



UNCONSOLIDATED FINANCIAL STATEMENT

AS ON DECEMBER 31, 2016

BDO Ebrahim & Co.
Chartered Accountants

Horwath Hussain Chaudhury & Co.
Chartered Accountants



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Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated statement of financial position of Zarai Taraqati Bank Limited ("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 one hundred and twenty five 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 the approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XL VII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

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

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



BDO Ebrahim & Co.
Chartered Accountants

Horwath Hussain Chaudhury & Co.
Chartered Accountants

Without qualifying our opinion, we draw attention to:

- a. Note 15 & 17 to the unconsolidated financial statements, whereby it is stated that, during the prior periods the Bank obtained borrowings and subordinated loan from the State Bank of Pakistan (SBP), which was converted into share deposit money based on the decision made in the meeting held on July 11, 2014 among Ministry of Finance (MoF), SBP, Securities & Exchange Commission of Pakistan and the Bank, which was pending for legal and corporate formalities. However, during the year, the Board in their meeting held on February 02, 2016 resolved to convert the principal debt (Note 15) and subordinated loan (Note 16) into redeemable preference shares and mark-up on SBP's debts (Note 15.5) into ordinary share of the Bank. Further, in consultation with SBP, a resolution by circulation dated February 19, 2016 was approved by the Board of Directors of the Bank and it has been agreed that debt and existing mark-up shall be accrued upto the December 31, 2015 as per the existing arrangements and will be converted into redeemable preference shares and ordinary shares, respectively. The decision made by the Board of Directors has been approved by the SBP vide its letter dated March 01, 2016 and Finance Division of Government of Pakistan on April 04, 2016 and the same has been approved in the Annual General Meeting held on April 27, 2016. However, these shares have been issued subsequently to the reporting period as disclosed in Note 15.6 to the Financial Statements.
- b. Note 22.2.3 to the unconsolidated Financial Statements provides details regarding contingency of Rs. 10.8 billion related to case of pension factor of employees which was previously decided against the Bank by Honourable Supreme Court. However, upon review writ petition filed by the Bank against the previous order, the Honourable Supreme Court of Pakistan vide its order dated April 26, 2017, has recalled / set aside its previous order for detailed hearing of the case. The decision of incorporation of the pension liability in the books of account shall be determined on the final outcome of the writ petition.

Our report is not qualified in respect of the above noted matters.

The unconsolidated financial statements of the Bank for the year ended December 31, 2015 were audited by BOO Ebrahim & Co. Chartered Accountants and Riaz Ahmad & Co. Chartered Accountants, who had expressed unqualified opinion with emphasis of matter on matter (a) reported above in the emphasis of matter paragraph, vide their report dated March 31, 2016.

BDO Ebrahim & Co.
Chartered Accountants

Engagement Partner: Iffat Hussain

DATED: 08, MAY 2017
ISLAMABAD

Horwath Hussain Chaudhury & Co.
Chartered Accountants

Engagement Partner: Amin Ali

DATED: 08, MAY 2017
LAHORE



ZARAI TARAQIATI BANK LIMITED UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	Note	2016	2015
..... Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	3,477,750	2,516,338
Balances with other banks	8	20,074,445	16,408,511
Lendings to financial institutions		-	-
Investments - net	9	37,118,541	19,765,649
Advances - net	10	135,765,150	129,552,744
Operating fixed assets	11	2,071,483	2,101,177
Deferred tax assets - net	12	604,948	446,941
Other assets - net	13	16,448,667	16,782,760
		215,560,984	187,574,120
LIABILITIES			
Bills payable	14	493,231	346,059
Borrowings	15	55,885,230	57,143,100
Deposits and other accounts	16	59,870,659	35,947,953
Sub-ordinated loan	17	3,204,323	3,204,323
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities	18	13,667,442	11,721,237
		(133,120,885)	(108,362,672)
NET ASSETS		82,440,099	79,211,448
REPRESENTED BY			
Share capital	19	12,522,441	346,059
Reserves	20	6,299,526	57,143,100
Unappropriated profit		21,034,629	35,947,953
		39,856,596	3,204,323
Share deposit money	15.5	40,155,992	40,155,992
Surplus on revaluation of assets - net of tax	21	2,427,511	2,171,427
		82,440,099	79,211,448

CONTINGENCIES AND COMMITMENTS 22

The annexed notes from 1 to 46 and Annexure-I form an integral part of these financial statements.

