6,104	22,889	16,785
2015	92,553	12,314	33,438	21,124

12.2.2 Free hold land and buildings on free hold land were revalued on December 31, 2016 by PBA approved independent valuer, on the basis of fair market value. This valuation resulted in surplus and deficit of Rs. 1,108,184 thousand and Rs. 1,590,235 thousand in respect of free hold land and buildings on free hold land respectively. Detailed particulars are as follows:

	Revalued Amount Rupees in '000'
Free hold land	2,020,827
Buildings on free hold land	3,095,168

12.2.3 Had the free hold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	2016 Rupees in '000'	2015
Free hold land	912,643	393,166
Buildings on free hold land	1,504,933	1,145,649

12.2.4 The gross carrying amount of fully depreciated assets that are still in use is Rs. 345,346 thousand (2015: Rs. 294,747 thousand).

12.3 Intangible assets

	2016							
	COST			AMORTIZATION				
	Opening balance as at January 01, 2016	Additions	Closing balance as at December 31, 2016	Opening balance as at January 01, 2016	Amortization for the year	Closing balance as at December 31, 2016	Book value as at December 31, 2016	Rate of amortization %
	Rupees in '000'							
Softwares	71,451	14,682	86,133	20,518	23,395	43,913	42,220	33.33
	71,451	14,682	86,133	20,518	23,395	43,913	42,220	

	2015							
	COST			AMORTIZATION				
	Opening balance as at January 01, 2015	Additions	Closing balance as at December 31, 2015	Opening balance as at January 01, 2015	Amortization for the year	Closing balance as at December 31, 2015	Book value as at December 31, 2015	Rate of amortization %
Rupees in '000'								
Softwares	15,179	56,272	71,451	7,183	13,335	20,518	50,933	33.33
	15,179	56,272	71,451	7,183	13,335	20,518	50,933	

	Note	2016 Rupees in '000'	2015
13. DEFERRED TAX ASSETS - NET			
Taxable temporary differences:			
-Surplus on revaluation of operating fixed assets	24.1	(556,582)	(588,418)
-Surplus on revaluation of non banking assets	24.2	(25,712)	-
-Surplus on available for sale securities	24.3	(453,182)	(660,655)
-Accelerated tax depreciation		(225,104)	(212,391)
Deductible temporary differences:			
-Loan loss provision		7,740,836	8,597,319
-Business loss		-	770,126
		6,480,256	7,905,981

13.1 The management has recorded deferred tax asset based on financial projections indicating realizability of deferred tax asset over a number of future years by considering tax planning opportunities with respect to the provision, reversals, recoveries and write offs. The financial projections also include certain key assumptions such as growth of deposits and advances, potential provision / (reversals) against risk assets etc. Any significant change in the key assumptions may have an effect on the realisability of deferred tax asset.

13.2 Reconciliation of deferred tax

	Balance as at January 01, 2015	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2015	Prior years adjustment	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2016
Rupees in '000'								
Taxable temporary differences:								
-Surplus on revaluation of operating fixed assets	(622,003)	31,089	2,496	(588,418)	-	29,421	2,415	(556,582)
-Surplus on revaluation of non banking assets	-	-	-	-	-	1,353	(27,065)	(25,712)
-Surplus on available for sale securities	(967,031)	-	306,376	(660,655)	-	-	207,473	(453,182)
-Accelerated tax depreciation	(225,573)	13,182	-	(212,391)	-	(12,713)	-	(225,104)
Deductible temporary differences:								
-Loan loss provision	8,026,320	570,999	-	8,597,319	-	(856,483)	-	7,740,836
-Business loss	3,633,713	(2,863,587)	-	770,126	257,960	(1,028,086)	-	-
	9,845,426	(2,248,317)	308,872	7,905,981	257,960	(1,866,508)	182,823	6,480,256

	Note	2016 Rupees in '000'	2015
14. OTHER ASSETS - NET			
Income/mark-up accrued in local currency		6,430,315	9,263,940
Profit paid in advance on pehlay munafa scheme		29,695	37,968
Advance, deposits, advance rent and other prepayments		578,148	4,410,797
Advance taxation (payments less provisions)		2,155,600	2,034,773
Non-banking assets acquired in satisfaction of claims	14.1	9,086,418	9,074,157
Branch adjustment account		-	399,269
Stock of stationery		42,684	41,556
Suspense account		5,921	14,247
Zakat recoverable from NITL	14.2	36,790	36,790
Unrealized gain on revaluation of foreign bills purchased		11,996	30,007
Unrealized gain on revaluation of forward contracts		3,723	-
Fraud and forgeries		24,307	23,283
Others		580,643	539,501
		18,986,240	25,906,288
Less provision against:			
Advance deposits, advance rent and other prepayments		(35,723)	-
Non-banking assets acquired in satisfaction of claims		(749,123)	(212,152)
Zakat recoverable from NITL		(36,790)	(36,790)
Fraud and forgeries		(17,342)	(21,438)
	14.3	(838,978)	(270,380)
Other assets - net of provision		18,147,262	25,635,908

14.1 These include assets acquired under buyback arrangements and assets which are in the process of sale and are stated at revalued amounts in accordance with accounting policy mentioned in note 6.1. The carrying and revalued amounts have been determined based on prudence, expected legal enforceability, ease of realization and current market conditions etc. These also include an asset acquired under sub-lease arrangements where the rights of the Bank, being bonafide purchaser of the lease land, are protected by decision of the court of law. In view of prevailing circumstances and based on the legal opinion, the Bank continues to report the same as non-banking asset.

14.2 This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NITL at the court of law, the claim amount has been fully provided for.

	2016 Rupees in '000'	2015
14.3 Provision against other assets		
Opening balance	270,380	243,177
Charge for the year	575,763	224,382
Reversal during the year	(5,840)	-
	569,923	224,382
Amount written off	(1,325)	(197,179)
Closing balance	838,978	270,380

	Note	2016 Rupees in '000'	2015
15. CONTINGENT ASSETS			
Contingent assets		Nil	Nil
16. BILLS PAYABLE			
In Pakistan		4,183,480	1,887,432
Outside Pakistan		-	-
		4,183,480	1,887,432
17. BORROWINGS			
In Pakistan		39,744,324	53,860,238
Outside Pakistan		84,810	1,376,191
	17.1	39,829,134	55,236,429
17.1 Particulars of borrowings with respect to currencies			
In local currency		39,744,324	53,860,238
In foreign currencies		84,810	1,376,191
		39,829,134	55,236,429
17.2 Details of borrowings			
Secured			
Borrowings from SBP:			
-Export refinance (ERF)	17.2.1	10,282,058	10,788,841
-Long term financing - export oriented projects (LTF-EOP)	17.2.2	-	4,331
-Long term financing facility (LTFF)	17.2.2	3,163,460	1,358,063
-Finance facility for storage of agricultural produce (FFSAP)	17.2.3	12,834	-
Repurchase agreement borrowings	17.2.4	15,879,035	41,709,003
Call borrowings	17.2.5	9,911,835	-
		39,249,222	53,860,238
Unsecured			
Call borrowings		495,102	-
Foreign placement		-	1,301,532
Overdrawn nostro accounts		84,810	74,659
		39,829,134	55,236,429

17.2.1 These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 2.50% per annum (2015: 1.50% to 3.50% per annum). Maturity of the borrowings is upto June 27, 2017.

17.2.2 This amount is due to the SBP and has been obtained for providing long term finance to customers. As per the agreements with the SBP, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at 2.00% to 9.70% per annum (2015: 2.00% to 10.10 % per annum) with maturity upto November 05, 2026.

17.2.3 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. Mark-up on these borrowings is payable quarterly at the rate of 3.5%. Maturity of the borrowings is upto March 30, 2017.

17.2.4 These are secured against market treasury bills and Pakistan investment bonds and carry mark-up at rates ranging from 5.89% to 5.90% per annum (2015: 6.25% to 6.50% per annum) maturing on various dates latest by January 06, 2017. The carrying value of securities given as collateral against these securities is given in note 10.1.

17.2.5 These represent secured interbank borrowings, carrying markup rates ranging from 5.77% to 5.80% per annum (2015: Nil per annum) maturing on various dates, latest by December 07, 2017.

	Note	2016 Rupees in '000'	2015
18. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		129,533,881	126,553,494
Savings deposits		193,301,179	147,719,737
Current accounts - non-remunerative		117,973,360	88,424,644
Sundry deposits, margin accounts, etc.		6,399,769	8,268,024
		447,208,189	370,965,899
Financial institutions			
Remunerative deposits		4,722,171	2,668,511
Non-remunerative deposits		1,289,380	1,326,686
		6,011,551	3,995,197
		453,219,740	374,961,096
18.1 Particulars of deposits			
In local currency		445,571,885	368,143,873
In foreign currencies		7,647,855	6,817,223
		453,219,740	374,961,096
19. SUB-ORDINATED LOANS			
Loan from the GoPb	19.1	2,000,000	2,000,000
Privately Placed Term Finance Certificates	19.2	2,500,000	-
		4,500,000	2,000,000

19.1 Loan from the GoPb

The GoPb has extended loan of Rs. 2,000,000 thousand to support capital structure of the Bank for the purpose of the regulatory capital requirement. The loan is unsecured and sub-ordinated to all other indebtedness including deposits. The salient features of the loan are as follows:

Tenor:	07 Years.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Average SBP discount rate. (Average shall be calculated on daily basis)
Conversion option:	May be converted, subject to consent of the parties and necessary regulatory approvals, after a period of five years into ordinary shares at the rate of Rs. 15 per share.
Repayment:	Bullet repayment after lapse of 07 years.
Call / Put option:	Callable after a period of 05 years. However no put option is available to GoPb.

19.2 Privately Placed Term Finance Certificates

BOP has issued rated, unsecured & subordinated term finance certificates under section 120 of the Companies Ordinance, 1984, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date; and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013; with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 2.5 billion.
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss Absorbency clause	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

	Note	2016 Rupees in '000'	2015
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		3,516,326	3,903,677
Mark-up/ return/ interest payable in foreign currencies		33,766	48,389
Compensation payable on share deposit money		9,219	9,219
Mark-up payable on privately placed term finance certificates		4,408	-
Sundry creditors and accrued expenses		580,481	480,381
Unclaimed dividends		2,644	2,654
Branch adjustment account		285,061	-
Payable to gratuity fund	37.1.1	143,235	48,017
Provision for employees compensated absences	37.1.3	91,181	228,742
Provision against off - balance sheet obligations	20.1	62,183	547,851
Unrealized loss on revaluation of foreign contracts		-	28,334
Lease key money		10,702,821	9,678,500
Others		195,954	544,593
		15,627,279	15,520,357
20.1 Provision against off-balance sheet obligations			
Opening balance		547,851	515,577
Charge for the year		-	32,274
Reversal during the year		(485,668)	-
		(485,668)	32,274
Closing balance		62,183	547,851

The above provision has been made against letters of guarantee issued by the Bank.

21. SHARE CAPITAL

21.1 Authorized Capital

2016 Number	2015 Number		2016 Rupees in '000'	2015
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each.

21.2 Issued, subscribed and paid up share capital

2016 Number	2015 Number	Ordinary shares	2016 Rupees in '000'	2015
519,333,340	519,333,340	Ordinary shares of Rs. 10 each paid in cash	5,193,333	5,193,333
526,315,789	526,315,789	Ordinary shares of Rs. 10 issued at discount	5,263,158	5,263,158
509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
1,555,113,165	1,555,113,165		15,551,132	15,551,132

21.3 GoPb held 57.47% shares in the Bank as at December 31, 2016 (2015: 57.47 %).

	Note	2016 Rupees in '000'	2015
22. RESERVES			
Statutory reserve	22.1 & 22.2	1,262,791	2,291,119
Share premium reserve		37,882	37,882
		1,300,673	2,329,001

22.1 In accordance with the Banking Companies Ordinance, 1962, the Bank is required to transfer twenty percent of its profits each year to statutory reserve fund until the amount in such fund equals to the paid up share capital of the Bank.

	Note	2016 Rupees in '000'	2015
22.2 Reconciliation of statutory reserve			
Opening balance		2,291,119	1,341,455
Created during the year		971,672	949,664
Transfer to unappropriated profit / (accumulated losses)	22.2.1	(2,000,000)	-
Closing balance		1,262,791	2,291,119

22.2.1 During the year, the Bank has transferred Rs. 2,000,000 thousand (2015: Nil) from statutory reserve to unappropriated profit / (accumulated losses) as approved by the Board of Directors of the Bank.

	Note	2016 Rupees in '000'	2015
23. SHARE DEPOSIT MONEY			
Share deposit money - II		7,000,000	7,000,000
		7,000,000	7,000,000

24. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of :			
Operating fixed assets - net of tax	24.1	2,141,837	2,054,709
Non banking assets acquired in satisfaction of claims - net of tax	24.2	623,453	-
Available for sale securities - net of tax	24.3	841,623	1,226,932
		3,606,913	3,281,641

	Note	2016 Rupees in '000'	2015
24.1 Surplus on revaluation of operating fixed assets - net of tax			
As on January 01		2,845,785	2,852,918
-Deficit on revaluation realized during the year		-	(7,133)
-Surplus on revaluation during the year		139,352	-
		2,985,137	2,845,785
Incremental depreciation:			
-Opening balance		(202,658)	(113,831)
-Transferred to accumulated losses in respect of incremental depreciation charge during the year - net of tax		(54,639)	(57,738)
-Related deferred tax liability		(29,421)	(31,089)
Accumulated incremental depreciation		(286,718)	(202,658)
As on December 31		2,698,419	2,643,127
Less: Related deferred tax liability:			
-Opening balance		(588,418)	(622,003)
-Deferred tax on revaluation during the year		2,415	-
-Deferred tax on surplus realized during the year		-	2,496
-Deferred tax recorded during the year		29,421	31,089
-Closing balance	13	(556,582)	(588,418)
		2,141,837	2,054,709
24.2 Surplus on revaluation of non - banking assets acquired in satisfaction of claims - net of tax			
As on January 01		-	-
-Surplus on revaluation realized during the year		-	-
-Surplus on revaluation during the year		653,031	-
		653,031	-
Incremental depreciation:			
-Opening balance		-	-
-Transferred to accumulated losses in respect of incremental depreciation charge during the year - net of tax		(2,513)	-
-Related deferred tax liability		(1,353)	-
Accumulated incremental depreciation		(3,866)	-
As on December 31		649,165	-
Less: Related deferred tax liability:			
-Opening balance		-	-
-Deferred tax on revaluation during the year		(27,065)	-
-Deferred tax recorded during the year		1,353	-
-Closing balance	13	(25,712)	-
		623,453	-

	Note	2016 Rupees in '000'	2015
24.3 Surplus on revaluation of available for sale securities - net of tax			
Federal government securities		1,065,254	1,872,465
Quoted securities		219,248	16,835
Term finance certificates		10,303	(1,713)
		1,294,805	1,887,587
Less: Related deferred tax liability	13	(453,182)	(660,655)
		841,623	1,226,932

25. CONTINGENCIES AND COMMITMENTS

25.1 Direct credit substitutes

These include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favour of:

	2016 Rupees in '000'	2015
- Government	-	-
- Financial institutions	-	-
- Others	2,209,896	1,656,157
	2,209,896	1,656,157

25.2 Transaction-related contingent liabilities

These include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favour of:

	2016 Rupees in '000'	2015
- Government	601,271	410,060
- Financial institutions	8,564,597	6,028
- Others	23,878,852	19,075,322
	33,044,720	19,491,410

25.3 Trade-related contingent liabilities

These include letters of credit issued in favour of:

- Government	6,719,311	3,784,344
- Financial institutions	-	-
- Others	20,163,620	12,423,750
	26,882,931	16,208,094

25.4 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision for the aforementioned tax years will be decided in Bank's favour.

	2016	2015
	Rupees in '000'	
25.5 Other contingencies		
Claims against the Bank not acknowledged as debts	29,750,928	31,077,751

The amounts involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to our recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

25.6 Commitments to extend credit

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

	2016	2015
	Rupees in '000'	
25.7 Commitments in respect of forward exchange contracts		
Purchase	9,594,731	12,160,726
Sale	6,997,174	9,624,791
	16,591,905	21,785,517

25.8 Commitments for the acquisition of operating fixed assets	27,095	111,537
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26. MARK-UP/RETURN/INTEREST EARNED

a) On loans and advances to:		
i) Customers	16,946,204	15,563,365
ii) Financial institutions	-	5,063
b) On investments in:		
i) Available for sale securities	10,701,296	12,805,782
ii) Held for trading securities	651,692	425,483
iii) Held to maturity securities	997,206	1,810,639
c) On deposits with financial institutions	48,948	18,504
d) On securities purchased under resale agreements	177,791	505,952
e) On certificates of investment	22,837	29,200
f) On letters of placement	128,514	102,439
	29,674,488	31,266,427

	2016	2015
	Rupees in '000'	
27. MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	15,412,039	17,771,401
Securities sold under repurchase agreements	1,842,455	2,278,876
Mark-up on subordinated loan from GoPb	126,945	148,521
Mark-up on privately placed term finance certificates	4,408	-
Call borrowings	44,307	-
	17,430,154	20,198,798
28. GAIN ON SALE AND REDEMPTION OF SECURITIES - NET		
Federal government securities :		
Market treasury bills	39,844	810,529
Pakistan investment bonds	2,343,237	3,948,571
Shares - listed	62,733	113,050
Shares - unlisted	52,350	56,400
Term finance certificates	27,408	41
Mutual funds	-	84,955
	2,525,572	5,013,546
29. OTHER INCOME		
Rent on lockers and bank property	33,689	33,865
Net profit on sale of property and equipment	16,785	21,124
Net profit on sale of non banking assets acquired in satisfaction of claims	11,636	240,489
Service charges	269,889	260,184
Loan processing and arrangement charges	762,182	722,132
Online transaction charges	12,825	12,846
ATM transactions	223,703	185,598
SMS Banking	56,180	26,180
Cheque return charges	12,482	17,479
Compensation received on tax refund	158,014	-
Miscellaneous earnings	100,924	115,171
	1,658,309	1,635,068

	Note	2016 Rupees in '000'	2015
30. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		4,339,523	3,770,370
Contribution to defined contribution plans		121,397	102,554
Provision for gratuity	37.1.1	78,615	77,367
Provision for compensated absences	37.1.3	(136,542)	9,338
Non-executive directors' fees	38	3,625	3,150
Taxes, insurance, electricity, etc.		388,343	328,555
Legal and professional charges		75,999	47,518
Communications		136,376	130,717
Repairs and maintenance		193,653	162,366
Rent for bank premises	30.1	692,562	542,234
Finance charge on leased assets		-	16
Stationery and printing		126,549	145,976
Advertisement and publicity		70,703	168,798
Auditors' remuneration	30.2	9,555	9,001
Depreciation on property and equipment	12.2	693,261	548,043
Depreciation on non banking assets acquired in satisfaction of claims		105,601	-
Depreciation on ijarah assets under IFAS - 2		80,077	56,670
Amortization on intangible assets	12.3	23,395	13,335
Traveling		110,914	105,722
Fuel expenses		189,503	216,308
Cash remittance charges		131,809	99,785
Entertainment expenses		73,408	62,766
Bank charges		89,706	97,309
Online connectivity charges		179,080	150,422
Fuel for generator		103,768	113,170
Commission and brokerage		94,375	103,856
Branch license fee		16,100	15,096
ATM charges		123,959	106,153
CNIC verification/ ECIB charges		25,955	31,829
Software & license renewal charges		26,794	17,009
Miscellaneous expenses		177,938	154,158
		8,346,001	7,389,591

30.1 Operating lease

Operating lease rentals are charged in profit and loss account on a time proportion basis over the term of lease agreements.

	2016 Rupees in '000'	2015
30.2 Auditors' remuneration		
Audit fee	2,500	2,250
Special certifications, half yearly review and others	6,205	5,876
Out-of-pocket expenses	850	875
	9,555	9,001

	Note	2016 Rupees in '000'	2015
31. OTHER CHARGES			
Penalties imposed by SBP		33,699	19,958
32. TAXATION			
For the year			
Current		960,820	388,908
Deferred		1,608,548	2,248,317
		2,569,368	2,637,225
Prior years			
Current		364,259	143,953
Deferred		257,960	-
		622,219	143,953
		3,191,587	2,781,178
32.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		8,049,941	7,529,499
Tax on income @ 35%		2,817,479	2,635,325
Tax effect of permanent differences		11,795	6,985
Tax effect of prior years provisions		364,259	143,953
Others		(1,946)	(5,085)
Tax charge for the year		3,191,587	2,781,178
33. BASIC EARNINGS PER SHARE			
Profit for the year - Rupees in thousand		4,858,354	4,748,321
Weighted average ordinary shares - Number		1,555,113,165	1,555,113,165
Basic earnings per share - after tax - Rupees		3.12	3.05
34. DILUTED EARNINGS PER SHARE			
There is no dilution effect on basic earnings per share.			
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	35,756,024	26,190,481
Balance with other banks	8	3,765,867	4,512,033
Overdrawn nostro accounts	17.2	(84,810)	(74,659)
		39,437,081	30,627,855

	2016	2015
	Number	
36. STAFF STRENGTH		
Permanent	3,598	3,504
Temporary/on contractual basis	2,349	1,770
Daily wagers	450	425
Bank's own staff strength at the end of the year	6,397	5,699
Outsourced	991	1,040
Total Staff Strength	7,388	6,739

37. EMPLOYEE BENEFITS

37.1 Defined benefit plans

37.1.1 Gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement which is equal to one month's last drawn basic salary for each year of eligible service or part thereof, with effect from January 01, 2008, subject to minimum of five years of service. The Bank makes annual provision in these unconsolidated financial statements for its liabilities on the basis of actuarial valuation.

Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2016 using the "Projected Unit Credit Method". The principal assumptions used in the valuation were as follows:

	2016	2015
Discount rate	8.00%	9.00%
Expected rate of eligible salary increase in future years	7.00%	8.00%
Interest income for the year 2016	8.00%	9.00%
Average expected remaining working life (years)	7	7

	2016	2015
	Rupees in '000'	
Reconciliation of payable to defined benefit plan		
Present value of defined benefit obligation	599,144	457,730
Fair value of plan assets	(477,283)	(426,280)
Benefit payments payable	21,374	16,567
	143,235	48,017
Movement in payable to defined benefit plan		
Opening balance	48,017	76,390
Charge for the year	78,615	77,367
Remeasurement chargeable in other comprehensive income	64,620	(29,350)
Contributions made by the Bank during the year	(48,017)	(76,390)
Closing balance	143,235	48,017

	2016	2015
	Rupees in '000'	
Changes in present value of defined benefit obligations		
Opening balance	457,730	420,106
Current service cost	78,265	74,891
Interest cost	38,670	44,202
Benefits due but not paid during the year	(11,365)	(9,342)
Benefit paid	(44,761)	(27,200)
Actuarial loss / (gain)	80,605	(44,927)
	599,144	457,730

The effect of increase of one percent and the effect of decrease of one percent in the discount rate on the present value of defined benefit obligation at December 31, 2016 would be Rs. 551,312 thousand (2015: Rs. 421,058 thousand) and Rs. 653,907 thousand (2015: Rs. 499,868 thousand) respectively.

	2016	2015
	Rupees in '000'	
Changes in fair value of plan assets		
Opening balance	426,280	358,518
Interest income for the year	38,320	41,726
Contributions made	48,017	76,390
Benefits paid	(49,036)	(34,777)
Actuarial gain / (loss)	13,702	(15,577)
	477,283	426,280
Charge for defined benefit plan		
Current service cost	78,265	74,891
Interest cost	38,670	44,202
Interest income for the year	(38,320)	(41,726)
	78,615	77,367
	52,022	26,149
Actual return on plan assets		
Composition of fair value of plan assets		
First Punjab Modaraba	50,718	404,475
Cash at bank	426,565	21,805
	477,283	426,280

37.1.2 Reconciliation of net liability recognized for gratuity for the five years are as follows:

	2016	2015	2014	2013	2012
	Rupees in '000'				
Present value of defined benefit obligation	599,144	457,730	420,106	343,541	268,612
Fair value of plan assets	(477,283)	(426,280)	(358,518)	(283,186)	(190,322)
Benefit payments payable	21,374	16,567	14,802	11,115	9,041
	143,235	48,017	76,390	71,470	87,331
Actuarial gains / (losses) on obligation	(80,605)	44,927	10,766	7,969	(17,849)
Actuarial gains / (losses) on assets	13,702	(15,577)	(8,253)	422	8,017

37.1.3 Compensated absences

The Bank makes annual provision in these unconsolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The employees of the Bank are entitled to take the leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days basic salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2016. The principal assumptions used in the valuation were as follows:

	2016	2015
Discount rate	8.00%	9.00%
Expected rate of eligible salary increase in future years	7.00%	8.00%
Average number of leaves accumulated per annum by the employees (days)	17	13
	Rupees in '000'	
Present value of defined benefit obligation	91,181	228,742
Movement in payable to defined benefit plan		
Opening balance	228,742	223,672
Charge for the year	(136,542)	9,338
Benefit paid	(1,019)	(4,268)
Closing balance	91,181	228,742

The effect of increase of one percent and the effect of decrease of one percent in the discount rate on the present value of defined benefit obligation at December 31, 2016 would be Rs. 81,931 thousand (2015: Rs. 206,694 thousand) and Rs. 102,039 thousand (2015: Rs. 254,574 thousand) respectively.

	2016	2015
	Rupees in '000'	
Charge for defined benefit plan		
Current service cost	5,594	13,972
Interest cost	20,541	24,369
Actuarial gain recognized	(162,677)	(29,003)
	(136,542)	9,338

37.1.4 Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2016	2015	2014	2013	2012
	Rupees in '000'				
Opening net liability	228,742	223,672	209,961	193,464	186,799
Net charge for the year	(137,561)	5,070	13,711	16,497	6,665
	91,181	228,742	223,672	209,961	193,464
Actuarial gain on obligation	162,677	29,003	33,037	23,689	33,894

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in these unconsolidated financial statements for remuneration, including benefits to the Chairman, President/Chief Executive Officer, Directors and Executives of the Bank was as follows:

	Chairman		President / Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees in '000'							
Fees	250 *	400 *	-	-	3,375 *	2,750 *	-	-
Managerial remuneration	-	-	48,887	39,110	-	-	749,843	418,390
Bonus	-	1,000	27,059	21,648	-	-	203,410	134,401
Rent and house maintenance	-	-	3,771	3,017	-	-	289,256	158,265
Utilities	111	132	3,397	2,718	-	-	73,684	40,732
Medical	456	247	4	-	-	-	71,630	38,984
Other allowances	1,357	3,226	2,860	7,243	-	-	214,961	252,911
	2,174	5,005	85,978	73,736	3,375	2,750	1,602,784	1,043,683
Number of persons	2	1	1	1	9	7	818	445

* This represents fee paid to non-executive directors for attending the Board and its committees meetings.

Chairman, President/Chief Executive Officer and certain executives are provided with free use of the Bank's maintained cars.

In addition to the above, contribution to defined contribution and benefit plans have been made in accordance with the Bank's policy. Further, executives are entitled to certain additional benefits in accordance with the Bank's policy.

Executive means officers, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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 these are either short-term in nature or, in the case of customer loans and deposits, are frequently reprised.

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Carrying value	2016 Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	192,217,377	-	193,281,455	-	193,281,455
Ordinary shares / certificates of listed companies and modarabas	1,305,364	1,136,049	-	-	1,136,049
Ordinary shares of unlisted company	25,000	-	-	13,051	13,051
Preference shares of listed companies	340,451	-	-	-	-
Listed term finance certificates	1,193,277	-	1,186,232	-	1,186,232
Subsidiary company	164,945	-	-	27,459	27,459
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,115,995	-	5,115,995	-	5,115,995
Non banking assets	8,337,295	-	8,337,295	-	8,337,295
Financial instruments not measured at fair value:					
Cash and balances with treasury banks	35,756,024	-	-	-	-
Balances with other banks	3,765,867	-	-	-	-
Lendings to financial institutions	11,562,133	-	-	-	-
Investments:					
Government securities	254,267	-	-	-	-
Unlisted term finance certificates	6,015,763	-	-	-	-
Sale of sukuk to GOP on Bai-Muajjal basis	-	-	-	-	-
Advances - net	262,067,924	-	-	-	-
Other assets	7,033,642	-	-	-	-
	535,155,324	1,136,049	207,920,977	40,510	209,097,536

2016					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
Financial liabilities not measured at fair value:					
Bills payable	4,183,480	-	-	-	-
Borrowings	39,829,134	-	-	-	-
Deposits and other accounts	453,219,740	-	-	-	-
Sub-ordinated loan	4,500,000	-	-	-	-
Other liabilities	15,627,279	-	-	-	-
	517,359,633	-	-	-	-
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	9,594,732	-	9,533,165	-	9,533,165
Forward sale of foreign exchange contracts	6,997,174	-	6,931,885	-	6,931,885
2015					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	150,182,972	-	152,055,437	-	152,055,437
Ordinary shares / certificates of listed companies and modarabas	1,608,725	1,202,471	-	-	1,202,471
Ordinary shares of unlisted company	25,000	-	-	13,051	13,051
Preference shares of listed companies	415,451	-	120,149	-	120,149
Listed term finance certificates	664,623	-	645,562	-	645,562
Subsidiary company	164,945	-	-	27,459	27,459
Operating fixed assets (land & building)	-	-	-	-	-
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	4,181,946	-	4,181,946	-	4,181,946
Financial instruments not measured at fair value:					
Cash and balances with treasury banks	26,190,481	-	-	-	-
Balances with other banks	4,512,033	-	-	-	-
Lendings to financial institutions	6,113,262	-	-	-	-
Investments:					
Government securities	15,192,124	-	-	-	-
Unlisted term finance certificates	3,455,200	-	-	-	-
Sale of sukuk to GOP on Bai-Muajjal basis	5,503,881	-	-	-	-
Advances - net	219,398,631	-	-	-	-
Other assets	9,835,293	-	-	-	-
	447,444,567	1,202,471	157,003,094	40,510	158,246,075
Financial liabilities not measured at fair value:					
Bills payable	1,887,432	-	-	-	-
Borrowings	55,236,429	-	-	-	-
Deposits and other accounts	374,961,096	-	-	-	-
Sub-ordinated loan	2,000,000	-	-	-	-
Other liabilities	15,520,357	-	-	-	-
	449,605,314	-	-	-	-
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	12,160,726	-	12,096,254	-	12,096,254
Forward sale of foreign exchange contracts	9,624,791	-	9,588,653	-	9,588,653

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000					
2016						
Total income	15,402,926	4,544,097	14,447,716	490,413	83,766	34,968,918
Total expenses	2,038,440	3,748,461	21,132,076	-	-	26,918,977
Inter segment (cost) / revenue transfer	(6,024,670)	911,120	5,113,550	-	-	-
Income taxes	-	-	-	-	-	3,191,587
Net income / (loss)	7,339,816	1,706,756	(1,570,810)	490,413	83,766	4,858,354
Segment assets (gross)	251,460,477	48,490,004	271,095,157	-	-	571,045,638
Segment non performing loans / investments	3,115,470	2,209,022	52,744,531	-	-	58,069,023
Segment specific provision required	3,068,083	1,668,986	29,793,974	-	-	34,531,043
Segment liabilities	30,687,355	77,503,469	409,168,809	-	-	517,359,633
Segment return on net assets (ROA) (%)	8.49%	11.35%	8.67%			
Segment cost of funds (%)	6.09%	6.25%	6.01%			
2015						
Total income	20,895,675	3,456,503	13,983,106	467,436	88,048	38,890,768
Total expenses	2,425,587	4,031,554	24,904,128	-	-	31,361,269
Inter segment (cost) / revenue transfer	(10,493,546)	1,592,969	8,900,577	-	-	-
Income taxes	-	-	-	-	-	2,781,178
Net income / (loss)	7,976,542	1,017,918	(2,020,445)	467,436	88,048	4,748,321
Segment assets (gross)	215,336,059	45,257,923	234,132,254	-	-	494,726,236
Segment non performing loans / investments	3,095,443	1,982,426	55,086,869	-	-	60,164,738
Segment specific provision required	3,048,940	1,656,719	28,939,869	-	-	33,645,528
Segment liabilities	45,150,348	59,445,098	345,009,868	-	-	449,605,314
Segment return on net assets (ROA) (%)	12.21%	9.94%	11.77%			
Segment cost of funds (%)	7.13%	7.19%	7.33%			

41. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Bank in the normal course of business carries out transactions with various related parties on arm's length basis. Amounts due from and due to related parties are shown under receivables and payables. Amounts due from key management personnel are shown under receivables and remuneration of key management personnel is disclosed in Note 11.8 and Note 38 respectively. In addition key management personnel are paid terminal and short-term terminal benefits.

	2016				2015			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others
	Rupees in '000				Rupees in '000			
Advances								
Opening balance	117,456	855,445	-	-	121,056	760,121	-	61,874
Loans granted during the year	38,064	932,466	-	-	69,064	744,280	-	-
Repayments received during the year	(40,670)	(709,297)	-	-	(72,664)	(648,956)	-	(61,874)
Closing balance	114,850	1,078,614	-	-	117,456	855,445	-	-
Deposits								
Opening balance	18,544	52,651	2,317,942	262,770	15,177	20,407	2,076,040	46,545
Placements made during the year	305,191	1,157,283	455,520	1,324,912	299,492	762,852	7,536,662	1,303,748
Withdrawals during the year	(295,005)	(1,153,696)	(314,113)	(1,536,194)	(296,125)	(730,608)	(7,294,760)	(1,087,523)
Closing balance	28,730	56,238	2,459,349	51,488	18,544	52,651	2,317,942	262,770
Placements								
	-	300,000	-	-	-	100,000	-	-
Transactions during the year :								
Mark-up/return earned	6,798	71,735	-	-	9,004	60,072	-	1,702
Mark-up/interest expensed	497	-	136,089	2,325	375	-	156,065	2,560
Contribution to employees funds	-	-	94,920	-	-	-	77,658	-

41.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance. The same are accounted for through movement presented above.

41.2 The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government- related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities and loans against GoPb guarantees amounted to Rs. 40,923,548 thousand (2015: Rs. 36,502,375 thousand), Rs. 212,000,928 thousand (2015: Rs. 170,215,660 thousand), Rs. 11,471,482 thousand (2015: Rs. 4,051,764 thousand) and Rs. Nil thousand (2015: Rs. 4,140,871 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 126,945 thousand (2015: Rs. 148,521 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014. In addition, subsidiary company and managed modaraba are provided with office space within the Bank's premises.

42. CAPITAL ADEQUACY

42.1 Scope of application

The Bank is the only entity in the Group to which Basel framework is applicable. The Bank has only one subsidiary, Punjab Modaraba Services (Private) Limited, whose financial statements are included in the consolidated financial statements.

42.2 Capital adequacy

The Basel Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the subsidiary) and on a stand alone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratio compares the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The Bank plans to increase its paid up share capital, through right issue, to comply with the aforesaid requirement. The paid-up capital requirement (net of losses) as at December 31, 2016 is Rs.10.0 billion. The paid-up capital, reserves (net of losses) and share deposit money of the Bank amounts to Rs. 24,247,585 (2015 : Rs. 19,396,699 thousand).

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% of their risk weighted assets. The Bank's capital adequacy ratio as at December 31, 2016 under Basel III is 12.28%.

The capital adequacy ratio of the Bank was subject to Basel III capital adequacy guidelines stipulated by the SBP through its circular BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis.

Phase-in arrangement and full implementation of the minimum capital requirements:

Sr. No.	Ratio	Year end						As of December
		2013	2014	2015	2016	2017	2018	2019
1	CET1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier-1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	CCB (consisting of CET1 only)	0.00%	0.00%	0.25%	0.65%	1.275%	1.90%	2.50%
6	Total capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.275%	11.90%	12.50%

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.
- Additional Tier I capital (ADT-I), which includes perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves up to a maximum of 45% of the balance, exchange translation reserves after all regulatory adjustments applicable on Tier-2.
- Tier III capital, which includes short term sub-ordinated debts. This capital is solely for the purpose of meeting a proportion of the capital requirements for market risk.

Various limits are applied to elements of the capital base. Qualifying Tier II and Tier III capital cannot exceed the Tier I capital. Revaluation reserves are eligible upto 45 % for treatment as Tier II capital. There is also restriction on the amount of general reserve for loan losses upto 1.25 % of total risk weighted assets. Sub-ordinated debts cannot exceed 50 % of Tier I capital. Further tier III capital cannot exceed 250 % of Tier I capital.

The Bank calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk	Standardized Approach
Market risk	Standardized Approach
Operational risk	Basic Indicator Approach

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank.

	Note	2016 Rupees in '000'	2015
42.3 Capital adequacy return			
Common Equity Tier 1 capital (CET1): Instruments and reserves			
1	Fully paid-up capital / capital deposited with SBP	15,551,132	15,551,132
2	Balance in share premium account and share deposit money	7,037,882	7,037,882
3	Reserve for issue of bonus shares	-	-
4	Discount on issue of shares	(263,158)	(263,158)
5	General / Statutory reserves	1,262,791	2,291,119
6	Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated profit / (accumulated losses)	658,938	(5,220,276)
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9	CET 1 before Regulatory Adjustments	24,247,585	19,396,699
10	Total regulatory adjustments applied to CET1	42.3.1 2,564,269	1,845,973
11	Common Equity Tier 1	21,683,316	17,550,726
Additional Tier 1 (AT 1) Capital			
12	Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13	of which: Classified as equity	-	-
14	of which: Classified as liabilities	-	-
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16	of which: instrument issued by subsidiaries subject to phase out	-	-
17	AT1 before regulatory adjustments	-	-
18	Total regulatory adjustment applied to AT1 capital	42.3.2 -	-
19	Additional Tier 1 capital after regulatory adjustments	-	-
20	Additional Tier 1 capital recognized for capital adequacy	-	-

	Note	2016 Rupees in '000'	2015
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	21,683,316	17,550,726
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	4,100,000	2,000,000
23	Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel III rules	-	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25	of which: instruments issued by subsidiaries subject to phase out	-	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit risk weighted assets	390,971	346,493
27	Revaluation reserves (net of taxes)	2,163,009	1,927,965
28	of which: Revaluation reserves on fixed assets	1,552,832	1,207,142
29	of which: Unrealized gains / losses on AFS	610,177	720,823
30	Foreign Exchange Translation Reserves	-	-
31	Undisclosed / Other Reserves (if any)	-	-
32	T2 before regulatory adjustments	6,653,980	4,274,458
33	Total regulatory adjustment applied to T2 capital	42.3.3	-
34	Tier 2 capital (T2) after regulatory adjustments	-	-
35	Tier 2 capital recognized for capital adequacy	-	-
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	6,865	10,297
37	Total Tier 2 capital admissible for capital adequacy	6,647,115	4,264,161
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	28,330,431	21,814,887
39	Total Risk Weighted Assets (RWA)	42.6	230,695,761
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	9.40%	8.44%
41	Tier-1 capital to total RWA	9.40%	8.44%
42	Total capital to total RWA	12.28%	10.49%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
44	of which: capital conservation buffer requirement		
45	of which: countercyclical buffer requirement		
46	of which: D-SIB or G-SIB buffer requirement		
47	CET1 available to meet buffers (as a percentage of risk weighted assets)		
	National minimum capital requirements prescribed by SBP		
48	CET1 minimum ratio	6.00%	6.00%
49	Tier 1 minimum ratio	7.50%	7.50%
50	Total capital minimum ratio	10.65%	10.25%

2016

2015

		Rupees in '000'	
		Amount	Amount subject to Pre-Basel III treatment
Regulatory Adjustments and Additional Information			
42.3.1 Common Equity Tier 1 capital: Regulatory adjustments			
1	Goodwill (net of related deferred tax liability)	394,417	-
2	All other intangibles (net of any associated deferred tax liability)	42,220	-
3	Shortfall in provisions against classified assets	-	-
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
5	Defined-benefit pension fund net assets	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	67,797	-
7	Cash flow hedge reserve	-	-
8	Investment in own shares/ CET1 instruments	-	-
9	Securitization gain on sale	-	-
10	Capital shortfall of regulated subsidiaries	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	2,052,970	4,105,939
15	Amount exceeding 15% threshold	-	-
16	of which: significant investments in the common stocks of financial entities	-	-
17	of which: deferred tax assets arising from temporary differences	-	-
18	National specific regulatory adjustments applied to CET1 capital	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit	-	-
20	Any other deduction specified by SBP (mention details)	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	6,865	-
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	2,564,269	1,845,973
42.3.2 Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
24	Investment in own AT1 capital instruments	-	-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-

		2016	2015	
		Rupees in '000'		
		Amount	Amount subject to Pre-Basel III treatment	
42.3.3 Tier 2 Capital: regulatory adjustments				
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	6,865		10,297
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-		-
33	Investment in own Tier 2 capital instrument	-		-
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-
36	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	6,865		10,297
42.3.4 Additional Information				
Risk weighted assets subject to pre-Basel III treatment				
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)			
(i)	of which: deferred tax assets	-	-	577,594
(ii)	of which: Defined-benefit pension fund net assets			
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-	-
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-	-
Amounts below the thresholds for deduction (before risk weighting)				
38	Non-significant investments in the capital of other financial entities			
39	Significant investments in the common stock of financial entities			
40	Deferred tax assets arising from temporary differences (net of related tax liability)	4,427,286	6,480,255	5,809,633
Applicable caps on the inclusion of provisions in Tier 2				
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-	-
42	Cap on inclusion of provisions in Tier 2 under standardized approach	-	-	-
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-

	Balance sheet of the published financial statements	Under regulatory scope of consolidation
	2016	2016
	Rupees in '000'	
42.4 Capital structure reconciliation		
42.4.1 Step 1		
Cash and balances with treasury banks	35,756,024	35,756,024
Balances with other banks	3,765,867	3,765,867
Lendings to financial institutions	11,562,133	11,562,133
Investments - net	199,741,990	199,741,990
Advances - net	262,067,924	262,067,924
Operating fixed assets	7,692,675	7,692,675
Deferred tax assets - net	6,480,256	6,480,256
Other assets - net	18,147,262	18,147,262
Total assets	545,214,131	545,214,131
Liabilities & Equity		
Bills payable	4,183,480	4,183,480
Borrowings	39,829,134	39,829,134
Deposits and other accounts	453,219,740	453,219,740
Sub-ordinated loan	4,500,000	4,500,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	-
Other liabilities	15,627,279	15,627,279
Total liabilities	517,359,633	517,359,633
Share capital	22,325,856	22,325,856
Reserves	1,262,791	1,262,791
Accumulated losses	658,938	658,938
Minority Interest	-	-
Surplus on revaluation of assets - net of tax	3,606,913	3,606,913
Total equity	27,854,498	27,854,498
Total liabilities & equity	545,214,131	545,214,131

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	2016	2016	
	Rupees in '000'		
42.4.2 Step 2			
Assets			
Cash and balances with treasury banks	35,756,024	35,756,024	
Balances with other banks	3,765,867	3,765,867	
Lending to financial institutions	11,562,133	11,562,133	
Investments	199,741,990	199,741,990	
<i>of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold</i>	-	-	a
<i>of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold</i>	-	-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	c
<i>of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)</i>	67,797	67,797	d
<i>of which: others (mention details)</i>			e
Advances	262,067,924	262,067,924	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>			f
<i>general provisions reflected in Tier 2 capital</i>	390,971	390,971	g
Fixed Assets	7,692,675	7,692,675	
Deferred Tax Assets	6,480,256	6,480,256	
<i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>	-	-	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	6,480,256	6,480,256	i
Other assets	18,147,262	18,147,262	
<i>of which: Goodwill</i>	394,417	394,417	j
<i>of which: Intangibles</i>	42,220	42,220	k
<i>of which: Defined-benefit pension fund net assets</i>			l
Total assets	545,214,131	545,214,131	
Liabilities & Equity			
Bills payable	4,183,480	4,183,480	
Borrowings	39,829,134	39,829,134	
Deposits and other accounts	453,219,740	453,219,740	
Sub-ordinated loans	4,500,000	4,500,000	
<i>of which: eligible for inclusion in AT1</i>	-	-	m
<i>of which: eligible for inclusion in Tier 2</i>	4,500,000	4,500,000	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
<i>of which: DTLs related to goodwill</i>	-	-	o
<i>of which: DTLs related to intangible assets</i>	-	-	p
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	q
<i>of which: other deferred tax liabilities</i>	-	-	r
Other liabilities	15,627,279	15,627,279	
Total liabilities	517,359,633	517,359,633	

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	2016	2016	
	Rupees in '000'		
Share capital	22,325,856	22,325,856	
<i>of which: amount eligible for CET1</i>	22,325,856	22,325,856	s
<i>of which: amount eligible for AT1</i>	-	-	t
Reserves	1,262,791	1,262,791	
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	1,262,791	1,262,791	u
<i>of which: portion eligible for inclusion in Tier 2</i>			v
Unappropriated profit/ (losses)	658,938	658,938	w
Minority Interest			
<i>of which: portion eligible for inclusion in CET1</i>	-	-	x
<i>of which: portion eligible for inclusion in AT1</i>	-	-	y
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	z
Surplus on revaluation of assets	3,606,913	3,606,913	
<i>of which: Revaluation reserves on Fixed Assets</i>	2,141,837	2,141,837	aa
<i>of which: Unrealized Gains/Losses on AFS</i>	841,622	841,622	
<i>In case of Deficit on revaluation (deduction from CET1)</i>			ab
Total liabilities & Equity	545,214,131	545,214,131	

42.4.3 Step 3

Common Equity Tier 1 capital (CET1): Instruments and reserves

1	Fully paid-up capital/ capital deposited with SBP	15,551,132	
2	Balance in share premium account, share deposit money and discount on issue of shares	6,774,724	(s)
3	Reserve for issue of bonus shares		
4	General / Statutory reserves	1,262,791	(u)
5	Gain / (Losses) on derivatives held as Cash Flow Hedge		
6	Unappropriated profit	658,938	(w)
7	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8	CET 1 before Regulatory Adjustments	24,247,585	
	Common Equity Tier 1 capital: Regulatory adjustments		
9	Goodwill (net of related deferred tax liability)	394,417	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	42,220	(k) - (p)
11	Shortfall of provisions against classified assets	-	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13	Defined-benefit pension fund net assets		{(l) - (q)} * x%
14	Reciprocal cross holdings in CET1 capital instruments	67,797	(d)
15	Cash flow hedge reserve	-	
16	Investment in own shares / CET1 instruments	-	
17	Securitization gain on sale	-	
18	Capital shortfall of regulated subsidiaries	-	
19	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	(ab)

	Component of regulatory capital reported by bank	Source based on reference number from step2	
	2016	2016	
	Rupees in '000'		
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	2,052,970	(i)
23	Amount exceeding 15% threshold	-	
24	of which: significant investments in the common stocks of financial entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments applied to CET1 capital	-	
27	of which: Investment in TFCs of other banks exceeding the prescribed limit	-	
28	of which: Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	-	
31	Common Equity Tier 1	21,690,181	
	Additional Tier 1 (AT 1) Capital		
32	Qualifying Additional Tier-1 instruments plus any related share premium	-	
33	of which: Classified as equity	-	(t)
34	of which: Classified as liabilities	-	(m)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36	of which: instrument issued by subsidiaries subject to phase out	-	
37	AT1 before regulatory adjustments		
	Additional Tier 1 Capital: regulatory adjustments		
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39	Investment in own AT1 capital instruments	-	
40	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	6,865	

	Component of regulatory capital reported by bank	Source based on reference number from step2
	2016	2016
	Rupees in '000'	
44	-	
45	-	
46		
47	6,865	
48	21,683,316	
49	4,100,000	
50	-	(n)
51	-	(z)
52	-	
53	390,971	(g)
54	2,163,009	
55	1,552,832	portion of (aa)
56	610,177	
57	-	(v)
58	-	
59	6,647,115	
60	6,865	
61	-	
62	-	
63	-	(ae)
64	-	(af)
65	-	
66	-	
67	-	
68	-	
69	6,647,115	
70	28,330,431	

42.5 Main features template of regulatory capital instruments

Sr. No.	Main Features	Common Shares	Sub-ordinated Loan - Government	Sub-ordinated Loan - Privately place term finance certificates
1	Issuer	The Bank of Punjab	The Bank of Punjab	The Bank of Punjab
2	Unique identifier (e.g. KSE Symbol or Bloomberg identifier etc.)	BOP	BOP	BOP-PPTFCs
3	Governing law(s) of the instrument	Capital Market Law	Relevant rules and regulations	Relevant rules and regulations
4	Regulatory treatment			
4	Transitional Basel III rules	Common equity Tier 1	Tier 2 Capital Instruments	Tier 2 Capital Instruments
5	Post-transitional Basel III rules	Common equity Tier 1	Tier 2 Capital Instruments	Tier 2 Capital Instruments
6	Eligible at solo/ group/ group & solo	Standalone and group	Standalone and group	Standalone and group
7	Instrument type	Common shares	Debt	Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	22,551,132	2,000,000	2,500,000
9	Par value of instrument	PKR 10	Not applicable	PKR 100,000
10	Accounting classification	Shareholder equity	Sub-ordinated Loan	Privately Placed Term Finance Certificates
11	Original date of issuance	1990	2014	2016
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No maturity	07 years from date of disbursement	10 years from date of disbursement
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable	After 5 years	After 5 years
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable
17	Coupons / dividends			
17	Fixed or floating dividend/ coupon	Not applicable	Floating	Floating
18	Coupon rate and any related index/ benchmark	Not applicable	Average SBP discount rate	6 month ask side KIBOR at base rate setting date
19	Existence of a dividend / coupon stopper	No	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Not applicable	No	No
23	Convertible or non-convertible	Non-convertible	May be converted subject to consent of parties and necessary regulatory approvals.	May be converted on discretion of SBP upon occurrence of a point of non-viability ("PONV") event as defined in the Basel II guidelines.
24	If convertible, conversion trigger (s)	Not applicable	At the option of issuer after 05 years	Upon occurrence of a point of non-viability ("PONV") event as defined in the Basel II guidelines.
25	If convertible, fully or partially	Not applicable	Fully	Fully or partially
26	If convertible, conversion rate	Not applicable	Rs. 15 per share	Market value of shares at the date of trigger of PONV as declared by the SBP.
27	If convertible, mandatory or optional conversion	Not applicable	Optional	Optional
28	If convertible, specify instrument type convertible into	Not applicable	Ordinary shares	Ordinary shares
29	If convertible, specify issuer of instrument it converts into	Not applicable	BOP common shares	BOP common shares
30	Write-down feature	Not applicable	Yes	Yes
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Ranked inferior to all other debts of the Bank including deposits	Ranked inferior to all other debts of the Bank including deposits
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable

42.6 Risk Weighted Assets

The capital requirements for the banking group as per the major risk categories should be indicated in the manner given below:-

	Capital Requirements 2016	2015	Risk Weighted Assets 2016	2015
Rupees in '000				
Credit Risk				
On-Balance sheet				
<u>Portfolios subject to standardized approach (Comprehensive)</u>				
Cash & cash equivalents	-	-	-	-
Sovereign	6,621	12,609	66,205	126,085
Public Sector entities	312,263	610,307	3,122,633	6,103,073
Banks	379,368	254,537	3,793,677	2,545,368
Corporate	10,992,332	8,922,732	109,923,320	89,227,317
Retail	2,784,929	2,743,282	27,849,288	27,432,817
Residential Mortgages	68,531	63,263	685,305	632,631
Past Due loans	795,801	807,379	7,958,009	8,073,793
Deferred Tax Assets	798,876	913,368	7,988,759	9,133,675
Operating Fixed Assets	725,604	619,027	7,256,044	6,190,267
Significant Inv (250%) Punjab Modaraba	3,432	1,716	34,322	17,162
Other assets	1,814,726	2,563,591	18,147,262	25,635,908
	18,682,483	17,511,811	186,824,824	175,118,096
Off-Balance sheet				
Non-market related				
Financial guarantees, acceptances, performance related commitments, trade related etc.	1,511,836	1,003,365	15,118,364	10,033,650
Market related				
Foreign Exchange contracts/ derivatives etc.	7,031	6,653	70,313	66,529
	1,518,867	1,010,018	15,188,677	10,100,179
Equity Exposure Risk in the Banking Book				
Under simple risk weight method				
Listed, Unlisted	69,643	70,414	696,426	704,139
Under Internal models approach				
	69,643	70,414	696,426	704,139
Market Risk				
<u>Capital Requirement for portfolios subject to Standardized Approach</u>				
Interest rate risk	54,732	1,591	684,150	19,888
Equity position risk	179,981	188,736	2,249,763	2,359,200
Foreign Exchange risk	10,894	10,780	136,175	134,750
	245,607	201,107	3,070,088	2,513,838
<u>Capital Requirement for portfolios subject to Basic Indicator Approach</u>				
Operational Risk				
Capital Requirement for operational risks	1,993,260	1,554,559	24,915,746	19,431,990
Total	22,509,860	20,347,909	230,695,761	207,868,242
Capital Adequacy Ratios				
	2016 Required	2016 Actual	2015 Required	2015 Actual
CET1 to total RWA	6.00%	9.40%	6.00%	8.44%
Tier-1 capital to total RWA	7.50%	9.40%	7.50%	8.44%
Total capital to total RWA	10.65%	12.28%	10.25%	10.49%

43. RISK MANAGEMENT

The principal risks associated with the Banking business are credit risk, market risk, liquidity risk and operational risk.

43.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Bank manages its exposure to credit risk by pursuing credit policy approved by the Board of Directors and undertaking all lending activities in accordance with standard practices and procedures as laid down in the Credit Policy Manual. The Bank's credit process currently entails assessment of credit worthiness of potential customers, pre-sanction evaluation of credit proposal, adequacy and quality checks over collateral and examination of charge documents before disbursements. The Bank will also continue to keep its focus on expansion through diversified exposure. Further, to strengthen the portfolio and as a matter of prudence, adequate provisions against non-performing advances are accounted for in accordance with the requirements of the Prudential Regulations issued by the SBP.

43.1.1 Segments by class of business

	Advances (gross)						Deposits						Contingencies and commitments					
	2016		2015		2016		2015		2016		2015		2016		2015			
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent		
Agribusiness	6,360,779	2.16	7,694,514	3.07	16,493,266	3.64	13,925,870	3.71	-	-	-	-	-	-	-	-		
Textile and ginning	54,939,692	18.69	53,598,444	21.41	1,952,192	0.43	2,058,506	0.55	5,427,975	8.74	4,333,441	11.60	5,427,975	8.74	4,333,441	11.60		
Cement	5,586,579	1.90	4,120,492	1.65	296,165	0.07	645,401	0.17	3,603,448	5.80	2,670,574	7.15	3,603,448	5.80	2,670,574	7.15		
Sugar	11,048,102	3.76	9,126,626	3.65	1,548,917	0.34	405,468	0.11	1,117,716	0.18	99,186	0.27	1,117,716	0.18	99,186	0.27		
Financial	1,783,769	0.61	1,645,931	0.66	6,011,551	1.33	3,995,197	1.07	8,564,597	13.78	6,028	0.02	8,564,597	13.78	6,028	0.02		
Construction and real estate	7,535,880	2.56	11,103,629	4.44	18,061,095	3.99	12,464,104	3.32	11,666,409	18.78	9,327,563	24.97	11,666,409	18.78	9,327,563	24.97		
Oil and gas	3,241,442	1.10	2,262,693	0.90	913,994	0.20	451,328	0.12	1,548,827	2.49	859,488	2.30	1,548,827	2.49	859,488	2.30		
Auto and allied	2,180,653	0.74	2,122,953	0.85	80,733	0.02	3,643,981	0.97	1,089,538	1.75	109,420	0.29	1,089,538	1.75	109,420	0.29		
Food and allied	8,402,084	2.86	7,996,996	3.19	1,873,713	0.41	1,693,523	0.45	1,118,824	1.80	542,423	1.45	1,118,824	1.80	542,423	1.45		
Chemical and pharmaceuticals	6,535,561	2.22	5,128,090	2.05	1,110,533	0.25	1,201,872	0.32	1,769,987	2.85	1,831,477	4.90	1,769,987	2.85	1,831,477	4.90		
Fertilizers	4,125,651	1.40	3,983,440	1.59	283,267	0.06	238,427	0.06	710,507	1.14	565,865	1.51	710,507	1.14	565,865	1.51		
Cable, electrical and engineering	9,373,073	3.19	9,316,399	3.72	1,950,722	0.43	1,442,538	0.38	2,836,728	4.57	3,539,720	9.48	2,836,728	4.57	3,539,720	9.48		
Production and transmission of energy	10,388,024	3.53	5,529,316	2.21	817,200	0.18	254,641	0.07	3,669,559	5.91	1,090,632	2.92	3,669,559	5.91	1,090,632	2.92		
Transport, storage and communication	5,563,632	1.89	6,036,160	2.41	2,688,920	0.59	1,001,325	0.27	1,106,458	1.78	215,014	0.58	1,106,458	1.78	215,014	0.58		
Government :																		
- Public sector enterprises	45,782,278	15.58	18,304,286	7.31	20,113,322	4.44	10,196,775	2.72	6,087,100	9.80	2,908,513	7.79	6,087,100	9.80	2,908,513	7.79		
- Federal and Provincial Governments	29,189,829	9.93	31,028,296	12.39	226,398,222	49.95	189,226,581	50.47	7,320,582	11.78	4,194,404	11.23	7,320,582	11.78	4,194,404	11.23		
Individuals	42,121,947	14.33	40,166,614	16.04	124,444,139	27.46	105,549,191	28.15	-	-	-	-	-	-	-	-		
Trading and commerce	18,640,932	6.34	14,410,934	5.76	6,136,436	1.35	4,701,812	1.25	2,074,095	3.34	1,684,859	4.51	2,074,095	3.34	1,684,859	4.51		
Services	8,521,957	2.90	6,394,515	2.55	12,053,284	2.66	11,151,743	2.97	205,532	0.33	175,698	0.47	205,532	0.33	175,698	0.47		
Others	12,599,991	4.31	10,371,384	4.15	9,992,069	2.20	10,712,813	2.87	3,225,665	5.18	3,201,356	8.56	3,225,665	5.18	3,201,356	8.56		
	293,921,855	100.00	250,341,712	100.00	453,219,740	100.00	374,961,096	100.00	62,137,547	100.00	37,355,661	100.00	62,137,547	100.00	37,355,661	100.00		

43.1.2 Segment by sector

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public Sector / Government	74,972,107	25.51	246,511,544	54.39	13,407,682	21.58
Private	218,949,748	74.49	206,708,196	45.61	48,729,865	78.42
	293,921,855	100.00	453,219,740	100.00	62,137,547	100.00

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

	2016		2015	
	Classified advances	Rupees in '000 Specific provision held	Classified advances	Specific provision held
Agribusiness	1,485,793	1,055,562	1,287,340	1,111,180
Textile and ginning	25,228,696	13,378,356	25,520,551	11,489,399
Cement	1,547,291	1,129,044	1,639,610	1,029,556
Sugar	1,805,281	1,181,462	1,916,552	1,402,295
Financial	1,394,009	39,328	1,170,090	38,675
Construction and real estate	2,088,907	1,787,691	2,425,746	1,939,369
Oil and gas	80,252	76,671	105,191	85,016
Auto and allied	1,998,230	1,540,329	1,997,044	1,537,993
Food and allied	3,505,840	2,115,173	3,129,497	1,716,723
Chemical and pharmaceuticals	123,695	86,122	578,307	517,672
Fertilizers	87,966	67,662	61,010	61,010
Cable, electrical and engineering	2,044,754	166,339	2,092,300	203,359
Production and transmission of energy	1,548,271	509,495	1,542,741	505,217
Transport, storage and communication	260,327	151,903	612,238	284,736
Government:				
- Public sector enterprises	-	-	-	-
- Federal and Provincial Governments	-	-	-	-
Individuals	564,768	442,707	523,695	399,898
Trading and commerce	6,951,959	4,381,365	7,643,387	4,833,138
Services	1,722,082	1,583,620	2,082,373	1,642,855
Others	2,515,432	1,770,131	2,741,623	1,798,497
	54,953,553	31,462,960	57,069,295	30,596,588

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

Public Sector / Government	-	-	-	-
Private	54,953,553	31,462,960	57,069,295	30,596,588
	54,953,553	31,462,960	57,069,295	30,596,588

43.1.5 Geographical segment analysis

A geographical segment analysis has not been presented since the Bank's operations are restricted to Pakistan only.

43.1.6 Credit risk - general disclosures

The Bank follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Bank utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company– Vital Information Systems), Fitch Moody's and Standard & Poor's. Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

Type of exposures & ECAIs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	√	√			
Banks	√	√	√	√	√
Sovereigns		√			
PSEs	√	√			
SMEs	√	√			

Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

Long term ratings grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

Short term rating grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

Credit exposures subject to standardized approach

Exposures	Rating	2016			2015		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Rupees in '000							
Corporate	1	11,015,824	(5,945,511)	5,070,313	8,718,622	(3,875,518)	4,843,104
	2	13,199,705	(9,662)	13,190,043	12,448,646	(15,087)	12,433,559
	3,4	1,105,922	-	1,105,922	1,049,876	(11,236)	1,038,639
	5,6	-	-	-	120,149	-	120,149
	Unrated-1	38,895,144	-	38,895,144	25,625,650	-	25,625,650
	Unrated-2	56,902,534	(4,313,151)	52,589,383	60,091,186	(11,300,195)	48,790,991
Bank	1	22,049,175	(3,198,867)	18,850,308	12,979,840	(587,107)	12,392,733
	2,3	-	-	-	133,644	-	133,644
	4,5	47,230	-	47,230	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
	Public sector enterprises in Pakistan	1	12,344,847	-	12,344,847	-	-
	2,3	-	-	-	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	33,497,807	(32,190,480)	1,307,327	18,656,044	(6,449,899)	12,206,145
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	225,095,437	(25,850,593)	199,244,844	216,831,658	(21,630,213)	195,201,445
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	66,205	-	66,205	126,085	-	126,085
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Listed equity investments	100%	676,849	-	676,849	684,560	-	684,560
Un-listed equity Investments	150%	13,051	-	13,051	13,051	-	13,051
Non performing loans	150%	16,326,203	(13,764,101)	2,562,102	17,725,460	(15,403,059)	2,322,401
	100%	6,917,707	(2,817,336)	4,100,371	6,870,226	(2,631,036)	4,239,190
	50%	246,683	(217,711)	28,972	1,877,022	(1,175,018)	702,004
Mortgage	35%	1,958,013	-	1,958,013	1,807,518	-	1,807,518
Retail	75%	48,465,400	(11,333,016)	37,132,384	45,614,780	(9,037,691)	36,577,089
Fixed assets	100%	7,256,044	-	7,256,044	6,190,267	-	6,190,267
Deferred tax assets	100%	2,052,969	-	2,052,969	4,556,262	-	4,556,262
Deferred tax assets	250%	2,374,316	-	2,374,316	1,830,965	-	1,830,965
Significant assets	250%	13,729	-	13,729	6,865	-	6,865
Others	100%	18,147,262	-	18,147,262	25,635,908	-	25,635,908
Total		518,668,056	(99,640,428)	419,027,628	469,594,284	(72,116,059)	397,478,224

43.1.7 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Bank has adopted comprehensive approach of credit risk mitigation for banking book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Bank's exposure to an obligor is secured by eligible collaterals, the Bank reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

43.1.7.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.

43.1.7.2 Equity position risk in the banking book

The Bank takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2016 the composition of equity investments, is as follows:

	Held for trading	Available for sale	Total
	Rs. In '000'		
Ordinary shares (listed) - net of impairment held	-	1,136,049	1,136,049
Ordinary shares (un-listed) - net of impairment held	-	40,510	40,510
Preference shares - net of impairment held	-	-	-
Total	-	1,176,559	1,176,559

The Bank classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments - Held for trading
- Investments – Available for Sale
- Investments in subsidiaries

43.1.8 Leverage Ratio

The State Bank of Pakistan (SBP) through its BPRD Circular No. 06 of 2013 has issued instructions regarding implementation of parallel run of leverage ratio reporting and its components from December 31, 2013 to December 31, 2017. During this period the final calibration, and any further adjustments to the definition, will be completed, with a view to set the leverage ratio as a separate capital standard on December 31, 2018.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage:

Leverage Ratio = Tier 1 capital (after related deductions) / Total Exposure

As at December 31, 2016 the Bank's Leverage ratio stood at 3.35% which is well above the minimum requirement of 3.0% (2015: 3.0%).

	2016	2015
	Rupees in '000'	
Cash and balances with treasury banks	35,756,024	26,190,481
Balances with other banks	3,765,867	4,512,033
Lendings to financial institutions	11,562,133	6,113,262
Investments - net	199,667,330	176,043,045
Advances - net	262,067,925	219,398,631
Operating fixed assets	7,256,044	6,484,313
Deferred tax assets - net	4,427,285	7,905,981
Financial Derivatives (A.1)	14,865,947	19,354,579
Other assets - net	18,147,262	25,635,908
Total	557,515,817	491,638,233

	2016	2015
	Rupees in '000'	
A.1 Derivatives (On Balance sheet)		
Interest Rate	-	-
Equity	-	-
Foreign Exchange and Gold	14,865,947	19,354,579
Precious Metal (except gold)	-	-
Commodities	-	-
Credit Derivatives (protection bought & sold)	-	-
Any other derivatives	-	-
B. Off-Balance Sheet Items excluding derivatives		
Direct Credit Substitutes	6,929,834	3,886,685
Performance-related Contingent Liabilities (i.e. Guarantees)	28,316,171	17,260,882
Trade-related Contingent Liabilities (i.e. Letter of Credits)	26,886,223	16,208,094
Lending of securities or posting of securities as collaterals	-	-
Undrawn committed facilities (which are not cancellable)	22,596,486	6,335,573
Unconditionally cancellable commitments	4,432,773	3,355,250
Commitments in respect of operating leases	-	-
Commitments for the acquisition of operating fixed assets	27,095	111,537
	89,188,582	47,158,021
C. Commitments in respect of Derivatives - Off Balance Sheet Items (Derivatives having negative fair value are also included)		
Interest Rate	-	-
Equity	-	-
Foreign Exchange & gold	57,130	46,734
Precious Metals (except gold)	-	-
Commodities	-	-
Credit Derivatives (protection sold and bought)	-	-
Other derivatives	-	-
Total Derivatives (C)	57,130	46,734
Tier-1 Capital	21,683,316	17,550,726
Total Exposures (sum of A,B and C)	646,761,529	538,842,988
Leverage Ratio	3.35%	3.26%

43.2 Market risk

Market risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices.

The Bank is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Equity Capital Markets. Market risk exposure also arises from market-making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes bank to interest rate risk, foreign exchange risk and equity price risk.

The Bank's market risk management structure consists of Board Risk Management Committee, ALCO, Market Risk Management Committee and independent Enterprise Risk Management unit (ERM). Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Bank and to define market risk policies and procedures. ERM unit seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency in reporting the Bank's market risk profile to the senior management, the Board of Directors and the SBP.

43.2.1 Interest rate risk management

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Bank is exposed to yield/interest rate risk for its investing and/or financing activities where any major fluctuation in the market interest rate/yield can affect both the value of the financial instrument as well as the profitability of the Bank. To minimize this risk the Bank's Assets and Liabilities Committee (ALCO) keeps a constant watch on the interest rate scenario in the country and on regular intervals reviews pricing mechanism for assets and liabilities of the Bank.

43.2.1.1 Mismatch of interest rate sensitive assets and liabilities 2016

Effective yield / interest rate	Exposed to Yield / Interest risk										Above 10 years	Non-interest bearing financial instruments	
	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years			
Rupees in '000													
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	35,756,024	1,228,107	-	-	-	-	-	-	-	-	-	-	34,527,917
Balances with other banks	3,765,867	1,855,964	-	-	-	-	-	-	-	-	-	-	1,909,903
Lending to financial institutions	11,562,133	11,102,133	460,000	-	-	-	-	-	-	-	-	-	-
Investments - net	199,741,990	10,771,855	64,900,526	11,886,605	32,388,114	16,047,896	35,107,676	12,681,232	14,781,524	-	-	-	1,176,562
Advances - net	262,067,924	85,720,265	176,339,214	-	-	-	-	-	-	-	-	-	8,445
Other assets	7,033,642	-	-	-	-	-	-	-	-	-	-	-	7,033,642
	519,927,580	110,678,324	241,699,740	11,886,605	32,388,114	16,047,896	35,107,676	12,681,232	14,781,524	-	-	-	44,656,469
Liabilities													
Bills payable	4,183,480	-	-	-	-	-	-	-	-	-	-	-	4,183,480
Borrowings	39,829,134	16,299,360	8,262,861	2,716,647	10,244,357	1,894,701	31,325	950,101	1,239,673	-	-	-	84,810
Deposits and other accounts	453,219,740	19,701,014	222,046,907	34,494,517	47,516,620	1,894,701	1,833,119	70,364	-	-	-	-	125,662,498
Sub-ordinated loan	4,500,000	-	-	4,500,000	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	15,565,096	-	-	-	-	-	-	-	-	-	-	-	15,565,096
	517,297,450	36,000,374	230,309,768	41,711,164	57,760,977	1,894,701	1,864,444	1,020,465	1,239,673	-	-	-	145,495,884
On-balance sheet gap	2,630,130	74,677,950	11,389,972	(29,824,559)	(25,372,863)	14,153,195	33,243,232	11,660,767	13,541,851	-	-	-	(100,839,415)
Off-balance sheet financial instruments													
Forward foreign exchange contracts	-	-	-	-	-	-	-	-	-	-	-	-	-
- purchase	9,594,732	5,636,694	3,224,360	632,539	101,139	-	-	-	-	-	-	-	-
- sale	6,997,174	4,965,344	668,626	1,363,204	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	2,597,558	671,350	2,555,734	(730,665)	101,139	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		75,349,300	13,945,706	(30,555,224)	(25,271,724)	14,153,195	33,243,232	11,660,767	13,541,851	-	-	-	(100,839,415)
Cumulative yield/interest risk sensitivity gap		75,349,300	89,295,006	58,739,782	33,468,058	47,621,253	80,864,485	92,525,252	106,067,103	106,067,103	5,227,688	-	5,227,688

43.2.2 Foreign exchange risk management

The Bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities. The net open position and nostro balances are managed within the statutory limits, as fixed by the SBP. Counter parties limits are also fixed to limit risk concentration.

	Assets	Liabilities	2016	
			Off-balance sheet items	Net foreign currency exposure
Rupees in '000				
Pakistan Rupee	541,734,041	509,626,968	(2,597,558)	29,509,515
United States Dollar	2,715,780	5,467,972	1,240,562	(1,511,630)
Great Britain Pound	371,030	1,026,641	699,540	43,929
Japanese Yen	3,134	841	613,783	616,076
Euro	365,781	1,216,819	647,648	(203,390)
Others	24,365	20,392	(603,975)	(600,002)
	545,214,131	517,359,633	-	27,854,498

43.2.3 Equity position risk

Equity position risk arises from exposure to securities that represent an ownership interest in a company in the form of ordinary shares or other equity-linked instruments. The instruments held by the Bank that would lead to this exposure include, but are not limited to, the following:

- Shares of listed and unlisted companies
- Preference shares falling on equity criteria
- Equity-based mutual funds

These investments are carried at fair market value with regular revaluations. The Bank prefers to hold long-term exposures for securities held in 'available for sale' category to avoid seasonal or cyclical downturns in the prices of such securities.

43.3 Liquidity risk

43.3.1 Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Bank's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk. The Bank manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Bank are given significant importance.

43.3.2 Maturities of assets and liabilities - based on expected maturities

	2016									
	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	35,756,024	35,756,024	-	-	-	-	-	-	-	-
Balances with other banks	3,765,867	3,765,867	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,562,133	11,102,133	460,000	-	-	-	-	-	-	-
Investments - net	199,741,990	7,065,260	64,060,019	11,624,225	32,553,407	16,410,157	35,397,250	14,314,764	16,916,908	1,400,000
Advances - net	262,067,924	85,720,265	34,199,300	12,570,646	9,309,058	7,960,147	15,733,055	54,171,599	36,624,020	5,779,834
Operating fixed assets	7,692,675	56,289	112,578	168,867	337,734	675,468	675,468	1,350,936	3,377,340	937,995
Deferred tax assets - net	6,480,256	159,000	318,000	477,000	954,000	2,755,000	1,817,256	-	-	-
Other assets	18,147,262	7,042,596	119,675	107,312	10,877,679	-	-	-	-	-
	545,214,131	150,667,434	99,269,572	24,948,050	54,031,878	27,800,772	53,623,029	69,837,299	56,918,268	8,117,829
Liabilities										
Bills payable	4,183,480	4,183,480	-	-	-	-	-	-	-	-
Borrowings	39,829,134	16,384,170	8,262,861	2,716,647	10,244,357	-	31,325	950,101	1,239,673	-
Deposits and other accounts	453,219,740	80,832,836	64,092,642	68,366,786	81,066,739	33,239,237	32,700,846	31,435,377	30,742,637	30,742,640
Sub-ordinated loan	4,500,000	-	-	-	-	-	-	-	4,500,000	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	15,627,279	4,839,178	347,476	677,553	582,695	787,962	880,484	7,511,931	-	-
	517,359,633	106,239,664	72,702,979	71,760,986	91,893,791	34,027,199	33,612,655	39,897,409	36,482,310	30,742,640
Net assets	27,854,498	44,427,770	26,566,593	(46,812,936)	(37,861,913)	(6,226,427)	20,010,374	29,939,890	20,435,958	(22,624,811)
Share capital	15,551,132									
Discount on issue of shares	(263,158)									
Reserves	1,300,673									
Share deposit money	7,000,000									
Accumulated losses	658,938									
	24,247,585									
Surplus on revaluation of assets - net of tax	3,606,913									
	27,854,498									

43.3.3 Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

43.3.4 Maturities of assets and liabilities - based on contractual maturities

2016

	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years
Rupees in '000										
Assets										
Cash and balances with treasury banks	35,756,024	35,756,024	-	-	-	-	-	-	-	-
Balances with other banks	3,765,867	3,765,867	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,562,133	11,102,133	460,000	-	-	-	-	-	-	-
Investments - net	199,741,990	7,065,260	64,060,019	11,624,225	32,553,407	16,410,157	35,397,250	14,314,764	16,916,908	1,400,000
Advances - net	262,067,924	85,720,265	34,199,300	12,570,646	9,309,058	7,960,147	15,733,055	54,171,599	36,624,020	5,779,834
Operating fixed assets	7,692,675	56,289	112,578	168,867	337,734	675,468	675,468	1,350,936	3,377,340	937,995
Deferred tax assets - net	6,480,256	159,000	318,000	477,000	954,000	2,755,000	1,817,256	-	-	-
Other assets	18,147,262	7,042,596	119,675	107,312	10,877,679	-	-	-	-	-
	545,214,131	150,667,434	99,269,572	24,948,050	54,031,878	27,800,772	53,623,029	69,837,299	56,918,268	8,117,829
Liabilities										
Bills payable	4,183,480	4,183,480	-	-	-	-	-	-	-	-
Borrowings	39,829,134	16,384,170	8,262,861	2,716,647	10,244,357	-	31,325	950,101	1,239,673	-
Deposits and other accounts	453,219,740	342,145,255	17,978,685	37,624,149	50,324,102	2,496,600	1,958,209	692,740	4,500,000	-
Sub-ordinated loan	4,500,000	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	15,627,279	4,839,178	347,476	677,553	582,695	787,962	880,484	7,511,931	-	-
	517,359,633	367,552,083	26,589,022	41,018,349	61,151,154	3,284,562	2,870,018	9,154,772	5,739,673	-
Net assets	27,854,498	(216,884,649)	72,680,550	(16,070,299)	(7,119,276)	24,516,210	50,753,011	60,682,527	51,178,595	8,117,829
Share capital	15,551,132									
Discount on issue of shares	(263,158)									
Reserves	1,300,673									
Share deposit money	7,000,000									
Accumulated losses	658,938									
	24,247,585									
Surplus on revaluation of assets - net of tax	3,606,913									
	27,854,498									

43.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and appraisal procedures, including the use of internal audit. The Bank has established a comprehensive business continuity plan to deal with the risk of financial loss and damage to reputation arising from operational risk factors.

44. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on March 29, 2017 by the Board of Directors of the Bank.

45. GENERAL

- 45.1** The Board of Directors in its meeting held on March 29, 2017 has approved issuance of ordinary shares to be offered as right shares at Rs. 12.00 per share inclusive of Rs. 2.00 per share as premium in the ratio of 70 right shares for every 100 ordinary shares.
- 45.2** These unconsolidated financial statements have been prepared in accordance with the revised forms of annual financial statements of commercial banks issued by SBP vide BSD Circular No. 04 dated 17 February 2006 and other circulars issued from time to time.
- 45.3** Figures have been rounded off to the nearest thousand rupees.
- 45.4** Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However no significant reclassification has been made.

Re-classified from	Re-classified to	Rupees in '000
Cash and Balances with Treasury Banks With State Bank of Pakistan (SBP) in: - Foreign currency deposit account: - Non remunerative	Cash and Balances with Treasury Banks With State Bank of Pakistan (SBP) in: - Foreign currency deposit account: - Remunerative	106,102
Balance with other Banks In Pakistan - Current account	Balance with other Banks In Pakistan - Deposit account	1,000,000

 Chairman

 President

 Director

 Director

ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the December 31, 2016, The Bank is operating 48 Islamic banking branches and 02 sub Islamic banking branches (2015: 48 Islamic banking branches) were operating.

Statement of Financial Position

As at December 31, 2016

	Note	2016 Rupees in '000'	2015
ASSETS			
Cash and balances with treasury banks		2,302,273	1,201,923
Balances with other banks		1,755,658	1,217,344
Due from financial institutions		5,100,000	500,000
Investments		5,512,287	5,629,443
Islamic financing and related services	A-I.1	8,936,749	4,547,562
Operating fixed assets		258,109	214,912
Deferred tax assets		-	-
Other assets		251,092	436,476
TOTAL ASSETS		24,116,168	13,747,660
LIABILITIES			
Bills payable		227,700	46,533
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		6,126,472	4,709,967
- Saving accounts		14,680,150	6,477,449
- Term deposits		813,678	957,062
- Others		225,814	165,364
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non-remunerative		-	-
Due to head office		684,727	433,058
Other liabilities		62,053	348,040
		22,820,594	13,137,473
NET ASSETS		1,295,574	610,187
REPRESENTED BY			
Islamic banking fund		1,000,000	500,000
Reserves		-	-
Unappropriated profit		230,200	109,629
		1,230,200	609,629
Surplus on revaluation of assets		65,374	558
		1,295,574	610,187
Remuneration to shariah advisor / board		5,144	2,807
CHARITY FUND			
Opening balance		1,871	-
Additions during the year		533	3,318
Payments / utilization during the year		(1,871)	(1,447)
Closing balance		533	1,871

Islamic Banking Business

Profit and Loss Account

For the year ended December 31, 2016

	2016	2015
	Rupees in '000'	
ASSETS		
Profit/return earned on financing, investment and placements	1,117,781	735,760
Return on deposits and other dues expensed	385,966	238,396
Net spread earned	731,815	497,364
Provision against non-performing advances	-	-
Provision against consumer financings	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	-	-
Income after provisions	731,815	497,364
Other Income		
Fee, commission and brokerage income	29,751	28,384
Dividend income	-	-
Income / (loss) from dealing in foreign currencies	99	(455)
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	23,541	39,130
Total other income	53,391	67,059
	785,206	564,423
Other expenses		
Administrative expenses	664,521	510,213
Other provisions/write offs/reversals	-	-
Other charges	114	17
Total other expenses	664,635	510,230
	120,571	54,193
Extra ordinary / unusual items	-	-
Profit before taxation	120,571	54,193

Islamic Banking Business

Cash Flow Statement

For the year ended December 31, 2016

Annexure I

	2016	2015
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	120,571	54,193
Less: Dividend income	-	-
	120,571	54,193
Adjustments for:		
Depreciation / amortization - own assets	70,547	41,260
Depreciation on ijarah assets under IFAS - 2	80,077	56,670
Amortization of (discount) / premium on Government securities	2,732	37,344
	153,356	135,274
	273,927	189,467
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	(4,600,000)	3,529,000
Advances - net	(4,469,264)	(3,005,158)
Others assets - net	185,384	(311,147)
	(8,883,880)	212,695
Increase / (Decrease) in operating liabilities:		
Bills Payable	181,167	(16,596)
Deposits and other accounts	9,536,272	4,728,027
Other liabilities	(34,318)	476,347
	9,683,121	5,187,778
	1,073,168	5,589,940
Income tax paid	-	-
Net cash flow from operating activities	1,073,168	5,589,940
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	179,240	(4,034,641)
Investments in operating fixed assets	(113,744)	(155,765)
Net cash flow from / (used in) investing activities	65,496	(4,190,406)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Islamic banking funds	500,000	-
Net cash flow from financing activities	500,000	-
Net increase in cash and cash equivalents	1,638,664	1,399,534
Cash and cash equivalents at beginning of the year	2,419,267	1,019,733
Cash and cash equivalents at end of the year	4,057,931	2,419,267

Notes to the Annexure I

Annexure I

	2016 Rupees in '000'	2015
A-I.1 Islamic financing and related assets		
Against murabaha	1,009,083	1,161,148
Against diminishing musharaka	4,618,083	2,709,553
Against ijarah	517,073	393,861
Against Istisna	1,141,510	283,000
Against Running Musharika	1,651,000	-
	8,936,749	4,547,562
A-I.1.1 Islamic mode of financing		
Financings/Investments/Receivables	7,299,500	2,841,280
Advances	1,319,639	1,694,282
Assets/Inventories	317,610	12,000
	8,936,749	4,547,562
A-I.1.2 Against murabaha		
Financings/Investments/Receivables	921,119	1,055,148
Advances	74,964	106,000
Assets/Inventories	13,000	-
	1,009,083	1,161,148
A-I.1.3 Diminishing musharakah		
Financings/Investments/Receivables	4,119,672	1,284,352
Advances	498,411	1,425,201
Assets/Inventories	-	-
	4,618,083	2,709,553
A-I.1.4 Against ijarah		
Financings/Investments/Receivables	497,009	230,780
Advances	20,064	163,081
Assets/Inventories	-	-
	517,073	393,861
A-I.1.5 Against Istisna		
Financings/Investments/Receivables	110,700	271,000
Advances	726,200	-
Assets/Inventories	304,610	12,000
	1,141,510	283,000
A-I.1.6 Against Running Musharika		
Financings/Investments/Receivables	1,651,000	-
Advances	-	-
Assets/Inventories	-	-
	1,651,000	-

A-1.2 BOP TAQWA Islamic Banking Division is maintaining following pools for profit declaration and distribution.

- i) General Pool
- ii) Special Pool-I
- iii) Special Pool-II
- iv) Special Pool-III
- v) Special Pool-IV

A-1.21 General Pool

The General Pool comprises of depositor's funds, Equity inclusive of Current Account Holders and Mudaraba Placements from BOP Head Office. The Bank acts as Manager (Mudarib) and invests the funds in Shariah Compliant modes of financings, Investments and Placements. The profit of the Pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the profit calculation period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

a) Weightages for distribution of profit in general pool

Profit is calculated on daily product basis and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

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

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of Risk attached to various types of investments.
- SBP rules & Shariah Clearance.

A-1.22 Special Pools

The Special Pools comprises of depositor's funds and Bank's Participation as Equity. The Bank acts as Manager (Mudarib) and invests the funds in Shariah Compliant modes of financings, Investments and Placements. The profit of the Pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the profit calculation period.