PRESIDENT

DIRECTOR

DIRECTOR

DIRECTOR



ZARAI TARAQIATI BANK LIMITED UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
..... Rupees in '000			
Mark-up / return / interest earned	23	19,631,421	18,259,348
Mark-up / return / interest expensed	24	5,455,481	6,016,569
Net mark-up / interest income		14,175,940	12,242,779
Provision for diminution in the value of investments - net		-	-
Provision / (reversal) against non-performing loans and advances - net	10.	1,778,030	(573,110)
Write offs under relief packages	3.4	206,861	160,009
Bad debts written off directly		1,984,891	(413,101)
Net mark-up / interest income after provisions		12,191,049	12,655,880
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		26,397	40,919
Dividend income		148,540	81,805
Income from dealing in foreign currencies		-	-
Gain on sale of securities - net		179,322	366,437
Unrealized loss on revaluation of investments classified as held for trading	9.11	(80)	-
Other income	25	4,067,521	5,093,503
Total non-mark-up / interest income		4,421,700	5,582,664
		16,612,749	18,238,544
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	26	9,849,061	9,800,810
Provision against other assets - net	18.3	3,290	34,936
Other charges	27	214,348	23,974
Total non mark-up / interest expenses		10,066,699	9,859,720
Extraordinary / unusual items		6,546,050	8,378,824
PROFIT BEFORE TAXATION		6,546,050	8,378,824
Taxation - Current year		2,415,993	2,257,101
- Prior years		989,128	361,424
- Deferred		(133,408)	487,678
	28	3,271,713	3,106,203
PROFIT AFTER TAXATION		3,274,337	5,272,621
Unappropriated profit brought forward		18,716,929	14,553,175
Profit available for appropriation		21,991,266	19,825,796
Basic earnings per share (Rupees)	29	2.61	4.21
Diluted earnings per share (Rupees)	30	2.61	4.21

The annexed notes from 1 to 46 and Annexure-I form an integral part of these financial statements.

PRESIDENT

DIRECTOR

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DIRECTOR



ZARAI TARAQIATI BANK LIMITED UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	..... Rupees in '000	
Profit after taxation for the year	3,274,337	3,274,337
Other comprehensive income - net of tax		
Items that will not be reclassified subsequently to the profit and loss account		
Remeasurement of defined benefit plans	(464,261)	(83,605)
Deferred tax	162,491	29,262
	(301,770)	(54,343)
Items that may be reclassified to profit and loss account	-	-
Comprehensive income transferred to equity	2,972,567	5,218,278
Components of comprehensive income not reflected in equity		
Items that may be subsequently reclassified to the profit and loss account		
Net change in fair value of available for sale securities	393,975	(680,022)
Deferred tax	(137,891)	(623,454)
	256,084	(1,303,476)
Total comprehensive income for the year	3,228,651	3,914,802

Surplus arising on revaluation of assets has been reported in accordance with the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 46 and Annexure-I form an integral part of these financial statements.

PRESIDENT

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DIRECTOR

DIRECTOR



ZARAI TARAQIATI BANK LIMITED UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2016	2015
..... Rupees in '000			
Operating profit before working capital changes	34	9,329,790	13,862,500
(Increase) / decrease in operating assets:			
Lendings to financial institutions		-	820,190
Net investment in held for trading securities		(1,530,004)	-
Advances - net		(8,197,297)	(20,585,685)
Other assets - net		160,883	(4,199,018)
		(9,566,418)	(23,964,513)
Increase / (decrease) in operating liabilities:			
Bills payable		147,172	(215,905)
Borrowings		(1,257,870)	4,916,538
Deposits and other accounts		23,922,706	9,246,042
Other liabilities		3,983,621	(297,066)
		26,795,629	13,649,609
Employees' benefits paid		(262,812)	(277,570)
Income tax paid		(6,245,482)	(3,002,618)
Net cash generated from operating activities		20,050,707	267,408

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities	(19,939,210)	9,892,448
Net investments in held to maturity securities	4,689,539	(634,368)
Dividend income	148,540	81,805
Investments in operating fixed assets	(415,591)	(828,187)
Sale proceeds of property and equipment disposed off	93,361	61,169
Net cash (used in) / generated from investing activities	(15,423,361)	8,572,867

CASH FLOWS FROM FINANCING ACTIVITIES

Net increase in cash and cash equivalents	4,627,346	8,840,275
Cash and cash equivalents at beginning of the year	18,924,849	10,084,574
Cash and cash equivalents at end of the year	23,552,195	18,924,849

The annexed notes from 1 to 46 and Annexure-I form an integral part of these financial statements.


PRESIDENT


DIRECTOR


DIRECTOR


DIRECTOR



**ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Share Capital	Statutory Reserve	Revenue Reserves		Total
			Contingencies reserve	Un-appropriated profit	
..... Rupees in '000					
Balance as at January 01, 2015	12,522,441	4,530,135	60,000	14,553,175	31,665,751
Profit after taxation for the year	-	-	-	5,272,621	5,272,621
Other comprehensive loss for the year	-	-	-	(54,343)	(54,343)
Total comprehensive income for the year	-	-	-	5,218,278	5,218,278
Transferred to statutory reserve	-	1,054,524	-	(1,054,524)	-
Balance as at December 31, 2015	12,522,441	5,584,659	60,000	18,716,929	36,884,029
Profit after taxation for the year	-	-	-	3,274,337	3,274,337
Other comprehensive profit for the year	-	-	-	(301,770)	(301,770)
Total comprehensive profit for the year	-	-	-	2,972,567	2,972,567
Transferred to statutory reserve	-	654,867	-	(654,867)	-
Balance as at December 31, 2016	12,522,441	6,239,526	60,000	21,034,629	39,856,596

F. Imad

PRESIDENT

Majid Aziz

DIRECTOR

Abu S

DIRECTOR

Abu S

DIRECTOR



ZARAI TARAQIATI BANK LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1 STATUS AND NATURE OF BUSINESS

1.1 Reorganization and Conversion

The Federal Government in its cabinet meeting held on August 28, 2002 decided for the reorganization and conversion of Agricultural Development Bank of Pakistan into a public limited company for the purposes of ensuring good governance, autonomy, delivering high quality and viable financial services to a greater number of rural clientele and adequate returns to stakeholders. Accordingly, the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002 was promulgated for taking over the entire undertaking of Agricultural Development Bank of Pakistan and for matters connected therewith or incidental thereto.