Annexure I

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-TAQWA as Mudarib.

a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

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

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of Risk attached to various types of investments.
- SBP rules & Shariah Clearance.

A-I.3 Avenues / Sectors of economy / business where Mudaraba based deposits have been deployed:

	2016	2015
	Rupees in '000'	
Federal and provincial governments	1,651,000	792,000
Due from GOP-Bai Muajjal	-	5,791,920
Ijara sukuk	2,860,400	125,558
Transport, storage, logistics and communication	406,023	426,109
Manufacturing and Trading of food items	293,338	37,000
Manufacture of pesticides and other agro-chemical product	64,491	4,500
Power Generation	5,711,736	1,783,024
Manufacture of paper, paperboard and products thereof	284,045	150,000
Consumer Car Ijarah	14,082	7,500
Textile Composite / Other	216,528	-
Cement & Allied	805,789	-
Iron & Steel Industry	482,310	-
Rubber / Plastic Products etc.	199,200	-
Others	8,263,865	3,064,773
	21,252,807	12,182,384

A-I.4 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / Takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.

Provisions

No provision was made in the year 2016.

A-I.5 Mudarib share (in amount and percentage of distributable income):

	2016		2015	
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
Rabbul Mal	398,226	58%	221,279	58%
Mudarib	283,763	42%	160,107	42%
Distributable income	681,989	100%	381,386	100%

A-I.6 Amount & percentage of mudarib share transferred to depositors through Hiba:

	2016	2015
	Rupees in '000'	
Mudarib share	283,763	160,107
Hiba	18,139	74,616
Hiba percentage of mudarib share	6.39%	46.60%

This is not a special Hiba as such. This Hiba has been distributed across the board to all the investment account holders.

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

	2016	2015
Profit rate earned	6.67%	7.91%
Profit rates distributed to depositors	3.00%	4.14%

1 Ordinary shares / certificates of listed companies and modarabas

	Number of shares		Name of company/modaraba	Cost		Market Value		Rating	
	2016	2015		2016	2015	2016	2015	2016	2015
				Rupees in '000	Rupees in '000	Rupees in '000	Rupees in '000	(where available)	
Held for trading:									
-	210,000	-	Allied Bank Limited	-	21,173	-	19,795	-	AA+,A1+
-	160,000	-	Nishat Mills Limited	-	16,015	-	15,179	-	AA,A1+
-	3,000,000	-	Hum Network Limited	-	44,977	-	39,420	-	A+,A1
-	100,000	-	United Bank Limited	-	16,246	-	15,495	-	AA+,A-1+
				-	98,411	-	89,889		
Available for sale:									
70,500	70,500	16	(Colony) Sarhad Textile Mills Limited	16	16	-	-	-	-
-	5,559,627	-	Abdullah Shah Ghazi Sugar Mills Limited	-	28,079	-	55,596	-	-
98,000	98,000	59	Accord Textile Mills Limited	59	59	-	-	-	-
9,010,917	9,010,917	315,381	Agritech Limited	315,381	315,381	114,258	84,252	-	D
8,000	46,341	291	Al-Abid Silk Mills Limited	291	1,930	112	933	-	-
1,999,500	2,000,000	219,945	Allied Bank Limited	219,945	220,000	238,360	188,520	AA+,A1+	AA+,A1+
4,500	4,500	2	Amazai Textile Mills Limited	2	2	-	-	-	-
9,000	109,000	24	Asim Textile Mills Limited	24	283	81	665	-	-
25,000	575,000	480	Askari Bank Limited	480	12,865	624	12,501	AA+,A1+	AA,A-1+
77,500	167,500	85	Baluchistan Particle Board Limited	85	184	-	-	-	-
137,500	230,000	6,675	Burshane LPG (Pakistan) Limited	6,675	11,166	9,280	18,009	-	-
-	165,000	-	Crescent Jute Products Limited	-	206	-	507	-	-
15,000	15,000	26	Dadabhoj Construction Technology Limited	26	26	-	-	-	-
50,000	50,000	14	Data Textile Limited	14	21	25	25	-	-
86,400	-	12,573	Dawood Hercules Fertilizer Limited	12,573	-	12,470	-	-	-
151,339	151,339	168	English Leasing Limited	168	168	-	-	-	-
45,000	125,000	13,936	Engro Corporation Limited	13,936	40,311	14,224	34,924	AA,A1+	AA,A1+
-	75,000	-	Engro Foods Limited	-	11,330	-	10,994	A+	A+
720,000	270,000	56,811	Engro Fertilizer Limited	56,811	24,991	48,946	22,715	AA-,A1+	AA-,A1+
4,900	4,900	29	Fateh Industries Limited	29	29	-	-	-	-

Number of shares	Name of company/modaraba	Cost		Market Value		(where available)	
		2016	2015	2016	2015	2016	2015
		Rupees in '000		Rupees in '000			
4,975	Fateh Textile Mills Limited	1,741	1,741	-	-	-	-
450,000	Fauji Fertilizer Bin Qasim Limited	24,221	35,552	23,044	31,608	-	-
800,000	Fauji Fertilizer Company Limited	98,123	62,995	83,496	57,810	AA,A1+	-
-	Fazal Textile Mills Limited	-	39	-	26	-	-
14,500	Globe Textile Mills Limited	239	239	-	-	-	-
277,500	Gulistan Spinning Mills Limited	2,067	2,067	389	611	-	-
470,000	Gulistan Textile Mills Limited	11,537	11,537	-	-	-	-
-	Habib Bank Limited	-	4,104	-	4,002	AAA,A-1+	AAA,A-1+
1,349,000	Habib Metropolitan Bank Limited	43,372	25,624	49,913	21,756	AA+,A1+	AA+,A1+
90,000	Hajra Textile Mills Limited	57	57	-	-	-	-
55,500	Hakkim Textile Mills Limited	49	49	-	-	-	-
34,500	Hashmi Can Company Limited	207	207	-	-	-	-
35,500	Ittefaq Textile Mills Limited	34	34	-	-	-	-
434	J. A. Textile Mills Limited	2	2	2	2	-	-
361,097	Javed Omer Vohra And Company Limited	2,820	2,820	-	-	-	-
34,700	Kaytex (Saleem Denim Industries Limited)	35	35	-	-	-	-
750,000	Kot Addu Power Company Limited	63,539	-	59,100	-	AA+,A-1+	-
4,837	Leiner Pak Gelatine Limited	121	121	-	-	-	-
-	Lucky Cement Limited	-	30,842	-	29,702	-	-
-	MCB Bank Limited	-	22,571	-	21,685	AAA,A1+	AAA,A1+
63,000	Medl Glass Limited	43	43	-	-	-	-
20,500	Moonlite (Pak) Limited	211	211	-	-	-	-
143,000	National Bank Of Pakistan Limited	10,682	-	10,709	-	AAA,A1+	AAA, A-1+
1,200,000	Nishat Churnian Power Limited	65,841	10,958	66,576	10,349	-	A+,A-2
-	Nishat Mills Limited	-	16,607	-	14,231	AA,A1+	AA,A1+
1,390,500	Nishat Power Limited	77,587	38,452	89,117	35,107	A+,A1	A+,A1
-	Oil & Gas Development Company Limited	-	102,160	-	86,480	-	AAA,A-1+
400,000	Pak Elektron Limited	29,540	37,941	28,512	32,834	A+,A1	A,A1
12,500	Pak Ghee Industries Limited	2	2	-	-	-	-
-	Pakistan Reinsurance Company Limited	-	22,578	-	22,256	AA	AA
26	Pakistan Services Limited	3	3	23	14	-	-
25,000	Pakistan Telecommunication Company Limited	430	24,454	430	21,132	-	-
300	Pakistan Tobacco Company Limited	33	33	430	334	-	-

Number of shares	Name of company/modaraba	Cost		Market Value		Rating	
		2016	2015	2016	2015	2016	2015
		Rupees in '000		Rupees in '000		(where available)	
-	Pangrio Sugar Mills Limited	-	602	-	289	-	-
35,000	Service Industries Textile Limited	26	26	-	-	-	-
500	Service Fabrics Limited	-	72	6	-	-	-
-	Service Industries Limited	-	405	-	1,105	-	-
74,900	Shahpur Textile Mills Limited	22	22	13	13	-	-
127,546	Shantaj Sugar Mills Limited	10,076	13,157	21,110	11,293	-	-
141,650	Siemens (Pakistan) Engineering Company Limited	191,102	247,159	200,380	164,881	-	-
23,500	Siftaq International Limited	24	24	-	-	-	-
94,300	Sunshine Cloth Limited	29	29	-	-	-	-
-	Sui Southern Gas Company Limited	-	5,231	-	4,669	A1,A1	-
301,500	Taj Textile Mills Limited	139	139	-	-	-	-
-	Tri-star Polyester Limited	-	80	-	98	-	-
500	Trust Modaraba	6	6	3	2	BBB-,A-3	-
-	United Bank Limited	-	82,269	-	80,574	AAA-,A-1+	AA+,A-1+
4,936,056	Zephyr Textiles Limited	44,889	39,968	64,418	30,078	-	-
		1,305,364	1,510,314	1,136,051	1,112,582		
		1,305,364	1,608,725	1,136,051	1,202,471		

Note: Shares of companies with cost of Rs. Nil (2015: Nil) and having delisted status, have not been presented.

2 Preference shares of listed companies

Number of shares	Name of company	Cost		Market Value		Rating	
		2016	2015	2016	2015	2016	2015
		Rupees in '000		Rupees in '000		(where available)	
1,545,397	Azgard Nine Limited	15,454	15,454	-	-	-	-
-	Shakargarj Mills Limited	-	75,000	-	22,650	-	-
32,499,661	Agriotech Limited*	324,997	324,997	-	97,499	-	-
		340,451	415,451	-	120,149		

* Strategic Investment

Other particulars of preference shares are as follows:

Particulars	Nominal value per share	Profit rate per annum	Profit payment	Redemption terms
Azgard Nine Limited	10	Fixed dividend at 8.95% per annum to be declared within 3-months of close of financial year on a cumulative basis.	Annually	50% of the issue amount at the end of 5th year of issuance/ allotment and remaining 50% at the end of 6th year subject to the provisions of Section 85 of the Companies Ordinance, 1984.
Shakarganj Mills Limited	10	Preferred right of dividend at 8.50% per annum on a cumulative basis.	Annually	Principal will be redeemed at the end of 5th year from the issue date. Conversion option is exercisable at the end of every financial year from the date of issue at the option of holder in whole or in part or convertible by the Company in whole or part through tender. Conversion is set in the ratio of 167 ordinary shares for every 1,000 preference shares at face value of Rs. 10 each.
Agritech Limited	10	Fixed dividend of 11.00 % per annum on annual basis by the company on a cumulative basis.	Annually	The company will have the option to redeem the preference shares in full or in part with in ninety days after the expiry of the each anniversary of the completion date by giving at least thirty days notice. Preference shares can be converted in to ordinary shares from the fifth anniversary of the completion date.

3 Ordinary shares of unlisted company

Number of shares	Name of company	Cost		Break up Value		Rating (where available)
		2016	2015	2016	2015	
		Rupees in '000		Rupees in '000		
2,000,000	Al Baraka Bank (Pakistan) Limited (Chief Executive Officer: Shatqaat Ahmed)	25,000	25,000	13,051	13,051	A,A-1 A,A-1

4 Listed term finance certificates

Annexure II

Number of shares 2016	Nominal value per certificate Rupees in '000	Name of company/modaraba	Cost		Market Value		Rating	
			2016 Rupees in '000	2015 Rupees in '000	2016 Rupees in '000	2015 Rupees in '000	2016	2015
60,000	5	Askari Bank Limited - 5th issue	299,760	299,880	305,306	299,223	AA-	AA-
7,369	5	Azgard Nine Limited (TFC - II)	10,362	10,362	-	-	-	D
14,200	5	Bank Al- Falah Limited	71,474	71,641	73,338	72,936	AA-	AA-
106,575	5	Fatima Fertilizer Company Limited	532,875	-	532,875	-	AA-	-
5,500	5	Jahangir Siddiqui & Company Limited	17,500	21,562	17,510	21,581	AA+	AA+
50,000	5	NIB Bank Limited	249,750	249,850	252,586	247,351	A+	A+
1,000	5	Summit Bank Limited	4,570	4,342	4,617	4,471	A-(SO)	A(SO)
5,000	5	World Call Telecom Limited	6,986	6,986	-	-	-	-
			1,193,277	664,623	1,186,232	645,562		

Other particulars of Listed TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Askari Bank Limited - 5th issue	6 months KIBOR + 1.20%	Semi-annually	Eighteen semi annual installments of Rs. 60,000 and remaining principal in two semi annual installments.
Azgard Nine Limited (TFC - II)	6 months KIBOR + 1.25 %	Semi-annually	In nine unequal semi-annual installments starting from September 20, 2013 and ending on September 20, 2017.
Bank Al-Falah Limited	6 months KIBOR + 1.25%	Semi-annually	Fifteen semi annual installments of Rs.14,200 and remaining principal in one semi annual installment.
Fatima Fertilizer Company Limited	6 months KIBOR + 1.10%	Semi-annually	10 equal semi annual installments from the date of first disbursement.
Jahangir Siddiqui & Company Limited	6 months KIBOR + 1.7%	Semi-annually	TFC has a tenor of six years i-e 2007-2013 with a call option exercisable by the company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.
NIB Bank Limited	6 months KIBOR + 1.15 % without any floor or cap.	Semi-annually	15 equal semi annual installments of 0.02% of the first 90 months followed by remaining 99.70% on maturity at the end of the 96th month.
Summit Bank Limited	6 months KIBOR + 3.25%	Semi-annually	Thirteen semi annual installments of Rs.1,154 and remaining principal in one semi annual installment.
World Call Telecom Limited	6 months Average KIBOR + 1.60%	Semi-annually	Principal repayments of PKR 547,910,302/- each on October 07, 2014; April 07, 2015; and October 07, 2015.

5 Unlisted term finance certificates

Annexure II

Number of certificate 2016	Nominal value per certificate Rupees in '000	Name of company	Cost		Carrying Value		Rating (where available)
			2016 Rupees in '000	2015 Rupees in '000	2016 Rupees in '000	2015 Rupees in '000	
293,000	293,000	Agritech Limited - PPTFC	1,430,767	1,430,767	-	-	D
2,000	1,493	Agritech Limited - PPTFC V	7,465	7,465	-	-	D
8,516	8,516	Agritech Limited - Sukuk	38,449	38,449	-	-	D
7,000	2,000	Agritech Limited - TFC I	9,569	9,569	-	-	D
4,903	7,000	Agritech Limited - TFC III	31,429	31,429	-	-	D
6,000	6,000	Al-Abbas Sugar Mills Limited	-	53	-	53	-
75,820	-	Al-Arabia Sugar Mills Limited	379,099	-	379,099	-	-
7,000	7,000	Al-Zamin Leasing Corporation Limited	7,500	7,500	-	-	-
32,000	32,000	Arzoo Textile Mills Limited	160,000	160,000	-	-	-
37,249	36,428	Azgard Nine Limited PPTFC-VI	182,140	182,140	-	-	D
106,000	106,000	Azgard Nine Limited TFC-IV	229,798	229,798	-	-	D
10,000	10,000	Bank Alfalah Limited	33,247	49,880	33,247	49,880	AA-
2,000	2,000	Bank Al-Falah-Fixed	7,756	10,700	7,756	10,700	AA-
-	8,000	Dewan Cement Limited (Pre IPO Investment)	20,000	20,000	-	-	-
80,000	80,000	Eden Housing (Sukuk)	47,387	46,502	47,387	46,502	-
-	12,521	Engro Chemical Pakistan Limited	-	48,832	-	48,832	-
40,000	40,000	Independent Media Corporation	70,000	110,000	70,000	110,000	BBB-
-	5,500	Jahangir Siddiqui & Company	-	323	-	323	-
-	23,951	Maple Leaf Cement Factory Limited	-	33,800	-	33,800	-
26,000	-	Neelum Jhelum Hydropower Limited	2,600,000	-	2,600,000	-	AAA
18,000	18,000	New Allied Electronics Industries (Pvt) Limited	17,798	17,798	-	-	-
192,000	64,000	New Allied Electronics Industries (Pvt) Limited-Sukuk	10,065	10,064	-	-	-
50,000	50,000	Pak Elektron Limited - PPTFC	142,856	187,500	142,856	187,500	A-
-	8,000	Pak Elektron Limited - Sukuk (1st Issue)	-	9,769	-	9,769	A+
106,000	106,000	Pak Elektron Limited - Sukuk (2nd Issue)	288,868	454,493	288,868	454,492	A+
14,874	14,874	Pakistan International Airlines (PIA)	60,377	74,312	60,377	74,312	-
300	300	Pakistan Mobile Communication Limited	-	6	-	6	-
15,000	15,000	Security Leasing - Sukuk (1st Issue)	15,014	15,014	-	-	-
10,000	10,000	Security Leasing - Sukuk (2nd Issue)	11,893	11,893	-	-	-
60,000	60,000	Wapda Hydroelectric (Neelum Jhelum)	214,286	257,143	214,286	257,143	AAA
			6,015,763	3,455,200	3,843,875	1,283,312	

Other particulars of unlisted TFCs are as follows:

Annexure II

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Agritech Limited - PPTFC	6 months KIBOR + 1.75 %	Semi-annually	In 13 unequal semi annual installments starting from July 14, 2013 and ending on July 14, 2019.
Agritech Limited - PPTFC V	11 % per annum	Semi-annually	A bullet repayment of principal at the maturity of PPTFCs which is due on January 01, 2017.
Agritech Limited - Sukuk	6 months KIBOR + 2.00 % without any floor or cap	Semi-annually	The principal redemption of these certificates is structured to be in 15 unequal semi annual installments. First two installments were just token payments due on July 31, 2010 and August 31, 2010 which have been paid, remaining installments are starting from August 06, 2013 and ending on August 06, 2019.
Agritech Limited - TFC I	6 month KIBOR + 1.75%	Semi-annually	In 13 unequal installments starting from November 29, 2013 and ending on November 29, 2019.
Agritech Limited - TFC III	3 months KIBOR + 3.25%	Quarterly	In 26 unequal installments starting from September 01, 2013 and ending on December 01, 2019.
Al-Abbas Sugar Mills Limited	6 month KIBOR + 1.75%	Semi-annually	TFC will be redeemed in 10 equal bi-annual installments of Rs.75 million each commencing from May 2009.
Al-Arabia Sugar Mills Limited	6 months KIBOR + 0.2 % p.a.	Semi-annually	Bi Annual installments depending upon GP Margin (Max annual 219.740M & Min annual 100M) with a grace period of 18 months from Dec.31.2016. If GP Margin is < 3.59% Inst. Amount PKR 50M and If GP Margin is > 3.59% Inst. Amount PKR 109.870M.
Al-Zamin Leasing Corporation Limited	Floating cut-off yield of last successful SBP auction of 5-year PIBs+200 bps.Floor 12% & Cap 15.75%	Semi-annually	Principal to be redeemed in 10 equal semi-annual installments commencing from the 6th month of issue date. Callable anytime in full after 18th month of issue.
Arzoo Textile Mills Limited	6 months KIBOR + 2.00 % for the first two year and 6 months KIBOR + 175 bps for the remaining period without any floor or cap	Quarterly	In ten equal semi-annual installments starting from 18th month from the draw down date.
Azgard Nine Limited PPFTC VI	Nil	Nil	In seven unequal semi annual installments starting from March 31, 2014 and ending on March 31, 2017.
Azgard Nine Limited TFC-IV	6 months KIBOR + 1.25 %	Semi-annually	In nine semi annual installments starting from December 04, 2013 and ending on December 04, 2017.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Bank Al-Falah Limited	6 months KIBOR + 2.50 % with a Floor of 7.00% . and Cap of 20.00%	Semi-annually	0.56% of principal in the first 84th month and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from the issue date.
Bank Al-Falah- Fixed	Floating rate of return at Base Rate (6 months KIBOR)+2.50% p.a.	Semi-annually	3-equal semi annual installments commencing 84th month after the issue date.
Dewan Cement Limited (Pre IPO Investment)	6 months KIBOR + 2 % p.a.	Semi-annually	9- equal semi annual installments starting from the twenty fourth month of the issue.
Eden Housing (Sukuk)	6 months KIBOR + 300 bps with a Floor of 12.00% . and Cap of 20.00%	Semi-annually	Not less than 8 consecutive semiannual units, the first such unit falling due not later than 18th months from last drawdown.
Engro Chemical Pakistan Limited	6 months KIBOR + 1.55 % without any floor or cap	Semi-annually	0.28% of principal in the first 84th month and remaining principal in two equal semi-annual installments of 49.86% each starting from 90th month from the issue date.
Independent Media Corporation	3 months KIBOR +3.00 %	Quarterly	Principal to be repaid in 20 quarterly installments starting from 05-11 -2013.
Jahangir Siddiqui & Company	6 months KIBOR +1.7%	Semi-annually	TFC has a tenor of six years i-e 2007 -2013 with a call option exercisable by the company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.
Maple Leaf Cement Factory Limited	3 months KIBOR + 100 bps without any floor or cap	Quarterly	In thirty six quarterly installments with first installment due on 01 March 2010.
Neelam Jhelum Hydropower Limited	6 months KIBOR + 1.13 % p.a.	Semi-annually	Equal semi annual installments starting from the 30TH month of the issue.
New Allied Electronics Industries (Pvt) Limited	3 months Kibor + 2.20 % with floor of 7% and Cap of 20%	Semi-annually	Maturity date is November 01, 2012.
New Allied Electronics Industries (Pvt) Limited Sukuk	3 months Kibor + 2.20 %	Semi-annually	Based on diminishing musharaka mechanism with maturity in December 2012.
Pak Elektron Limited - PPTFC	3 months KIBOR (ask) + 3.00 % without any floor or cap	Semi-annually	In quarterly installments with first installment due on 30 June 2013.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms	Annexure II
Pak Elektron Limited - Sukuk (1st Issue)	3 months KIBOR (ask) + 1.25 % with a Floor of 10.00% and Cap of 25.00%	Quarterly	In quarterly installments with first installment due on 28 June 2013.	
Pak Elektron Limited - Sukuk (2nd Issue)	3 months KIBOR (ask) + 1.00 % with a Floor of 8.00% and Cap of 16.00%	Quarterly	In quarterly installments with first installment due on 30 June 2013.	
Pakistan International Airlines (PIA)	SBP discount rate + 0.50 % with a Floor of 8.00% and Cap of 12.50%	Semi-annually	15.2% of principal in the first 48th month and remaining principal in six equal semi-annual installments of 14.13% each starting from 54th month from the issue date.	
Pakistan Mobile Communication Limited	6 months KIBOR + 2.85 %	Semi-annually	0.02% of principal redeemed semi-annually in the first 48 months and remaining amount in 6 semi annual installments.	
Security Leasing - Sukuk (1st Issue)	Nil	Semi-annually	In eight equal semi-annual installments starting from 18th month.	
Security Leasing - Sukuk (2nd Issue)	Nil	Semi-annually	Up to eight equal semi-annual installment starting from 18th month from first drawdown date.	
Wapda Hydroelectric (Neelum Jhelum)	6 months KIBOR + 1.00 %	Semi-annually	Principal to be repaid in 14 equal semi annual installments starting from 27-03-2015.	

6 Subsidiary - Punjab Modaraba Services (Private) Limited

16,494,500 (2015: 16,494,500) ordinary shares of Rs. 10 each (Holding: 100% (2015: 100%)). Break up value of investment based on latest audited financial statements is Rs. 7.43 per share (2015: Rs. 2.10).

7 Federal government securities

	Cost		Market Value	
	2016 Rupees in '000	2015 Rupees in '000	2016 Rupees in '000	2015 Rupees in '000
Held for trading:				
Market treasury bills	23,298,833	-	23,297,657	-
Available for sale:				
Market treasury bills	90,811,084	73,644,344	90,815,050	73,682,397
Pakistan investment bonds	75,221,988	76,338,624	76,256,460	78,172,179
Government of Pakistan ijara sukuk bonds	2,885,472	200,004	2,912,287	200,862
	168,918,544	150,182,972	169,983,797	152,055,438
	192,217,377	150,182,972	193,281,454	152,055,438

STATEMENT SHOWING WRITTEN - OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2016

Annexure III

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year				Principal written off	Interest /mark-up /other charges capitalized written-off	Interest /mark-up /written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others					
Rs in '000														
1	Kohinoor Mills Ltd. 8-KM Manga Rawind Road, Lahore	Asad Fayyaz Shekh (35201-5994314-7) Aamir Fayyaz Shekh (35201-8176773-1) Ali Fayyaz Shekh (35201-2652212-9) Riaz Ahmed (35202-2515079-9) Rashid Ahmed (35201-1567987-1) Anir Amin (42201-2174093-9) Shahbaz Munir (35201-3783694-9)	Muhammad Fayyaz Shekh Muhammad Fayyaz Shekh Muhammad Fayyaz Shekh Niaz Muhammad Ch. Muhammad Din M. Amin Umer Malik Muhammad Munir	02 - Main Branch	Lahore	408,128	-	350,374	-	758,502	-	350,374	-	350,374
2	MNH Exports (Pvt) Ltd 65-D Model Town Lahore	Chaudhry Naveed Karim (35200-2847182-3) Aamer Hameed (33100-2141702-5)	Chaudhry Abdul Karim Abdul Hameed	52 - LHR EMPIRE CENTRE	Lahore	-	-	86,069	-	86,069	-	79,069	-	79,069
3	PALKI MARRIAGE HALL 219-A, Satellite Town, Sargodha	Rao Faheem Yaseen (38403-6685282-5) Rao Nadeem Yaseen (38403-7705897-5) Rao Naveed Yaseen (38403-6781232-5)	Rao Muhammad Yaseen Rao Muhammad Yaseen Rao Muhammad Yaseen	52 - LHR EMPIRE CENTRE	Lahore	-	-	7,616	-	7,616	-	4,517	-	4,517
4	STANDARD FRUITS LIMITED 74-B/3, Gulberg-III, Lahore.	Habib Ullah Khan (35201-7921526-3) Zafar Ullah Khan (35202-3010280-3) Itikhar Habb (35201-1238068-3)	Mian Akbar Ali Mian Akbar Ali Habib Ullah Khan	02 - LHR MAIN BRANCH	Lahore	49,795	-	100,999	-	150,794	-	21,015	-	21,015
5	DCD Pakistan (Pvt) Ltd 1st Floor, JASON Trade Centre, Shahra-e-Faisal, PECHS, Karachi.	Muhammad Munir (42101-1749077-5) Nadeem Hasan (37301-5813507-5) Nafisur Rahman Khan (91506-0131018-7)	Muhammad Taqi Khalid Hasan Abdul Rahman Khan	0239- KARACHI I.I.CHUNDRIGAR ROAD	Karachi	282,017	-	260,708	-	542,725	-	173,196	-	173,196
6	WINDMILLS RESTAURANT Plot No.89/A, Block B-11, Noor Jahan Road, Near Hussain Chowk, Gulberg III, Lahore	Rao Faheem Yaseen (38403-6685282-5) Rao Nadeem Yaseen (38403-7705897-5) Rao Naveed Yaseen (38403-6781232-5)	Rao Muhammad Yaseen Rao Muhammad Yaseen Rao Muhammad Yaseen	52 - LHR EMPIRE CENTRE	Lahore	131,366	-	158,076	-	289,442	-	49,871	-	49,871

Annexure III

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year					Interest /mark-up /other charges capitalized written-off	Interest /mark-up /other charges capitalized written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others	Total				
Rs in '000														
7	POLY PACK (PVT) LTD 20-Main Gulberg, Lahore.	Iftekhar Ahmad (35202-3621174-5) Qanar Aftab (35202-2869079-1)	Sheikh Allah Ditta Attab Ahmad	52 - LHR(EMPIRE CENTRE)	Lahore	255,238	-	373,251	-	628,489	-	122,785	-	122,785
8	AZIZ RICE MILLS (PVT) LTD 3rd Floor, Divine Centre, Main Defense Road, Lahore.Cant.	Muhammad Amaid Aziz (35201-7413466-7) Muhammad Ajmal (35201-7309916-7) Majid Aziz (35201-8112729-9)	Abdul Aziz Abdul Aziz Abdul Aziz	0158- LHR(WAL-TON ROAD)	Lahore	-	-	39,332	-	39,332	-	15,057	-	15,057
9	Chistia Sugar Mills Ltd 187-A, Scotch Corner Upper Mall, Lahore	Faisal Jawad Bhatti (35202-2619201-3) Rahat Shakeel Bhatti (35202-2483651-6) Muhammad Masood Tahir (38403-2266601-9)	Shakeel Mahmood Bhatti Shakeel Mahmood Bhatti Rab Nawaz	52 - LHR(EMPIRE CENTRE)	Lahore	98,457	-	13,162	-	111,619	-	11,642	-	11,642
10	SES NET GLOBAL TRADE (PVT) LTD 119-Y Commercial Plaza DHA Phase I Lahore.	Manzoor Ahmad Abassi (37405-9265079-5) Anwar Mahmood Baig (35201-4976013-9)	Muhammad Yousaf Haji Muhammad Shafi	2 LHR(MAIN BRANCH)	LHR-Main	8,505	-	11,787	-	20,292	-	2,378	-	2,378
11	FATIMA ELECTRONICS Near UBL Building, Hussain Agri Road Multan	Sajid Majeed (36302-4422057-1)	Abdul Majeed	66 MULTAN (HUSSAIN AGAHI)	Multan	1,188	-	1,183	-	2,371	-	501	-	501
12	AL-REHMAT TRADING CO P-235, New Grain Market Dijkot Road, Faisalabad.	Muhammad Riaz (33100-0132581-7)	Muhammad Ismail	53 FAISAL-ABAD(MADINA TOWN)	Faisalabad	1,158	-	1,549	-	2,707	-	932	-	932
13	PUNJAB COMMISSION SHOP Grain Market Okara.	Muhammad Rasheed Ahmad (35302-5664631-3)	Muhammad Ramzan	160 OKARA (MANDI ROAD)	Lahore	3,245	-	3,073	-	6,318	-	1,333	-	1,333
14	AKBAR STEEL INDUSTRIES Haq Nawaz Rd. Baghbanpura Lahore.	Mian Umer Hayat (Late) (267-87-173882) Mian Azhar Hussain (267-55-173881)	Mian Muhammad Akbar Mian Muhammad Akbar	2 LHR(MAIN BRANCH)	Lahore	2,041	-	35,938	-	37,979	-	35,938	-	35,938
15	AKBAR STEEL RE-ROLLING 60.Haq Nawaz Road, Baghbanpura Lahore	Mian Umer Hayat (Late) (267-87-173882) Mian Azhar Hussain (267-55-173881)	Mian Muhammad Akbar Mian Muhammad Akbar	2 LHR(MAIN BRANCH)	Lahore	3,959	-	23,463	-	27,422	-	23,463	-	23,463
16	ROSHAN SOAP FACTORY (PVT) LTD. 125 Allama Iqbal Road, Garhi Shahu, Lahore	Khawaja Farhat Javed (35202-2956033-1) Khalida Paveen (35202-2760982-4) Roohi Farhat (35202-2760985-2)	Khawaja Abdul Ghafoor Khawaja Abdul Ghafoor Khawaja Farhat Javed	45 LHR(GARHI SHAHU)	Lahore	10,412	-	11,493	-	21,905	-	4,416	-	4,416

Annexure III

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						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others					
Rs in '000														
17	KHALID REHMAN INTERNATIONAL 13-Bajinath Street, Rahim Khan Road, New Anarkali, Lahore	Khalid Mahmood (35202-8770660-7) Abaid ul Rehman (35202-0789214-1)	Inayat Ullah Inayat Ullah	85 LHR(Main Boulevard Gulberg)	Lahore	3,153	-	2,532	-	5,685	-	1,753	-	1,753
18	BISMILLAH FABRICS (PVT) LTD. 3.5 Km, Jhumra Road, Khurrianwala, Faisalabad	Abdul Waheed Sheikh (33100-4817666-5) Dildar Ahmad Sheikh (33100-9157113-1)	Abdul Majeed Sheikh Jalal Din	10 FAISAL-ABAD(RAILWAY ROAD)	Faisalabad	60,153	-	19,899	-	80,052	-	5,948	-	5,948
19	GREEN TOP PHARMA 313-B, Main Boulevard, sabazar Scheme, Mullan Road, Lahore	Zafar Iqbal Chaudhry (61101-8487715-5) Ghulam Abbas Bassi (35202-2878272-1)	Muhammad Iqbal Manzoor Sabir Bassi	40 LHR(D.H.A.)	Lahore	2,002	-	14,225	-	16,227	-	2,113	-	2,113
20	LAL DIN & SONS 37- Peco Road Lahore.	Ghulam Hussain (35202-1878165-5) Altaf Hussain (35202-7121001-7)	Lal Din Lal Din	92 LHR(BADAMI BAGH)	Lahore	30,149	-	13,009	-	43,158	-	5,764	-	5,764
21	FIVE STAR FARMING SERVICES Ali Pur Arian, Sahank, 14-KM, Heifzabad Road, Tehsil & Dist. Gujranwala	Muhammad Rafi (34101-8493488-9) Mian Alzaat Hussain (34101-2369680-1) Muhammad Daud Warrach (34101-2569264-1) Muhammad Naeem (34101-2496160-3) Muhammad Rasheed (34101-0636445-3)	Waris Ali Mian Abdul Sattar Nazir Ahmad Warrach Muhammad Jamil Rahim Bukhsh	152 GUJFRAN-WALAKHIALI GATE	Gujranwala	4,572	-	5,381	-	9,953	-	1,217	-	1,217
22	CH. MARBLE TRADERS Umar Street, Cheema Colony, Sialkot Road Wazirabad.	Ifkhar Ahmad Chaudhry (34104-2328767-7)	Mehar Cheragh Din	68 WAZIRABAD(-SIALKOT ROAD)	Gujranwala	962	-	1,878	-	2,840	-	514	-	514
23	JAVAD ZIA & CO. 1-A Rose Lane, Sarfraz Rafiqi Road, Lahore Cantt.	Mian Javaid Ahmed Zia (35202-9017561-5)	Mian Zia ud Din Ahmad	52 LHR (MM TOWER)	Lahore	50,869	-	5,740	-	56,609	-	2,095	-	2,095
24	SHADABIA INDUSTRIES (PVT) LTD. B-II, S.I.E. Bhimber, Azad Kashtir.	Mirza Muhammad Siddique (34201-0600728-3) Saeed Siddique (Deceased) (34201-0600735-3) Altaf Siddique (34201-0600737-7) Saleem Siddique (34201-0600735-7) Waseem Siddique (34201-0281286-5) Naeem Siddique Mirza (34201-0600736-3)	Gazi Muhammad Mirza Muhammad Siddique Mirza Muhammad Siddique Mirza Muhammad Siddique Muhammad Siddique	11 GUJRAT(CIRCULAR ROAD)	Gujranwala	16,877	-	18,100	-	34,977	-	9,993	-	9,993

Annexure III

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year				Principal written off	Interest /mark-up charges capitalized written-off	Interest /mark-up /written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/ mark-up	Others					
Rs in '000														
25	ITTEFAQ INDUSTRIES Sarumandi Road, Faisalabad	Muhammad Sadiq Chaudhary (33100-5036220-3) Mst. Tulail Bibi Samina Saud (33100-8689737-0) Muhammad Asif Sadiq (33100-6914933-9)	Muhammad Ibrahim Chaudhary Muhammad Ibrahim Chaudhary Saud ur Rehman Muhammad Sadiq Chaudhary	10 FAISAL- ABAD/RAILWAY ROAD	Faisalabad	2,721	-	6,023	-	8,744	-	4,116	-	4,116
26	TARGET ZARI MARKAZ Vahova Road Tainsa Sharif	Muhammad Usman Ali Khan Jafar (32103- 8434014-3) Pir Bilal Ahmad Jafar (32103-1047606-7)	Sulfi Alif Uddin Khan Pir Sufi Alif Uddin Jafar	153 TAJUNSA SHARIF	Multan	1,101	-	3,810	-	4,911	-	788	-	788
27	B. A. TRADERS 50-Iftikhar Building, Chauburji, Lahore	Bakhtiar Ahmed (35202-8566682-1)	Sultan Ahmed	24 LHRBANK SQUARE	Lahore	197	-	2,105	-	2,302	-	681	-	681
28	JILLANI NOOR PLASTIC 4 Shoe Market Shahalam Market Lahore	Malik Azhar Mehmood (35202-8156065-9)	Muhammad Hessian	106 LHR(NEW ANARKALI)	Lahore	1,714	-	1,823	-	3,537	-	787	-	787
29	K-SHOES (PVT) LTD. Mouza Ehubheitan Defence Road, Off Railwind Road, Tehsil City Distt Lahore	Javed Rashid (35200-3561389-1) Muhammad Naveed Aziz (35201-2667977-9)	Muhammad Rashid Vehra Abdul Shakoor Aziz	9 LHR(MODEL TOWN)	Lahore	70,076	-	85,821	-	155,897	-	34,662	-	34,662
30	G.F. STORE 5/6 Commercial Zone Karim Block Allama Iqbal Town Lahore.	Muhammad Shahid (35202-2341894-1) Asif (35202-6028819-5)	Mehmood Ahmad Mehmood Ahmad	60 LHR(KARIM BLOCK)	Lahore	175	-	6,425	-	6,600	-	2,892	-	2,892
31	MIAN TEXTILES INDUSTRIES 29-B-7, Model Town, Lahore.	Mian Muhammad Jehangir (35202-8650281-1) Aysha Jehangir (35202-9938536-8) Mian Muhammad Nawaz (35202-2987001-1) Mian Waheed Ahmed (35202-2771296-7) Mian Waqar Ahmed (35202-3351966-9) Khurram Jahangir (35202-2887796-1) Nargis Jahangir (35202-3186675-6)	Ch Din Muhammad Muhammad Umar Chaudhry Din Muhammad Chaudhry Din Muhammad Ch Din Muhammad Muhammad Jahangir Mian Muhammad Jahangir	9 LHR(MODEL TOWN)	Lahore	39,138	-	45,466	-	84,604	327	31,631	-	31,958

Annexure III

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year				Principal written off	Interest /mark-up /other charges capitalized written-off	Interest /mark-up /written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others					
Rs in '000														
32	BHANGOO FARMING SERVICE Sheikhupura Faisalabad Road, Mouza Eshiki District Sheikhupura	Chaudhry Azmat Ullah (35404-1011746-1) Chaudhry Waheed Ullah Bhango (35404-1937742-1)	Chaudhry Atta Ullah Chaudhry Atta Ullah Bhango	211 SHEIKHU-PURA(RAILWAY ROAD)	Gujranwala	13,432	-	15,086	-	28,518	-	6,894	-	6,894
33	MAC TECHNOLOGY FF-1, Central Plaza, 3 Civic Center, New Garden Town, Lahore.	Mudassar Ahmad Chaudhary (35202-7163678-9)	Chaudhary Nawab Udi Din	60 LHRIKARIM BLOCK	Lahore	15,217	-	17,698	-	32,915	-	9,765	-	9,765
34	SHAMIM MEDICAL STORE Shop No.8, Main Bazar Rawind.	Muhammad Asher Niazi (35202-7190393-1) Fida Hussain Niazi (35202-9213344-1)	Fida Hussain Niazi Ali Ahmed Niazi	277 RAWIND ROAD, LAHORE	Lahore	5,830	-	6,316	-	12,146	-	2,129	-	2,129
35	HAMMAD BASHIR Agnr Mall, Baharwal Kalan, Pattoki.	Hammad Bashir (35103-1299709-9)	Bashir Ahmad Azad	143 PATTOKI	Lahore	16,087	-	21,614	-	37,701	-	14,487	-	14,487
36	CHEEMA CORPORATION Shop # 26, Ghella Mandi, Bahawalpur	Majid Khan (31202-7389894-5) Sajid Khan Cheema (31202-5647735-1)	Altaf Ahmad Cheema Altaf Ahmad Cheema	15 BAHAWALPUR/HAQI CENTRE UNIVERSITY ROAD)	Multan	3,535	-	3,516	-	7,051	-	1,159	-	1,159
37	MUHAMMAD AHMAD & SONS Shop # 2, Gau Shala More, Khalidabad, Dijkot Road, Faisalabad	Muhammad Arif (33100-2485104-3)	Muhammad Ahmed	191 FAISAL-ABAD(MINIPUR BAZAR)	Faisalabad	8,143	-	10,567	-	18,710	-	5,860	-	5,860
Total						1,601,612	-	1,785,107	-	3,386,719	327	1,041,735	-	1,042,062



Consolidated Financial Statements

for the year ended December 31, 2016

(The Bank of Punjab & Punjab Modaraba Services (Pvt) Ltd.)



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21-3454 6494-7
Fax: +92 (0) 21-3454 1314

www.deloitte.com

Auditors' Report to the members

We have audited the annexed consolidated financial statements comprising the consolidated statement of financial position of The Bank of Punjab (the Bank) and its subsidiary company (together referred to as group) as at December 31, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as the 'consolidated financial statements'), for the year then ended. We have also expressed a separate opinion on the separate financial statements of the Bank. Its subsidiary company, Punjab Modaraba Services (Private) Limited (the company), however, was audited by another firm of Chartered Accountants, whose report has been furnished to us and our opinion in so far as it relates to the amount included for such Company is based, solely on the report of such auditors. The audit opinion refers that the Company has accumulated losses and its current liabilities exceeded its current assets, consequently highlighting the existence of uncertainty which may cast doubt on the Company's ability to continue as a going concern (note 1.1.1).

These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

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

We draw attention to Note 1.2 to the consolidated financial statements in which the matters related to equity injection by the Government of Punjab (GoPb), regulatory compliance and relaxations granted by the State Bank of Pakistan (SBP) from provisioning against certain advances based on the undertaking by GoPb in respect of capital injection and enduring support of GoPb have been fully discussed. Our opinion is not qualified in respect of these matters.