1.2 Status

As required under section 3 of the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002, Zarai Taraqati Bank Limited ("the Bank") was incorporated as a public limited company under the Companies Ordinance, 1984 on October 23, 2002. Consequently, under SRO 823(1)/2002 dated November 18, 2002, all the assets, contracts, liabilities, proceedings and undertakings of Agricultural Development Bank of Pakistan were transferred to, and vested in Zarai Taraqati Bank Limited on December 14, 2002, the effective date specified by the Federal Government, on the basis of net worth determined at Rs. 8.7 billion. The Bank's registered and principal office is situated at 1-Faisal Avenue (Zero Point), Islamabad. The Bank operates 460 (2015: 438) branches in Pakistan as at the close of the year.

1.3 Nature of Business

The main purpose of the Bank is to provide sustainable rural finance and services particularly to small farmers and low-income households to strengthen the rural and agricultural sector, mitigate poverty, capital market and investment activities and other banking business.

2 BASIS OF PRESENTATION

2.1 These financial statements represent separate financial statements of the Zarai Taraqati Bank Limited. The consolidated financial statements of the Bank and its subsidiary are being issued separately.

2.2 The State Bank of Pakistan (SBP) vide BSD Circular No. 4 dated February 17, 2006 has issued 'Revised forms of Annual Financial Statements'. These unconsolidated financial statements have been presented in accordance with such revised form.



3 STATEMENT OF COMPLIANCE

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

3.2 SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. SECP has deferred applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" on banks through SRO 411(1)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

During the year, certain amendments to standards, interpretations and improvements to accounting standards became effective, however, the amendments, interpretations and improvements do not have any material effect on the financial statements of the Bank and therefore, these are not disclosed.

4.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not Yet Effective

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



**Effective date
(annual periods
beginning on
or after)**

IAS 12	Income taxes	January 01, 2017
IAS 7	Statement of cash flows	January 01, 2017
IFRS 2	Share- based payments	January 01, 2018
IFRS 4	Insurance Contracts	January 01, 2018
IAS 40	Investment Property	January 01, 2018

The Annual Improvements to IFRSs (2014 - 2016) Cycle to following approved accounting standards are effective from the dates mentioned below against respective standard:

**Effective date
(annual periods
beginning on
or after)**

IFRS 12	Disclosure of interest in other entities	January 01, 2017
IAS 28	Investment in Associates and Joint Ventures	January 01, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018

4.1.2 The following new standards have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the SECP:

**Effective date
(annual periods
beginning on
or after)**

IFRS 1	First-time Adoption of International Financial Reporting Standards (Amendments)	July 01, 2009
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 9	Financial Instruments	January 01, 2018
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019

The Bank expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Bank's financial statements in the period of initial application.

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments have been marked to market and are carried at fair value and post employment benefits that are recorded at present value using actuarial valuation.

These financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded to the nearest thousand rupees.



6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 During the year SBP vide its BPRD Circular No 1 dated January 1, 2016 has issued 'Regulations for Debt Property Swap', regarding recording of non-banking assets acquired in satisfaction of claims on revalued amount, which is not applicable on the Bank. Therefore, treatment suggested by the Regulation has not been accounted for in the financial statements.

6.2 Staff Retirement Benefits

The Bank operates the following staff retirement benefits for its employees:

a) Pension scheme

The Bank operates defined benefit funded pension scheme approved by the income tax authorities, for its eligible employees who opted for employees' benefits scheme, introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers, respectively. The Bank's costs are determined on the basis of actuarial valuation carried out by independent actuary by using 'Projected Unit Credit Method'.

b) Gratuity scheme

The Bank operates defined benefit funded gratuity scheme approved by the income tax authorities, for its eligible employees who did not opt for employees' benefits scheme, introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers, respectively. Annual contributions are made on the basis of actuarial recommendations.

c) Provident fund scheme

The Bank operates a defined contribution funded provident fund scheme for its employees who did not opt for the employees' benefit scheme introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers respectively. Under this scheme, equal contributions at defined rates are made by the member employees and the Bank. The Bank also operates non-contributory provident fund for its employees who opted for the new employees' benefit scheme, as mentioned above. Under this, non-contributory provident fund, contributions at defined rates are made by its member employees only. Both of these provident funds are approved by the income tax authorities.

d) Benevolent scheme

The Bank also has two funded defined benefit benevolent fund schemes for its employees, separately for officers and for clerical and non-clerical staff. Equal contribution to these schemes are made by employees and the Bank. The Bank is also liable to meet any shortfall in the fund, determined on the basis of actuarial valuation.

e) Post retirement medical benefits

The Bank operates an unfunded defined benefit post retirement medical benefit scheme for all of its employees. Provision is made in the financial statements for the benefit based on actuarial valuation. Actuarial gains / losses are accounted for in the manner similar to pension scheme.



f) Employees' compensated absences

The Bank accounts for all accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. The compensated absences are only encashable at the time of retirement and that too for a certain period provided in the terms of employment. Provision is made in the financial statements for the benefit based on entitled un-availed leave balances carried forwarded to the next year on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method'.