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: March 29, 2017

Karachi

Consolidated Statement of Financial Position

As at December 31, 2016

	Note	2016 Rupees in '000'	2015
ASSETS			
Cash and balances with treasury banks	7	35,756,024	26,190,481
Balances with other banks	8	3,765,867	4,512,033
Lendings to financial institutions	9	11,562,133	6,113,262
Investments - net	10	199,784,353	176,079,793
Advances - net	11	262,025,131	219,356,020
Operating fixed assets	12	7,692,675	6,484,312
Deferred tax assets - net	13	6,480,256	7,905,981
Other assets - net	14	18,152,867	25,641,447
		545,219,306	472,283,329
LIABILITIES			
Bills payable	16	4,183,480	1,887,432
Borrowings	17	39,829,134	55,236,429
Deposits and other accounts	18	453,219,740	374,960,986
Sub-ordinated loans	19	4,500,000	2,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities	20	15,627,465	15,520,719
		517,359,819	449,605,566
NET ASSETS		27,859,487	22,677,763
REPRESENTED BY			
Share capital	21	15,551,132	15,551,132
Discount on issue of shares		(263,158)	(263,158)
Reserves	22	1,300,673	2,329,001
Share deposit money	23	7,000,000	7,000,000
Unappropriated profit / (accumulated losses)		663,927	(5,220,853)
		24,252,574	19,396,122
Surplus on revaluation of assets - net of tax	24	3,606,913	3,281,641
		27,859,487	22,677,763
CONTINGENCIES AND COMMITMENTS		25	

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

Consolidated Profit and Loss Account

For the year ended December 31, 2016

	Note	2016 Rupees in '000'	2015
Mark-up / return / interest earned	26	29,671,465	31,262,880
Mark-up / return / interest expensed	27	17,430,154	20,198,798
Net mark-up / interest income		12,241,311	11,064,082
Provision against non-performing loans and advances - net	11.5.5	922,236	3,431,451
Provision for diminution in the value of investments - net	10.3	97,016	97,202
Bad debts written off directly	11.6	-	-
		1,019,252	3,528,653
Net mark-up / interest income after provisions		11,222,059	7,535,429
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		976,419	828,229
Dividend income		68,434	57,581
Income from dealing in foreign currencies		75,248	109,280
Gain on sale and redemption of securities - net	28	2,525,572	5,013,546
Unrealized loss on revaluation of investments classified as held for trading	10.8	(1,176)	(8,522)
Other income	29	1,658,284	1,635,064
Total non-markup / interest income		5,302,781	7,635,178
		16,524,840	15,170,607
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	30	8,350,529	7,394,142
Provision against other assets	14.3	569,923	224,382
(Reversal of provision) / Provision against off balance sheet obligations	20.1	(485,668)	32,274
Other charges	31	33,699	19,958
Total non-markup / interest expenses		8,468,483	7,670,756
		8,056,357	7,499,851
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		8,056,357	7,499,851
Taxation - Current year		961,670	389,782
- Prior years		364,259	143,953
- Deferred		1,866,508	2,248,317
	32	3,192,437	2,782,052
PROFIT AFTER TAXATION		4,863,920	4,717,799
Accumulated losses brought forward		(5,220,853)	(9,083,209)
Transfer from surplus on revaluation of fixed assets - net of tax		54,639	57,738
Transfer from surplus on revaluation of non banking assets - net of tax		2,513	-
Transfer from surplus on revaluation of fixed assets on disposal		-	7,133
Transfer from statutory reserve to accumulated losses		2,000,000	-
Transfer to statutory reserve		(971,672)	(949,664)
Actuarial (loss) / gain on remeasurement recognized		(64,620)	29,350
		(4,199,993)	(9,938,652)
Unappropriated profit / (accumulated losses) carried forward		663,927	(5,220,853)
Basic earnings per share - Rupees	33	3.13	3.03
Diluted earnings per share - Rupees	34	3.13	3.03

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2016

	Note	2016 Rupees in '000'	2015
Profit after taxation for the year		4,863,920	4,717,799
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:			
Actuarial (loss) / gain on remeasurement recognized during the year	37.1.1	(64,620)	29,350
Comprehensive income transferred to equity		4,799,300	4,747,149
Components of comprehensive income not reflected in equity:			
Items to be reclassified to profit and loss in subsequent periods:			
Change in surplus on revaluation of investments - net of tax		(385,309)	(719,168)
Items not to be reclassified to profit and loss in subsequent periods:			
Surplus on revaluation of fixed assets - net of tax		141,767	2,496
Surplus on revaluation of non banking assets - net of tax		625,966	-
Total comprehensive income for the year		5,181,724	4,030,477

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these consolidated financial statements.

Chairman

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Consolidated Cash Flow Statement

For the year ended December 31, 2016

	Note	2016 Rupees in '000'	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,056,357	7,499,851
Less: Dividend income		(68,434)	(57,581)
		7,987,923	7,442,270
Adjustments for:			
Depreciation on property and equipment	12.2	693,261	548,043
Depreciation on non banking assets acquired in satisfaction of claims	30	105,601	-
Depreciation on ijarah assets under IFAS - 2	30	80,077	56,670
Amortization on intangible assets	12.3	23,395	13,335
Amortization of premium on debt securities		708,843	430,311
Unrealized loss on revaluation of investments classified as held for trading	10.8	1,176	8,522
Provision against non-performing loans and advances - net	11.5.5	922,236	3,431,451
Provision for diminution in the value of investments - net	10.3	97,016	97,202
Provision for employees compensated absences	37.1.3	(136,542)	9,338
Provision for gratuity	37.1.1	78,615	77,367
Provision against other assets	14.3	569,923	224,382
(Reversal of provision) / Provision against off balance sheet obligations	20.1	(485,668)	32,274
Net profit on sale of property and equipment	29	(16,785)	(21,124)
Net profit on sale of non-banking assets acquired in satisfaction of claims	29	(11,636)	(240,489)
Gain on sale and redemption of securities - net	28	(2,525,572)	(5,013,546)
Finance charges on leased assets	30	-	16
		103,940	(346,248)
		8,091,863	7,096,022
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(5,448,871)	26,035,361
Net investments in held for trading securities		(23,263,387)	(77,280)
Advances - net		(43,671,424)	(53,272,632)
Others assets - net		7,040,839	(6,337,856)
		(65,342,843)	(33,652,407)
Increase / (Decrease) in operating liabilities:			
Bills Payable		2,296,048	159,701
Borrowings		(15,417,446)	10,512,527
Deposits and other accounts		78,258,754	32,670,293
Other liabilities		585,721	5,149,480
		65,723,077	48,492,001
		8,472,097	21,935,616
Financial charges paid on leased assets		-	(16)
Income tax paid		(1,704,699)	(379,106)
Net cash flow from operating activities		6,767,398	21,556,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(14,315,418)	(17,614,116)
Net investments in held to maturity securities		15,000,000	-
Dividends received		79,323	56,347
Investments in operating fixed assets		(1,435,818)	(1,493,092)
Sale proceeds of property and equipment disposed-off		22,889	33,438
Sale proceeds of non-banking assets disposed-off		190,852	1,721,712
Net cash used in investing activities		(458,172)	(17,295,711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease obligations		-	(1,128)
Issuance of sub-ordinated term finance certificates		2,500,000	-
Net cash flow from / (used in) financing activities		2,500,000	(1,128)
Net increase in cash and cash equivalents		8,809,226	4,259,655
Cash and cash equivalents at beginning of the year		30,627,855	26,368,200
Cash and cash equivalents at end of the year	35	39,437,081	30,627,855

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these consolidated financial statements.

Chairman

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Director

Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2016

	R u p e e s i n '000'						
	Share capital	Discount on issue of shares	Statutory reserve	Share premium	Restructuring reserve	Revenue reserve	Total
Balance as at January 01, 2015	15,551,132	(263,158)	1,341,455	37,882	701,906	7,000,000	15,286,008
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	57,738
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	-	7,133
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	-	4,747,149
Transfer from restructuring reserve against NPLs	-	-	-	-	(701,906)	-	(701,906)
Transfer to statutory reserve	-	-	949,664	-	-	-	(949,664)
Balance as at December 31, 2015	15,551,132	(263,158)	2,291,119	37,882	-	7,000,000	19,396,122
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) - net of tax	-	-	-	-	-	-	54,639
Transfer from surplus on revaluation of fixed assets to unappropriated profit / (accumulated losses) on disposal	-	-	-	-	-	-	-
Transfer from surplus on revaluation of non banking assets to unappropriated profit / accumulated losses - net of tax	-	-	-	-	-	-	2,513
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	-	4,799,300
Transfer from restructuring reserve against NPLs	-	-	-	-	-	-	-
Transfer to unappropriated profit / (accumulated losses)	-	-	(2,000,000)	-	-	-	2,000,000
Transfer to statutory reserve	-	-	971,672	-	-	-	(971,672)
Balance as at December 31, 2016	15,551,132	(263,158)	1,262,791	37,882	-	7,000,000	24,252,574

The annexed notes from 1 to 45 and Annexures - I to III form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

1. STATUS AND NATURE OF BUSINESS

1.1 The Bank of Punjab Group comprises The Bank of Punjab (the Bank) and Punjab Modaraba Services (Private) limited. The Bank was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 453 branches including 03 sub branches and 48 islamic banking branches (2015: 406 branches including 01 sub branch and 48 islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

1.1.1 Punjab Modaraba Services(Private) Limited is a wholly owned subsidiary of The Bank of Punjab and is primarily engaged in the business of floating and managing modarabas.

The Punjab Modaraba Services(Private) Limited has accumulated losses and its current liabilities exceed its current assets. These losses are mainly due to drying up of revenue streams. The management fee and dividends are the main sources of revenue. The Punjab Modaraba Services (Private) Limited's financial statements, however have been prepared under the going concern assumption as the management is of the view that by virtue of the continued support of the Bank of Punjab and the business plan of the managed Modaraba, the Modaraba would show better performance resulting in provision of adequate resources to Punjab Modaraba Services (Private) Limited to continue its business in the foreseeable future.

1.2 As on December 31, 2016, paid-up capital, reserves (net of losses) including share deposit money, as allowed by SBP, of the Bank amounts to Rs. 24,252,574 thousand. The Capital Adequacy Ratio (CAR) remained above the required level. As at the close of the year, net advances aggregating to Rs. 17,486,964 thousand (December 31, 2015: Rs. 20,348,464 thousand) requiring additional provision of Rs. 16,462,689 thousand (December 31, 2015: Rs. 19,407,810 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No.OSED/Div-01/SEU-03/010(01)-2017/005967 dated March 09, 2017 on the basis of two Letters of Comfort (LOCs) issued by the GoPb as explained in below paragraph.

The GoPb being the majority shareholder, in order to support the Bank, deposited Rs.10,000,000 thousand and Rs. 7,000,000 thousand as share deposit money in the year 2009 and 2011 respectively against future issue of shares by the Bank. Further, the GoPb vide two LOCs has also undertaken to inject necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 3,580,000 thousand (net of tax @ 35%) and Rs. 10,570,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2018 if the Bank fails to make provision of Rs. 21,770,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning. In addition, in terms of aforesaid LOCs, the GoPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

During the year 2016, the Bank was required by SBP to record provisioning in staggered manner against exposure cover under LOCs aggregating to 15% by December 31, 2016, which has been fully complied with by the Bank. Further, SBP vide above referred letter advised the Bank to record provisioning against exposures covered under LOCs in a staggered manner as follows:

- Staggering of provision at an aggregate rate of 25% during 2017, i.e.12.5% by June 30, 2017 and additional 12.5% by December 31, 2017 against exposure covered under LOCs as of December 31, 2016.
- Going forward, exposure covered under LOCs at the beginning of 2018 would be subject to 25% provision staggering by June 30, 2018 and remaining balance by December 31, 2018.

On the basis of enduring support of GoPb, the arrangements as outlined above and the business plan prepared by the management which has been approved by the Board of Directors, the Board is of the view that the Bank would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

2. BASIS OF PREPARATION

- 2.1** Subsidiaries are those companies in which the Bank directly or indirectly controls, beneficially owns or holds more than 50% of the shares or otherwise have the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the Bank and subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.
- 2.2** These consolidated financial statements of The Bank of Punjab Group include The Bank of Punjab and its wholly owned subsidiary, Punjab Modaraba Services (Private) Limited. The consolidated financial statements have been prepared in accordance with the purchase method.
- 2.3** In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked-up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.4** The financial results of Islamic Banking business have been consolidated in these consolidated financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in Annexure-I to these consolidated financial statements.

3. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the directives issued by the SBP, requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of these consolidated financial statements.

IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated financial statements is based on the requirements laid down by the SBP.

The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard - 3 for Profit & Loss Sharing on Deposits (IFAS 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in these consolidated financial statements.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of free hold land and buildings on free hold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the approved accounting standards 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. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

5.1 Classification of investments

In classifying investments as "held for trading" the Group has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity" the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

5.2 Provision against non-performing advances

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision.

5.3 Impairment of available for sale investments

The Group considers that available for sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the statement of financial position date, the management has determined an impairment loss on available for sale securities and held to maturity securities as disclosed in note 10.3.1.

5.4 Depreciation, amortization and revaluation of operating fixed assets

Estimates of useful life of operating fixed assets are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Group. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Group estimates the revalued amount of free hold land and buildings on free hold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

5.5 Income taxes

In making estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are various matters where the Group's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

5.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

5.7 Non banking assets acquired in satisfaction of claims

The Bank estimates the revalued amounts of non banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of previous financial year, except for the change explained in note 6.1. Significant accounting policies are enumerated as follows:

6.1 Change in accounting policy

The Bank has changed its accounting policy regarding non-banking assets acquired in compliance with the requirements of the 'Regulations for Debt Property Swap', effective from the date of issuance by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016.

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation except land which is carried at revalued amount. Revaluation by independent professionally qualified valuers, is carried out with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of non banking assets is credited to the 'surplus on revaluation of assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalized. Had the accounting policy not been changed, non banking assets and surplus on revaluation of assets would have been lower by Rs. 653,031 thousand and related deferred tax would have been lower by Rs. 25,712 thousand.

6.2 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

6.3 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Group and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized:

6.3.1 Mark-up / return / interest income

Mark-up / return / interest on advances and return on investments are recognized in profit and loss account on an accrual basis, except mark-up on non-performing advances which is recognized when received.

6.3.2 Dividend income

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

6.3.3 Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized as income when these are realized.

6.3.4 Fees and commission income

Commission income is recognized on time proportion basis.

6.4 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for doubtful debts. Provision for doubtful debts is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

The rentals received / receivable on Ijarahs are recorded as income / revenue. Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Bank charges depreciation from the date of the delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

6.5 Investments

Investments other than those categorized as held for trading are initially recognized at fair value which includes transaction costs associated with the investments. Investments classified as held for trading are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

All regular way purchase / sale of investment are recognized on the trade date, i.e., the date the Group commits to purchase / sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified as follows:

- Held for trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market/interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to profit and loss account.
- Held to maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortized cost.
- Available for sale – These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus / (deficit) on revaluation taken to ‘Surplus / (deficit) on revaluation of assets shown below equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP’s Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortized using the effective yield method.

On de-recognition or impairment in quoted available for sale securities the cumulative gain or loss previously reported as “Surplus / (Deficit) on revaluation of assets” below equity is included in the profit and loss account for the period.

Gain and loss on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

6.6 Lending to / borrowing from financial institutions

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

6.6.1 Sale under repurchase obligations

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 from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

6.6.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is amortized over the period of the contract and recorded as interest income.

6.7 Operating fixed assets and depreciation

6.7.1 Owned

Property and equipment, other than free hold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Free hold land is carried at revalued amount.

Depreciation on property and equipment is charged to income using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 12.2 to these consolidated financial statements. Impairment loss or its reversal, if any, is charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed.

Surplus / (Deficit) arising on revaluation of free hold land and buildings on free hold land is credited to the "Surplus / (Deficit) on Revaluation of Assets" shown below equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of operating fixed assets are included in income currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

6.7.2 Leased

Property and equipment subject to finance lease are accounted for by recording the assets and the related liabilities. These are stated at fair value or present value of minimum lease payments whichever is lower at the inception of the lease less accumulated depreciation. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability. The property and equipment acquired under finance leasing contracts is depreciated over the useful life of the assets as per rates given in note 12.2 to these consolidated financial statements.

6.7.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any). The cost of intangible assets is amortized over their useful lives, using the straight line method as per the rates given in note 12.3 to these consolidated financial statements. Amortization on additions is charged from the month the assets are available for use while no amortization is charged in the month in which the assets are disposed.

6.7.4 Capital work-in-progress

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

6.8 Taxation

6.8.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

6.8.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at 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 statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

6.9 Assets acquired in satisfaction of claims

The Bank acquires assets in settlement of claims. These are measured at revalued amounts as mentioned in note 6.1 to these consolidated financial statements.

6.10 Employee retirement and other benefits

6.10.1 Defined contribution plan – Provident fund

The Group operates an approved provident fund scheme, covering all permanent employees. Contributions are made monthly by the Group and the employees at the rate of 8.33% of basic salary. Contributions by the Group are charged to income.

6.10.2 Gratuity scheme

The Group operates an approved funded gratuity scheme for all its employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they occur.

6.10.3 Employees' compensated absences

The Group makes annual provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to income in the year in which they occur.

6.11 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

6.12 Provisions

Provisions are recorded when the Group has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

6.13 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Group has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

6.14 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

6.15 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

6.16 Earnings per share

The Group presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).

6.17 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

6.18 Financial instruments

6.18.1 Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and bank balances, lending to financial institutions, investments, advances, certain receivables, borrowing from financial institutions, deposits and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.18.2 Offsetting

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

6.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

6.19.1 Business segments

Trading and sales

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

Retail banking

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

Commercial banking

Commercial banking includes project finance, real estate finance, export finance, trade finance, lending, guarantees, bills of exchange and deposits.

Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

Agency service

It includes depository receipts, securities lending (customers), issuer and paying agents.

6.19.2 Geographical segments

The Group operates only in Pakistan.

6.20 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2016

During the year, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the amendments, interpretations and improvements did not have any material effect on the consolidated financial statements of the Group.

6.21 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Group considers that the following standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements provided that such changes do not conflict with the format of financial statements prescribed by the SBP for banks.

Standard or Interpretations	Effective date (accounting periods beginning on or after)
IFRS 2 Share based payments– Clarification of the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 12 Disclosure of Interests in Other Entities– Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)	January 01, 2017
IAS 7 Statement of Cash Flows – amendments as a result of the disclosure initiative	January 01, 2017
IAS 12 Income Taxes – Recognition of deferred tax assets for unrealized losses	January 01, 2017
IAS 28 Investment in Associates and Joint ventures – Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration – Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customer

	Note	2016 Rupees in '000'	2015
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
- Local currency	7.1	5,945,166	5,670,290
- Foreign currencies		774,935	687,435
		6,720,101	6,357,725
With State Bank of Pakistan (SBP) in:			
- Local currency current account	7.2	17,403,109	10,876,445
- Foreign currency deposit account:	7.3		
- Non remunerative		382,831	337,265
- Remunerative	7.4	1,228,107	1,104,703
		19,014,047	12,318,413
With National Bank of Pakistan in:			
- Local currency current account		10,021,876	7,514,343
- Local currency deposit account		-	-
		10,021,876	7,514,343
		35,756,024	26,190,481

7.1 This includes National Prize Bonds of Rs. 34,312 thousand (2015: Rs. 38,526 thousand).

7.2 This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

7.3 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

7.4 This carries mark-up as announced by the SBP on monthly basis.

	Note	2016 Rupees in '000'	2015
8. BALANCES WITH OTHER BANKS			
In Pakistan:			
- On current accounts		1,665,141	2,335,280
- On deposit accounts	8.1	1,610,987	1,086,935
		3,276,128	3,422,215
Outside Pakistan:			
- On current accounts		244,762	377,956
- On deposit accounts	8.2	244,977	711,862
		489,739	1,089,818
		3,765,867	4,512,033

8.1 These carry mark-up at rates ranging from 1.75% to 4.75% per annum (2015: 4.5% to 6.00% per annum).

8.2 These carry mark-up at the rates ranging from 0.05% to 0.41% per annum (2015: 0.05% to 0.11% per annum).

	Note	2016 Rupees in '000'	2015
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Reverse repurchase agreement lendings	9.2	6,162,133	4,513,262
Certificate of investments		-	1,000,000
Placements	9.3	5,400,000	600,000
		11,562,133	6,113,262
9.1 Particulars of lendings			
In local currency		11,562,133	6,113,262
In foreign currency		-	-
		11,562,133	6,113,262

9.2 Securities held as collateral against lendings to financial institutions

	2016			2015		
	Rupees in '000'					
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market treasury bills	3,302,133	-	3,302,133	2,263,262	-	2,263,262
Pakistan investment bonds	2,860,000	-	2,860,000	2,250,000	-	2,250,000
	6,162,133	-	6,162,133	4,513,262	-	4,513,262

Market value of securities held as collateral as at December 31, 2016 amounted to Rs. 6,225,139 thousand (2015: Rs. 4,745,547 thousand). These carry mark-up at rate ranging from 5.90% to 6.25% per annum (2015: 6.40% to 7.50% per annum) with maturities upto January 06, 2017.

9.3 These carry profit at rate ranging from 4.85% to 6.25% per annum (2015: 5.85% to 6.50% per annum) with maturities upto February 24, 2017.

10. INVESTMENTS - NET

		2016			2015		
	Note	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000'							
10.1 Investments by types							
Held for trading securities:							
Ordinary shares of listed companies	Annex II - 1	-	-	-	98,411	-	98,411
Market treasury bills	10.4	23,298,833	-	23,298,833	-	-	-
		23,298,833	-	23,298,833	98,411	-	98,411
Available for sale securities:							
Market treasury bills	10.4 & Annex II - 6	80,885,259	9,925,825	90,811,084	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	10.4 & Annex II - 6	59,242,027	15,979,961	75,221,988	69,936,695	6,401,929	76,338,624
Ordinary shares / certificates of listed companies and modarabas	Annex II - 1	1,470,307	-	1,470,307	1,675,257	-	1,675,257
Preference shares of listed companies	Annex II - 2	340,451	-	340,451	415,451	-	415,451
Ordinary shares of unlisted company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Government of Pakistan ijara sukuk	Annex II - 6	2,885,472	-	2,885,472	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	10.9	-	-	-	5,503,881	-	5,503,881
Listed term finance certificates	Annex II - 4	1,193,277	-	1,193,277	664,623	-	664,623
Unlisted term finance certificates / sukuks	Annex II - 5	6,015,763	-	6,015,763	3,455,200	-	3,455,200
		152,057,556	25,905,786	177,963,342	120,206,185	41,716,199	161,922,384

	Note	2016			2015		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000'							
Held to maturity securities:							
Pakistan investment bonds	10.5	253,867	-	253,867	15,191,724	-	15,191,724
WAPDA bonds		400	-	400	400	-	400
		254,267	-	254,267	15,192,124	-	15,192,124
Total investments at cost		175,610,656	25,905,786	201,516,442	135,496,720	41,716,199	177,212,919
Provision for diminution in the value of investments - net	10.3	(3,025,718)	-	(3,025,718)	(3,012,191)	-	(3,012,191)
Investments - net of provision		172,584,938	25,905,786	198,490,724	132,484,529	41,716,199	174,200,728
Surplus on revaluation of available for sale securities	24.3	1,264,948	29,857	1,294,805	1,880,716	6,871	1,887,587
Deficit on revaluation of held for trading securities	10.8	(1,176)	-	(1,176)	(8,522)	-	(8,522)
Total investments at market value		173,848,710	25,935,643	199,784,353	134,356,723	41,723,070	176,079,793
10.2 Investments by segments:							
Federal government securities:							
Market treasury bills	10.4 & Annexure II - 6	104,184,092	9,925,825	114,109,917	38,330,074	35,314,270	73,644,344
Pakistan investment bonds	10.4 & Annexure II - 6	59,495,894	15,979,961	75,475,855	85,128,419	6,401,929	91,530,348
Government of Pakistan ijara sukuk	Annexure II - 6	2,885,472	-	2,885,472	200,004	-	200,004
Sale of sukuk to GOP on Bai-Muajjal basis	10.8	-	-	-	5,503,881	-	5,503,881
Ordinary shares/certificates:							
Listed companies and modarabas	Annex II - 1	1,470,307	-	1,470,307	1,773,668	-	1,773,668
Unlisted company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Preference shares - listed companies	Annex II - 2	340,451	-	340,451	415,451	-	415,451
Term finance certificates and bonds:							
Listed term finance certificates	Annex II - 4	1,193,277	-	1,193,277	664,623	-	664,623
Unlisted term finance certificates / sukuks	Annex II - 5	6,015,763	-	6,015,763	3,455,200	-	3,455,200
WAPDA bonds		400	-	400	400	-	400
Total investments at cost		175,610,656	25,905,786	201,516,442	135,496,720	41,716,199	177,212,919
Provision for diminution in the value of investments - net	10.3	(3,025,718)	-	(3,025,718)	(3,012,191)	-	(3,012,191)
Investments - net of provision		172,584,938	25,905,786	198,490,724	132,484,529	41,716,199	174,200,728
Surplus on revaluation of available for sale securities	24.3	1,264,948	29,857	1,294,805	1,880,716	6,871	1,887,587
Deficit on revaluation of held for trading securities	10.8	(1,176)	-	(1,176)	(8,522)	-	(8,522)
Total investments at market value		173,848,710	25,935,643	199,784,353	134,356,723	41,723,070	176,079,793

	Note	2016 Rupees in '000'	2015
10.3 Provision for diminution in the value of investments - net			
Opening balance		3,012,191	3,045,286
Charge for the year		97,016	98,081
Reversal during the year		-	(879)
		97,016	97,202
		3,109,207	3,142,488
Reversal on disposal		(83,489)	(130,297)
Closing balance	10.3.1	3,025,718	3,012,191
10.3.1 Particulars of provision in respect of type and segment			
Available for sale securities:			
Ordinary shares of listed companies		483,682	515,304
Preference shares		340,451	295,302
Ordinary shares of unlisted company		11,949	11,949
Term finance certificates - listed		17,348	17,348
Term finance certificates - unlisted		2,171,888	2,171,888
		3,025,318	3,011,791
Held to maturity securities:			
WAPDA bonds		400	400
		3,025,718	3,012,191

10.4 Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.

10.5 This includes investment in privately placed term finance certificates of Pakistan International Airlines amounting to Rs. 60,377 thousand (2016: 74,310 thousand) for which SBP has allowed relaxation from R-8 of Prudential Regulations for Corporate / Commercial Banking upto December 31, 2016 being Government of Pakistan guaranteed exposure.

10.6 Market value of held to maturity investments amounted to Rs. 263,326 thousand (2015: Rs. 15,647,265 thousand).

10.7 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

10.8 Unrealized loss on revaluation of investments classified as held for trading

	2016 Rupees in '000'	2015
Ordinary shares of listed companies	-	(8,522)
Market treasury bills	(1,176)	-
	(1,176)	(8,522)

10.9 This represents outright purchase of GOP Ijara Sukuk (GIS) on deferred payment basis (Bai-Muajjal) at returns ranging from Nil per annum (2015: 6.34% to 8.92 % per annum).

	Note	2016 Rupees in '000'	2015
11. ADVANCES - NET			
Loans, cash credits, running finances etc.			
- In Pakistan		237,883,716	200,744,882
- Outside Pakistan		-	-
		237,883,716	200,744,882
Net book value of assets in ijarah under IFAS 2 - In Pakistan	11.2	517,073	230,780
Islamic financing and related assets		8,419,676	4,316,782
Net investment in finance lease			
- In Pakistan	11.3	39,519,683	41,290,683
- Outside Pakistan		-	-
		39,519,683	41,290,683
Bills discounted and purchased (excluding market treasury bills)			
- Payable in Pakistan		6,043,018	2,186,757
- Payable outside Pakistan		1,495,896	1,529,217
		7,538,914	3,715,974
Advances - (gross)	11.1	293,879,062	250,299,101
Less: Provision for non-performing loans and advances			
- Specific	11.4 & 11.5	(31,462,960)	(30,596,588)
- General	11.5	(390,971)	(346,493)
		(31,853,931)	(30,943,081)
Advances - net of provision		262,025,131	219,356,020
11.1 Particulars of advances (gross)			
11.1.1 In local currency		293,274,584	249,514,492
In foreign currencies		604,478	784,609
		293,879,062	250,299,101
11.1.2 Short-term advances upto one year		120,465,465	114,882,388
Long-term advances for over one year		173,413,597	135,416,713
		293,879,062	250,299,101

11.2 Net book value of assets in Ijarah under IFAS 2 - In Pakistan

	2016				2015			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000'				Rupees in '000'			
Assets acquired under ijarah	-	679,784	-	679,784	-	315,594	-	315,594
Less: Accumulated depreciation on ijarah	-	162,711	-	162,711	-	84,814	-	84,814
Net investment in ijarah	-	517,073	-	517,073	-	230,780	-	230,780

11.3 Net investment in finance lease

Lease rentals receivable	3,035,757	27,770,600	-	30,806,357	4,115,724	29,717,519	-	33,833,243
Add: Guaranteed residual value	1,613,625	9,089,196	-	10,702,821	221,367	9,457,133	-	9,678,500
Minimum lease payments	4,649,382	36,859,796	-	41,509,178	4,337,091	39,174,652	-	43,511,743
Less: Finance charge for future periods	827,763	1,161,732	-	1,989,495	789,342	1,431,718	-	2,221,060
Present value of minimum lease payments	3,821,619	35,698,064	-	39,519,683	3,547,749	37,742,934	-	41,290,683

11.4 Advances include Rs. 54,910,760 thousand (2015: Rs. 57,026,684 thousand) which have been placed under non-performing status as detailed below :

Category of classification	2016								
	Rupees in '000'								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other Assets Especially Mentioned	337,806	-	337,806	2,042	-	2,042	2,042	-	2,042
Substandard	1,585,906	-	1,585,906	80,564	-	80,564	80,564	-	80,564
Doubtful	7,450,320	-	7,450,320	3,609,147	-	3,609,147	3,609,147	-	3,609,147
Loss	45,536,728	-	45,536,728	27,771,207	-	27,771,207	27,771,207	-	27,771,207
	54,910,760	-	54,910,760	31,462,960	-	31,462,960	31,462,960	-	31,462,960

Category of classification	2015								
	Rupees in '000'								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other Assets Especially Mentioned	101,466	-	101,466	857	-	857	857	-	857
Substandard	4,281,121	-	4,281,121	869,489	-	869,489	869,489	-	869,489
Doubtful	4,474,983	-	4,474,983	2,175,523	-	2,175,523	2,175,523	-	2,175,523
Loss	48,169,114	-	48,169,114	27,372,220	-	27,372,220	27,550,719	-	27,550,719
	57,026,684	-	57,026,684	30,418,089	-	30,418,089	30,596,588	-	30,596,588

11.4.1 Provision against certain net advances amounting to Rs. 17,486,964 thousand (2015: Rs. 20,348,464 thousand) requiring additional provision of Rs. 16,462,689 thousand (2015: Rs. 19,407,810 thousand) has not been considered necessary in these consolidated financial statements on the basis of undertaking given by GoPb as stated in Note 1.2. Further, during the year, in order to meet the staggering requirement of 15% an additional provision net off recoveries amounting to Rs. 1,143,817 thousand (2015: 1,568,575 thousand) has been recognized.

11.5 Particulars of provisions against non-performing loans and advances

	Note	2016			2015		
		Specific	General	Total	Specific	General	Total
Rupees in '000'							
11.5.1 Opening balance		30,596,588	346,493	30,943,081	26,702,645	107,125	26,809,770
Charge for the year		4,375,441	76,344	4,451,785	5,781,689	239,368	6,021,057
Reversals for the year		(3,497,683)	(31,866)	(3,529,549)	(1,887,700)	-	(1,887,700)
Amounts written off	11.5.5 11.6	877,758 (11,386)	44,478 -	922,236 (11,386)	3,893,989 (46)	239,368 -	4,133,357 (46)
Closing balance		31,462,960	390,971	31,853,931	30,596,588	346,493	30,943,081
11.5.2 In local currency		31,462,960	390,971	31,853,931	30,596,588	346,493	30,943,081
In foreign currencies		-	-	-	-	-	-
		31,462,960	390,971	31,853,931	30,596,588	346,493	30,943,081

11.5.3 General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

11.5.4 The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years has been reduced by Rs. 3,217 thousand (net of FSV benefit availed during the period) (2015: Rs. Nil) which has resulted in increased charge for specific provision for the year by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not been recognized, before and after tax profits for the year would have been higher by Rs. 3,217 thousand (2015: higher by Rs. Nil) and Rs. 2,091 thousand (2015: higher by Rs. Nil) respectively.

11.5.5 Provision against non-performing loans and advances - charge to profit and loss account

	Note	2016 Rupees in '000'	2015
Provision against non-performing loans and advances-net	11.5.1	922,236	4,133,357
Transfer from restructuring reserve		-	(701,906)
		922,236	3,431,451
11.6 Particulars of write offs:			
11.6.1 Against provisions	11.5.1	11,386	46
Directly charged to profit and loss account		-	-
		11,386	46
11.6.2 Write Offs of Rs. 500,000 and above	11.7	327	-
Write Offs of below Rs. 500,000		11,059	46
		11,386	46

11.7 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(s) during the year ended December 31, 2016 is given in Annexure-III.

11.8 Particulars of loans and advances to executives, subsidiary & associated companies, etc.

	Note	2016 Rupees in '000'	2015
Debts due by executives or officers of the Bank or any of them either severally or jointly with any other persons :			
Balance at beginning of year		1,990,875	1,945,501
Loans granted during the year		885,202	630,888
Repayments received during the year		(549,233)	(585,514)
Balance at end of year	11.8.1	2,326,844	1,990,875
Debts due by subsidiary company and managed modaraba :			
Balance at beginning of year		812,834	720,942
Loans granted during the year		924,735	731,307
Repayments received during the year		(701,647)	(639,415)
Balance at end of year		1,035,922	812,834
		3,362,766	2,803,709

11.8.1 These represent staff loans given to executives and officers in accordance with their terms of employment and advances given under consumer finance schemes of the Bank.

	Note	2016 Rupees in '000'	2015
12. OPERATING FIXED ASSETS			
Capital work in progress	12.1	882,444	782,338
Property and equipment	12.2	6,768,011	5,651,041
Intangible assets	12.3	42,220	50,933
		7,692,675	6,484,312
12.1 Capital work in progress			
Civil works		99,150	156,968
Hardware - Core Banking System		356,002	351,315
Hardware - Others		32,875	30,943
Software - Core Banking System		379,275	235,046
Software - Others		15,142	8,066
		882,444	782,338

12.2 Property and equipment

2016

	COST / REVALUED AMOUNT				DEPRECIATION				Rate of depreciation %			
	Opening balance as at January 01, 2016	Additions	(Deletions) / Transfer / (Adjustment)	Revaluation adjustment	Closing balance as at December 31, 2016	Opening balance as at January 01, 2016	Charge for the year	(Deletions) / Transfer / Adjustment		Revaluation adjustment	Closing balance as at December 31, 2016	Book value as at December 31, 2016
	Rupees in '000'				Rupees in '000'					Rupees in '000'		
Owned assets												
Free hold land	1,355,098	477,058	42,419	146,252	2,020,827	-	-	-	-	-	2,020,827	-
Buildings on free hold land	2,973,911	459,844	(42,419)	(296,168)	3,095,168	147,063	142,205	-	(289,268)	-	3,095,168	5
Furniture, fixture and office equipment	3,395,754	656,625	(38,761)	-	4,013,618	2,087,691	467,470	(32,733)	-	2,522,428	1,491,190	10-33.33
Vehicles	281,632	83,456	(24,188)	-	340,900	120,600	83,586	(24,112)	-	180,074	160,826	33.33
Assets held under finance lease:	8,006,395	1,676,983	(62,949)	(149,916)	9,470,513	2,355,354	693,261	(56,845)	(289,268)	2,702,502	6,768,011	
Vehicles	-	-	-	-	-	-	-	-	-	-	-	33.33
	8,006,395	1,676,983	(62,949)	(149,916)	9,470,513	2,355,354	693,261	(56,845)	(289,268)	2,702,502	6,768,011	

2015

	COST / REVALUED AMOUNT				DEPRECIATION				Rate of depreciation %			
	Opening balance as at January 01, 2015	Additions	(Deletions) / Transfer / (Adjustment)	Revaluation adjustment	Closing balance as at December 31, 2015	Opening balance as at January 01, 2015	Charge for the year	(Deletions) / Transfer / Adjustment		Revaluation adjustment	Closing balance as at December 31, 2015	Book value as at December 31, 2015
	Rupees in '000'				Rupees in '000'					Rupees in '000'		
Owned assets:												
Free hold land	1,354,338	760	-	-	1,355,098	-	-	-	-	-	1,355,098	-
Buildings on free hold land	2,897,278	77,311	(8,265)	7,587	2,973,911	-	147,744	(681)	-	147,063	2,826,848	5
Furniture, fixture and office equipment	2,842,703	604,702	(44,064)	(7,587)	3,395,754	1,770,093	358,056	(40,458)	-	2,087,691	1,308,063	10-33.33
Vehicles	155,570	161,493	(40,101)	4,670	281,632	112,664	42,243	(38,977)	-	120,600	161,032	33.33
Assets held under finance lease:	7,249,889	844,266	(87,760)	-	8,006,395	1,882,757	548,043	(75,446)	-	2,355,354	5,651,041	
Vehicles	4,793	-	(123)	(4,670)	-	4,793	-	(123)	-	-	-	33.33
	7,254,682	844,266	(92,553)	-	8,006,395	1,887,550	548,043	(60,239)	-	2,355,354	5,651,041	

12.2.1 Details of disposal of property and equipment

Particulars	Cost / Revalued amount	Book value	Sale price	Profit / (Loss)
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	62,949	6,104	22,889	16,785
2016	62,949	6,104	22,889	16,785
2015	92,553	12,314	33,438	21,124

12.2.2 Free hold land and buildings on free hold land were revalued on December 31, 2016 by PBA approved independent valuer, on the basis of fair market value. This valuation resulted in surplus and deficit of Rs. 1,108,184 thousand and Rs. 1,590,235 thousand in respect of free hold land and buildings on free hold land respectively. Detailed particulars are as follows:

	Revalued Amount Rupees in '000'
Free hold land	2,020,827
Buildings on free hold land	3,095,168

12.2.3 Had the free hold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	2016 Rupees in '000'	2015
Free hold land	912,643	393,166
Buildings on free hold land	1,504,933	1,145,649

12.2.4 The gross carrying amount of fully depreciated assets that are still in use is Rs. 345,346 thousand (2015: Rs. 294,747 thousand).

12.3 Intangible assets

	2016							
	COST			AMORTIZATION				
	Opening balance as at January 01, 2016	Additions	Closing balance as at December 31, 2016	Opening balance as at January 01, 2016	Amortization for the year	Closing balance as at December 31, 2016	Book value as at December 31, 2016	Rate of amortization %
	Rupees in '000'							
Softwares	71,451	14,682	86,133	20,518	23,395	43,913	42,220	33.33
	71,451	14,682	86,133	20,518	23,395	43,913	42,220	

	2015							
	COST			AMORTIZATION				
	Opening balance as at January 01, 2015	Additions	Closing balance as at December 31, 2015	Opening balance as at January 01, 2015	Amortization for the year	Closing balance as at December 31, 2015	Book value as at December 31, 2015	Rate of amortization %
				Rupees		in '000'		
Softwares	15,179	56,272	71,451	7,183	13,335	20,518	50,933	33.33
	15,179	56,272	71,451	7,183	13,335	20,518	50,933	

	Note	2016 Rupees in '000'	2015 Rupees in '000'
13. DEFERRED TAX ASSETS - NET			
Taxable temporary differences:			
-Surplus on revaluation of operating fixed assets	24.1	(556,582)	(588,418)
-Surplus on revaluation of non banking assets	24.2	(25,712)	-
-Surplus on available for sale securities	24.3	(453,182)	(660,655)
-Accelerated tax depreciation		(225,104)	(212,391)
Deductible temporary differences:			
-Loan loss provision		7,740,836	8,597,319
-Business loss		-	770,126
		6,480,256	7,905,981

13.1 The management has recorded deferred tax asset based on financial projections indicating realizability of deferred tax asset over a number of future years by considering tax planning opportunities with respect to the provision, reversals, recoveries and write offs. The financial projections also include certain key assumptions such as growth of deposits and advances, potential provision / (reversals) against risk assets etc. Any significant change in the key assumptions may have an effect on the realisability of deferred tax asset.

13.2 Reconciliation of deferred tax

	Balance as at January 01, 2015	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2015	Prior years adjustment	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2016
	Rupees in '000'							
Taxable temporary differences:								
-Surplus on revaluation of operating fixed assets	(622,003)	31,089	2,496	(588,418)	-	29,421	2,415	(556,582)
-Surplus on revaluation of non banking assets	-	-	-	-	-	1,353	(27,065)	(25,712)
-Surplus on available for sale securities	(967,031)	-	306,376	(660,655)	-	-	207,473	(453,182)
-Accelerated tax depreciation	(225,573)	13,182	-	(212,391)	-	(12,713)	-	(225,104)
Deductible temporary differences:								
-Loan loss provision	8,026,320	570,999	-	8,597,319	-	(856,483)	-	7,740,836
-Business loss	3,633,713	(2,863,587)	-	770,126	257,960	(1,028,086)	-	-
	9,845,426	(2,248,317)	308,872	7,905,981	257,960	(1,866,508)	182,823	6,480,256

	Note	2016 Rupees in '000'	2015
14. OTHER ASSETS - NET			
Income/mark-up accrued in local currency		6,429,517	9,263,059
Profit paid in advance on pehlay munafa scheme		29,695	37,968
Advance, deposits, advance rent and other prepayments		578,173	4,410,822
Advance taxation (payments less provisions)		2,161,978	2,041,168
Non-banking assets acquired in satisfaction of claims	14.1	9,086,418	9,074,157
Branch adjustment account		-	399,269
Stock of stationery		42,684	41,556
Suspense account		5,921	14,247
Zakat recoverable from NITL	14.2	36,790	36,790
Unrealized gain on revaluation of foreign bills purchased		11,996	30,007
Unrealized gain on revaluation of forward contracts		3,723	-
Fraud and forgeries		24,307	23,283
Others		580,643	539,501
		18,991,845	25,911,827
Less provision against:			
Advance deposits, advance rent and other prepayments		(35,723)	-
Non-banking assets acquired in satisfaction of claims		(749,123)	(212,152)
Zakat recoverable from NITL		(36,790)	(36,790)
Fraud and forgeries		(17,342)	(21,438)
	14.3	(838,978)	(270,380)
Other assets - net of provision		18,152,867	25,641,447

14.1 These include assets acquired under buyback arrangements and assets which are in the process of sale and are stated at revalued amounts in accordance with accounting policy mentioned in note 6.1. The carrying and revalued amounts have been determined based on prudence, expected legal enforceability, ease of realization and current market conditions etc. These also include an asset acquired under sub-lease arrangements where the rights of the Bank, being bonafide purchaser of the lease land, are protected by decision of the court of law. In view of prevailing circumstances and based on the legal opinion, the Bank continues to report the same as non-banking asset.

14.2 This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NITL at the court of law, the claim amount has been fully provided for.

	2016 Rupees in '000'	2015
14.3 Provision against other assets		
Opening balance	270,380	243,177
Charge for the year	575,763	224,382
Reversal during the year	(5,840)	-
	569,923	224,382
Amount written off	(1,325)	(197,179)
Closing balance	838,978	270,380
15. CONTINGENT ASSETS		
Contingent assets	Nil	Nil

	Note	2016 Rupees in '000'	2015
16. BILLS PAYABLE			
In Pakistan		4,183,480	1,887,432
Outside Pakistan		-	-
		4,183,480	1,887,432
17. BORROWINGS			
In Pakistan		39,744,324	53,860,238
Outside Pakistan		84,810	1,376,191
	17.1	39,829,134	55,236,429
17.1 Particulars of borrowings with respect to currencies			
In local currency		39,744,324	53,860,238
In foreign currencies		84,810	1,376,191
		39,829,134	55,236,429
17.2 Details of borrowings			
Secured			
Borrowings from SBP:			
-Export refinance (ERF)	17.2.1	10,282,058	10,788,841
-Long term financing - export oriented projects (LTF-EOP)	17.2.2	-	4,331
-Long term financing facility (LTFF)	17.2.2	3,163,460	1,358,063
-Finance facility for storage of agricultural produce (FFSAP)	17.2.3	12,834	-
Repurchase agreement borrowings	17.2.4	15,879,035	41,709,003
Call borrowings	17.2.5	9,911,835	-
		39,249,222	53,860,238
Unsecured			
Call borrowings		495,102	-
Foreign placement		-	1,301,532
Overdrawn nostro accounts		84,810	74,659
		39,829,134	55,236,429

17.2.1 These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 2.50% per annum (2015: 1.50% to 3.50% per annum). Maturity of the borrowings is upto June 27, 2017.

17.2.2 This amount is due to the SBP and has been obtained for providing long term finance to customers. As per the agreements with the SBP, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at 2.00% to 9.70% per annum (2015: 2.00% to 10.10 % per annum) with maturity upto November 05, 2026.

17.2.3 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. Mark-up on these borrowings is payable quarterly at the rate of 3.5%. Maturity of the borrowings is upto March 30, 2017.

17.2.4 These are secured against market treasury bills and Pakistan investment bonds and carry mark-up at rates ranging from 5.89% to 5.90% per annum (2015: 6.25% to 6.50% per annum) maturing on various dates latest by January 06, 2017. The carrying value of securities given as collateral against these securities is given in note 10.1.

17.2.5 These represent secured interbank borrowings, carrying markup rates ranging from 5.77% to 5.80% per annum (2015: Nil per annum) maturing on various dates, latest by December 07, 2017.

	Note	2016 Rupees in '000'	2015
18. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		129,533,881	126,553,494
Savings deposits		193,301,179	147,719,737
Current accounts - non-remunerative		117,973,360	88,424,534
Sundry deposits, margin accounts, etc.		6,399,769	8,268,024
		447,208,189	370,965,789
Financial institutions			
Remunerative deposits		4,722,171	2,668,511
Non-remunerative deposits		1,289,380	1,326,686
		6,011,551	3,995,197
		453,219,740	374,960,986
18.1 Particulars of deposits			
In local currency		445,571,885	368,143,763
In foreign currencies		7,647,855	6,817,223
		453,219,740	374,960,986
19. SUB-ORDINATED LOANS			
Loan from the GoPb	19.1	2,000,000	2,000,000
Privately Placed Term Finance Certificates	19.2	2,500,000	-
		4,500,000	2,000,000

19.1 Loan from the GoPb

The GoPb has extended loan of Rs. 2,000,000 thousand to support capital structure of the Bank for the purpose of the regulatory capital requirement. The loan is unsecured and sub-ordinated to all other indebtedness including deposits. The salient features of the loan are as follows:

Tenor:	07 Years.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Average SBP discount rate. (Average shall be calculated on daily basis)

Conversion option:	May be converted, subject to consent of the parties and necessary regulatory approvals, after a period of five years into ordinary shares at the rate of Rs. 15 per share.
Repayment:	Bullet repayment after lapse of 07 years.
Call / Put option:	Callable after a period of 05 years. However no put option is available to GoPb.

19.2 Privately Placed Term Finance Certificates

BOP has issued rated, unsecured & subordinated term finance certificates under section 120 of the Companies Ordinance, 1984, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date; and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013; with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 2.5 billion.
Rating:	AA-
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss Absorbency clause	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

	Note	2016 Rupees in '000'	2015
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		3,516,326	3,903,677
Mark-up/ return/ interest payable in foreign currencies		33,766	48,389
Compensation payable on share deposit money		9,219	9,219
Mark-up payable on privately placed term finance certificates		4,408	-
Sundry creditors and accrued expenses		580,667	480,743
Unclaimed dividends		2,644	2,654
Branch adjustment account		285,061	-
Payable to gratuity fund	37.1.1	143,235	48,017
Provision for employees compensated absences	37.1.3	91,181	228,742
Provision against off - balance sheet obligations	20.1	62,183	547,851
Unrealized loss on revaluation of foreign contracts		-	28,334
Lease key money		10,702,821	9,678,500
Others		195,954	544,593
		15,627,465	15,520,719
20.1 Provision against off-balance sheet obligations			
Opening balance		547,851	515,577
Charge for the year		-	32,274
Reversal during the year		(485,668)	-
		(485,668)	32,274
Closing balance		62,183	547,851

The above provision has been made against letters of guarantee issued by the Bank.

21. SHARE CAPITAL

21.1 Authorized Capital

2016 Number	2015 Number		2016 Rupees in '000'	2015
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each.

21.2 Issued, subscribed and paid up share capital

2016 Number	2015 Number	Ordinary shares	2016 Rupees in '000'	2015
519,333,340	519,333,340	Ordinary shares of Rs. 10 each paid in cash	5,193,333	5,193,333
526,315,789	526,315,789	Ordinary shares of Rs. 10 issued at discount	5,263,158	5,263,158
509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
1,555,113,165	1,555,113,165		15,551,132	15,551,132

21.3 GoPb held 57.47% shares in the Bank as at December 31, 2016 (2015: 57.47 %).

	Note	2016 Rupees in '000'	2015
22. RESERVES			
Statutory reserve	22.1 & 22.2	1,262,791	2,291,119
Share premium reserve		37,882	37,882
		1,300,673	2,329,001

22.1 In accordance with the Banking Companies Ordinance, 1962, the Bank is required to transfer twenty percent of its profits each year to statutory reserve fund until the amount in such fund equals to the paid up share capital of the Bank.

	Note	2016 Rupees in '000'	2015
22.2 Reconciliation of statutory reserve			
Opening balance		2,291,119	1,341,455
Created during the year		971,672	949,664
Transfer to unappropriated profit / (accumulated losses)	22.2.1	(2,000,000)	-
Closing balance		1,262,791	2,291,119

22.2.1 During the year, the Bank has transferred Rs. 2,000,000 thousand (2015: Nil) from statutory reserve to unappropriated profit / (accumulated losses) as approved by the Board of Directors of the Bank.

	Note	2016 Rupees in '000'	2015
23. SHARE DEPOSIT MONEY			
Share deposit money - II		7,000,000	7,000,000
		7,000,000	7,000,000

	Note	2016 Rupees in '000'	2015
24. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of :			
Operating fixed assets - net of tax	24.1	2,141,837	2,054,709
Non banking assets acquired in satisfaction of claims - net of tax	24.2	623,453	-
Available for sale securities - net of tax	24.3	841,623	1,226,932
		3,606,913	3,281,641

	Note	2016 Rupees in '000'	2015
24.1 Surplus on revaluation of operating fixed assets - net of tax			
As on January 01		2,845,785	2,852,918
-Deficit on revaluation realized during the year		-	(7,133)
-Surplus on revaluation during the year		139,352	-
		2,985,137	2,845,785
Incremental depreciation:			
-Opening balance		(202,658)	(113,831)
-Transferred to accumulated losses in respect of incremental depreciation charge during the year - net of tax		(54,639)	(57,738)
-Related deferred tax liability		(29,421)	(31,089)
Accumulated incremental depreciation		(286,718)	(202,658)
As on December 31		2,698,419	2,643,127
Less: Related deferred tax liability:			
-Opening balance		(588,418)	(622,003)
-Deferred tax on revaluation during the year		2,415	-
-Deferred tax on surplus realized during the year		-	2,496
-Deferred tax recorded during the year		29,421	31,089
-Closing balance	13	(556,582)	(588,418)
		2,141,837	2,054,709
24.2 Surplus on revaluation of non - banking assets acquired in satisfaction of claims - net of tax			
As on January 01		-	-
-Surplus on revaluation realized during the year		-	-
-Surplus on revaluation during the year		653,031	-
		653,031	-
Incremental depreciation:			
-Opening balance		-	-
-Transferred to accumulated losses in respect of incremental depreciation charge during the year - net of tax		(2,513)	-
-Related deferred tax liability		(1,353)	-
Accumulated incremental depreciation		(3,866)	-
As on December 31		649,165	-
Less: Related deferred tax liability:			
-Opening balance		-	-
-Deferred tax on revaluation during the year		(27,065)	-
-Deferred tax recorded during the year		1,353	-
-Closing balance	13	(25,712)	-
		623,453	-

	Note	2016 Rupees in '000'	2015
24.3 Surplus on revaluation of available for sale securities - net of tax			
Federal government securities		1,065,254	1,872,465
Quoted securities		219,248	16,835
Term finance certificates		10,303	(1,713)
		1,294,805	1,887,587
Less: Related deferred tax liability	13	(453,182)	(660,655)
		841,623	1,226,932

25. CONTINGENCIES AND COMMITMENTS

25.1 Direct credit substitutes

These include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favour of:

	2016 Rupees in '000'	2015
- Government	-	-
- Financial institutions	-	-
- Others	2,209,896	1,656,157
	2,209,896	1,656,157

25.2 Transaction-related contingent liabilities

These include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favour of:

	2016 Rupees in '000'	2015
- Government	601,271	410,060
- Financial institutions	8,564,597	6,028
- Others	23,878,852	19,075,322
	33,044,720	19,491,410

25.3 Trade-related contingent liabilities

These include letters of credit issued in favour of:

- Government	6,719,311	3,784,344
- Financial institutions	-	-
- Others	20,163,620	12,423,750
	26,882,931	16,208,094

25.4 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income against which the Bank had filed appeals before the Commissioner Inland Revenue Appeals (CIR(A)). CIR(A) provided relief to the Bank on issue of separate taxation of dividend income. Now, the tax department has filed appeal against the decision of CIR(A) with the Appellate Tribunal Inland Revenue (ATIR). The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the decision for the aforementioned tax years will be decided in Bank's favour.

The Punjab Modaraba Seviles (Private) Limited (PMSL) filed a complaint before the Federal Tax Ombudsman, Lahore (FTO) for the non-issuance of income tax refunds in respect of tax year 2007, 2008 and 2009. Based on the complaint, the FTO recommended the Federal Board of Revenue, through order dated September 23, 2016 to dispose of the Company's refund claims and pay off compensation, if any, and report compliance within 21 days, which is pending to date.

The PMSL filed the income tax return for the tax year 2013 on January 30, 2014 which was selected for audit in terms of section 214C of the Ordinance. Subsequent to year end, after the conclusion of the audit proceedings, the Inland Revenue Officer issued his order dated January 20, 2017 and has raised income tax demand amounting Rs. 4.586 million. Being aggrieved, the Company has filed an appeal with CIR(Appels), which is pending adjudication. Further for tax year 2015, the PMSL's case has been selected for audit under section 177 of the Ordinance through a notice dated February 14, 2017. The proceeding under the notice is pending till date.

	2016	2015
	Rupees in '000'	
25.5 Other contingencies		
Claims against the Bank not acknowledged as debts	29,750,928	31,077,751

The amounts involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to our recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

The Registrar Modaraba Companies and Modarabas (the Registrar), vide order dated August 27, 2009, has imposed penalty of Rs. 150 thousand each on the Ex-Chief Executive, one Ex-Director, one existing Director and the PMSL through its Chief Executive due to violation of certain provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981. The PMSL has filed an appeal before the Appellate Bench Securities and Exchange Commission of Pakistan (SECP), whereby SECP vide its order dated April 23, 2012 upheld the penalty imposed by the Registrar. The PMSL has filed an appeal against the said order before Honourable Lahore High Court, Lahore, which is pending adjudication.

25.6 Commitments to extend credit

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

	2016 Rupees in '000'	2015
25.7 Commitments in respect of forward exchange contracts		
Purchase	9,594,732	12,160,726
Sale	6,997,174	9,624,791
	16,591,906	21,785,517
25.8 Commitments for the acquisition of operating fixed assets	27,095	111,537
26. MARK-UP/RETURN/INTEREST EARNED		
a) On loans and advances to:		
i) Customers	16,943,181	15,559,818
ii) Financial institutions	-	5,063
b) On investments in:		
i) Available for sale securities	10,701,296	12,805,782
ii) Held for trading securities	651,692	425,483
iii) Held to maturity securities	997,206	1,810,639
c) On deposits with financial institutions	48,948	18,504
d) On securities purchased under resale agreements	177,791	505,952
e) On certificates of investment	22,837	29,200
f) On letters of placement	128,514	102,439
	29,671,465	31,262,880
27. MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	15,412,039	17,771,401
Securities sold under repurchase agreements	1,842,455	2,278,876
Mark-up on subordinated loan from GoPb	126,945	148,521
Mark-up on privately placed term finance certificates	4,408	-
Call borrowings	44,307	-
	17,430,154	20,198,798
28. GAIN ON SALE AND REDEMPTION OF SECURITIES - NET		
Federal government securities :		
Market treasury bills	39,844	810,529
Pakistan investment bonds	2,343,237	3,948,571
Shares - listed	62,733	113,050
Shares - unlisted	52,350	56,400
Term finance certificates	27,408	41
Mutual funds	-	84,955
	2,525,572	5,013,546

	Note	2016 Rupees in '000'	2015
29. OTHER INCOME			
Rent on lockers and bank property		33,689	33,865
Net profit on sale of property and equipment		16,785	21,124
Net profit on sale of non banking assets acquired in satisfaction of claims		11,636	240,489
Service charges		269,889	260,184
Loan processing and arrangement charges		762,182	722,132
Online transaction charges		12,825	12,846
ATM transactions		223,703	185,598
SMS Banking		56,180	26,180
Cheque return charges		12,482	17,479
Compensation received on tax refund		158,014	-
Miscellaneous earnings		100,899	115,167
		1,658,284	1,635,064
30. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		4,343,415	3,774,456
Contribution to defined contribution plans		121,397	102,554
Provision for gratuity	37.1.1	78,615	77,367
Provision for compensated absences	37.1.3	(136,542)	9,338
Non-executive directors' fees	38	3,625	3,150
Taxes, insurance, electricity, etc.		388,343	328,555
Legal and professional charges		76,558	47,907
Communications		136,376	130,717
Repairs and maintenance		193,653	162,366
Rent for bank premises	30.1	692,562	542,234
Finance charge on leased assets		-	16
Stationery and printing		126,549	145,976
Advertisement and publicity		70,703	168,798
Auditors' remuneration	30.2	9,632	9,077
Depreciation on property and equipment	12.2	693,261	548,043
Depreciation on non banking assets acquired in satisfaction of claims		105,601	-
Depreciation on ijarah assets under IFAS - 2		80,077	56,670
Amortization on intangible assets	12.3	23,395	13,335
Traveling		110,914	105,722
Fuel expenses		189,503	216,308
Cash remittance charges		131,809	99,785
Entertainment expenses		73,408	62,766
Bank charges		89,706	97,309
Online connectivity charges		179,080	150,422
Fuel for generator		103,768	113,170
Commission and brokerage		94,375	103,856
Branch license fee		16,100	15,096
ATM charges		123,959	106,153
CNIC verification/ ECIB charges		25,955	31,829
Software & license renewal charges		26,794	17,009
Miscellaneous expenses		177,938	154,158
		8,350,529	7,394,142

30.1 Operating lease

Operating lease rentals are charged in profit and loss account on a time proportion basis over the term of lease agreements.

	2016	2015
	Rupees in '000'	
30.2 Auditors' remuneration		
Audit fee	2,500	2,250
Fee for audit of subsidiary - ShineWing Hameed Chaudary & Co.	55	55
Special certifications, half yearly review and others	6,217	5,887
Out-of-pocket expenses	860	885
	9,632	9,077

31. OTHER CHARGES

Penalties imposed by SBP	33,699	19,958
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32. TAXATION

For the year		
Current	961,670	389,782
Deferred	1,608,548	2,248,317
	2,570,218	2,638,099
Prior years		
Current	364,259	143,953
Deferred	257,960	-
	622,219	143,953
	3,192,437	2,782,052

32.1 Relationship between tax expense and accounting profit

Accounting profit for the year	8,056,357	7,499,851
Tax on income @ 35%	2,819,725	2,624,948
Tax effect of permanent differences	11,795	6,985
Tax effect of prior years provisions	364,259	143,953
Others	(1,946)	(5,805)
Tax charge for the year	3,193,833	2,770,801

	2016	2015
33. BASIC EARNINGS PER SHARE		
Profit for the year - Rupees in thousand	4,863,920	4,717,799
Weighted average number of ordinary shares - Number	1,555,113,165	1,555,113,165
Basic earnings per share - after tax - Rupees	3.13	3.03

	Note	2016 Rupees in '000'	2015
34. DILUTED EARNINGS PER SHARE			
There is no dilution effect on basic earnings per share.			
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	35,756,024	26,190,481
Balance with other banks	8	3,765,867	4,512,033
Overdrawn nostro accounts	17.2	(84,810)	(74,659)
		39,437,081	30,627,855

		2016 Number	2015
36. STAFF STRENGTH			
Permanent		3,599	3,504
Temporary/on contractual basis		2,349	1,771
Daily wagers		450	425
Bank's own staff strength at the end of the year		6,398	5,700
Outsourced		991	1,040
Total Staff Strength		7,389	6,740

37. EMPLOYEE BENEFITS

37.1 Defined benefit plans

37.1.1 Gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement which is equal to one month's last drawn basic salary for each year of eligible service or part thereof, with effect from January 01, 2008, subject to minimum of five years of service. The Bank makes annual provision in these consolidated financial statements for its liabilities on the basis of actuarial valuation.

Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2016 using the "Projected Unit Credit Method". The principal assumptions used in the valuation were as follows:

	2016	2015
Discount rate	8.00%	9.00%
Expected rate of eligible salary increase in future years	7.00%	8.00%
Interest income for the year 2016	8.00%	9.00%
Average expected remaining working life (years)	7	7

	2016	2015
	Rupees in '000'	
Reconciliation of payable to defined benefit plan		
Present value of defined benefit obligation	599,144	457,730
Fair value of plan assets	(477,283)	(426,280)
Benefit payments payable	21,374	16,567
	143,235	48,017
Movement in payable to defined benefit plan		
Opening balance	48,017	76,390
Charge for the year	78,615	77,367
Remeasurement chargeable in other comprehensive income	64,620	(29,350)
Contributions made by the Bank during the year	(48,017)	(76,390)
Closing balance	143,235	48,017
Changes in present value of defined benefit obligations		
Opening balance	457,730	420,106
Current service cost	78,265	74,891
Interest cost	38,670	44,202
Benefits due but not paid during the year	(11,365)	(9,342)
Benefit paid	(44,761)	(27,200)
Actuarial loss / (gain)	80,605	(44,927)
	599,144	457,730

The effect of increase of one percent and the effect of decrease of one percent in the discount rate on the present value of defined benefit obligation at December 31, 2016 would be Rs. 551,312 thousand (2015: Rs. 421,058 thousand) and Rs. 653,907 thousand (2015: Rs. 499,868 thousand) respectively.

	2016	2015
	Rupees in '000'	
Changes in fair value of plan assets		
Opening balance	426,280	358,518
Interest income for the year	38,320	41,726
Contributions made	48,017	76,390
Benefits paid	(49,036)	(34,777)
Actuarial gain / (loss)	13,702	(15,577)
	477,283	426,280
Charge for defined benefit plan		
Current service cost	78,265	74,891
Interest cost	38,670	44,202
Interest income for the year	(38,320)	(41,726)
	78,615	77,367
Actual return on plan assets		
	52,022	26,149
Composition of fair value of plan assets		
First Punjab Modaraba	50,718	404,475
Cash at bank	426,565	21,805
	477,283	426,280

37.1.2 Reconciliation of net liability recognized for gratuity for the five years are as follows:

	2016	2015	2014	2013	2012
	Rupees in '000'				
Present value of defined benefit obligation	599,144	457,730	420,106	343,541	268,612
Fair value of plan assets	(477,283)	(426,280)	(358,518)	(283,186)	(190,322)
Benefit payments payable	21,374	16,567	14,802	11,115	9,041
	143,235	48,017	76,390	71,470	87,331
Actuarial gains / (losses) on obligation	(80,605)	44,927	10,766	7,969	(17,849)
Actuarial gains / (losses) on assets	13,702	(15,577)	(8,253)	422	8,017

37.1.3 Compensated absences

The Bank makes annual provision in these consolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The employees of the Bank are entitled to take the leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days basic salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2016. The principal assumptions used in the valuation were as follows:

	2016	2015
Discount rate	8.00%	9.00%
Expected rate of eligible salary increase in future years	7.00%	8.00%
Average number of leaves accumulated per annum by the employees (days)	17	13
	Rupees in '000'	
Present value of defined benefit obligation	91,181	228,742
Movement in payable to defined benefit plan		
Opening balance	228,742	223,672
Charge for the year	(136,542)	9,338
Benefit paid	(1,019)	(4,268)
Closing balance	91,181	228,742

The effect of increase of one percent and the effect of decrease of one percent in the discount rate on the present value of defined benefit obligation at December 31, 2016 would be Rs. 81,931 thousand (2015: Rs. 206,694 thousand) and Rs. 102,039 thousand (2015: Rs. 254,574 thousand) respectively.

	2016 Rupees in '000'	2015
Charge for defined benefit plan		
Current service cost	5,594	13,972
Interest cost	20,541	24,369
Actuarial gain recognized	(162,677)	(29,003)
	(136,542)	9,338

37.1.4 Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2016	2015	2014	2013	2012
	Rupees in '000'				
Opening net liability	228,742	223,672	209,961	193,464	186,799
Net charge for the year	(137,561)	5,070	13,711	16,497	6,665
	91,181	228,742	223,672	209,961	193,464
Actuarial gain on obligation	162,677	29,003	33,037	23,689	33,894

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration, including benefits to the Chairman, President/Chief Executive Officer, Directors and Executives of the Bank was as follows:

	Chairman		President / Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees in '000'							
Fees	250 *	400 *	-	-	3,375 *	2,750 *	-	-
Managerial remuneration	-	-	48,887	39,110	-	-	752,771	421,035
Bonus	-	1,000	27,059	21,648	-	-	203,652	135,086
Rent and house maintenance	-	-	3,771	3,017	-	-	289,836	158,769
Utilities	111	132	3,397	2,718	-	-	73,684	40,732
Medical	456	247	4	-	-	-	71,775	39,236
Other allowances	1,357	3,226	2,860	7,243	-	-	214,961	252,911
	2,174	5,005	85,978	73,736	3,375	2,750	1,606,679	1,047,769
Number of persons	2	1	1	1	9	7	819	446

* This represents fee paid to non-executive directors for attending the Board and its committees meetings.

Chairman, President/Chief Executive Officer and certain executives are provided with free use of the Bank's maintained cars.

In addition to the above, contribution to defined contribution and benefit plans have been made in accordance with the Bank's policy. Further, executives are entitled to certain additional benefits in accordance with the Bank's policy.

Executive means officers, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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 these are either short-term in nature or, in the case of customer loans and deposits, are frequently reprised.

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Carrying value	2016 Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	192,217,377	-	193,281,455	-	193,281,455
Ordinary shares / certificates of listed companies and modarabas	1,470,307	1,136,049	-	-	1,136,049
Ordinary shares of unlisted company	25,000	-	-	13,051	13,051
Preference shares of listed companies	340,451	-	-	-	-
Listed term finance certificates	1,193,277	-	1,186,232	-	1,186,232
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	5,115,995	-	5,115,995	-	5,115,995
Non banking assets	8,337,295	-	8,337,295	-	8,337,295
Financial instruments not measured at fair value:					
Cash and balances with treasury banks	35,756,024	-	-	-	-
Balances with other banks	3,765,867	-	-	-	-
Lendings to financial institutions	11,562,133	-	-	-	-
Investments:					
Government securities	254,267	-	-	-	-
Unlisted term finance certificates	6,015,763	-	-	-	-
Sale of sukuk to GOP on Bai-Muajjal basis	-	-	-	-	-
Advances - net	262,025,131	-	-	-	-
Other assets	7,032,844	-	-	-	-
	535,111,731	1,136,049	207,920,977	13,051	209,070,077

	2016				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
Financial liabilities not measured at fair value:					
Bills payable	4,183,480	-	-	-	-
Borrowings	39,829,134	-	-	-	-
Deposits and other accounts	453,219,740	-	-	-	-
Sub-ordinated loan	4,500,000	-	-	-	-
Other liabilities	15,627,465	-	-	-	-
	517,359,819	-	-	-	-
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	9,594,732	-	9,533,165	-	9,533,165
Forward sale of foreign exchange contracts	6,997,174	-	6,931,885	-	6,931,885
2015					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	150,182,972	-	152,055,437	-	152,055,437
Ordinary shares / certificates of listed companies and modarabas	1,773,668	1,202,471	-	-	1,202,471
Ordinary shares of unlisted company	25,000	-	-	13,051	13,051
Preference shares of listed companies	415,451	-	120,149	-	120,149
Listed term finance certificates	664,623	-	645,562	-	645,562
Non Financial assets measured at fair value :					
Operating fixed assets (land & building)	4,181,946	-	4,181,946	-	4,181,946
Financial instruments not measured at fair value:					
Cash and balances with treasury banks	26,190,481	-	-	-	-
Balances with other banks	4,512,033	-	-	-	-
Lendings to financial institutions	6,113,262	-	-	-	-
Investments:					
Government securities	15,192,124	-	-	-	-
Unlisted term finance certificates	3,455,200	-	-	-	-
Operating fixed assets	2,302,366	-	-	-	-
Sale of sukuk to GOP on Bai-Muajjal basis	5,503,881	-	-	-	-
Advances - net	219,356,020	-	-	-	-
Other assets	9,834,412	-	-	-	-
	449,703,439	1,202,471	157,003,094	13,051	158,218,616
Financial liabilities not measured at fair value:					
Bills payable	1,887,432	-	-	-	-
Borrowings	55,236,429	-	-	-	-
Deposits and other accounts	374,960,986	-	-	-	-
Sub-ordinated loan	2,000,000	-	-	-	-
Other liabilities	15,520,719	-	-	-	-
	449,605,566	-	-	-	-
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	12,160,726	-	12,096,254	-	12,096,254
Forward sale of foreign exchange contracts	9,624,791	-	9,588,653	-	9,588,653

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000					
2016						
Total income	15,402,926	4,544,097	14,453,044	490,413	83,766	34,974,246
Total expenses	2,032,824	3,748,461	21,136,604	-	-	26,917,889
Inter segment (cost) / revenue transfer	(6,024,670)	911,120	5,113,550	-	-	-
Income taxes	-	-	-	-	-	3,192,437
Net income / (loss)	7,345,432	1,706,756	(1,570,010)	490,413	83,766	4,863,920
Segment assets (gross)	251,460,477	48,490,004	271,051,589	-	-	571,002,070
Segment non performing loans / investments	3,073,108	2,209,022	52,701,735	-	-	57,983,865
Segment specific provision required	3,025,718	1,668,986	29,793,974	-	-	34,488,678
Segment liabilities	30,687,355	77,503,469	409,168,995	-	-	517,359,819
Segment return on net assets (ROA) (%)	8.49%	11.35%	8.67%			
Segment cost of funds (%)	6.09%	6.25%	6.01%			
2015						
Total income	20,895,675	3,456,503	13,990,396	467,436	88,048	38,898,058
Total expenses	2,457,974	4,031,554	24,908,679	-	-	31,398,207
Inter segment (cost) / revenue transfer	(10,493,546)	1,592,969	8,900,577	-	-	-
Income taxes	-	-	-	-	-	2,781,178
Net income / (loss)	7,944,155	1,017,918	(2,017,706)	467,436	88,048	4,718,673
Segment assets (gross)	215,336,059	45,257,923	234,132,579	-	-	494,726,561
Segment non performing loans / investments	3,132,190	1,982,426	55,129,480	-	-	60,244,096
Segment specific provision required	3,085,687	2,003,212	28,939,869	-	-	34,028,768
Segment liabilities	45,150,348	59,445,098	345,010,120	-	-	449,605,566
Segment return on net assets (ROA) (%)	12.21%	9.94%	11.77%			
Segment cost of funds (%)	7.13%	7.19%	7.33%			

41. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Bank in the normal course of business carries out transactions with various related parties on arm's length basis. Amounts due from and due to related parties are shown under receivables and payables. Amounts due from key management personnel are shown under receivables and remuneration of key management personnel is disclosed in Note 11.8 and Note 38 respectively. In addition key management personnel are paid terminal and short-term terminal benefits.

	2016				2015			
	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others	Key management personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others
	Rupees in '000				Rupees in '000			
Advances								
Opening balance	129,294	812,834	-	-	125,954	720,942	-	61,874
Loans granted during the year	38,064	924,735	-	-	76,553	731,307	-	-
Repayments received during the year	(45,965)	(701,647)	-	-	(73,213)	(639,415)	-	(61,874)
Closing balance	121,393	1,035,922	-	-	129,294	812,834	-	-
Deposits								
Opening balance	18,572	52,542	2,317,942	262,770	18,239	20,356	2,076,040	46,545
Placements made during the year	305,765	1,155,514	455,520	1,324,912	299,746	752,149	7,536,662	1,303,748
Withdrawals during the year	(295,605)	(1,151,818)	(314,113)	(1,536,194)	(299,413)	(719,963)	(7,294,760)	(1,087,523)
Closing balance	28,732	56,238	2,459,349	51,488	18,572	52,542	2,317,942	262,770
Placements	-	200,000	-	-	-	100,000	-	-
Transactions during the year :								
Mark-up/return earned	7,373	68,721	-	-	9,571	56,525	-	-
Mark-up/interest expensed	498	-	136,089	2,325	399	-	156,065	2,012
Contribution to employees funds	-	-	94,920	-	-	-	77,658	-

41.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance. The same are accounted for through movement presented above.

41.2 The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government- related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

As at Statement of Financial Position date the loans and advances, deposits and contingencies relating to GoPb and its related entities and loans against GoPb guarantees amounted to Rs. 40,923,548 thousand (2015: Rs. 36,502,375 thousand), Rs. 212,000,928 thousand (2015: Rs. 170,215,660 thousand), Rs. 11,471,482 thousand (2015: Rs. 4,051,764 thousand) and Rs. Nil thousand (2015: Rs. 4,140,871 thousand) respectively. Further, during the period, the Bank has incurred markup expense of Rs. 126,945 thousand (2015: Rs. 148,521 thousand) on subordinated loan of Rs. 2,000,000 thousand received from GoPb in year 2014. In addition, subsidiary company and managed modaraba are provided with office space within the Bank's premises.

42. CAPITAL ADEQUACY

42.1 Scope of application

The Bank is the only entity in the Group to which Basel framework is applicable. The Bank has only one subsidiary, Punjab Modaraba Services (Private) Limited, whose financial statements are included in the consolidated financial statements.

42.2 Capital adequacy

The Basel Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the subsidiary) and on a stand alone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratio compares the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The Bank plans to increase its paid up share capital, through right issue, to comply with the aforesaid requirement. The paid-up capital requirement (net of losses) as at December 31, 2016 is Rs.10.0 billion. The paid-up capital, reserves (net of losses) and share deposit money of the Bank amounts to Rs. 24,252,574 (2015 : Rs. 19,396,122 thousand).

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% of their risk weighted assets. The Bank's capital adequacy ratio as at December 31, 2016 under Basel III is 12.28%.

The capital adequacy ratio of the Bank was subject to Basel III capital adequacy guidelines stipulated by the SBP through its circular BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis.

Phase-in arrangement and full implementation of the minimum capital requirements:

Sr. No.	Ratio	Year end						As of December
		2013	2014	2015	2016	2017	2018	2019
1	CET1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier-1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	CCB (consisting of CET1 only)	0.00%	0.00%	0.25%	0.65%	1.275%	1.90%	2.50%
6	Total capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.275%	11.90%	12.50%

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.
- Additional Tier I capital (ADT-I), which includes perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves up to a maximum of 45% of the balance, exchange translation reserves after all regulatory adjustments applicable on Tier-2.
- Tier III capital, which includes short term sub-ordinated debts. This capital is solely for the purpose of meeting a proportion of the capital requirements for market risk.

Various limits are applied to elements of the capital base. Qualifying Tier II and Tier III capital cannot exceed the Tier I capital. Revaluation reserves are eligible upto 45 % for treatment as Tier II capital. There is also restriction on the amount of general reserve for loan losses upto 1.25 % of total risk weighted assets. Sub-ordinated debts cannot exceed 50 % of Tier I capital. Further tier III capital cannot exceed 250 % of Tier I capital.

The Bank calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk	Standardized Approach
Market risk	Standardized Approach
Operational risk	Basic Indicator Approach

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank.

	Note	2016 Rupees in '000'	2015
42.3 Capital adequacy return			
Common Equity Tier 1 capital (CET1): Instruments and reserves			
1 Fully paid-up capital / capital deposited with SBP		15,551,132	15,551,132
2 Balance in share premium account and share deposit money		7,037,882	7,037,882
3 Reserve for issue of bonus shares		-	-
4 Discount on issue of shares		(263,158)	(263,158)
5 General / Statutory reserves		1,262,791	2,291,119
6 Gain / (Losses) on derivatives held as Cash Flow Hedge		-	-
7 Unappropriated profit / (accumulated losses)		663,927	(5,220,853)
8 Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)		-	-
9 CET 1 before Regulatory Adjustments		24,252,574	19,396,122
10 Total regulatory adjustments applied to CET1	42.3.1	2,557,151	1,835,690
11 Common Equity Tier 1		21,695,423	17,560,432
Additional Tier 1 (AT 1) Capital			
12 Qualifying Additional Tier-1 capital instruments plus any related share premium		-	-
13 of which: Classified as equity		-	-
14 of which: Classified as liabilities		-	-
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)		-	-
16 of which: instrument issued by subsidiaries subject to phase out		-	-
17 AT1 before regulatory adjustments		-	-
18 Total regulatory adjustment applied to AT1 capital	42.3.2	-	-
19 Additional Tier 1 capital after regulatory adjustments		-	-
20 Additional Tier 1 capital recognized for capital adequacy		-	-

	Note	2016 Rupees in '000'	2015
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	21,695,423	17,560,432
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	4,100,000	2,000,000
23	Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel III rules	-	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25	of which: instruments issued by subsidiaries subject to phase out	-	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit risk weighted assets	390,971	346,493
27	Revaluation reserves (net of taxes)	2,163,009	1,927,965
28	of which: Revaluation reserves on fixed assets	1,552,832	1,207,142
29	of which: Unrealized gains / losses on AFS	610,177	720,823
30	Foreign Exchange Translation Reserves	-	-
31	Undisclosed / Other Reserves (if any)	-	-
32	T2 before regulatory adjustments	6,653,980	4,274,458
33	Total regulatory adjustment applied to T2 capital	42.3.3	-
34	Tier 2 capital (T2) after regulatory adjustments	-	-
35	Tier 2 capital recognized for capital adequacy	-	-
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	6,653,980	4,274,458
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	28,349,403	21,834,890
39	Total Risk Weighted Assets (RWA)	42.6	230,695,761
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	9.40%	8.44%
41	Tier-1 capital to total RWA	9.40%	8.44%
42	Total capital to total RWA	12.28%	10.49%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
44	of which: capital conservation buffer requirement		
45	of which: countercyclical buffer requirement		
46	of which: D-SIB or G-SIB buffer requirement		
47	CET1 available to meet buffers (as a percentage of risk weighted assets)		
	National minimum capital requirements prescribed by SBP		
48	CET1 minimum ratio	6.00%	6.00%
49	Tier 1 minimum ratio	7.50%	7.50%
50	Total capital minimum ratio	10.65%	10.25%

2016

2015

Rupees in '000'

	Amount	Amount subject to Pre-Basel III treatment	
Regulatory Adjustments and Additional Information			
42.3.1 Common Equity Tier 1 capital: Regulatory adjustments			
1	394,414	-	243,112
2	42,220	-	50,934
3	-	-	-
4	-	-	192,531
5	-	-	-
6	67,797	-	22,876
7	-	-	-
8	-	-	-
9	-	-	-
10	-	-	-
11	-	-	-
12	-	-	-
13	-	-	-
14	2,052,720	4,105,440	1,326,237
15	-	-	-
16	-	-	-
17	-	-	-
18	-	-	-
19	-	-	-
20	-	-	-
21	-	-	-
22	2,557,151	-	1,835,690
42.3.2 Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
23	-	-	-
24	-	-	-
25	-	-	-
26	-	-	-
27	-	-	-
28	-	-	-
29	-	-	-
30	-	-	-

2016

2015

Rupees in '000'

	Amount	Amount subject to Pre-Basel III treatment	
42.3.3 Tier 2 Capital: regulatory adjustments			
31			
32			
33			
34			
35			
36			
42.3.4 Additional Information			
37			
(i)			
(ii)			
(iii)			
(iv)			
38			
39			
40			
41			
42			
43			
44			

	Balance sheet of the published financial statements	Under regulatory scope of consolidation
	2016	2016
	Rupees in '000'	
42.4 Capital structure reconciliation		
42.4.1 Step 1		
Cash and balances with treasury banks	35,756,024	35,756,024
Balances with other banks	3,765,867	3,765,867
Lendings to financial institutions	11,562,133	11,562,133
Investments - net	199,784,353	199,784,353
Advances - net	262,025,131	262,025,131
Operating fixed assets	7,692,675	7,692,675
Deferred tax assets - net	6,480,256	6,480,256
Other assets - net	18,152,867	18,152,867
Total assets	545,219,306	545,219,306
Liabilities & Equity		
Bills payable	4,183,480	4,183,480
Borrowings	39,829,134	39,829,134
Deposits and other accounts	453,219,740	453,219,740
Sub-ordinated loan	4,500,000	4,500,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	-
Other liabilities	15,627,465	15,627,465
Total liabilities	517,359,819	517,359,819
Share capital	22,325,856	22,325,856
Reserves	1,262,791	1,262,791
Accumulated losses	663,927	663,927
Minority Interest	-	-
Surplus on revaluation of assets - net of tax	3,606,913	3,606,913
Total equity	27,859,487	27,859,487
Total liabilities & equity	545,219,306	545,219,306

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	2016	2016	
	Rupees in '000'		
42.4.2 Step 2			
Assets			
Cash and balances with treasury banks	35,756,024	35,756,024	
Balance with other banks	3,765,867	3,765,867	
Lending to financial institutions	11,562,133	11,562,133	
Investments	199,784,353	199,784,353	
of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold	-	-	a
of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	-	-	b
of which: Mutual Funds exceeding regulatory threshold	-	-	c
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	67,797	67,797	d
of which: others (mention details)			e
Advances	262,025,131	262,025,131	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB			f
general provisions reflected in Tier 2 capital	390,971	390,971	g
Fixed Assets	7,692,675	7,692,675	
Deferred Tax Assets	6,480,256	6,480,256	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	-	-	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	6,480,256	6,480,256	i
Other assets	18,152,867	18,152,867	
of which: Goodwill	394,414	394,414	j
of which: Intangibles	42,220	42,220	k
of which: Defined-benefit pension fund net assets			l
Total assets	545,219,306	545,219,306	
Liabilities & Equity			
Bills payable	4,183,480	4,183,480	
Borrowings	39,829,134	39,829,134	
Deposits and other accounts	453,219,740	453,219,740	
Sub-ordinated loans	4,500,000	4,500,000	
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	4,500,000	4,500,000	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
of which: DTLs related to goodwill	-	-	o
of which: DTLs related to intangible assets	-	-	p
of which: DTLs related to defined pension fund net assets	-	-	q
of which: other deferred tax liabilities	-	-	r
Other liabilities	15,627,466	15,627,466	
Total liabilities	517,359,820	517,359,820	