6.3 Cash and cash equivalents

Cash and cash equivalents comprise cash, balances with treasury banks and balances with other banks.

6.4 Advances

Advances are stated net of provision for non-performing advances. Provision for non-performing advances is determined on the basis of Prudential Regulations issued by the SBP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provision against unidentified include general provision based on historical loss experience of advances. Advances are written off when there is no realistic prospect of recovery. Further, advances are charged off in accordance with the Prudential Regulations issued by the SBP.

6.5 Investments

The Bank classifies its investments as follows:

Held-for-trading

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

Held-to-maturity

These are investments with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold till maturity.

Available-for-sale

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

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investment. Transaction costs on investments held for trading are expensed in the profit and loss account.

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

In accordance with the requirements of the SBP, quoted securities, other than those classified as 'held to maturity', 'investment in subsidiary' and 'investments in associates' are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available for sale', is taken to a separate account which is shown in the balance sheet below equity. Surplus / (deficit) arising on valuation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account for the current year.



Unquoted equity securities (excluding investments in subsidiary and associates) are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments classified as 'held to maturity' are carried at amortized cost.

Investments in Subsidiaries and Associates

Associates are all entities over which the Bank has significant influence but not control. Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. Investments in subsidiaries and associates are valued at cost less impairment, if any. A reversal of an impairment loss on subsidiaries and associates is recognized in the profit and loss account as it arises provided the increased carrying value does not exceed cost.

Gains and losses on disposal of investments in subsidiaries and associates are included in the profit and loss account. Provision for diminution in the value of investments is taken to the profit and loss account for the current year.

6.6 Operating Fixed Assets and Depreciation / Amortization

Property and equipment

Property and equipment, except freehold land which is not amortized and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less accumulated impairment losses, if any.

Depreciation is computed over the estimated useful lives of the related assets at the rates set out in note 11.2 to these financial statements, after taking into account the residual value, if any. Depreciation is charged on reducing balance method except for vehicles, computer equipment and leasehold land which are depreciated / amortized on straight line method. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

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 off.

Gains / losses, if any, on disposal of operating fixed assets are charged to the profit and loss account during the year.

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

Capital work in progress

Capital work-in-progress is stated at cost less impairment losses (if any) and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.



6.7 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the costs of the intangible assets are amortized over its useful life over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

6.8 Impairment

Carrying values of assets are reviewed at each statement of financial position date for impairment 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 amounts. Recoverable amount is the higher of fair value less costs to sell and value in use. The resulting impairment loss is taken to the profit and loss account except for the 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.

6.9 Assets Acquired in Satisfaction of Claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at lower of the carrying value and the current fair value of such assets.

6.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account available tax credits, exemptions and rebates as laid down in the applicable income tax law. The charge for current tax also includes adjustments wherever considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities in accordance with the requirements of IAS 12 'Income Taxes'. The related deferred tax asset / liability is adjusted against the related deficit / surplus.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.



6.11 Borrowings / Deposits and their Costs

Borrowings / deposits are recorded at the proceeds received.

Borrowings / deposits costs are recognized as an expense in the period in which these are incurred using effective mark-up / interest rate method.

6.12 Sale and Repurchase Agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an 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 difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

6.13 Revenue Recognition

Mark-up / interest on advances and returns on investments are recognized on a time proportion basis using the effective interest method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP. Where the debt securities are purchased at premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity.

Fee, brokerage and commission income is recognized on accrual basis.

Profit / (loss) on sale of investments is credited / charged to the profit and loss account for the current year.

Income from interbank deposits in saving accounts is recognized in the profit and loss account as it accrues using the effective interest method.

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

Recoveries against loans written-off under Government relief packages are accounted for on cash receipt basis.

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

6.14 Provisions

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

6.15 Foreign Currencies

Transactions in foreign currencies are translated to Pak Rupees at the foreign exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the statement of financial position date.



6.16 Financial Instruments

Financial assets and liabilities are recognized when the Bank becomes a party to the contractual provisions of the instrument. These are derecognized when the Bank ceases to be the party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

Financial assets

Financial assets are cash and balances with SBP and NBP, balances with other banks, lending to financial institutions, investments, advances and other receivables. Advances are stated at their nominal value as reduced by appropriate provisions against non-performing advances, while other financial assets excluding investments are stated at cost. Investments classified as available for sale are valued at mark-to-market basis and investments classified as held to maturity are stated at amortized cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include borrowings and other liabilities which are stated at their nominal value. Financial charges are accounted for on accrual basis.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the net profit and loss for the period in which it arises.

Impairment – financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the profit and loss account.

6.17 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.