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	2016	2016	
	Rupees in '000'		
Share capital	22,325,856	22,325,856	
of which: amount eligible for CET1	22,325,856	22,325,856	s
of which: amount eligible for AT1	-	-	t
Reserves	1,262,791	1,262,791	
of which: portion eligible for inclusion in CET1(provide breakup)	1,262,791	1,262,791	u
of which: portion eligible for inclusion in Tier 2			v
Unappropriated profit/ (losses)	663,927	663,927	w
Minority Interest			
of which: portion eligible for inclusion in CET1	-	-	x
of which: portion eligible for inclusion in AT1	-	-	y
of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets	3,606,913	3,606,913	
of which: Revaluation reserves on Fixed Assets	2,141,837	2,141,837	aa
of which: Unrealized Gains/Losses on AFS	841,622	841,622	ab
In case of Deficit on revaluation (deduction from CET1)			
Total liabilities & Equity	545,219,307	545,219,307	

42.4.3 Step 3

Common Equity Tier 1 capital (CET1): Instruments and reserves

1	Fully paid-up capital/ capital deposited with SBP	15,551,132	
2	Balance in share premium account, share deposit money and discount on issue of shares	6,774,724	(s)
3	Reserve for issue of bonus shares		
4	General / Statutory reserves	1,262,791	
5	Gain / (Losses) on derivatives held as Cash Flow Hedge		(u)
6	Unappropriated profit	663,927	(w)
7	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8	CET 1 before Regulatory Adjustments	24,252,574	
	Common Equity Tier 1 capital: Regulatory adjustments		
9	Goodwill (net of related deferred tax liability)	394,414	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	42,220	(k) - (p)
11	Shortfall of provisions against classified assets	-	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13	Defined-benefit pension fund net assets		{(l) - (q)} * x%
14	Reciprocal cross holdings in CET1 capital instruments	67,797	(d)
15	Cash flow hedge reserve	-	
16	Investment in own shares / CET1 instruments	-	
17	Securitization gain on sale	-	
18	Capital shortfall of regulated subsidiaries	-	
19	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	(ab)

	Component of regulatory capital reported by bank	Source based on reference number from step2	
	2016 Rupees in '000'	2016	
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	2,052,720	(i)
23	Amount exceeding 15% threshold	-	
24	of which: significant investments in the common stocks of financial entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments applied to CET1 capital	-	
27	of which: Investment in TFCs of other banks exceeding the prescribed limit	-	
28	of which: Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	-	
31	Common Equity Tier 1	21,695,423	
	Additional Tier 1 (AT 1) Capital		
32	Qualifying Additional Tier-1 instruments plus any related share premium	-	
33	of which: Classified as equity	-	(t)
34	of which: Classified as liabilities	-	(m)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36	of which: instrument issued by subsidiaries subject to phase out	-	
37	AT1 before regulatory adjustments		
	Additional Tier 1 Capital: regulatory adjustments		
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39	Investment in own AT1 capital instruments	-	
40	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	

	Component of regulatory capital reported by bank	Source based on reference number from step2
	2016	2016
	Rupees in '000'	
44	-	
45	-	
46	-	
47	-	
48	21,695,423	
49	4,100,000	
50	-	(n)
51	-	(z)
52	-	
53	390,971	(g)
54	2,163,009	
55	1,552,832	portion of (aa)
56	610,177	
57	-	(v)
58	-	
59	6,653,980	
60	-	
61	-	
62	-	
63	-	(ae)
64	-	(af)
65	-	
66	-	
67	-	
68	-	
69	6,653,980	
70	28,349,403	

42.5 Main features template of regulatory capital instruments

Sr. No.	Main Features	Common Shares	Sub-ordinated Loan - Government	Sub-ordinated Loan - Privately place term finance certificates
1	Issuer	The Bank of Punjab	The Bank of Punjab	The Bank of Punjab
2	Unique identifier (e.g. KSE Symbol or Bloomberg identifier etc.)	BOP	BOP	BOP-PPTFCs
3	Governing law(s) of the instrument	Capital Market Law	Relevant rules and regulations	Relevant rules and regulations
4	Regulatory treatment			
4	Transitional Basel III rules	Common equity Tier 1	Tier 2 Capital Instruments	Tier 2 Capital Instruments
5	Post-transitional Basel III rules	Common equity Tier 1	Tier 2 Capital Instruments	Tier 2 Capital Instruments
6	Eligible at solo/ group/ group & solo	Standalone and group	Standalone and group	Standalone and group
7	Instrument type	Common shares	Debt	Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	22,551,132	2,000,000	2,500,000
9	Par value of instrument	PKR 10	Not applicable	PKR 100,000
10	Accounting classification	Shareholder equity	Sub-ordinated Loan	Privately Placed Term Finance Certificates
11	Original date of issuance	1990	2014	2016
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No maturity	07 years from date of disbursement	10 years from date of disbursement
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable	After 5 years	After 5 years
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable
17	Coupons / dividends			
17	Fixed or floating dividend/ coupon	Not applicable	Floating	Floating
18	Coupon rate and any related index/ benchmark	Not applicable	Average SBP discount rate	6 month ask side KIBOR at base rate setting date
19	Existence of a dividend / coupon stopper	No	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Not applicable	No	No
23	Convertible or non-convertible	Non-convertible	May be converted subject to consent of parties and necessary regulatory approvals.	May be converted on discretion of SBP upon occurrence of a point of non-viability ("PONV") event as defined in the Basel II guidelines.
24	If convertible, conversion trigger (s)	Not applicable	At the option of issuer after 05 years	Upon occurrence of a point of non-viability ("PONV") event as defined in the Basel II guidelines.
25	If convertible, fully or partially	Not applicable	Fully	Fully or partially
26	If convertible, conversion rate	Not applicable	Rs. 15 per share	Market value of shares at the date of trigger of PONV as declared by the SBP.
27	If convertible, mandatory or optional conversion	Not applicable	Optional	Optional
28	If convertible, specify instrument type convertible into	Not applicable	Ordinary shares	Ordinary shares
29	If convertible, specify issuer of instrument it converts into	Not applicable	BOP common shares	BOP common shares
30	Write-down feature			
31	If write-down, write-down trigger(s)	Not applicable	Yes	Yes
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Ranked inferior to all other debts of the Bank including deposits	Ranked inferior to all other debts of the Bank including deposits
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable

42.6 Risk Weighted Assets

The capital requirements for the banking group as per the major risk categories should be indicated in the manner given below:-

	Capital Requirements		Risk Weighted Assets	
	2016	2015	2016	2015
Rupees in '000				
Credit Risk				
On-Balance sheet				
<u>Portfolios subject to standardized approach (Comprehensive)</u>				
Cash & cash equivalents	-	-	-	-
Sovereign	6,621	12,609	66,205	126,085
Public Sector entities	312,263	610,307	3,122,633	6,103,073
Banks	379,368	254,537	3,793,677	2,545,368
Corporate	10,988,063	8,918,471	109,880,628	89,184,706
Retail	2,784,929	2,743,282	27,849,288	27,432,817
Residential Mortgages	68,531	63,263	685,305	632,631
Past Due loans	795,801	807,379	7,958,009	8,073,793
Deferred Tax Assets	798,976	913,358	7,989,758	9,133,575
Operating Fixed Assets	725,604	619,027	7,256,044	6,190,267
Significant Inv (250%) Punjab Modaraba	-	-	-	-
Other assets	1,815,287	2,564,145	18,152,867	25,641,447
	18,675,443	17,506,378	186,754,414	175,063,762
Off-Balance sheet				
Non-market related				
Financial guarantees, acceptances, performance related commitments, trade related etc.	1,511,836	1,003,365	15,118,364	10,033,650
Market related				
Foreign Exchange contracts/ derivatives etc.	7,031	6,653	70,313	66,529
	1,518,867	1,010,018	15,188,677	10,100,179
Equity Exposure Risk in the Banking Book				
Under simple risk weight method				
Listed, Unlisted	69,643	80,045	696,426	800,447
Under Internal models approach				
	69,643	80,045	696,426	800,447
Market Risk				
<u>Capital Requirement for portfolios subject to Standardized Approach</u>				
Interest rate risk	54,732	1,591	684,150	19,888
Equity position risk	191,152	188,736	2,389,400	2,359,200
Foreign Exchange risk	10,894	10,780	136,175	134,750
	256,778	201,107	3,209,725	2,513,838
<u>Capital Requirement for portfolios subject to Basic Indicator Approach</u>				
Operational Risk				
Capital Requirement for operational risks	1,993,507	1,554,559	24,918,835	19,425,509
Total	22,514,238	20,352,107	230,768,077	207,903,735
Capital Adequacy Ratios				
	2016 Required	2016 Actual	2015 Required	2015 Actual
CET1 to total RWA	6.00%	9.40%	6.00%	8.44%
Tier-1 capital to total RWA	7.50%	9.40%	7.50%	8.44%
Total capital to total RWA	10.65%	12.28%	10.25%	10.49%

43. RISK MANAGEMENT

The principal risks associated with the Banking business are credit risk, market risk, liquidity risk and operational risk.

43.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Group manages its exposure to credit risk by pursuing credit policy approved by the Board of Directors and undertaking all lending activities in accordance with standard practices and procedures as laid down in the Credit Policy Manual. The Group's credit process currently entails assessment of credit worthiness of potential customers, pre-sanction evaluation of credit proposal, adequacy and quality checks over collateral and examination of charge documents before disbursements. The Group will also continue to keep its focus on expansion through diversified exposure. Further, to strengthen the portfolio and as a matter of prudence, adequate provisions against non-performing advances are accounted for in accordance with the requirements of the Prudential Regulations issued by the SBP.

43.1.1 Segments by class of business

	Advances (gross)				Deposits				Contingencies and commitments			
	2016		2015		2016		2015		2016		2015	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agribusiness	6,360,779	2.16	7,694,514	3.07	16,493,266	3.64	13,925,870	3.71	-	-	-	-
Textile and ginning	54,939,692	18.69	53,598,444	21.41	1,952,192	0.43	2,058,506	0.55	5,427,975	8.74	4,333,441	11.60
Cement	5,586,579	1.90	4,120,492	1.65	296,165	0.07	645,401	0.17	3,603,448	5.80	2,670,574	7.15
Sugar	11,048,102	3.76	9,126,626	3.65	1,548,917	0.34	405,468	0.11	111,716	0.18	99,186	0.27
Financial	1,740,976	0.61	1,645,931	0.66	6,011,551	1.33	3,995,197	1.07	8,564,597	13.78	6,028	0.02
Construction and real estate	7,535,880	2.56	11,103,629	4.44	18,061,095	3.99	12,464,104	3.32	11,666,409	18.78	9,327,563	24.97
Oil and gas	3,241,442	1.10	2,262,693	0.90	913,994	0.20	451,328	0.12	1,548,827	2.49	859,488	2.30
Auto and allied	2,180,653	0.74	2,122,953	0.85	80,733	0.02	3,643,981	0.97	1,089,538	1.75	109,420	0.29
Food and allied	8,402,084	2.86	7,996,996	3.19	1,873,713	0.41	1,693,523	0.45	1,118,824	1.80	542,423	1.45
Chemical and pharmaceuticals	6,535,561	2.22	5,128,090	2.05	1,110,533	0.25	1,201,872	0.32	1,769,987	2.85	1,831,477	4.90
Fertilizers	4,125,651	1.40	3,983,440	1.59	283,267	0.06	238,427	0.06	710,507	1.14	565,865	1.51
Cable, electrical and engineering	9,373,073	3.19	9,316,399	3.72	1,950,722	0.43	1,442,538	0.38	2,836,728	4.57	3,539,720	9.48
Production and transmission of energy	10,388,024	3.53	5,529,316	2.21	817,200	0.18	254,641	0.07	3,669,559	5.91	1,090,632	2.92
Transport, storage and communication	5,563,632	1.89	6,036,160	2.41	2,688,920	0.59	1,001,325	0.27	1,106,458	1.78	215,014	0.58
Government :												
- Public sector enterprises	45,782,278	15.58	18,304,286	7.31	20,113,322	4.44	10,196,775	2.72	6,087,100	9.80	2,908,513	7.79
- Federal and Provincial Governments	29,189,829	9.93	31,028,296	12.39	226,398,222	49.95	189,226,581	50.47	7,320,582	11.78	4,194,404	11.23
Individuals	42,121,947	14.33	40,166,614	16.04	124,444,139	27.46	105,549,191	28.15	-	-	-	-
Trading and commerce	18,640,932	6.34	14,410,934	5.76	6,136,436	1.35	4,701,812	1.25	2,074,095	3.34	1,684,859	4.51
Services	8,521,957	2.90	6,394,515	2.55	12,053,284	2.66	11,151,743	2.97	205,532	0.33	175,698	0.47
Others	12,599,991	4.31	10,371,384	4.15	9,992,069	2.20	10,712,813	2.87	3,225,665	5.18	3,201,356	8.56
	293,879,062	100.00	250,341,712	100.00	453,219,740	100.00	374,961,096	100.00	62,137,547	100.00	37,355,661	100.00

43.1.2 Segment by sector

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public Sector / Government	74,972,107	25.51	246,511,544	54.39	13,407,682	21.58
Private	218,906,955	74.49	206,708,196	45.61	48,729,865	78.42
	293,879,062	100.00	453,219,740	100.00	62,137,547	100.00

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

	2016		2015	
	Classified advances	Rupees in '000 Specific provision held	Classified advances	Specific provision held
Agribusiness	1,485,793	1,055,562	1,287,340	1,111,180
Textile and ginning	25,228,696	13,378,356	25,520,551	11,489,399
Cement	1,547,291	1,129,044	1,639,610	1,029,556
Sugar	1,805,281	1,181,462	1,916,552	1,402,295
Financial	1,351,216	39,328	1,127,479	38,675
Construction and real estate	2,088,907	1,787,691	2,425,746	1,939,369
Oil and gas	80,252	76,671	105,191	85,016
Auto and allied	1,998,230	1,540,329	1,997,044	1,537,993
Food and allied	3,505,840	2,115,173	3,129,497	1,716,723
Chemical and pharmaceuticals	123,695	86,122	578,307	517,672
Fertilizers	87,966	67,662	61,010	61,010
Cable, electrical and engineering	2,044,754	166,339	2,092,300	203,359
Production and transmission of energy	1,548,271	509,495	1,542,741	505,217
Transport, storage and communication	260,327	151,903	612,238	284,736
Government:				
- Public sector enterprises	-	-	-	-
- Federal and Provincial Governments	-	-	-	-
Individuals	564,768	442,707	523,695	399,898
Trading and commerce	6,951,959	4,381,365	7,643,387	4,833,138
Services	1,722,082	1,583,620	2,082,373	1,642,855
Others	2,515,432	1,770,131	2,741,623	1,798,497
	54,910,760	31,462,960	57,026,684	30,596,588

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

Public Sector / Government	-	-	-	-
Private	54,910,760	31,462,960	57,026,684	30,596,588
	54,910,760	31,462,960	57,026,684	30,596,588

43.1.5 Geographical segment analysis

A geographical segment analysis has not been presented since the Group's operations are restricted to Pakistan only.

43.1.6 Credit risk - general disclosures

The Bank follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Bank utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company– Vital Information Systems), Fitch Moody's and Standard & Poor's . Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

Type of exposures & ECAIs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	√	√			
Banks	√	√	√	√	√
Sovereigns		√			
PSEs	√	√			
SMEs	√	√			

Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

Long term ratings grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

Short term rating grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

Credit exposures subject to standardized approach

Exposures	Rating	2016			2015		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Rupees in '000							
Corporate	1	11,015,824	(5,945,511)	5,070,313	8,718,622	(3,875,518)	4,843,104
	2	13,199,705	(9,662)	13,190,043	12,448,646	(15,087)	12,433,559
	3,4	1,105,922	-	1,105,922	1,049,876	(11,236)	1,038,639
	5,6	-	-	-	120,149	-	120,149
	Unrated-1	38,895,144	-	38,895,144	25,625,650	-	25,625,650
	Unrated-2	56,859,842	(4,313,151)	52,546,691	60,048,575	(11,300,195)	48,748,380
Bank	1	22,049,175	(3,198,867)	18,850,308	12,979,840	(587,107)	12,392,733
	2,3	-	-	-	133,644	-	133,644
	4,5	47,230	-	47,230	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Public sector enterprises in Pakistan	1	12,344,847	-	12,344,847	-	-	-
	2,3	-	-	-	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	33,497,807	(32,190,480)	1,307,327	18,656,044	(6,449,899)	12,206,145
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	225,095,437	(25,850,593)	199,244,844	216,831,658	(21,630,213)	195,201,445
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	66,205	-	66,205	126,085	-	126,085
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Listed equity investments	100%	676,849	-	676,849	684,560	-	684,560
Un-listed equity Investments	150%	13,051	-	13,051	77,257	-	77,257
Non performing loans	150%	16,326,203	(13,764,101)	2,562,102	17,725,460	(15,403,059)	2,322,401
	100%	6,917,707	(2,817,336)	4,100,371	6,870,226	(2,631,036)	4,239,190
	50%	246,683	(217,711)	28,972	1,877,022	(1,175,018)	702,004
Mortgage	35%	1,958,013	-	1,958,013	1,807,518	-	1,807,518
Retail	75%	48,465,400	(11,333,016)	37,132,384	45,614,780	(9,037,691)	36,577,089
Fixed assets	100%	7,256,044	-	7,256,044	6,190,267	-	6,190,267
Deferred tax assets	100%	2,052,720	-	2,052,720	4,556,305	-	4,556,305
Deferred tax assets	250%	2,374,815	-	2,374,815	1,830,908	-	1,830,908
Significant assets	250%	-	-	-	-	-	-
Others	100%	18,152,867	-	18,152,867	25,641,447	-	25,641,447
Total		518,6617,490	(99,640,428)	418,977,062	469,614,539	(72,116,059)	397,498,479

43.1.7 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Group has adopted comprehensive approach of credit risk mitigation for banking book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Group's exposure to an obligor is secured by eligible collaterals, the Group reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

43.1.7.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.

43.1.7.2 Equity position risk in the banking book

The Group takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2016 the composition of equity investments, is as follows:

	Held for trading	Available for sale	Total
	Rs. In '000'		
Ordinary shares (listed) - net of impairment held	-	1,205,871	1,205,871
Ordinary shares (un-listed) - net of impairment held	-	13,051	13,051
Preference shares - net of impairment held	-	-	-
Stock funds - net of impairment held	-	-	-
Total	-	1,218,922	1,218,922

The Bank classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments - Held for trading
- Investments – Available for Sale
- Investments in subsidiaries

43.1.8 Leverage Ratio

The State Bank of Pakistan (SBP) through its BPRD Circular No. 06 of 2013 has issued instructions regarding implementation of parallel run of leverage ratio reporting and its components from December 31, 2013 to December 31, 2017. During this period the final calibration, and any further adjustments to the definition, will be completed, with a view to set the leverage ratio as a separate capital standard on December 31, 2018.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage:

$$\text{Leverage Ratio} = \text{Tier 1 capital (after related deductions)} / \text{Total Exposure}$$

As at December 31, 2016 the Bank's Leverage ratio stood at 3.35% which is well above the minimum requirement of 3.0% (2015: 3.0%).

	2016	2015
	Rupees in '000'	
Cash and balances with treasury banks	35,756,024	26,190,481
Balances with other banks	3,765,867	4,512,033
Lendings to financial institutions	11,562,133	6,113,262
Investments - net	199,716,558	176,079,792
Advances - net	262,025,132	219,356,020
Operating fixed assets	7,256,044	6,484,312
Deferred tax assets - net	4,427,535	7,905,981
Financial Derivatives (A.1)	14,865,947	19,354,579
Other assets - net	18,152,867	25,641,447
	557,528,107	491,637,907

	2016	2015
	Rupees in '000'	
A.1 Derivatives (On Balance sheet)		
A.1 Derivatives (On Balance sheet)		
Interest Rate	-	-
Equity	-	-
Foreign Exchange and Gold	14,865,947	19,354,579
Precious Metal (except gold)	-	-
Commodities	-	-
Credit Derivatives (protection bought & sold)	-	-
Any other derivatives	-	-
B. Off-Balance Sheet Items excluding derivatives		
Direct Credit Substitutes	6,929,834	3,886,685
Performance-related Contingent Liabilities (i.e. Guarantees)	28,316,171	17,260,882
Trade-related Contingent Liabilities (i.e. Letter of Credits)	26,886,223	16,208,094
Lending of securities or posting of securities as collaterals	-	-
Undrawn committed facilities (which are not cancellable)	22,596,486	6,335,573
Unconditionally cancellable commitments	4,432,773	3,355,250
Commitments in respect of operating leases	-	-
Commitments for the acquisition of operating fixed assets	27,095	111,537
	89,188,582	47,158,021
C. Commitments in respect of Derivatives - Off Balance Sheet Items		
(Derivatives having negative fair value are also included)		
Interest Rate	-	-
Equity	-	-
Foreign Exchange & gold	57,130	46,734
Precious Metals (except gold)	-	-
Commodities	-	-
Credit Derivatives (protection sold and bought)	-	-
Other derivatives	-	-
Total Derivatives (C)	57,130	46,734
Tier-1 Capital	21,695,423	17,560,432
Total Exposures (sum of A,B and C)	646,773,819	538,842,662
Leverage Ratio	3.35%	3.26%

43.2 Market risk

Market risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices.

The Group is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Equity Capital Markets. Market risk exposure also arises from market-making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes Group to interest rate risk, foreign exchange risk and equity price risk.

The Group's market risk management structure consists of Board Risk Management Committee, ALCO, Market Risk Management Committee and independent Enterprise Risk Management unit (ERM). Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Group and to define market risk policies and procedures. ERM unit seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency in reporting the Group's market risk profile to the senior management, the Board of Directors and the SBP.

43.2.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to yield/interest rate risk for its investing and/or financing activities where any major fluctuation in the market interest rate/yield can affect both the value of the financial instrument as well as the profitability of the Group. To minimize this risk the Group's Assets and Liabilities Committee (ALCO) keeps a constant watch on the interest rate scenario in the country and on regular intervals reviews pricing mechanism for assets and liabilities of the Group.

43.2.1.1 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	Exposed to Yield / Interest risk														
		Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Above 10 years	Non-interest bearing financial instruments				
Rupees in '000																
On-balance sheet financial instruments																
Assets																
Cash and balances with treasury banks		36,756,024	1,228,107	-	-	-	-	-	-	-	-	-	-	-	-	34,527,917
Balances with other banks	3.95%	3,765,867	1,855,964	-	-	-	-	-	-	-	-	-	-	-	-	1,909,903
Lending to financial institutions	5.84%	11,562,133	11,102,133	460,000	-	-	-	-	-	-	-	-	-	-	-	-
Investments - net	6.90%	199,784,353	10,771,855	64,900,526	11,886,605	32,388,114	16,047,896	35,107,676	12,681,232	14,781,524	-	-	-	-	-	1,218,925
Advances - net	6.26%	262,025,131	88,720,265	176,296,421	-	-	-	-	-	-	-	-	-	-	-	8,445
Other assets		7,032,844	-	-	-	-	-	-	-	-	-	-	-	-	-	7,032,844
		519,926,352	110,678,324	241,656,947	11,886,605	32,388,114	16,047,896	35,107,676	12,681,232	14,781,524	-	-	-	-	-	44,698,034
Liabilities																
Bills payable		4,183,480	-	-	-	-	-	-	-	-	-	-	-	-	-	4,183,480
Borrowings	5.92%	39,829,134	16,299,360	8,262,861	2,716,647	10,244,357	-	31,325	950,101	1,239,673	-	-	-	-	-	84,810
Deposits and other accounts	3.89%	453,219,740	19,701,014	222,046,907	34,494,517	47,516,620	1,894,701	1,833,119	70,364	-	-	-	-	-	-	125,662,498
Sub-ordinated loan	6.37%	4,500,000	-	-	4,500,000	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	0.00%	15,565,282	-	-	-	-	-	-	-	-	-	-	-	-	-	15,565,282
		517,297,636	36,000,374	230,309,768	41,711,164	57,760,977	1,894,701	1,864,444	1,020,465	1,239,673	-	-	-	-	-	145,496,070
On-balance sheet gap		2,628,716	74,677,950	11,347,179	(29,824,559)	(25,372,863)	14,153,195	33,243,232	11,660,767	13,541,851	-	-	-	-	-	(100,798,036)
Off-balance sheet financial instruments																
Forward foreign exchange contracts - purchase		9,594,732	5,636,694	3,224,360	632,539	101,139	-	-	-	-	-	-	-	-	-	-
- sale		6,997,174	4,965,344	668,626	1,363,204	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		2,597,558	671,350	2,555,734	(730,665)	101,139	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			75,349,300	13,902,913	(30,555,224)	(25,271,724)	14,153,195	33,243,232	11,660,767	13,541,851	-	-	-	-	-	(100,798,036)
Cumulative yield/interest risk sensitivity gap			75,349,300	89,252,213	58,696,989	33,425,265	47,578,460	80,821,692	92,482,459	106,024,310	106,024,310	106,024,310	106,024,310	106,024,310	106,024,310	5,226,274

43.2.2 Foreign exchange risk management

The Group's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Group manages its foreign exchange exposure by matching foreign currency assets and liabilities. The net open position and nostro balances are managed within the statutory limits, as fixed by the SBP. Counter parties limits are also fixed to limit risk concentration.

	Assets	Liabilities	2016	
			Off-balance sheet items	Net foreign currency exposure
Rupees in '000				
Pakistan Rupee	541,739,216	509,627,154	(2,597,558)	29,514,504
United States Dollar	2,715,780	5,467,972	1,240,562	(1,511,630)
Great Britain Pound	371,030	1,026,641	699,540	43,929
Japanese Yen	3,134	841	613,783	616,076
Euro	365,781	1,216,819	647,648	(203,390)
Others	24,365	20,392	(603,975)	(600,002)
	545,219,306	517,359,819	-	27,859,487

43.2.3 Equity position risk

Equity position risk arises from exposure to securities that represent an ownership interest in a company in the form of ordinary shares or other equity-linked instruments. The instruments held by the Group that would lead to this exposure include, but are not limited to, the following:

- Shares of listed and unlisted companies
- Preference shares falling on equity criteria
- Equity-based mutual funds

These investments are carried at fair market value with regular revaluations. The Bank prefers to hold long-term exposures for securities held in 'available for sale' category to avoid seasonal or cyclical downfalls in the prices of such securities.

43.3 Liquidity risk

43.3.1 Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Group's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk. The Group manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Group are given significant importance.

43.3.2 Maturities of assets and liabilities - based on expected maturities

		2016										
		Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years	
		Rupees in '000										
Assets												
Cash and balances with treasury banks	35,756,024	35,756,024	-	-	-	-	-	-	-	-	-	-
Balances with other banks	3,765,867	3,765,867	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,562,133	11,102,133	460,000	-	-	-	-	-	-	-	-	-
Investments - net	199,784,353	7,065,260	64,060,019	11,624,225	32,553,407	16,410,157	35,397,250	14,314,764	16,916,908	1,442,363	-	
Advances - net	262,025,131	85,720,265	34,199,300	12,570,646	9,266,265	7,960,147	15,733,055	54,171,599	36,624,020	5,779,834	-	
Operating fixed assets	7,692,675	56,289	112,578	168,867	337,734	675,468	675,468	1,350,936	3,377,340	937,995	-	
Deferred tax assets - net	6,480,256	159,000	318,000	477,000	954,000	2,755,000	1,817,256	-	-	-	-	
Other assets	18,152,867	7,042,596	125,280	107,312	10,877,679	-	-	-	-	-	-	
	545,219,306	150,667,434	99,275,177	24,948,050	53,989,085	27,800,772	53,623,029	69,837,299	56,918,268	8,160,192	-	
Liabilities												
Bills payable	4,183,480	4,183,480	-	-	-	-	-	-	-	-	-	
Borrowings	39,829,134	16,384,170	8,262,861	2,716,647	10,244,357	-	31,325	950,101	1,239,673	-	-	
Deposits and other accounts	453,219,740	80,832,836	64,092,642	68,366,786	81,066,739	33,239,237	32,700,846	31,435,377	30,742,637	30,742,640	-	
Sub-ordinated loan	4,500,000	-	-	-	-	-	-	-	4,500,000	-	-	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	
Other liabilities	15,627,465	4,839,364	347,476	677,553	582,695	787,962	880,484	7,511,931	-	-	-	
	517,359,819	106,239,850	72,702,979	71,760,986	91,893,791	34,027,199	33,612,655	39,897,409	36,482,310	30,742,640	-	
Net assets	27,859,487	44,427,584	26,572,198	(46,812,936)	(37,904,706)	(6,226,427)	20,010,374	29,939,890	20,435,958	(22,582,448)	-	
Share capital	15,551,132											
Discount on issue of shares	(263,158)											
Reserves	1,300,673											
Share deposit money	7,000,000											
Accumulated losses	663,927											
	24,252,574											
Surplus on revaluation of assets - net of tax	3,606,913											
	27,859,487											

43.3.3 Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

43.3.4 Maturities of assets and liabilities - based on contractual maturities

2016

	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years
Rupees in '000										
Assets										
Cash and balances with treasury banks	35,756,024	35,756,024	-	-	-	-	-	-	-	-
Balances with other banks	3,765,867	3,765,867	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,562,133	11,102,133	460,000	-	-	-	-	-	-	-
Investments - net	199,784,353	7,065,260	64,060,019	11,624,225	32,553,407	16,410,157	35,397,250	14,314,764	16,916,908	1,442,363
Advances - net	262,025,131	85,720,265	34,199,300	12,570,646	9,266,265	7,960,147	15,733,055	54,171,599	36,624,020	5,779,834
Operating fixed assets	7,692,675	56,289	112,578	168,867	337,734	675,468	675,468	1,350,936	3,377,340	937,995
Deferred tax assets - net	6,480,256	159,000	318,000	477,000	954,000	2,755,000	1,817,256	-	-	-
Other assets	18,152,867	7,048,201	119,675	107,312	10,877,679	-	-	-	-	-
	545,219,306	150,673,039	99,269,572	24,948,050	53,989,085	27,800,772	53,623,029	69,837,299	56,918,268	8,160,192
Liabilities										
Bills payable	4,183,480	4,183,480	-	-	-	-	-	-	-	-
Borrowings	39,829,134	16,384,170	8,262,861	2,716,647	10,244,357	-	31,325	950,101	1,239,673	-
Deposits and other accounts	453,219,740	342,145,255	17,978,685	37,624,149	50,324,102	2,496,600	1,958,209	692,740	4,500,000	-
Sub-ordinated loan	4,500,000	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	15,627,465	4,839,364	347,476	677,553	582,695	787,962	880,484	7,511,931	-	-
	517,359,819	367,552,269	26,589,022	41,018,349	61,151,154	3,284,562	2,870,018	9,154,772	5,739,673	-
Net assets	27,859,487	(216,879,230)	72,680,550	(16,070,299)	(7,162,069)	24,516,210	50,753,011	60,682,527	51,178,595	8,160,192
Share capital	15,551,132									
Discount on issue of shares	(263,158)									
Reserves	1,300,673									
Share deposit money	7,000,000									
Accumulated losses	663,927									
	24,252,574									
Surplus on revaluation of assets - net of tax	3,606,913									
	27,859,487									

43.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and appraisal procedures, including the use of internal audit. The Group has established a comprehensive business continuity plan to deal with the risk of financial loss and damage to reputation arising from operational risk factors.

44. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on March 29, 2017 by the Board of Directors of the Group.

45. GENERAL

- 45.1** The Board of Directors in its meeting held on March 29, 2017 has approved issuance of ordinary shares to be offered as right shares at Rs. 12.00 per share inclusive of Rs. 2.00 per share as premium in the ratio of 70 right shares for every 100 ordinary shares.
- 45.2** These consolidated financial statements have been prepared in accordance with the revised forms of annual financial statements of commercial banks issued by SBP vide BSD Circular No. 04 dated 17 February 2006 and other circulars issued from time to time.
- 45.3** Figures have been rounded off to the nearest thousand rupees.
- 45.4** Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However no significant reclassification has been made.

Re-classified from	Re-classified to	Rupees in '000
Cash and Balances with Treasury Banks With State Bank of Pakistan (SBP) in: - Foreign currency deposit account: - Non remunerative	Cash and Balances with Treasury Banks With State Bank of Pakistan (SBP) in: - Foreign currency deposit account: - Remunerative	106,102
Balance with other Banks In Pakistan - Current account	Balance with other Banks In Pakistan - Deposit account	1,000,000

 Chairman

 President

 Director

 Director

ISLAMIC BANKING BUSINESS

The group has started Islamic banking operations in the year 2013. As at close of the December 31, 2016, The group is operating 48 Islamic banking branches and 02 sub Islamic banking branches (2015: 48 Islamic banking branches) were operating.

Statement of Financial Position

As at December 31, 2016

	Note	2016 Rupees in '000'	2015
ASSETS			
Cash and balances with treasury banks		2,302,273	1,201,923
Balances with other banks		1,755,658	1,217,344
Due from financial institutions		5,100,000	500,000
Investments		5,512,287	5,629,443
Islamic financing and related services	A-I.1	8,936,749	4,547,562
Operating fixed assets		258,109	214,912
Deferred tax assets		-	-
Other assets		251,092	436,476
TOTAL ASSETS		24,116,168	13,747,660
LIABILITIES			
Bills payable		227,700	46,533
Due to financial institutions		-	-
Deposit and other accounts			
- Current accounts		6,126,472	4,709,967
- Saving accounts		14,680,150	6,477,449
- Term deposits		813,678	957,062
- Others		225,814	165,364
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non-remunerative		-	-
Due to head office		684,727	433,058
Other liabilities		62,053	348,040
		22,820,594	13,137,473
NET ASSETS		1,295,574	610,187
REPRESENTED BY			
Islamic banking fund		1,000,000	500,000
Reserves		-	-
Unappropriated profit		230,200	109,629
		1,230,200	609,629
Surplus on revaluation of assets		65,374	558
		1,295,574	610,187
Remuneration to shariah advisor / board		5,144	2,807
CHARITY FUND			
Opening balance		1,871	-
Additions during the year		533	3,318
Payments / utilization during the year		(1,871)	(1,447)
Closing balance		533	1,871

Islamic Banking Business

Profit and Loss Account

For the year ended December 31, 2016

	2016	2015
	Rupees in '000'	
ASSETS		
Profit/return earned on financing, investment and placements	1,117,781	735,760
Return on deposits and other dues expensed	385,966	238,396
Net spread earned	731,815	497,364
Provision against non-performing advances	-	-
Provision against consumer financings	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	-	-
Income after provisions	731,815	497,364
Other Income		
Fee, commission and brokerage income	29,751	28,384
Dividend income	-	-
Income / (loss) from dealing in foreign currencies	99	(455)
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	23,541	39,130
Total other income	53,391	67,059
	785,206	564,423
Other expenses		
Administrative expenses	664,521	510,213
Other provisions/write offs/reversals	-	-
Other charges	114	17
Total other expenses	664,635	510,230
	120,571	54,193
Extra ordinary / unusual items	-	-
Profit before taxation	120,571	54,193

Islamic Banking Business

Cash Flow Statement

For the year ended December 31, 2016

Annexure I

	2016	2015
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	120,571	54,193
Less: Dividend income	-	-
	120,571	54,193
Adjustments for:		
Depreciation / amortization - own assets	70,547	41,260
Depreciation on ijarah assets under IFAS - 2	80,077	56,670
Amortization of (discount) / premium on Government securities	2,732	37,344
	153,356	135,274
	273,927	189,467
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	(4,600,000)	3,529,000
Advances - net	(4,469,264)	(3,005,158)
Others assets - net	185,384	(311,147)
	(8,883,880)	212,695
Increase / (Decrease) in operating liabilities:		
Bills Payable	181,167	(16,596)
Deposits and other accounts	9,536,272	4,728,027
Other liabilities	(34,318)	476,347
	9,683,121	5,187,778
Income tax paid	1,073,168	5,589,940
	-	-
Net cash flow from operating activities	1,073,168	5,589,940
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	179,240	(4,034,641)
Investments in operating fixed assets	(113,744)	(155,765)
Net cash flow from / (used in) investing activities	65,496	(4,190,406)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Islamic banking funds	500,000	-
Net cash flow from financing activities	500,000	-
Net increase in cash and cash equivalents	1,638,664	1,399,534
Cash and cash equivalents at beginning of the year	2,419,267	1,019,733
Cash and cash equivalents at end of the year	4,057,931	2,419,267

Notes to the Annexure I

Annexure I

	2016 Rupees in '000'	2015
A-I.1 Islamic financing and related assets		
Against murabaha	1,009,083	1,161,148
Against diminishing musharaka	4,618,083	2,709,553
Against ijarah	517,073	393,861
Against Istisna	1,141,510	283,000
Against Running Musharika	1,651,000	-
	8,936,749	4,547,562
A-I.1.1 Islamic mode of financing		
Financings/Investments/Receivables	7,299,500	2,841,280
Advances	1,319,639	1,694,282
Assets/Inventories	317,610	12,000
	8,936,749	4,547,562
A-I.1.2 Against murabaha		
Financings/Investments/Receivables	921,119	1,055,148
Advances	74,964	106,000
Assets/Inventories	13,000	-
	1,009,083	1,161,148
A-I.1.3 Diminishing musharakah		
Financings/Investments/Receivables	4,119,672	1,284,352
Advances	498,411	1,425,201
Assets/Inventories	-	-
	4,618,083	2,709,553
A-I.1.4 Against ijarah		
Financings/Investments/Receivables	497,009	230,780
Advances	20,064	163,081
Assets/Inventories	-	-
	517,073	393,861
A-I.1.5 Against Istisna		
Financings/Investments/Receivables	110,700	271,000
Advances	726,200	-
Assets/Inventories	304,610	12,000
	1,141,510	283,000
A-I.1.6 Against Running Musharika		
Financings/Investments/Receivables	1,651,000	-
Advances	-	-
Assets/Inventories	-	-
	1,651,000	-

A-1.2 BOP TAQWA Islamic Banking Division is maintaining following pools for profit declaration and distribution.

- i) General Pool
- ii) Special Pool-I
- iii) Special Pool-II
- iv) Special Pool-III
- v) Special Pool-IV

A-1.21 General Pool

The General Pool comprises of depositor's funds, Equity inclusive of Current Account Holders and Mudaraba Placements from BOP Head Office. The Bank acts as Manager (Mudarib) and invests the funds in Shariah Compliant modes of financings, Investments and Placements. The profit of the Pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the profit calculation period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

a) Weightages for distribution of profit in general pool

Profit is calculated on daily product basis and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

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

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of Risk attached to various types of investments.
- SBP rules & Shariah Clearance.

A-1.2.2 Special Pools

The Special Pools comprises of depositor's funds and Bank's Participation as Equity. The Bank acts as Manager (Mudarib) and invests the funds in Shariah Compliant modes of financings, Investments and Placements. The profit of the Pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the profit calculation period.

Annexure I

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-TAQWA as Mudarib.

a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

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

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of Risk attached to various types of investments.
- SBP rules & Shariah Clearance.

A-I.3 Avenues / Sectors of economy / business where Mudaraba based deposits have been deployed:

	2016	2015
	Rupees in '000'	
Federal and provincial governments	1,651,000	792,000
Due from GOP-Bai Muajjal	-	5,791,920
Ijara sukuk	2,860,400	125,558
Transport, storage, logistics and communication	406,023	426,109
Manufacturing and Trading of food items	293,338	37,000
Manufacture of pesticides and other agro-chemical product	64,491	4,500
Power Generation	5,711,736	1,783,024
Manufacture of paper, paperboard and products thereof	284,045	150,000
Consumer Car Ijarah	14,082	7,500
Textile Composite / Other	216,528	-
Cement & Allied	805,789	-
Iron & Steel Industry	482,310	-
Rubber / Plastic Products etc.	199,200	-
Others	8,263,865	3,064,773
	21,252,807	12,182,384

A-I.4 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / Takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.

Provisions

No provision was made in the year 2016.

A-I.5 Mudarib share (in amount and percentage of distributable income):

	2016		2015	
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
Rabbul Mal	398,226	58%	221,279	58%
Mudarib	283,763	42%	160,107	42%
Distributable income	681,989	100%	381,386	100%

A-I.6 Amount & percentage of mudarib share transferred to depositors through Hiba:

	2016 Rupees in '000'	2015
Mudarib share	283,763	160,107
Hiba	18,139	74,616
Hiba percentage of mudarib share	6.39%	46.60%

This is not a special Hiba as such. This Hiba has been distributed across the board to all the investment account holders.