6.18 Fair Value Measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Bank's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1:	Quoted prices in active markets for identical items (unadjusted)
Level 2:	Observable direct or indirect inputs other than Level 1 inputs
Level 3:	Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and financial liabilities of the Bank that either require fair value measurements or only fair value disclosures as at December 31, 2016 are disclosed in note 41.

6.19 Dividend Distribution and Appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

6.20 Earnings Per Share

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

6.21 Segment Reporting

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), and is subject to risk and rewards that are different from those of other segments. The Bank has only one reportable segment. The Bank is engaged in providing agri-financing and operates only in Pakistan.

6.22 Related Party Transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.



6.23 Other Payables

Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Bank.

6.24 Other Receivables

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each balance sheet date to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

6.25 Mark-up Bearing Borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition mark-up bearing borrowings are stated at original cost less subsequent repayments.

6.26 Statutory Reserve

In compliance with the requirements of the Banking Companies Ordinance, 1962, the Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is reduced to 10% of the profit after tax.

6.27 Cash Reserve Requirement

The Bank maintains liquidity equivalent to at least 5% of its time and demand deposits in the form of liquid assets i.e. cash and banks.

6.28 Grants

Grants of non-capital nature are recognized as deferred income at the time of their receipt. Subsequently, these are recognized in the profit and loss account to the extent of the actual expenditure incurred. Expenditure incurred against grants committed but not received, is recognized directly in the profit and loss account and reflected as a receivable from donors.

Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other operating income on a systematic basis over the useful life of the asset.

The grant related to an asset is recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Bank will comply with the conditions attached to it.

6.29 Contingencies

A contingent liability is disclosed when the Bank has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or the Bank has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.



6.30 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates and judgments. 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 experience, 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 financial statements or where judgment was exercised in application of accounting policies described in notes are as follows:

a) **Classification of investments**

As described in Note 6.5, investments 'held for trading' are the securities acquired principally for the purpose of generating profits from short term fluctuations in market prices while investments 'held to maturity' are investments where the management has positive intention and ability to hold the same to maturity and 'available for sale' securities are investments that do not fall under the 'held for trading' or 'held to maturity' categories. The classification of these investments involves management judgment at the time of purchase whether these are 'held for trading', 'held to maturity' or 'available for sale' investments.

b) **Provision against advances**

The Bank reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. The amount of provision is determined in accordance with the requirements of Prudential Regulations issued by the SBP from time to time and the management's judgment in case of subjective provision.

c) **Defined benefit plans**

Certain actuarial assumptions have been adopted as disclosed in note 33 of these financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

d) **Operating fixed assets**

Estimates of useful life of the property and equipment are based on the management's best estimates. Changes in the expected useful life are accounted for by changing the depreciation / amortization period or method, as appropriate, and are treated as change in accounting estimates. Such changes are accounted for as change in accounting estimate in accordance with the IAS 8 'Changes in Accounting Estimates and Errors'.

e) **Impairment**

Impairment of available for sale equity investments

Available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price.



Impairment of investments in subsidiary and associates

The Bank considers that a decline in the recoverable value of investment in subsidiary and associates below their cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognized when the recoverable value falls below the carrying value and is charged to the profit and loss account.

Impairment of non-financial assets (excluding deferred tax)

The carrying amounts of non-financial assets are reviewed at each reporting date for impairment 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 amounts. The resulting impairment loss is taken to the profit and loss account.

f) Taxation

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

g) Provision and contingent liabilities

The management exercises judgment in measuring and recognizing provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

6.31 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Bank. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.



7 CASH AND BALANCES WITH TREASURY BANKS

	Note	2016	2015
..... Rupees in '000			
Local currency			
In hand		1,179,029	878,374
Prize bonds		2,484	1,956
In current accounts with:			
State Bank of Pakistan (SBP)	71	1,759,082	1,192,200
National Bank of Pakistan		2,104	2
		1,761,186	1,192,202
In deposit accounts with:			
National Bank of Pakistan	72	535,051	443,806
		3,477,750	2,516,338

7.1 This represents current accounts maintained with the SBP under the cash reserve requirement of the Banking Companies Ordinance, 1962.

7.2 These carry mark-up at the rate 4.25% per annum (2015: 4.25% per annum).

8 BALANCES WITH OTHER BANKS

	Note	2016	2015
..... Rupees in '000			
In Pakistan - local currency:			
In current accounts		9,379	14,585
In deposit accounts	81	20,065,066	16,393,926
		20,074,445	16,408,511

8.1 These carry mark-up rates ranging from 3.74% to 8.30% per annum (2015: 4.25% to 7.5% per annum).



9 INVESTMENTS - NET

9.1 Investments by Types

Note

	Note	2016		2015		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Held for trading						
Market Treasury Bills	9.6	1,530,004	-	1,530,004	-	-
		1,530,004	-	1,530,004	-	-
Available-for-sale securities						
Market Treasury Bills	9.6	19,859,070	3,628,017	23,487,087	3,695,161	4,642,819
Shares in listed company	9.4	89,296	-	89,296	89,296	89,296
Shares in unlisted companies	9.5	10,523	-	10,523	10,523	10,523
Pakistan Investment Bonds	9.7	5,901,033	1,000,000	6,901,033	688,524	5,626,753
Term Finance Certificates	9.8	39,944	-	39,944	39,960	39,960
		25,899,866	4,628,017	30,527,883	4,523,464	5,885,887
						10,409,351
Held-to-maturity securities						
Market Treasury Bills	9.6	-	-	-	4,278,611	4,278,611
Pakistan Investment Bonds	9.7	1,236,625	-	1,236,625	1,647,553	1,647,553
		1,236,625	-	1,236,625	5,926,164	5,926,164
Subsidiary company (unlisted)						
Kissan Support Services (Pvt.) Limited		100,000	-	100,000	100,000	100,000
Investments at cost		28,766,495	4,628,017	33,394,512	10,549,628	5,885,887
Provision for diminution in value of investments	9.3	(10,523)	-	(10,523)	(10,523)	(10,523)
Investments (net of provisions)		28,755,972	4,628,017	33,383,989	10,539,105	5,885,887
Deficit on revaluation on held-for-trading securities - net	9.11	(80)	-	(80)	-	-
Surplus on revaluation of available-for-sale securities - net	21	3,660,852	73,780	3,734,632	3,311,095	3,340,657
Total investments at market values		32,416,744	4,701,797	37,118,541	13,850,200	5,915,449
					19,765,649	19,765,649

Majid Aziz
DIRECTOR

Majid Aziz
DIRECTOR

Majid Aziz
DIRECTOR

PRESIDENT

DIRECTOR

DIRECTOR

DIRECTOR



9.2 Investments by Segments

	Note	2016	2015
..... Rupees in '000			
Federal Government Securities:			
Market Treasury Bills	9.6	25,017,091	8,921,430
Pakistan Investment Bonds	9.7	8,137,658	7,274,306
		33,154,749	16,195,736
Fully paid-up ordinary shares:			
Listed company	9.4	89,296	89,296
Un-listed companies	9.5	10,523	10,523
		99,819	99,819
Other investments			
Term Finance Certificates - listed	9.8	39,944	39,960
Investment in related party			
Subsidiary company (unlisted)	9.9	100,000	100,000
Total investments at cost			
Provision for diminution in value of investments	9.3	(10,523)	(10,523)
Investments (net of provisions)			
Surplus / (deficit) on revaluation on held-for-trading securities	21	(80)	-
Surplus on revaluation of available-for-sale securities		3,734,632	3,340,657
Total investments at market value			
		37,118,541	19,765,649

9.3 Particulars of Provision for Diminution in Value of Investments

Opening balance	10,523	11,258
Written-off	-	(735)
Closing balance	10,523	10,523

9.3.1 Particulars of provision in respect of type and segment

Available-for-sale securities - un-listed securities	10,523	10,523
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9.4 Particulars of Investment Held in Listed Company

Number of ordinary shares		Paid up value/share	Name	2016	2015
2016	2015	Rupees		..... Rupees in '000	
430,551	430,551	10	Nestle Pakistan Limited	89,296	89,296

9.4.1 Market value of listed investment is Rs. 3,874.959 million (2015: Rs. 3,358.298 million).

**9.5 Particulars of Investments Held in Un-listed Companies**

Name of investee	Percentage of holding	Number of shares held	Break up value per share (Rupees)	Based on audited financial statements for the year ended	"Name of chief executive/ managing director "
Pakistan Mercantile Exchange Limited (Note 9.5.1)	3.30%	909,091	(2.05)	June 30, 2016	Ejaz Ali Shah
Pakistan Agricultural Storage and Services Corporation Limited (Note 9.5.2)	8.33%	2,500	216,939	March 31, 2016	Muhammad Khan Khichi

9.5.1 Due to negative break up value, this investment has been fully provided for in these financial statements. Cost per share is Rs. 10 to Rs. 13.5 having total cost amounting to Rs. 10.523 million.

9.5.2 Investments in Pakistan Agricultural Storages and Services Corporation Limited was transferred to the Bank at the time of conversion of ADBP into the Bank at nominal value of Re. 1. Cost per share is Rs. 1,000 having total cost amounting to Rs. 2.50 million.

9.5.3 Cost of unlisted investments amounts to Rs. 10.523 million (2015: Rs. 10.523 million) and face value of these investments amounts to Rs. 11.591 million (2015: Rs. 11.591 million).

9.6 Principal Terms of Investments in Market Treasury Bills - Federal Government Securities

Name of investment	Credit rating	Maturity period	Principal payment	Rate % per annum	Coupon payment
Held for trading	Unrated	February 2016	On maturity	5.92	nil
Available for sale	Unrated	January 2017 to August 2017	On maturity	5.86 to 6.20	nil

9.6.1 Market Treasury Bills are held by the Bank which also cover statutory liquidity reserve requirements calculated on the basis of domestic demand and time liabilities. Market value of Market Treasury Bills classified as 'held to maturity' as on December 31, 2016 is nil (2015: Rs. 4,275.483 million).