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

	2016	2015
Profit rate earned	6.67%	7.91%
Profit rates distributed to depositors	3.00%	4.14%

1 Ordinary shares / certificates of listed companies and modarabas Annexure II

Number of shares	Name of company/modaraba	Cost		Market Value		Rating	
		2016	2015	2016	2015	2016	2015
		Rupees in '000		Rupees in '000		(where available)	
Held for trading:							
-	Allied Bank Limited	-	21,173	-	19,795	-	AA+,A1+
-	Nishat Mills Limited	-	16,015	-	15,179	-	AA,A1+
-	Hum Network Limited	-	44,977	-	39,420	-	A+,A1
-	United Bank Limited	-	16,246	-	15,495	-	AA+,A-1+
		-	98,411	-	89,889		
Available for sale:							
70,500	(Colony) Sarhad Textile Mills Limited	16	16	-	-	-	-
-	Abdullah Shah Ghazi Sugar Mills Limited	-	28,079	-	55,596	-	-
98,000	Accord Textile Mills Limited	59	59	-	-	-	-
9,010,917	Agritech Limited	315,381	315,381	114,258	84,252	-	D
8,000	Al-Abid Silk Mills Limited	291	1,930	112	933	-	-
1,999,500	Allied Bank Limited	219,945	220,000	238,360	188,520	AA+,A1+	AA+,A1+
4,500	Amazai Textile Mills Limited	2	2	-	-	-	-
9,000	Asim Textile Mills Limited	24	283	81	665	-	-
25,000	Askari Bank Limited	480	12,865	624	12,501	AA+,A1+	AA,A-1+
77,500	Baluchistan Particle Board Limited	85	184	-	-	-	-
137,500	Burshane LPG (Pakistan) Limited	6,675	11,166	9,280	18,009	-	-
-	Crescent Jute Products Limited	-	206	-	507	-	-
15,000	Dadabhoj Construction Technology Limited	26	26	-	-	-	-
50,000	Data Textile Limited	14	21	25	25	-	-
86,400	Dawood Hercules Fertilizer Limited	12,573	-	12,470	-	-	-
151,339	English Leasing Limited	168	168	-	-	-	-
45,000	Engro Corporation Limited	13,936	40,311	14,224	34,924	AA,A1+	AA,A1+
-	Engro Foods Limited	-	11,330	-	10,994	A+	A+
720,000	Engro Fertilizer Limited	56,811	24,991	48,946	22,715	AA-,A1+	AA-,A1+
4,900	Fateh Industries Limited	29	29	-	-	-	-
4,975	Fateh Textile Mills Limited	1,741	1,741	-	-	-	-

	Number of shares		Name of company/modaraba	Cost		Market Value		(where available)	
	2016	2015		2016	2015	2016	2015	2016	2015
				Rupees in '000	Rupees in '000	Rupees in '000	Rupees in '000		
450,000	600,000	Fauji Fertilizer Bin Qasim Limited	24,221	35,552	23,044	31,608	-	-	
800,000	490,000	Fauji Fertilizer Company Limited	98,123	62,995	83,496	57,810	AA,A1+	-	
-	191	Fazal Textile Mills Limited	-	39	-	26	-	-	
13,320,694	13,320,694	First Punjab Modaraba	164,942	164,942	159,848	71,932	-	-	
14,500	14,500	Globe Textile Mills Limited	239	239	-	-	-	-	
277,500	277,500	Gulistan Spinning Mills Limited	2,067	2,067	389	611	-	-	
470,000	470,000	Gulistan Textile Mills Limited	11,537	11,537	-	-	-	-	
-	20,000	Habib Bank Limited	-	4,104	-	-	-	-	
1,349,000	714,000	Habib Metropolitan Bank Limited	43,372	25,624	49,913	4,002	AAA,A-1+	AAA,A-1+	
90,000	90,000	Hajra Textile Mills Limited	57	57	-	-	AA+,A1+	AA+,A1+	
55,500	55,500	Hakkim Textile Mills Limited	49	49	-	-	-	-	
34,500	34,500	Hashmi Can Company Limited	207	207	-	-	-	-	
35,500	35,500	Ittefaq Textile Mills Limited	34	34	-	-	-	-	
434	434	J. A. Textile Mills Limited	2	2	2	2	-	-	
361,097	361,097	Javed Omer Vohra And Company Limited	2,820	2,820	-	-	-	-	
34,700	34,700	Kaytex (Saleem Denim Industries Limited)	35	35	-	-	-	-	
750,000	-	Kot Addu Power Company Limited	63,539	-	59,100	-	AA+,A-1+	-	
4,837	4,837	Leiner Pak Gelatine Limited	121	121	-	-	-	-	
-	60,000	Lucky Cement Limited	-	30,842	-	29,702	-	-	
-	100,000	MCB Bank Limited	-	22,571	-	21,685	AAA,A1+	AAA,A1+	
63,000	63,000	Medl Glass Limited	43	43	-	-	-	-	
20,500	20,500	Moonlite (Pak) Limited	211	211	-	-	-	-	
143,000	-	National Bank Of Pakistan Limited	10,682	-	10,709	-	AAA,A1+	AAA, A-1+	
1,200,000	188,000	Nishat Churnian Power Limited	65,841	10,958	66,576	10,349	-	A+,A-2	
-	150,000	Nishat Mills Limited	-	16,607	-	14,231	AA,A1+	AA,A1+	
1,390,500	654,000	Nishat Power Limited	77,587	38,452	89,117	35,107	A+,A1	A+,A1	
-	737,000	Oil & Gas Development Company Limited	-	102,160	-	86,480	-	AAA,A-1+	
400,000	525,000	Pak Elektron Limited	29,540	37,941	28,512	32,834	A+,A1	A,A1	
12,500	12,500	Pak Ghee Industries Limited	2	2	-	-	-	-	
-	657,500	Pakistan Reinsurance Company Limited	-	22,578	-	22,256	AA	AA	
26	26	Pakistan Services Limited	3	3	23	14	-	-	
25,000	1,281,500	Pakistan Telecommunication Company Limited	430	24,454	430	21,132	-	-	
300	300	Pakistan Tobacco Company Limited	33	33	430	334	-	-	
-	100,365	Pangrio Sugar Mills Limited	-	602	-	289	-	-	

Number of shares	Name of company/modaraba	Cost		Market Value		Rating	
		2016	2015	2016	2015	2016	2015
		Rupees in '000		Rupees in '000		(where available)	
35,000	Service Industries Textile Limited	26	26	-	-	-	-
500	Service Fabrics Limited	-	72	6	-	-	-
-	Service Industries Limited	-	405	-	1,105	-	-
74,900	Shahpur Textile Mills Limited	22	22	13	13	-	-
127,546	Shantaj Sugar Mills Limited	10,076	13,157	21,110	11,293	-	-
141,650	Siemens (Pakistan) Engineering Company Limited	191,102	247,159	200,380	164,881	-	-
23,500	Siftaq International Limited	24	24	-	-	-	-
94,300	Sunshine Cloth Limited	29	29	-	-	-	-
-	Sui Southern Gas Company Limited	-	5,231	-	4,669	A1,A1	-
301,500	Taj Textile Mills Limited	139	139	-	-	-	-
-	Tri-star Polyester Limited	-	80	-	98	-	-
500	Trust Modaraba	6	6	3	2	BBB-,A-3	-
-	United Bank Limited	-	82,269	-	80,574	AAA,A-1+	AA+,A-1+
4,936,056	Zephyr Textiles Limited	44,889	39,968	64,418	30,078	-	-
		1,470,306	1,675,256	1,295,899	1,184,514		
		1,470,306	1,773,667	1,295,899	1,274,403		

Note: Shares of companies with cost of Rs. Nil (2015: Nil) and having delisted status, have not been presented.

2 Preference shares of listed companies

Number of shares	Name of company	Cost		Market Value		Rating	
		2016	2015	2016	2015	2016	2015
		Rupees in '000		Rupees in '000		(where available)	
1,545,397	Azgard Nine Limited	15,454	15,454	-	-	-	-
-	Shakarganj Mills Limited	-	75,000	-	22,650	-	-
32,499,661	Agritech Limited*	324,997	324,997	-	97,499	-	-
		340,451	415,451	-	120,149		

* Strategic Investment

Other particulars of preference shares are as follows:

Particulars	Nominal value per share	Profit rate per annum	Profit payment	Redemption terms
Azgard Nine Limited	10	Fixed dividend at 8.95% per annum to be declared within 3-months of close of financial year on a cumulative basis.	Annually	50% of the issue amount at the end of 5th year of issuance/ allotment and remaining 50% at the end of 6th year subject to the provisions of Section 85 of the Companies Ordinance, 1984.
Shakarganj Mills Limited	10	Preferred right of dividend at 8.50% per annum on a cumulative basis.	Annually	Principal will be redeemed at the end of 5th year from the issue date. Conversion option is exercisable at the end of every financial year from the date of issue at the option of holder in whole or in part or convertible by the Company in whole or part through tender. Conversion is set in the ratio of 167 ordinary shares for every 1,000 preference shares at face value of Rs. 10 each.
Agritech Limited	10	Fixed dividend of 11.00 % per annum on annual basis by the company on a cumulative basis.	Annually	The company will have the option to redeem the preference shares in full or in part with in ninety days after the expiry of the each anniversary of the completion date by giving at least thirty days notice. Preference shares can be converted in to ordinary shares from the fifth anniversary of the completion date.

3 Ordinary shares of unlisted company

Number of shares	Name of company	Cost		Break up Value		Rating (where available)
		2016	2015	2016	2015	
		Rupees in '000		Rupees in '000		
2,000,000	Al Baraka Bank (Pakistan) Limited (Chief Executive Officer: Shatqaat Ahmed)	25,000	25,000	13,051	13,051	A,A-1 A,A-1

4 Listed term finance certificates

Annexure II

Number of shares 2016	Nominal value per certificate Rupees in '000	Name of company/modaraba	Cost		Market Value		Rating (where available)	
			2016 Rupees in '000	2015 Rupees in '000	2016 Rupees in '000	2015 Rupees in '000	2016	2015
60,000	5	Askari Bank Limited - 5th issue	299,760	299,880	305,306	299,223	AA-	AA-
7,369	5	Azgard Nine Limited (TFC - II)	10,362	10,362	-	-	-	D
14,200	5	Bank Al- Falah Limited	71,474	71,641	73,338	72,936	AA-	AA-
106,575	5	Fatima Fertilizer Company Limited	532,875	-	532,875	-	AA-	-
5,500	5	Jahangir Siddiqui & Company Limited	17,500	21,562	17,510	21,581	AA+	AA+
50,000	5	NIB Bank Limited	249,750	249,850	252,586	247,351	A+	A+
1,000	5	Summit Bank Limited	4,570	4,342	4,617	4,471	A-(SO)	A(SO)
5,000	5	World Call Telecom Limited	6,986	6,986	-	-	-	-
			1,193,277	664,623	1,186,232	645,562		

Other particulars of Listed TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Askari Bank Limited - 5th issue	6 months KIBOR + 1.20%	Semi-annually	Eighteen semi annual installments of Rs. 60,000 and remaining principal in two semi annual installments.
Azgard Nine Limited (TFC - II)	6 months KIBOR + 1.25 %	Semi-annually	In nine unequal semi-annual installments starting from September 20, 2013 and ending on September 20, 2017.
Bank Al-Falah Limited	6 months KIBOR + 1.25%	Semi-annually	Fifteen semi annual installments of Rs. 14,200 and remaining principal in one semi annual installment.
Fatima Fertilizer Company Limited	6 months KIBOR + 1.10%	Semi-annually	10 equal semi annual installments from the date of first disbursement.
Jahangir Siddiqui & Company Limited	6 months KIBOR + 1.7%	Semi-annually	TFC has a tenor of six years i.e 2007-2013 with a call option exercisable by the company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.
NIB Bank Limited	6 months KIBOR + 1.15 % without any floor or cap.	Semi-annually	15 equal semi annual installments of 0.02% of the first 90 months followed by remaining 99.70% on maturity at the end of the 96th month.
Summit Bank Limited	6 months KIBOR + 3.25%	Semi-annually	Thirteen semi annual installments of Rs.1,154 and remaining principal in one semi annual installment.
World Call Telecom Limited	6 months Average KIBOR + 1.60%	Semi-annually	Principal repayments of PKR 547,910,302/- each on October 07, 2014; April 07, 2015; and October 07, 2015.

5 Unlisted term finance certificates

Annexure II

Number of certificate 2016	Nominal value per certificate Rupees in '000	Name of company	Cost		Carrying Value		Rating (where available)
			2016	2015	2016	2015	
293,000	293,000	Agritech Limited - PPTFC	1,430,767	1,430,767	-	-	D
2,000	1,493	Agritech Limited - PPTFC V	7,465	7,465	-	-	D
8,516	8,516	Agritech Limited - Sukuk	38,449	38,449	-	-	D
7,000	2,000	Agritech Limited - TFC I	9,569	9,569	-	-	D
4,903	7,000	Agritech Limited - TFC III	31,429	31,429	-	-	D
6,000	6,000	Al-Abbas Sugar Mills Limited	-	53	-	53	-
75,820	-	Al-Arabia Sugar Mills Limited	379,099	-	379,099	-	-
7,000	7,000	Al-Zamin Leasing Corporation Limited	7,500	7,500	-	-	-
32,000	32,000	Arzoo Textile Mills Limited	160,000	160,000	-	-	-
37,249	36,428	Azgard Nine Limited PPTFC-VI	182,140	182,140	-	-	D
106,000	106,000	Azgard Nine Limited TFC-IV	229,798	229,798	-	-	D
10,000	10,000	Bank Alfalah Limited	33,247	49,880	33,247	49,880	AA-
2,000	2,000	Bank Al-Falah-Fixed	7,756	10,700	7,756	10,700	AA-
-	8,000	Dewan Cement Limited (Pre IPO Investment)	20,000	20,000	-	-	-
80,000	80,000	Eden Housing (Sukuk)	47,387	46,502	47,387	46,502	-
-	12,521	Engro Chemical Pakistan Limited	-	48,832	-	48,832	-
40,000	40,000	Independent Media Corporation	70,000	110,000	70,000	110,000	BBB-
-	5,500	Jahangir Siddiqui & Company	-	323	-	323	-
-	23,951	Maple Leaf Cement Factory Limited	-	33,800	-	33,800	A
26,000	-	Neelum Jhelum Hydropower Limited	2,600,000	-	2,600,000	-	AAA
18,000	18,000	New Allied Electronics Industries (Pvt) Limited	17,798	17,798	-	-	-
192,000	64,000	New Allied Electronics Industries (Pvt) Limited-Sukuk	10,065	10,064	-	-	-
50,000	50,000	Pak Elektron Limited - PPTFC	142,856	187,500	142,856	187,500	A-
-	8,000	Pak Elektron Limited - Sukuk (1st Issue)	-	9,769	-	9,769	A+
106,000	106,000	Pak Elektron Limited - Sukuk (2nd Issue)	288,868	454,493	288,868	454,492	A+
14,874	14,874	Pakistan International Airlines (PIA)	60,377	74,312	60,377	74,312	-
300	300	Pakistan Mobile Communication Limited	-	6	-	6	-
15,000	15,000	Security Leasing - Sukuk (1st Issue)	15,014	15,014	-	-	-
10,000	10,000	Security Leasing - Sukuk (2nd Issue)	11,893	11,893	-	-	-
60,000	60,000	Wapda Hydroelectric (Neelum Jhelum)	214,286	257,143	214,286	257,143	AAA
			6,015,763	3,455,200	3,843,875	1,283,312	

Other particulars of unlisted TFCs are as follows:

Annexure II

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Agritech Limited - PPTFC	6 months KIBOR + 1.75 %	Semi-annually	In 13 unequal semi annual installments starting from July 14, 2013 and ending on July 14, 2019.
Agritech Limited - PPTFC V	11 % per annum	Semi-annually	A bullet repayment of principal at the maturity of PPTFCs which is due on January 01, 2017.
Agritech Limited - Sukuk	6 months KIBOR + 2.00 % without any floor or cap	Semi-annually	The principal redemption of these certificates is structured to be in 15 unequal semi annual installments. First two installments were just token payments due on July 31, 2010 and August 31, 2010 which have been paid, remaining installments are starting from August 06, 2013 and ending on August 06, 2019.
Agritech Limited - TFC I	6 month KIBOR + 1.75%	Semi-annually	In 13 unequal installments starting from November 29, 2013 and ending on November 29, 2019.
Agritech Limited - TFC III	3 months KIBOR + 3.25%	Quarterly	In 26 unequal installments starting from September 01, 2013 and ending on December 01, 2019.
Al-Abbas Sugar Mills Limited	6 month KIBOR + 1.75%	Semi-annually	TFC will be redeemed in 10 equal bi-annual installments of Rs.75 million each commencing from May 2009.
Al-Arabia Sugar Mills Limited	6 months KIBOR + 0.2 % p.a.	Semi-annually	Bi Annual installments depending upon GP Margin (Max annual 219.740M & Min annual 100M) with a grace period of 18 months from Dec.31,2016. If GP Margin is < 3.59% Inst. Amount PKR 50M and If GP Margin is > 3.59% Inst. Amount PKR 109.870M.
Al-Zamin Leasing Corporation Limited	Floating cut-off yield of last successful SBP auction of 5-year PIBs+200 bps.Floor 12% & Cap 15.75%	Semi-annually	Principal to be redeemed in 10 equal semi-annual installments commencing from the 6th month of issue date. Callable anytime in full after 18th month of issue.
Arzoo Textile Mills Limited	6 months KIBOR + 2.00 % for the first two year and 6 months KIBOR + 175 bps for the remaining period without any floor or cap	Quarterly	In ten equal semi-annual installments starting from 18th month from the draw down date.
Azgard Nine Limited PPFTC VI	Nil	Nil	In seven unequal semi annual installments starting from March 31, 2014 and ending on March 31, 2017.
Azgard Nine Limited TFC-IV	6 months KIBOR + 1.25 %	Semi-annually	In nine semi annual installments starting from December 04, 2013 and ending on December 04, 2017.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Bank Al-Falah Limited	6 months KIBOR + 2.50 % with a Floor of 7.00% . and Cap of 20.00%	Semi-annually	0.56% of principal in the first 84th month and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from the issue date.
Bank Al-Falah- Fixed	Floating rate of return at Base Rate (6 months KIBOR)+2.50% p.a.	Semi-annually	3-equal semi annual installments commencing 84th month after the issue date.
Dewan Cement Limited (Pre IPO Investment)	6 months KIBOR + 2 % p.a.	Semi-annually	9- equal semi annual installments starting from the twenty fourth month of the issue.
Eden Housing (Sukuk)	6 months KIBOR + 300 bps with a Floor of 12.00% . and Cap of 20.00%	Semi-annually	Not less than 8 consecutive semiannual units, the first such unit falling due not later than 18th months from last drawdown.
Engro Chemical Pakistan Limited	6 months KIBOR + 1.55 % without any floor or cap	Semi-annually	0.28% of principal in the first 84th month and remaining principal in two equal semi-annual installments of 49.86% each starting from 90th month from the issue date.
Independent Media Corporation	3 months KIBOR +3.00 %	Quarterly	Principal to be repaid in 20 quarterly installments starting from 05-11 -2013.
Jahangir Siddiqui & Company	6 months KIBOR +1.7%	Semi-annually	TFC has a tenor of six years i-e 2007 -2013 with a call option exercisable by the company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.
Maple Leaf Cement Factory Limited	3 months KIBOR + 100 bps without any floor or cap	Quarterly	In thirty six quarterly installments with first installment due on 01 March 2010.
Neelam Jhelum Hydropower Limited	6 months KIBOR + 1.13 % p.a.	Semi-annually	Equal semi annual installments starting from the 30TH month of the issue.
New Allied Electronics Industries (Pvt) Limited	3 months Kibor + 2.20 % with floor of 7% and Cap of 20%	Semi-annually	Maturity date is November 01, 2012.
New Allied Electronics Industries (Pvt) Limited Sukuk	3 months Kibor + 2.20 %	Semi-annually	Based on diminishing musharaka mechanism with maturity in December 2012.
Pak Elektron Limited - PPTFC	3 months KIBOR (ask) + 3.00 % without any floor or cap	Semi-annually	In quarterly installments with first installment due on 30 June 2013.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms	Annexure II
Pak Elektron Limited - Sukuk (1st Issue)	3 months KIBOR (ask) + 1.25 % with a Floor of 10.00% and Cap of 25.00%	Quarterly	In quarterly installments with first installment due on 28 June 2013.	
Pak Elektron Limited - Sukuk (2nd Issue)	3 months KIBOR (ask) + 1.00 % with a Floor of 8.00% and Cap of 16.00%	Quarterly	In quarterly installments with first installment due on 30 June 2013.	
Pakistan International Airlines (PIA)	SBP discount rate + 0.50 % with a Floor of 8.00% and Cap of 12.50%	Semi-annually	15.2% of principal in the first 48th month and remaining principal in six equal semi-annual installments of 14.13% each starting from 54th month from the issue date.	
Pakistan Mobile Communication Limited	6 months KIBOR + 2.85 %	Semi-annually	0.02% of principal redeemed semi-annually in the first 48 months and remaining amount in 6 semi annual installments.	
Security Leasing - Sukuk (2nd issue)	Nil	Semi-annually	Up to eight equal semi-annual installment starting from 18th month from first drawdown date.	
Security Leasing - Sukuk (1st Issue)	Nil	Semi-annually	In eight equal semi-annual installments starting from 18th month.	
Wapda Hydroelectric (Neelum Jhelum)	6 months KIBOR +1.00 %	Semi-annually	Principal to be repaid in 14 equal semi annual installments starting from 27-03-2015.	

6 Federal government securities

	Cost		Market Value	
	2016	2015	2016	2015
	Rupees in '000		Rupees in '000	
Held for trading:				
Market treasury bills	23,298,833	-	23,297,657	-
Available for sale:				
Market treasury bills	90,811,084	73,644,344	90,815,050	73,682,397
Pakistan investment bonds	75,221,988	76,338,624	76,256,460	78,172,179
Government of Pakistan ijara sukuk bonds	2,885,472	200,004	2,912,287	200,862
	168,918,544	150,182,972	169,983,797	152,055,438
	192,217,377	150,182,972	193,281,454	152,055,438

STATEMENT SHOWING WRITTEN - OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2016

Annexure III

Better STRONGER Together

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year				Principal written off	Interest /mark-up charges capitalized written-off	Interest /mark-up written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others					
Rs in '000														
1	Kohinoor Mills Ltd. 8-KM Mangla Rawind Road, Lahore	Asad Fayyaz Shiekh (35201-5994314-7) Amir Fayyaz Shiekh (35201-8176773--1) Ali Fayyaz Shiekh (35201-2652212-9) Riaz Ahmed (35202-2515079-9) Rashid Ahmed (35201-1567987-1) Amir Amin (42201-2174093-9) Shahbaz Munir (35201-3783694-9)	Muhammad Fayyaz Shiekh Muhammad Fayyaz Shiekh Muhammad Fayyaz Shiekh Niaz Muhammad Ch. Muhammad Din M. Amin Umer Malik Muhammad Munir	02 - Main Branch	Lahore	408,128	-	350,374	-	758,502	-	350,374	-	350,374
2	MNH Exports (Pvt) Ltd 65-D Model Town Lahore	Chaudhry Naveed Karim (35200-2847182-3) Aamer Hameed (33100-2141702-5)	Chaudhry Abdul Karim Abdul Hameed	52 - LHR EMPIRE CENTRE	Lahore	-	-	86,069	-	86,069	-	79,069	-	79,069
3	PALKI MARRIAGE HALL 219-A, Satellite Town, Sargodha	Rao Faheem Yaseen (38403-6665282-5) Rao Nadeem Yaseen (38403-7705897-5) Rao Naveed Yaseen (38403-6781232-5)	Rao Muhammad Yaseen Rao Muhammad Yaseen Rao Muhammad Yaseen	52 - LHR EMPIRE CENTRE	Lahore	-	-	7,616	-	7,616	-	4,517	-	4,517
4	STANDARD FRUITS LIMITED 74-B/3, Gulberg-III, Lahore.	Habib Ullah Khan (35201-7921626-3) Zafar Ullah Khan (35202-3010280-3) Ifkhar Habib (35201-1238068-3)	Mian Akbar Ali Mian Akbar Ali Habib Ullah Khan	02 - LHR MAIN BRANCH	Lahore	49,795	-	100,999	-	150,794	-	21,015	-	21,015
5	DCD Pakistan (Pvt) Ltd 1st Floor, Jason Trade Centre, Shakra-e-Faisal, PECHS, Karachi.	Muhammad Munir (42101-1749077-5) Nadeem Hasan (37301-5813507-5) Nafisur Rahman Khan (91506-0131018-7)	Muhammad Taqi Khaliq Hasan Abdul Rahman Khan	0239- KARACHI I.I.CHUNDRIGAR ROAD	Karachi	282,017	-	260,708	-	542,725	-	173,196	-	173,196
6	WINDMILLS RESTAURANT Plot No.89/A, Block B-11, Noor Jahan Road, Near Hussain Chowk, Gulberg III, Lahore	Rao Faheem Yaseen (38403-6665282-5) Rao Nadeem Yaseen (38403-7705897-5) Rao Naveed Yaseen (38403-6781232-5)	Rao Muhammad Yaseen Rao Muhammad Yaseen Rao Muhammad Yaseen	52 - LHR EMPIRE CENTRE	Lahore	131,366	-	158,076	-	289,442	-	49,871	-	49,871

Annexure III

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year				Principal written off	Interest /mark-up /other charges capitalized written-off	Interest /mark-up /written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others					
Rs in '000														
7	POLY PACK (PVT) LTD 20-Main Gulberg, Lahore.	Ifkhar Ahmad (35202-3621174-5) Gemar Aftab (35202-2869079-1)	Sheikh Allah Ditta Aftab Ahmad	52 - LHREMPIRE CENTRE)	Lahore	255,238	-	373,251	-	628,489	-	122,785	-	122,785
8	AZIZ RICE MILLS (PVT) LTD 3rd Floor, Divine Centre, Main Defense Road, Lahore.Cant.	Muhammad Anjad Aziz (35201-7413466-7) Muhammad Almal (35201-7309916-7) Majid Aziz (35201-8112729-9)	Abdul Aziz Abdul Aziz Abdul Aziz	0158- LHRWAL-TON ROAD)	Lahore	-	-	39,332	-	39,332	-	15,057	-	15,057
9	Chistia Sugar Mills Ltd 187-A, Scotch Corner Upper Mall, Lahore	Faisal Jawad Bhatti (35202-2619201-3) Rahat Shakeel Bhatti (35202-2483651-6) Muhammad Masood Tahir (38403-2266601-9)	Shakeel Mahmood Bhatti Shakeel Mahmood Bhatti Rab Nawaz	52 - LHREMPIRE CENTRE)	Lahore	98,457	-	13,162	-	111,619	-	11,642	-	11,642
10	SES NET GLOBAL TRADE (PVT) LTD. 119-Y Commercial Plaza DHA Phase I Lahore.	Manzoor Ahmad Abbasi (37405-9265079-5) Anwar Mahmood Baig (35201-4976013-9)	Muhammad Yousof Haji Muhammad Shafi	2 LHR,MAIN BRANCH)	LHR-Main	8,505	-	11,787	-	20,292	-	2,378	-	2,378
11	FATIMA ELECTRONICS Near UBL Building, Hussain Agha Road,Multan	Sajid Majeed (36302-4422057-1)	Abdul Majeed	66 MULTAN (HUSSAIN AGAHI)	Multan	1,188	-	1,183	-	2,371	-	501	-	501
12	AL-REHMAT TRADING CO P-235, New Grain Market Dijkot Road, Faisalabad.	Muhammad Rizaz (33100-0132581-7)	Muhammad Ismail	53 FAISAL-ABADMADINA TOWN)	Faisalabad	1,158	-	1,549	-	2,707	-	932	-	932
13	PUNJAB COMMISSION SHOP Grain Market Okara.	Muhammad Rasheed Ahmad (35302-5664631-3)	Muhammad Ramzan	160 OKARA (MANDI ROAD)	Lahore	3,245	-	3,073	-	6,318	-	1,333	-	1,333
14	AKBAR STEEL INDUSTRIES Haq Nawaz Rd. Beghbanpura Lahore.	Mian Umer Hayat (Late) (267-87-173882) Mian Azhar Hussain (267-55-173881)	Mian Muhammad Akbar Mian Muhammad Akbar	2 LHR,MAIN BRANCH)	Lahore	2,041	-	35,938	-	37,979	-	35,938	-	35,938
15	AKBAR STEEL RE-ROLLING 60.Haq Nawaz Road, Beghbanpura Lahore	Mian Umer Hayat (Late) (267-87-173882) Mian Azhar Hussain (267-55-173881)	Mian Muhammad Akbar Mian Muhammad Akbar	2 LHR,MAIN BRANCH)	Lahore	3,959	-	23,463	-	27,422	-	23,463	-	23,463
16	ROSHAN SOAP FACTORY (PVT) LTD. 125 Allama Iqbal Road, Garhi Shahu, Lahore	Khawaja Farhat Javed (35202-2956033-1) Khalida Parveen (35202-2760982-4) Roohi Farhat (35202-2760985-2)	Khawaja Abdul Ghafoor Khawaja Abdul Ghafoor Khawaja Farhat Javed	45 LHRGARHI SHAHU)	Lahore	10,412	-	11,493	-	21,905	-	4,416	-	4,416

Annexure III

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Fathers/husband's name	Branch name	Region	Outstanding liabilities at beginning of year					Interest /mark-up /other charges capitalized written-off	Other financial relief provided	Total	
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others	Total				Principal written off
Rs in '000														
17	KHALID REHMAN INTERNATIONAL 13-Bajirath Street, Rahim Khan Road, New Anarkali, Lahore	Khalid Mahmood (35202-8770660-7) Abaid ul Rehman (35202-0789214-1)	Inayat Ullah Inayat Ullah	85 LHR(Main Boulevard Gulberg)	Lahore	3,153	-	2,532	-	5,685	-	1,753	1,753	
18	BISMILLAH FABRICS (PVT) LTD. 3.5 KM, Jhumra Road, Khurrianwala, Faisalabad	Abdul Waheed Sheikh (33100-4817666-5) Dildar Ahmad Sheikh (33100-9157713-1)	Abdul Majeed Shiekh Jalal Din	10 FAISAL- ABADIRAILWAY ROAD	Faisalabad	60,153	-	19,899	-	80,052	-	5,948	5,948	
19	GREEN TOP PHARMA 313-B, Main Boulevard, sabazzar Scheme, Multan Road, Lahore	Zafar Iqbal Chaudhry (61101-8487715-5) Ghulam Abbas Bassi (35202-2878272-1)	Muhammad Iqbal Manzoor Sabir Bassi	40 LHR(D.H.A.)	Lahore	2,002	-	14,225	-	16,227	-	2,113	2,113	
20	LAL DIN & SONS 37- Peco Road Lahore.	Ghulam Hussain (35202-1878165-5) Altaf Hussain (35202-7121001-7)	Lal Din Lal Din	92 LHR(BADAMI BAGH)	Lahore	30,149	-	13,009	-	43,158	-	5,764	5,764	
21	FIVE STAR FARMING SERVICES Ali Pur Arian, Sahank, 14-KM, Hailzabad Road, Tehsil & Dist. Gujranwala	Muhammad Rafi (34101-8493488-9) Mian Azaal Hussain (34101-2369680-1) Muhammad Daud Warrach (34101-2569264-1) Muhammad Naeem (34101-2496160-3) Muhammad Rasheed (34101-0636445-3)	Waris Ali Mian Abdul Sattar Nazir Ahmad Warrach Muhammad Jannil Rahim Bukhsh	152 GUJRAN- WALAKHALI GATE	Gujranwala	4,572	-	5,381	-	9,953	-	1,217	1,217	
22	CH. MARBLE TRADERS Umar Street, Cheema Colony, Sialkot Road Wazirabad.	Ifkhar Ahmad Chaudhry (34104-2328767-7)	Mehar Cheragh Din	68 WAZIRABAD(- SIALKOT ROAD)	Gujranwala	962	-	1,878	-	2,840	-	514	514	
23	JAWAID ZIA & CO. 1-A Rose Lane, Sarfraz Raftigi Road, Lahore Cantt.	Mian Javid Ahmed Zia (35202-9017561-5)	Mian Zia ud Din Ahmed	52 LHR (MM TOWER)	Lahore	50,869	-	5,740	-	56,609	-	2,095	2,095	
24	SHADABIA INDUSTRIES (PVT) LTD. B-11, S.I.E. Bhimber, Azad Kashmir.	Mirza Muhammad Siddique (34201-0600728-3) Saeed Siddique (Deceased) (34201-0600735-3) Altaf Siddique (34201-0600737-7) Saleem Siddique (34201-0600735-7) Waseem Siddique (34201-0281286-5) Naeem Siddique Mirza (34201-0600736-3)	Oazi Muhammad Mirza Muhammad Siddique Mirza Muhammad Siddique Mirza Muhammad Siddique Muhammad Siddique	11 GUJRAT(CIR- CULAR ROAD)	Gujranwala	16,877	-	18,100	-	34,977	-	9,993	9,993	

Annexure III

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year					Interest /mark-up /written-off capitalized	Interest /mark-up /written-off	Other financial relief provided	Total	
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others	Total					Principal written off
25	ITTEFAQ INDUSTRIES Samundari Road, Faisalabad	Muhammad Sadiq Chaudhary (33100-5036220-3) Mst. Turail Bibi Samina Saud (33100-8589737-0) Muhammad Asif Sadiq (33100-6914933-9)	Muhammad Ibrahim Chaudhary Muhammad Ibrahim Chaudhary Saud ur Rehman Muhammad Sadiq Chaudhary	10 FAISAL- ABADRAILWAY ROAD	Faisalabad	2,721	-	6,023	-	8,744	-	4,116	-	4,116	
26	TARGET ZARI MARKAZ Vahova Road Taunsa Sharif	Muhammad Usman Ali Khan Jafar (32103- 8434014-3) Pir Bilal Ahmad Jafar (32103-1047606-7)	Sufi Alif Uddin Khan Pir Sufi Alif Uddin Jafar	153 TAUNSA SHARIF	Multan	1,101	-	3,810	-	4,911	-	788	-	788	
27	B.A. TRADERS 50-Iteikhar-Building, Chauburji, Lahore	Bakhtiar Ahmed (35202-8566682-1)	Sultan Ahmed	24 LHR(BANK SQUARE)	Lahore	197	-	2,105	-	2,302	-	681	-	681	
28	JILLANI NOOR PLASTIC 4 Shoe Market Shahalam Market Lahore	Malik Azhar Mehmood (35202-8156085-9)	Muhammad Hassan	106 LHR(NEW ANARKALI)	Lahore	1,714	-	1,823	-	3,537	-	787	-	787	
29	K-SHOES (PVT) LTD. Mouza Bhubhethian Defence Road, Off Rawind Road, Tehsil City Dist Lahore	Javed Rashid (35200-3561389-1) Muhammad Naveed Aziz (35201-2667977-9)	Muhammad Rashid Vehra Abdul Shakoor Aziz	9 LHR(MODEL TOWN)	Lahore	70,076	-	85,821	-	155,897	-	34,662	-	34,662	
30	G.F. STORE 5/6 Commercial Zone Karim Block Allama Iqbal Town Lahore.	Muhammad Shahid (35202-2341894-1) Asif (35202-6028819-5)	Mehmood Ahmad Mehmood Ahmad	60 LHR(KARIM BLOCK)	Lahore	175	-	6,425	-	6,600	-	2,892	-	2,892	
31	MIAN TEXTILES INDUSTRIES 29-B-7, Model Town, Lahore.	Mian Muhammad Jehangir (35202-8650281-1) Ayesha Jehangir (35202-9938536-8) Mian Muhammad Nawaz (35202-2987001-1) Mian Wahed Ahmed (35202-2771296-7) Mian Waqar Ahmed (35202-3351966-9) Khurram Jehangir (35202-2887796-1) Nargis Jehangir (35202-3186675-6)	Ch Din Muhammad Muhammad Umar Chaudhry Din Muhammad Chaudhry Din Muhammad Ch Din Muhammad Muhammad Jehangir Mian Muhammad Jehangir	9 LHR(MODEL TOWN)	Lahore	39,138	-	45,466	-	84,604	327	31,631	-	31,958	

Annexure III

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year					Interest /mark-up /other charges capitalized written-off	Interest /mark-up /other charges capitalized written-off	Other financial relief provided	Total	
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others	Total					Principal written off
Rs in '000															
32	BHANGOO FARMING SERVICE Sheikhupura Faisalabad Road, Mouza Bikhli District Sheikhupura	Chaudhry Azmat Ullah (35404-1011746-1) Chaudhry Waheed Ullah Bhangoo (35404-1937742-1)	Chaudhry Atta Ullah Chaudhry Atta Ullah Bhangoo	211 SHEIKHUPURA RAILWAY ROAD)	Gujranwala	13,432	-	15,086	-	28,518	-	6,894	-	6,894	
33	MAC TECHNOLOGY FF-1, Central Plaza, 3 Civic Center, New Garden Town, Lahore.	Mudassar Ahmad Chaudhary (35202-7163678-9)	Chaudhary Nawab Ud Din	60 LHR(KARIM BLOCK)	Lahore	15,217	-	17,698	-	32,915	-	9,765	-	9,765	
34	SHAMIM MEDICAL STORE Shop No.8, Main Bazar Rawwind.	Muhammad Asher Niazi (35202-7190393-1) Fida Hussain Niazi (35202-9213344-1)	Fida Hussain Niazi Ali Ahmed Niazi	277 RAINWIND ROAD, LAHORE	Lahore	5,830	-	6,316	-	12,146	-	2,129	-	2,129	
35	HAMMAD BASHIR Agni Mall, Bahawal Kalan, Pattoki.	Hammad Bashir (35103-1299709-9)	Bashir Ahmad Azad	143 PATTOKI	Lahore	16,087	-	21,614	-	37,701	-	14,487	-	14,487	
36	CHEEMA CORPORATION Shop # 26, Ghalla Mandi, Bahawalpur	Majid Khan (31202-7389894-5) Sajid Khan Cheema (31202-9647735-1)	Alfat Ahmad Cheema Alfat Ahmad Cheema	15 BAHAWALPUR CENTRE UNIVERSITY ROAD)	Multan	3,635	-	3,516	-	7,051	-	1,159	-	1,159	
37	MUHAMMAD AHMAD & SONS Shop # 2, Gau Shala More, Khalidabad, Dijkot Road, Faisalabad	Muhammad Arif (33100-2485104-3)	Muhammad Ahmed	191 FAISALABAD MINIPUR BAZAR)	Faisalabad	8,143	-	10,567	-	18,710	-	5,860	-	5,860	
Total						1,601,612	-	1,785,107	-	3,386,719	327	1,041,735	-	1,042,062	

Pattern of Shareholding of Shares As on December 31, 2016

No. of Shareholders			-----Shareholding-----				Total Shares Held			Percentage
Physical	CDC	Total	From	To	Physical	CDC	Total			
1059	1248	2307	FROM	1	TO	100	38,667	47,796	86,463	0.0056
1524	2039	3563	FROM	101	TO	500	400,727	781,196	1,181,923	0.0760
636	2024	2660	FROM	501	TO	1000	472,786	1,869,056	2,341,842	0.1506
976	4535	5511	FROM	1001	TO	5000	2,075,687	13,055,262	15,130,949	0.9730
149	1635	1784	FROM	5001	TO	10000	1,013,207	13,150,956	14,164,163	0.9108
48	693	741	FROM	10001	TO	15000	581,015	9,056,916	9,637,931	0.6198
36	500	536	FROM	15001	TO	20000	634,524	9,267,699	9,902,223	0.6368
21	351	372	FROM	20001	TO	25000	455,992	8,193,806	8,649,798	0.5562
49	230	279	FROM	25001	TO	30000	1,287,055	6,576,408	7,863,463	0.5057
9	124	133	FROM	30001	TO	35000	288,640	4,087,049	4,375,689	0.2814
6	144	150	FROM	35001	TO	40000	228,382	5,596,786	5,825,168	0.3746
3	84	87	FROM	40001	TO	45000	127,028	3,626,570	3,753,598	0.2414
2	195	197	FROM	45001	TO	50000	97,708	9,670,550	9,768,258	0.6281
4	69	73	FROM	50001	TO	55000	208,015	3,649,009	3,857,024	0.2480
2	74	76	FROM	55001	TO	60000	113,377	4,346,633	4,460,010	0.2868
2	43	45	FROM	60001	TO	65000	122,497	2,705,176	2,827,673	0.1818
	42	42	FROM	65001	TO	70000		2,861,569	2,861,569	0.1840
	39	39	FROM	70001	TO	75000		2,880,284	2,880,284	0.1852
1	33	34	FROM	75001	TO	80000	79,812	2,577,330	2,657,142	0.1709
	18	18	FROM	80001	TO	85000		1,490,727	1,490,727	0.0959
1	25	26	FROM	85001	TO	90000	89,220	2,214,656	2,303,876	0.1481
1	13	14	FROM	90001	TO	95000	91,457	1,200,685	1,292,142	0.0831
	115	115	FROM	95001	TO	100000		11,475,761	11,475,761	0.7379
1	17	18	FROM	100001	TO	105000	101,710	1,733,052	1,834,762	0.1180
	27	27	FROM	105001	TO	110000		2,923,465	2,923,465	0.1880
1	20	21	FROM	110001	TO	115000	114,528	2,258,633	2,373,161	0.1526
	13	13	FROM	115001	TO	120000		1,551,359	1,551,359	0.0998
	19	19	FROM	120001	TO	125000		2,350,579	2,350,579	0.1512
1	9	10	FROM	125001	TO	130000	127,406	1,153,018	1,280,424	0.0823
	9	9	FROM	130001	TO	135000		1,197,406	1,197,406	0.0770
	19	19	FROM	135001	TO	140000		2,647,354	2,647,354	0.1702
	8	8	FROM	140001	TO	145000		1,136,493	1,136,493	0.0731
	28	28	FROM	145001	TO	150000		4,182,513	4,182,513	0.2690
	5	5	FROM	150001	TO	155000		760,182	760,182	0.0489
	10	10	FROM	155001	TO	160000		1,571,126	1,571,126	0.1010
	5	5	FROM	160001	TO	165000		822,281	822,281	0.0529
	7	7	FROM	165001	TO	170000		1,184,000	1,184,000	0.0761
	5	5	FROM	170001	TO	175000		875,000	875,000	0.0563
	7	7	FROM	175001	TO	180000		1,248,000	1,248,000	0.0803
	5	5	FROM	180001	TO	185000		918,283	918,283	0.0590
1	2	3	FROM	185001	TO	190000	189,640	376,723	566,363	0.0364
	4	4	FROM	190001	TO	195000		775,249	775,249	0.0499
	33	33	FROM	195001	TO	200000		6,599,530	6,599,530	0.4244
	4	4	FROM	200001	TO	205000		807,195	807,195	0.0519
	2	2	FROM	205001	TO	210000		420,000	420,000	0.0270
	3	3	FROM	210001	TO	215000		644,776	644,776	0.0415
	1	1	FROM	215001	TO	220000		220,000	220,000	0.0141
	9	9	FROM	220001	TO	225000		2,013,797	2,013,797	0.1295
	8	8	FROM	225001	TO	230000		1,823,868	1,823,868	0.1173
	4	4	FROM	230001	TO	235000		930,469	930,469	0.0598
	5	5	FROM	235001	TO	240000		1,192,751	1,192,751	0.0767
	1	1	FROM	240001	TO	245000		242,500	242,500	0.0156
	19	19	FROM	245001	TO	250000		4,745,321	4,745,321	0.3051
	2	2	FROM	250001	TO	255000		505,500	505,500	0.0325
	5	5	FROM	255001	TO	260000		1,292,020	1,292,020	0.0831
	3	3	FROM	260001	TO	265000		785,186	785,186	0.0505