9.7 Principal Terms of Investments in Pakistan Investment Bonds - Federal Government Securities

Name of investment	Credit rating	Maturity period	Principal payment	Rate % per annum	Coupon payment
Available for sale	Unrated	July 2018 to July 2022	On maturity	6.37 to 12.55	bi-annually
Held to maturity	Unrated	July 2017 to August 2021	On maturity	10.00 to 10.50	bi-annually

9.7.1 Market value of Pakistan Investment Bonds classified as 'held to maturity' as on December 31, 2016 is Rs. 1,334.75 million (2015: Rs. 1,669.25 million).



9.8 Particulars of Investments in Term Finance Certificates

Name of investment	Credit rating	Maturity period	Principal payment	Rate % per annum	Coupon payment
Bank Alfalah Limited	AA-	February 2021	On maturity	7.28	bi-annually

9.9 Particulars of Investment in Subsidiary Company (Un-Listed)

Name of investment	Note	Percentage of holding	Number of shares held	Break up value per share (Rupees)	Based on audited financial statements for the year ended	"Name of chief executive/ managing director"
Kissan Support Services (Private) Limited (KSSL)						
(Ordinary shares)	9.9.1	100%	10,000,000	47.15	December 31, 2016	Lt Col (R) Khalid Rafique

9.9.1 KSSL is a wholly owned subsidiary of the Bank and was incorporated in Pakistan as a private limited company on September 19, 2005. KSSL provides multiple services to the Bank including security and janitorial services.

9.10 Quality of Available-for-Sale Securities

	2016		2015	
	Market value	Credit rating	Market value	Credit rating
	Rs. in '000		Rs. in '000	
Shares in listed companies				
Nestle Pakistan Limited	3,874,959	Unrated	3,358,298	Unrated
Pakistan Investment Bonds	6,818,933	Unrated	5,693,653	Unrated
Market Treasury Bills	23,720,292	Unrated	4,678,533	Unrated
Term Finance Certificates - listed				
Bank Alfalah Limited	40,994	AA-	40,689	AA-
	<u>34,455,178</u>		<u>13,771,173</u>	

2016 2015
Rupees in '000

9.11 Unrealized Loss on Revaluation of Investments Classified as Held-for-Trading

Market Treasury Bills	(80)	-
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10 ADVANCES - NET

Note	2016 Rupees in '000	2015 Rupees in '000
Loans, etc.		
In Pakistan - gross	141,268,159	134,692,046
Less:		
- Provision against non-performing advances	(5,474,388)	(5,111,238)
- Provision against staff advances	(28,621)	(28,064)
Advances - net of provision	135,765,150	129,552,744

10.1 Particulars of advances (gross)

10.1.1 In local currency	141,268,159	134,692,046
10.1.2 Short term	80,577,376	76,144,132
Long term	60,690,783	58,547,914
	141,268,159	134,692,046

10.2 Advances include Rs. 22,742.475 million (2015: Rs. 16,524.468 million) which have been placed under non-performing status as detailed below:

Category of classification	2016 Rupees in '000		2015 Rupees in '000	
	Classified advances	Provision required	Classified advances	Provision required
Other assets especially mentioned	16,683,600	-	11,657,786	-
Substandard	3,202,634	640,527	2,262,169	452,429
Doubtful	2,044,765	1,022,385	1,891,406	945,702
Loss	811,476	811,476	713,107	713,107
Provision under portfolio audit - general	22,742,475	2,474,388	16,524,468	2,111,238
	-	-	-	-
	22,742,475	2,474,388	16,524,468	2,111,238
		3,000,000		3,000,000
		5,474,388		5,111,238
		5,474,388		5,111,238



10.3 Particulars of Provision against Non-Performing Advances

	2016		2015	
	Specific	General	Specific	General
	..... Rupees in '000			
Opening balance	2,111,238	3,000,000	3,919,999	3,000,000
Charge for the year	3,173,495	-	3,260,103	-
Reversals	(1,396,022)	-	(3,839,467)	-
Net charge / (reversal) for the year	1,777,473	-	(579,364)	-
Amounts written off (Note 10.4)	-	-	-	-
Amounts charged off (Note 10.5)	(1,414,323)	-	(1,229,397)	-
Closing balance	2,474,388	3,000,000	2,111,238	3,000,000

10.3.1 Particulars of provision against non-performing advances

	2016		2015	
	Specific	General	Specific	General
	..... Rupees in '000			
In local currency	2,474,388	3,000,000	2,111,238	3,000,000

10.3.2 Regulations R-11, R-12, R-13 and R-15 of the Prudential Regulations for Agriculture Financing prescribe minimum standards for classification and provisioning of non-performing loans. As per the time based criteria given in the aforesaid Regulations, provision against non-performing loans is to be made at a given percentage of the difference resulting from the outstanding balance of principal less the amount of realizable liquid assets and a given percentage of the value of mortgaged lands and buildings at the time of sanction of the loans. However, as a matter of prudence the Bank has not availed the benefit of allowed value of mortgaged lands and buildings while computing the provision against non-performing loans.