No. of Shareholders			-----Shareholding-----			Total Shares Held			Percentage
Physical	CDC	Total	From	To	Physical	CDC	Total		
			FROM	TO					
2	2		265001	270000		539,000	539,000	0.0347	
4	4		270001	275000		1,096,461	1,096,461	0.0705	
5	5		275001	280000		1,393,400	1,393,400	0.0896	
3	3		280001	285000		845,968	845,968	0.0544	
3	3		285001	290000		864,417	864,417	0.0556	
1	1		290001	295000		291,000	291,000	0.0187	
16	16		295001	300000		4,796,500	4,796,500	0.3084	
2	2		300001	305000		609,500	609,500	0.0392	
3	3		305001	310000		929,235	929,235	0.0598	
3	3		310001	315000		934,664	934,664	0.0601	
1	1		315001	320000		315,500	315,500	0.0203	
3	3		325001	330000		984,176	984,176	0.0633	
3	3		330001	335000		997,216	997,216	0.0641	
1	1		335001	340000		340,000	340,000	0.0219	
2	2		340001	345000		688,589	688,589	0.0443	
9	9		345001	350000		3,146,000	3,146,000	0.2023	
1	1		350001	355000		353,697	353,697	0.0227	
1	1		360001	365000		362,500	362,500	0.0233	
2	2		365001	370000		740,000	740,000	0.0476	
1	1		370001	375000		375,000	375,000	0.0241	
4	4		375001	380000		1,520,000	1,520,000	0.0977	
5	5		390001	395000		1,959,803	1,959,803	0.1260	
8	8		395001	400000		3,196,105	3,196,105	0.2055	
2	2		400001	405000		800,201	800,201	0.0515	
2	2		405001	410000		817,553	817,553	0.0526	
1	1		410001	415000		413,000	413,000	0.0266	
1	1		415001	420000		417,000	417,000	0.0268	
1	1		420001	425000		425,000	425,000	0.0273	
1	1		435001	440000		439,000	439,000	0.0282	
4	4		445001	450000		1,792,500	1,792,500	0.1153	
1	1		450001	455000		450,212	450,212	0.0290	
1	1		460001	465000		465,000	465,000	0.0299	
2	2		475001	480000		960,000	960,000	0.0617	
13	13		495001	500000		6,497,899	6,497,899	0.4178	
4	4		500001	505000		2,011,885	2,011,885	0.1294	
1	1		520001	525000		521,500	521,500	0.0335	
2	2		530001	535000		1,064,500	1,064,500	0.0685	
1	1		540001	545000		543,000	543,000	0.0349	
1	1		545001	550000		550,000	550,000	0.0354	
1	1		555001	560000		560,000	560,000	0.0360	
1	1		565001	570000		566,000	566,000	0.0364	
4	4		595001	600000		2,399,000	2,399,000	0.1543	
3	3		600001	605000		1,814,881	1,814,881	0.1167	
1	1		605001	610000		610,000	610,000	0.0392	
1	1		620001	625000		625,000	625,000	0.0402	
1	1		625001	630000		627,500	627,500	0.0404	
1	1		630001	635000		635,000	635,000	0.0408	
2	2		635001	640000		1,280,000	1,280,000	0.0823	
1	1		640001	645000		643,500	643,500	0.0414	
1	1		645001	650000		650,000	650,000	0.0418	
2	2		660001	665000		1,329,500	1,329,500	0.0855	
1	1		665001	670000		666,818	666,818	0.0429	
1	1		670001	675000		673,000	673,000	0.0433	
1	1		690001	695000		691,564	691,564	0.0445	
2	2		695001	700000		1,400,000	1,400,000	0.0900	
1	1		700001	705000		700,500	700,500	0.0450	
1	1		735001	740000		737,000	737,000	0.0474	

No. of Shareholders			-----Shareholding-----			Total Shares Held			Percentage
Physical	CDC	Total	From	To	Physical	CDC	Total		
1	1	1	FROM 745001	TO 750000			750,000	750,000	0.0482
1	1	1	FROM 750001	TO 755000			752,500	752,500	0.0484
2	2	2	FROM 790001	TO 795000			1,589,500	1,589,500	0.1022
3	3	3	FROM 795001	TO 800000			2,396,500	2,396,500	0.1541
1	1	1	FROM 805001	TO 810000			807,500	807,500	0.0519
1	1	1	FROM 810001	TO 815000			813,993	813,993	0.0523
1	1	1	FROM 815001	TO 820000			818,004	818,004	0.0526
1	1	1	FROM 820001	TO 825000			823,000	823,000	0.0529
1	1	1	FROM 840001	TO 845000			843,000	843,000	0.0542
1	1	1	FROM 845001	TO 850000			848,500	848,500	0.0546
1	1	1	FROM 855001	TO 860000			857,500	857,500	0.0551
2	2	2	FROM 895001	TO 900000			1,800,000	1,800,000	0.1157
1	1	1	FROM 905001	TO 910000			908,000	908,000	0.0584
1	1	1	FROM 910001	TO 915000			910,300	910,300	0.0585
2	2	2	FROM 925001	TO 930000			1,855,000	1,855,000	0.1193
1	1	1	FROM 935001	TO 940000			936,958	936,958	0.0603
1	1	1	FROM 980001	TO 985000			982,500	982,500	0.0632
9	9	9	FROM 995001	TO 1000000			9,000,000	9,000,000	0.5787
1	1	1	FROM 1000001	TO 1005000			1,000,625	1,000,625	0.0643
1	1	1	FROM 1010001	TO 1015000			1,011,000	1,011,000	0.0650
1	1	1	FROM 1030001	TO 1035000			1,031,000	1,031,000	0.0663
2	2	2	FROM 1045001	TO 1050000			2,096,512	2,096,512	0.1348
1	1	1	FROM 1060001	TO 1065000			1,062,500	1,062,500	0.0683
1	1	1	FROM 1070001	TO 1075000			1,075,000	1,075,000	0.0691
1	1	1	FROM 1110001	TO 1115000			1,114,000	1,114,000	0.0716
1	1	1	FROM 1130001	TO 1135000			1,132,605	1,132,605	0.0728
1	1	1	FROM 1165001	TO 1170000			1,170,000	1,170,000	0.0752
1	1	1	FROM 1190001	TO 1195000			1,191,200	1,191,200	0.0766
1	1	1	FROM 1215001	TO 1220000			1,217,000	1,217,000	0.0783
1	1	1	FROM 1230001	TO 1235000			1,232,000	1,232,000	0.0792
1	1	1	FROM 1295001	TO 1300000			1,300,000	1,300,000	0.0836
1	1	1	FROM 1300001	TO 1305000			1,302,500	1,302,500	0.0838
1	1	1	FROM 1315001	TO 1320000			1,316,500	1,316,500	0.0847
1	1	1	FROM 1335001	TO 1340000			1,338,061	1,338,061	0.0860
1	1	1	FROM 1400001	TO 1405000			1,405,000	1,405,000	0.0903
1	1	1	FROM 1425001	TO 1430000			1,429,850	1,429,850	0.0919
1	1	1	FROM 1435001	TO 1440000			1,435,500	1,435,500	0.0923
1	1	1	FROM 1440001	TO 1445000			1,444,500	1,444,500	0.0929
1	1	1	FROM 1445001	TO 1450000			1,450,000	1,450,000	0.0932
1	1	1	FROM 1495001	TO 1500000			1,500,000	1,500,000	0.0965
1	1	1	FROM 1520001	TO 1525000			1,525,000	1,525,000	0.0981
1	1	1	FROM 1530001	TO 1535000			1,535,000	1,535,000	0.0987
1	1	1	FROM 1570001	TO 1575000			1,571,271	1,571,271	0.1010
1	1	1	FROM 1620001	TO 1625000			1,625,000	1,625,000	0.1045
1	1	1	FROM 1655001	TO 1660000			1,660,000	1,660,000	0.1067
1	1	1	FROM 1665001	TO 1670000			1,666,336	1,666,336	0.1072
1	1	1	FROM 1695001	TO 1700000			1,700,000	1,700,000	0.1093
1	1	1	FROM 1735001	TO 1740000			1,737,000	1,737,000	0.1117
1	1	1	FROM 1740001	TO 1745000			1,743,000	1,743,000	0.1121
1	1	1	FROM 1840001	TO 1845000			1,843,000	1,843,000	0.1185
1	1	1	FROM 1885001	TO 1890000			1,888,000	1,888,000	0.1214
1	1	1	FROM 1890001	TO 1895000			1,892,500	1,892,500	0.1217
1	1	1	FROM 1975001	TO 1980000			1,978,100	1,978,100	0.1272
2	2	2	FROM 1995001	TO 2000000			3,997,500	3,997,500	0.2571
1	1	1	FROM 2060001	TO 2065000			2,065,000	2,065,000	0.1328
1	1	1	FROM 2075001	TO 2080000			2,080,000	2,080,000	0.1338
1	1	1	FROM 2115001	TO 2120000			2,118,000	2,118,000	0.1362

No. of Shareholders			-----Shareholding-----				Total Shares Held			Percentage
Physical	CDC	Total		From	To	Physical	CDC	Total		
	1	1	FROM	2215001	TO	2220000	2,218,000	2,218,000	0.1426	
	2	2	FROM	2430001	TO	2435000	4,862,500	4,862,500	0.3127	
	1	1	FROM	2495001	TO	2500000	2,500,000	2,500,000	0.1608	
	1	1	FROM	2585001	TO	2590000	2,588,000	2,588,000	0.1664	
	1	1	FROM	2835001	TO	2840000	2,839,000	2,839,000	0.1826	
	1	1	FROM	2895001	TO	2900000	2,900,000	2,900,000	0.1865	
	1	1	FROM	2900001	TO	2905000	2,900,500	2,900,500	0.1865	
	1	1	FROM	2960001	TO	2965000	2,962,039	2,962,039	0.1905	
	1	1	FROM	2995001	TO	3000000	3,000,000	3,000,000	0.1929	
	1	1	FROM	3130001	TO	3135000	3,132,500	3,132,500	0.2014	
	1	1	FROM	3255001	TO	3260000	3,260,000	3,260,000	0.2096	
	1	1	FROM	3335001	TO	3340000	3,339,000	3,339,000	0.2147	
	1	1	FROM	3705001	TO	3710000	3,707,000	3,707,000	0.2384	
	1	1	FROM	3945001	TO	3950000	3,950,000	3,950,000	0.2540	
	1	1	FROM	4090001	TO	4095000	4,092,000	4,092,000	0.2631	
	1	1	FROM	4170001	TO	4175000	4,173,101	4,173,101	0.2683	
	1	1	FROM	5115001	TO	5120000	5,116,500	5,116,500	0.3290	
	1	1	FROM	5335001	TO	5340000	5,335,376	5,335,376	0.3431	
	1	1	FROM	5665001	TO	5670000	5,665,500	5,665,500	0.3643	
	1	1	FROM	6450001	TO	6455000	6,455,000	6,455,000	0.4151	
	1	1	FROM	6960001	TO	6965000	6,961,000	6,961,000	0.4476	
	1	1	FROM	8275001	TO	8280000	8,277,434	8,277,434	0.5323	
	1	1	FROM	8445001	TO	8450000	8,450,000	8,450,000	0.5434	
	1	1	FROM	8925001	TO	8930000	8,928,383	8,928,383	0.5741	
	1	1	FROM	10035001	TO	10040000	10,037,000	10,037,000	0.6454	
	1	1	FROM	10605001	TO	10610000	10,608,500	10,608,500	0.6822	
	1	1	FROM	11015001	TO	11020000	11,020,000	11,020,000	0.7086	
	1	1	FROM	12070001	TO	12075000	12,071,300	12,071,300	0.7762	
	1	1	FROM	12095001	TO	12100000	12,097,385	12,097,385	0.7779	
	1	1	FROM	12925001	TO	12930000	12,927,479	12,927,479	0.8313	
	1	1	FROM	13845001	TO	13850000	13,850,000	13,850,000	0.8906	
	1	1	FROM	14695001	TO	14700000	14,696,500	14,696,500	0.9450	
	1	1	FROM	16905001	TO	16910000	16,905,500	16,905,500	1.0871	
	1	1	FROM	17875001	TO	17880000	17,875,499	17,875,499	1.1495	
	1	1	FROM	19105001	TO	19110000	19,108,500	19,108,500	1.2288	
	1	1	FROM	70695001	TO	70700000	70,697,465	70,697,465	4.5461	
1		1	FROM	893765001	TO	893770000	893,767,556	-	893,767,556	57.4728
4534	14847	19381				902,706,636	652,406,529	1,555,113,165	100.0000	

Categories of Shareholders

As on December 31, 2016

Shareholder Category	No. of Shareholders			Total No. of Shares Held			%Age
	Physical	CDC	Total	Physical	CDC	Total	
DIRECTORS	1	3	4	2,504	14,321	16,825	0.0011%
PROVINCIAL GOVERNMENT	1	0	1	893,767,556	0	893,767,556	57.4728%
ASSOCIATED COMPANIES	0	0	0	0	0	0	0.0000%
FOREIGN FUNDS	29	14	43	63,134	57,595,675	57,658,809	3.7077%
INDIVIDUALS (FOREIGN)	0	7	7	0	99,684	99,684	0.0064%
INDIVIDUALS (LOCAL)	4,466	14,606	19,072	8,627,043	309,478,965	318,106,008	20.4555%
BANK/NBF/FIN.INST./INSURANCE CO./ MODARABAS MUTUAL FUNDS	19	33	52	95,496	95,665,454	95,760,950	6.1578%
LEASING COMPANIES	0	3	3	0	38,175	38,175	0.0025%
CHARITABLE TRUSTS	0	7	7	0	613,480	613,480	0.0394%
COOPERATIVE SOCIETIES	0	0	0	0	0	0	0.0000%
NIT	0	0	0	0	0	0	0.0000%
ICP	1	0	1	975	0	975	0.0001%
JOINT STOCK COMPANIES	17	159	176	149,928	112,592,464	112,742,392	7.2498%
OTHERS	0	15	15	0	76,308,311	76,308,311	4.9069%
TOTAL	4,534	14,847	19,381	902,706,636	652,406,529	1,555,113,165	100.0000%

Catagories of Shareholding required under Code of Corporate Governance (CCG)

As on December 31, 2016

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

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-

Mutual Funds (Name Wise Detail)

1	CDC - TRUSTEE AKD INDEX TRACKER FUND	140,159	0.0090%
2	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	807,500	0.0519%
3	CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND - MT	2,900,500	0.1865%
4	CDC -B326 TRUSTEE ALFALAH GHP SOVEREIGN FUND - MT	796,500	0.0512%
5	CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	17,875,499	1.1495%
6	CDC - TRUSTEE ATLAS INCOME FUND	1,302,500	0.0838%
7	CDC - TRUSTEE FAYSAL MTS FUND - MT	1,978,100	0.1272%
8	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND MT	12,071,300	0.7762%
9	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	400,180	0.0257%
10	CDC - TRUSTEE FIRST HABIB INCOME FUND	103,500	0.0067%
11	CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	3,132,500	0.2014%
12	CDC - TRUSTEE NIT INCOME FUND - MT	2,118,000	0.1362%
13	CDC - TRUSTEE PICIC INCOME FUND - MT	1,191,200	0.0766%
14	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1,031,000	0.0663%
15	CDC - TRUSTEE UNITED GROWTH AND INCOME FUND	1,114,000	0.0716%
16	TRUSTEE-BMA CHUNDRIGAR ROAD SAVINGS FUND	794,500	0.0511%

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. MOHAMMED AFZAAL BHATTI	2,504	0.0002%
2	MR. SAEED ANWAR (CDC)	3,000	0.0002%
3	KH. FAROOQ SAEED (CDC)	8,821	0.0006%
4	MR. OMER SAEED (CDC)	2,500	0.0002%

Executives: 251,772 0.0161%

Public Sector Companies & Corporations: 893,767,556 57.4728%

Banks, Development Finance Institutions, Non Banking Finance 48,044,129 3.0894%

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	Name	Holding	Percentage
	GOVERNMENT OF THE PUNJAB	893,767,556	57.4728%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	Name	Sale	Purchase
1	SARDAR MUHAMMAD NAEEM UD DIN KHAN	1,000,000	1,000,000
2	MR. SHAHID WAQAR MAHMOOD		250,000

List of Foreign Correspondent Banks

AFGHANISTAN

AZIZI BANK
BAKHTAR BANK, KABUL

AUSTRALIA

A&Z LTD BANKING GRP.

A&Z LTD BANKING GRP.

A&Z LTD BANKING GRP.

A&Z LTD BANKING GRP.

A&Z LTD BANKING GRP.

JPMORGAN CHASE BANK, N.A.,
SYDNEY BRANCH

AUSTRIA

BANK AUSTRIA AG

RAIFFEISENLANDESBANK
NIEDEROESTERREICH-WIEN AG

RAIFFEISEN BANK
INTERNATIONAL AG

RAIFFEISENLANDESBANK
OBEROESTERREICH
AKTIENGESELLSCHAFT

BAHRAIN

AL BARAKA ISLAMIC BANK

BANK AL HABIB LIMITED

MASHREQBANK PSC.

UNITED BANK LIMITED

BANGLADESH

HABIB BANK LTD.

WOORI BANK, DHAKA

PRIME BANK LIMITED

SOCIAL ISLAMI BANK LIMITED

BELARUS

BANK BELVEB OJSC

BELGIUM

BNP PARIBAS S.A. BELGIUM -
BELGIUM BRANCH

COMMERZBANK AG ,THE,
BRUSSELS BRANCH

CBC BANQUE S.A.

BEOBANK NV/SA

CREDIT EUROPE BANK N.V.
ANTWERP BRANCH

BELFIUS BANK SA/NV

HABIB BANK LTD.

KBC BANK NV

KBC BANK NV

KBC BANK NV

BRAZIL

DEUTSCHE BANK S.A. - BANCO
ALEMAO

BULGARIA

UNITED BULGARIAN BANK

CANADA

HABIB CANADIAN BANK

ROYAL BANK OF CANADA

CHINA

AGRICULTURAL BANK OF CHINA,
THE

BANK OF CHINA

BANK OF NINGBO

BANK OF JIANGSU CO LTD

BANK OF TOKYO-MITSUBISHI
UFJ (CHINA), LTD.

BANK OF TOKYO-MITSUBISHI
UFJ (CHINA), LTD.

BANK OF TOKYO-MITSUBISHI
UFJ (CHINA), LTD.

BANK OF TOKYO-MITSUBISHI
UFJ (CHINA), LTD.

BANK OF TOKYO-MITSUBISHI
UFJ (CHINA), LTD.

JPMORGAN CHASE BANK
(CHINA) COMPANY LIMITED
BEIJING BRANCH

JPMORGAN CHASE BANK
(CHINA) COMPANY LIMITED,
SHANGHAI BRANCH

CHINA CITIC BANK

CITIBANK (CHINA) CO., LTD.

CHINA MERCHANTS BANK

BANK OF COMMUNICATIONS

FOSHAN RURAL COMMERCIAL
BANK COMPANY LIMITED

CHINA GUANGFA BANK CO.,
LTD (FORMERLY KNOWN AS
GUANGDONG DEVELOPMENT
BANK)

HUA XIA BANK

INDUSTRIAL AND COMMERCIAL
BANK OF CHINA

THE BANK OF NEW YORK
MELLON, SHANGHAI BRANCH

LAISHANG BANK CO., LTD
(FORMERLY LAIWU CITY
COMMERCIAL BANK CO., LTD)

BANK OF NANJING (FORMERLY
NANJING CITY COMMERCIAL
BANK)

CHINA CONSTRUCTION BANK
CORPORATION

QINGDAO RURAL COMMERCIAL
BANK CORPORATION
(FORMERLY HUAFENG RURAL
COOPERATIVE BANK OF
QINGDAO)

STANDARD CHARTERED BANK
(CHINA) LIMITED

SHANGHAI PUDONG
DEVELOPMENT BANK

PING AN BANK CO., LTD.
(FORMERLY SHENZHEN
DEVELOPMENT BANK CO.,LTD.)

BANK OF TIANJIN CO., LTD.

YINZHOU BANK

JINAN RURAL COMMERCIAL
BANK CO.,LTD(FORMERLY
SHANDONG JINAN RUNFENG
RURAL COOPERATIVE BANK)

BANK OF BEIJING

SKANDINAVISKA ENSKILDA
BANKEN AB

CROATIA

ZAGREBACKA BANKA DD

CYPRUS

BANK OF CYPRUS PUBLIC
COMPANY LIMITED

NATIONAL BANK OF GREECE
(CYPRUS) LTD.

HELLENIC BANK PUBLIC
COMPANY LTD.

CZECH

UNICREDIT BANK CZECH
REPUBLIC AND SLOVAKIA, A.S.

ČESKOSLOVENSKÁ OBCHODNÍ
BANKA, A.S.

CITIBANK EUROPE PLC,
ORGANIZACNÍ SLOŽKA

COMMERZBANK AG

KOMERČNÍ BANKA A.S.

RAIFFEISENBANK A.S.

SBERBANK CZ, A.S.

DENMARK

AMAGERBANKEN

DANSKE BANK A/S
SYDBANK A/S

EGYPT

MASHREQ BANK

NATIONAL BANK OF EGYPT

ERITREA

COMMERCIAL BANK OF
ERITREA

ETHIOPIA

DASHEN BANK S.C.

FIJI

BANK OF SOUTH PACIFIC
LTD TRADING AS BANK OF
SOUTHPACIFIC

FINLAND

DANSKE BANK

FINLAND
SKANDINAVISKA ENSKILDA
BANKEN

FRANCE

BNP-PARIBAS SA (FORMERLY
BANQUE NATIONALE DE PARIS
S.A.)

CM - CIC BANQUES

COMMERZBANK AG

HABIB BANK LIMITED

KBC BANK NV PARIS

NATIONAL BANK OF PAKISTAN

GERMANY

AMERICAN EXPRESS BANK
GMBH

LANDESBANK BERLIN

BANK OF TOKYO-MITSUBISHI
UFJ, LTD., THE

J.P. MORGAN AG

COMMERZBANK AG

COMMERZBANK AG

COMMERZBANK AG

KREISSPARKASSE KOELN

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK PRIVAT-UND
GESCHAEFTSKUNDEN AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

DEUTSCHE BANK AG

COMMERZBANK AG
(FORMERLY DRESDNER BANK
AG)

SEB AG

WGZ BANK AG
WESTDEUTSCHE
GENOSSENSCHAFTS-
ZENTRALBANK

HSH NORDBANK AG

UNICREDIT BANK AG
(HYPOVEREINSBANK)

NATIONAL-BANK AG

NATIONAL BANK OF PAKISTAN,
FRANKFURT

SPARKASSE PFORZHEIM CALW

STANDARD CHARTERED BANK
GERMANY BRANCH

LANDESBANK BADEN-
WUERTTEMBERG

SUEDWESTBANK AG

M.M.WARBURG U. CO (AG U.
CO.) KGAA

SPARKASSE
WESTMUNSTERLAND

LANDESBANK HESSEN-
THUERINGEN GIROZENTRALE,
DUESSELDORF

GREECE

BANK OF CYPRUS, GREECE

ALPHA BANK AE

NATIONAL BANK OF GREECE
S.A.

HONG KONG

INTESA SANPAOLO SPA HONG KONG

BNP PARIBAS

BANK OF AMERICA, N.A. HONG KONG

JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH

CITIBANK N.A.

DEUTSCHE BANK AG

HABIB FINANCE INTERNATIONAL LIMITED

KBC BANK NV, HONG KONG

MASHREQBANK PSC., HONG KONG BRANCH

NATIONAL BANK OF PAKISTAN HONG KONG

BANK OF NOVA SCOTIA, THE

STANDARD CHARTERED BANK (HONG KONG) LIMITED

SUMITOMO MITSUI BANKING CORPORATION

OCBC WING HANG BANK LIMITED

HUNGARY

UNICREDIT BANK HUNGARY ZRT.

CIB BANK LTD. (FORMERLY CENTRAL-EUROPEAN INT.BANK LTD.)

CITIBANK EUROPE PLC HUNGARIAN BRANCH

RAIFFEISEN BANK ZRT.

ICELAND

LANDS BANKI

INDIA

BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE

CENTRAL BANK OF INDIA

JPMORGAN CHASE BANK, N.A., MUMBAI BRANCH

CITIBANK N.A.

DEUTSCHE BANK AG

MASHREQ BANK

PUNJAB NATIONAL BANK

STANDARD CHARTERED BANK

INDONESIA

BANK MANDIRI

BANK MANDIRI (PERSERO), PT

JPMORGAN CHASE BANK, N.A., JAKARTA BRANCH

CITIBANK, N.A.

WOORI BANK, INDONESIA P.T. JAKARTA

BANK SINARMAS

STANDARD CHARTERED BANK

IRELAND

BANK OF SCOTLAND PLC (FORMERLY BANK OF SCOTLAND, IRELAND)

CITIBANK EUROPE PLC

ITALY

VENETO BANCA

BANCA ANTONVENETA

CREDITO EMILIANO S.P.A.

BANCA AGRICOLA MANTOVANA

BANCO POPOLARE SOC. COOP.

INTESA SANPAOLO SPA

INTESA SANPAOLO SPA

INTESA SANPAOLO SPA

UBI BANCA (UNIONE DI BANCHE ITALIANE) S.C.P.A.

CREDITO VALTELLINESE

BANCA POPOLARE DI MILANO S.C.A.R.L.

BANCA POPOLARE DELL'EMILIA ROMAGNA

BANCA POPOLARE DI VICENZA SPA

BANCA NUOVA SPA (BANCA POPOLARE DI VICENZA GROUP)

UNICREDIT S.P.A.

CAPITALIA SPA.

COMMERZBANK AG

BANCO POPOLARE SOC. COOP. (FORMERLY CREDITO BERGAMASCO)

CASSA DI RISPARMIO DI FIRENZE S.P.A.

BANCO DI NAPOLI SPA

ICCREA BANCA - ISTITUTO CENTRALE DEL CREDITO COOPERATIVO

ICCREA BANCA - ISTITUTO CENTRALE DEL CREDITO COOPERATIVO

ICCREA BANCA - ISTITUTO CENTRALE DEL CREDITO COOPERATIVO

BANCA MONTE DEI PASCHI DI SIENA S.P.A.

BIPOP-CARIRE SPA

BANCA POPOLARE DI SONDRIO

BANCA TOSCANA S.P.A.

BANCA UBAE SPA

UNICREDIT BANCA SPA

UNICREDIT BANCA SPA

UNICREDIT BANCA SPA

VENETO BANCA SPA

BANCO POPOLARE SOC. COOP.(FORMERLY BANCA POPOLARE DI VERONA)

JAPAN

BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE

MIZUHO BANK, LTD.

NATIONAL BANK OF PAKISTAN

STANDARD CHARTERED BANK

SUMITOMO MITSUI BANKING CORPORATION

KAZAKHSTAN

KAZKOMMERTSBANK' JSC(FORMERLY 'BTA BANK' JSC)

CJSC CITIBANK KAZAKHSTAN

KENYA

HABIB BANK LIMITED

KOREA

BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE

JPMORGAN CHASE BANK, N.A., SEOUL BRANCH

KOOKMIN BANK

DAEGU BANK, LTD.,THE

WOORI BANK, SEOUL

THE BANK OF NEW YORK MELLON, SEOUL BRANCH

KOREA DEVELOPMENT BANK, THE

KEB HANA BANK

NATIONAL BANK OF PAKISTAN, SEOUL BRANCH KOREA

BUSAN BANK

STANDARD CHARTERED BANK KOREA LIMITED

SHINHAN BANK

KUWAIT

COMMERCIAL BANK OF KUWAIT SAK,THE

NATIONAL BANK OF KUWAIT S.A.K.P.

LEBANON

CITIBANK BEIRUT

CREDIT LIBANAIS S.A.L.

HABIB BANK LIMITED

MACAU

BNP PARIBAS MACAU

MALAYSIA

BANK OF TOKYO-MITSUBISHI UFJ (MALAYSIA) BERHAD

J.P.MORGAN CHASE BANK BERHAD

CIMB ISLAMIC BANK BERHAD

STANDARD CHARTERED BANK MALAYSIA BERHAD

MALTA

CREDIT EUROPE BANK N.V. MALTA BRANCH

MAURITIUS

MAURITIUS COMMERCIAL BANK LTD., THE

MAUBANK LTD

MEXICO

BANCO NACIONAL DE MEXICO S.A.

MOROCCO

ATTIJARIWafa BANK (FORMERLY BANQUE COMMERCIALE DU MAROC)

CITIBANK MAGHREB

NETHERLAND

ABN AMRO BANK N.V.

ABN AMRO BANK N.V.

CITIBANK EUROPE PLC NETHERLANDS BRANCH

COMMERZBANK AG KANTOOR AMSTERDAM

CREDIT EUROPE BANK N.V.

HABIB BANK LTD.

HOLLANDSCHE BANK-UNIE N.V

KEB HANA BANK, AMSTERDAM BRANCH

NEW ZEALAND

A&Z LTD BANKING GRP.

NORWAY

DANSKE BANK A/S

DNB BANK ASA

OMAN

BANKMUSCAT SAOG

BANK NIZWA

HABIB BANK OMAN

PAKISTAN

ABN AMRO BANK PAKISTAN

ALLIED BANK LIMITED

ARIF HABIB BANK LIMITED

ALBARAKA BANK (PAKISTAN) LIMITED

BANK ALFALAH LIMITED

ASKARIBANK LIMITED

BANK AL HABIB LIMITED

BANKISLAMI PAKISTAN LIMITED

SUMMIT BANK LTD

BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE

BURJ BANK LIMITED

CITIBANK N.A.

ATLAS BANK LTD.

DEUTSCHE BANK AG, KARACHI BRANCH

DUBAI ISLAMIC BANK PAKISTAN LIMITED

EMIRATES GLOBAL ISLAMIC BANK

FAYSAL BANK LIMITED

FIRST DAWOOD ISLAMIC BANK LTD.

FIRST WOMEN BANK LIMITED

NIB BANK LIMITED

HABIB BANK LIMITED

INDUSTRIAL AND COMMERCIAL
BANK OF CHINA, KARACHI
BRANCH

JS BANK LIMITED

THE BANK OF KHYBER

MCB ISLAMIC BANK LIMITED

MEEZAN BANK LIMITED

HABIB METROPOLITAN BANK
LIMITED

MCB BANK LIMITED

NATIONAL BANK OF PAKISTAN

NIB BANK LIMITED

KASB BANK LTD

SILKBANK LIMITED

STANDARD CHARTERED BANK
(PAKISTAN) LIMITED

SINDH BANK LIMITED

SONERI BANK LIMITED

SUMMIT BANK LTD

UNITED BANK LTD.

PAPUA NEW GUINEA

BANK OF SOUTH PACIFIC
LIMITED

PERU

BANCO CONTINENTAL

BANCO INTERNACIONAL DEL
PERU (INTERBANK)

PHILIPPINES

BDO UNIBANK, INC.

POLAND

Deutsche Bank

PORTUGAL

BANCO COMERCIAL
PORTUGUES

BNP PARIBAS

QATAR

DOHA BANK

MASHREQ BANK

STANDARD CHARTERED BANK

UNITED BANK LIMITED, DOHA

ROMANIA

UNICREDIT BANK SA

RUSSIA

AO CITIBANK, MOSCOW

UNICREDIT BANK AO

CREDIT BANK OF MOSCOW
(PUBLIC JOINT STOCK
COMPANY)

MDM BANK (PUBLIC JOINT
STOCK COMPANY)

PROMSVYAZBANK PJSC

JSC VTB BANK

SAUDIA ARABIA

SAUDI HOLLANDI BANK

BANK AL BILAD

BANK AL-JAZIRA

BANQUE SAUDI FRANSI

JPMORGAN CHASE BANK, N.A.
RIYADH

AL INMA BANK

ISLAMIC DEVELOPMENT BANK

NATIONAL BANK OF PAKISTAN

SAMBA FINANCIAL GROUP

SEYCHELLES

HABIB BANK LIMITED

SINGAPORE

BANK MANDIRI

BANK MANDIRI (PERSERO)TBK.
PT

BANK OF AMERICA, N.A.

BANK OF TOKYO-MITSUBISHI

UFJ, LTD., THE

UNICREDIT BANK AG
SINGAPORE BRANCH
(HYPOVEREINSBANK AG
SINGAPORE BRANCH)

JPMORGAN CHASE BANK, N.A.

CITIBANK,N.A.

COMMERZBANK AG,
SINGAPORE BRANCH

DEUTSCHE BANK AG

SKANDINAVISKA ENSKILDA
BANKEN AB (PUBL)

BNP PARIBAS

HABIB BANK LIMITED

STANDARD CHARTERED BANK
(SINGAPORE) LIMITED

STANDARD CHARTERED BANK

SHINHAN BANK, SINGAPORE
BRANCH

SUMITOMO MITSUI BANKING
CORPORATION

SLOVAKIA

COMMERZBANK AG

SLOVENIA

UNICREDIT BANKA SLOVENIJA
D.D.

CESKOSLOVENSKA
OBCHODNA BANKA, A.S.

UNICREDIT BANK CZ AND SK,
SK BRANCH

SOUTH AFRICA

FIRSTRAND BANK LTD HEAD
OFFICE INCL. DIVISIONS
FIRST NATIONAL BANK, FNB
CORPORATE AND RAND
MERCHANT BANK

HBZ BANK LIMITED

SPAIN

BANCO BILBAO VIZCAYA
ARGENTARIA S.A.

BANKINTER, S.A.

BANK OF TOKYO-MITSUBISHI
UFJ, LTD., THE

ABANCA CORPORACION
BANCARIA, S.A.

BANKIA S.A.

CAIXABANK, S.A.

CATALUNYA BANC, S.A.
(CATALUNYACAIXA)

CITIBANK EUROPE PLC SPAIN
BRANCH

COMMERZBANK AG

BANCO DE SABADELL, S.A.

SRI LANKA

BANK OF CEYLON

HABIB BANK LTD.

HATTON NATIONAL BANK PLC

NATIONAL DEVELOPMENT
BANK PLC.

SWEDEN

CITIBANK EUROPE PLC
SWEDEN BRANCH

DANSKE BANK

SKANDINAVISKA ENSKILDA
BANKEN

SKANDINAVISKA ENSKILDA
BANKEN AB

SVENSKA HANDELSBANKEN

SVENSKA HANDELSBANKEN

SVENSKA HANDELSBANKEN

SWITZERLAND

ABN AMRO BANK N.V.

BANQUE CANTONALE
VAUDOISE

BANQUE DE COMMERCE ET DE
PLACEMENTS S.A.

COMMERZBANK AG

HSBC GUYERZELLER BANK AG

HABIB BANK AG ZURICH

HABIBSONS BANK LIMITED,
LONDON, ZURICH BRANCH

UBL (SWITZERLAND) AG

ZUERCHER KANTONALBANK

TAIWAN

BANK OF TOKYO-MITSUBISHI
UFJ, LTD., THE

JPMORGAN CHASE BANK, N.A.,
TAIPEI BRANCH

CITIBANK TAIWAN LIMITED

CITIBANK TAIWAN LIMITED

THE BANK OF NEW YORK
MELLON, TAIPEI BRANCH

STANDARD CHARTERED BANK
(TAIWAN) LIMITED

SUMITOMO MITSUI BANKING
CORPORATION TAIPEI BRANCH

TAICHUNG COMMERCIAL BANK

THAILAND

JPMORGAN CHASE BANK, N.A.,
BANGKOK BRANCH

EXPORT-IMPORT BANK OF
THAILAND

STANDARD CHARTERED BANK
(THAI) PCL

SUMITOMO MITSUI BANKING
CORPORATION

TUNISIA

ARAB BANKING CORPORATION

BANQUE INTERNATIONALE
ARABE DE TUNISIE

TURKEY

TURKIYE FINANS KATILIM
BANKASI A.S.

ALBARAKA TURK
PARTICIPATION BANK

DENIZBANK A.S.

HABIB BANK LTD.

TURKIYE IS BANKASI A.S.

KUVEYT TURK KATILIM
BANKASI A.S.

ODEABANK A.S.

OYAK BANK A.S.

TURKLAND BANK A.S. (T-BANK)

TURKIYE ZIRAAT BANKASI

TEKSTIL BANKASI A.S.

TURKIYE GARANTI BANKASI
A.S.

YAPI VE KREDI BANKASI A.S.

AKTIF YATIRIM BANKASI A.S.

UAE

MASHREQBANK PSC.

COMMERCIAL BANK OF DUBAI

CITIBANK N.A.

DOHA BANK

FIRST GULF BANK

HABIB BANK LIMITED

HABIB BANK AG ZURICH

EMIRATES ISLAMIC BANK

MCB BANK LIMITED

NATIONAL BANK OF FUJAIRAH

CHINA CONSTRUCTION BANK
DIFC BRANCH

STANDARD CHARTERED BANK

U.A.E. EXCHANGE CENTRE

UNION NATIONAL BANK

UNITED BANK LTD.

UK

BANK OF CYPRUS UK

BANK OF AMERICA, N.A.
LONDON

BANK OF TOKYO-MITSUBISHI
UFJ, LTD., THE

JPMORGAN CHASE BANK, N.A.

CITIBANK N.A.

COMMERZBANK AG

NORTHERN BANK LIMITED
(TRADING AS DANSKE BANK)

EFG PRIVATE BANK LIMITED

HABIB BANK UK

HABIB BANK ZURICH PLC
 HABIBSONS BANK LIMITED, UK
 KBC BANK NV LONDON
 LBI HF. LONDON BRANCH
 BANK LEUMI (UK) PLC
 MASHREQ BANK PSC
 UNITED NATIONAL BANK
 STANDARD CHARTERED BANK
 SHINHAN BANK LONDON
 BRANCH

UKRAINE

JSC THE STATE EXPORT-
 IMPORT BANK OF UKRAINE

US

AMERICAN EXPRESS BANK
 GMBH
 DEUTSCHE BANK TRUST
 COMPANY AMERICAS
 BNP PARIBAS U.S.A - NEW
 YORK BRANCH
 BANK OF AMERICA, N.A.
 BANK OF AMERICA, N.A.
 BANK OF TOKYO-MITSUBISHI
 UFJ, LTD., THE
 BANK OF TOKYO-MITSUBISHI
 UFJ, LTD., THE
 COMMERCE BANK
 JPMORGAN CHASE BANK, N.A.
 CITIBANK N.A.
 COMMERZBANK AG
 CREDIT SUISSE AG, NEW YORK
 BRANCH
 DOHA BANK
 HABIB BANK LIMITED
 WOORI BANK, LOS ANGELES
 THE BANK OF NEW YORK
 MELLON
 KEYBANK NATIONAL
 ASSOCIATION

MASHREQBANK PSC., NEW
 YORK BRANCH
 NATIONAL CITY BANK
 CLEVELAND
 NATIONAL CITY BANK
 CLEVELAND
 NATIONAL BANK OF EGYPT,
 NEW YORK BRANCH
 NATIONAL BANK OF PAKISTAN
 CHINA CONSTRUCTION BANK
 NEW YORK BRANCH
 STATE BANK OF INDIA
 (CALIFORNIA)
 STANDARD CHARTERED BANK
 SUMITOMO MITSUI BANKING
 CORPORATION
 STERLING NATIONAL BANK
 UMB BANK, N.A.
 UNITED BANK LTD.
 REGIONS BANK
 U.S. BANK
 WELLS FARGO BANK, N.A.
 WELLS FARGO BANK, N.A.
 WASHINGTON MUTUAL BANK
VIETNAM
 JOINT STOCK COMMERCIAL
 BANK FOR INVESTMENT AND
 DEVELOPMENT OF VIETNAM
 SHINHAN BANK VIETNAM

Form of Proxy

I/We _____
 (Name and Folio No./Participant Account No. & Sub-Account No.)

of _____
 (Place)
 being a member(s) of THE BANK OF PUNJAB hereby appoint

(Name and Folio No./Participant Account No. & Sub-Account No.)

of _____
 (Place)

another member of the Bank as my / our proxy to attend, speak and vote on my / our behalf at the 26th Annual General Meeting of the Bank to be held on Friday, 28th April, 2017 at 9:30 a.m. at Sapphire Banquet Hall, New Garden Town, Lahore and at any adjournment thereof.

Signed this _____ Day _____ 2017.

Signature of
 Member(s)

Five Rupees Revenue Stamp

WITNESSES:

1. Signature: _____

2. Signature: _____

Name: _____

Name: _____

Address: _____

Address: _____

CNIC or
 Passport No. _____

CNIC or
 Passport No. _____

NOTE:

This form of proxy duly completed must be deposited at Corporate Affairs Department of the Bank at BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore by not less than 48 hours before the time fixed for the Meeting.

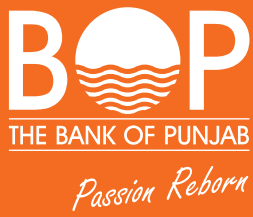


The Company Secretary

THE BANK OF PUNJAB

BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III,
Lahore.
Ph: 35783700-10

AFFIX
CORRECT
POSTAGE



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STRONGER
Together

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Main boulevard, Gulberg-III, Lahore
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