10.3.3 In addition to the time based criteria, the Bank has further de-graded the category of classified loans and advances amounting to Rs. 13,001 million (2015: Rs. 26.141 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

10.3.4 Provision against non-performing loans and advances - net

	Note	2016	2015
		Rupees in '000	
Provision / (reversal) against non-performing loans and advances	10.3	1,777,473	(579,364)
Provision against staff advances		557	6,254
		<u>1,778,030</u>	<u>(573,110)</u>



	Note	2016	2015
..... Rupees in '000			
10.4 Particulars of Write offs			
10.4.1 Against provisions		-	-
Write offs of Rupees 500,000 and above	10.6	-	-
Write offs of below Rupees 500,000		-	-
10.5 Particulars of Charged offs			
10.5.1 Against provisions		1,414,323	1,229,397
10.5.2 Charge offs of Rupees 500,000 and above		91,766	-
Charge offs of below Rupees 500,000		1,322,557	1,229,397
	10.7	1,414,323	1,229,397

10.6 Details of Write offs of Rupees 500,000 and Above

Market Treasury Bills are held by the Bank which also cover statutory liquidity reserve requirements calculated on the basis of domestic demand and time liabilities. Market value of Market Treasury Bills classified as 'held to maturity' as on December 31, 2016 is nil (2015: Rs. 4,275.483 million).

10.7 Particulars of Charged off

In terms of Prudential Regulations for Agricultural Financing - Part B (specific regulations) the Bank extinguishes its loans through provisions. The total balance for these off-balance sheet loans extinguished against provisions as at December 31, 2016 amounts to Rs. 20,883.374 million (2015: Rs. 22,467.640 million) with an addition of Rs. 1,414.322 million (2015: Rs. 1,229.397 million) as charge off loans during the year. Detail of charge offs out of extinguished loan portfolio exceeding five hundred thousand rupees is given at Annexure-I.

10.8 Particulars of Loans and Advances to Directors, Executives and Officers

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

	Note	2016	2015
..... Rupees in '000			
Balance at the beginning of year		1,713,953	1,690,246
Loans granted during the year		567,396	502,817
		2,281,349	2,193,063
Repayments		(457,934)	(479,110)
Balance at the end of year		1,823,415	1,713,953

11 OPERATING FIXED ASSETS

Capital work-in-progress	11.1	124,391	299,821
Property and equipment	11.2	1,946,754	1,801,344
Intangible assets	11.3	338	12
		2,071,483	2,101,177



11.1 Capital Work-in-Progress

	Opening balances	Additions	Transferred to Property and equipment	Closing balances
	Rupees in '000			
Civil works	212,599	46,980	211,469	48,110
Equipment	1,270	70,896	1,270	70,896
Advances to suppliers and contractors	67,142	-	67,142	-
Consultancy charges	15,282	2,532	13,461	4,353
Others	3,528	923	3,419	1,032
December 31, 2016	299,821	121,331	296,761	124,391
December 31, 2015	213,711	86,110	-	299,821

11.2 Property and Equipment

Description	COST			ACCUMULATED DEPRECIATION		Book value at December 31, 2016	Annual rate of Depreciation
	At January 01, 2016	Additions	(Deletion) / adjustments	At December 31, 2016	Charge for the year		
Land - Freehold	222,564	-	-	103,262	-	103,262	-
Land - Leasehold	15,139	-	(119,302)	8,414	10,289	3,747	Lease terms for 33 to 99 years
Buildings on freehold land	337,745	224,205	(6,725)	562,761	13,510	457,814	5%
Buildings on leasehold land	366,014	3,791	-	488,237	3,802	250,457	5%
Buildings on leasehold land - ADB	21,224	-	118,432	21,224	6,851	13,653	5%
Furniture and fixtures	311,883	120,379	(5,151)	412,523	35,091	303,879	10% / 20%
Computer, office and other equipment	682,973	137,395	(14,588)	778,866	112,849	337,660	20% / 33.33%
Computer, office and other equipment - ADB	157,519	-	-	221,744	601	3	20% / 33.33%
Vehicles	1,329,323	104,800	(98,335)	1,220,610	159,960	476,279	20%
			(115,178)				
	3,444,384	590,570	(107,928)	3,817,641	326,881	1,946,754	
			(109,385)				
				1,643,040	1,870,887	1,946,754	
			(50,941)				



		ACCUMULATED DEPRECIATION								
		COST								
	At January 01, 2015	At January 01, 2015	At December 31, 2015	At January 01, 2015	Charge for the year	(Depreciation on deletions)	At December 31, 2015	"Book value at December 31, 2015"	"Annual rate of Depreciation"	
	221,895	669	-	222,564	-	-	-	222,564	-	
Land - Freehold	15,139	-	-	15,139	9,888	401	10,289	4,850	-	
Land - Leasehold	333,278	4,467	-	337,745	64,155	13,855	78,010	259,735	5%	
Buildings on freehold land	360,559	5,455	-	366,014	121,501	4,290	125,791	240,223	5%	
Buildings on leasehold land	-	-	-	-	-	-	-	-	-	
- ADB	21,224	-	-	21,224	6,095	756	6,851	14,373	5%	
Furniture and fixtures	181,530	133,634	(3,281)	311,883	62,995	21,967	82,387	229,496	10%/20%	
Computer, office and other equipment	500,214	193,112	(10,353)	682,973	265,755	97,728	353,927	329,046	20/33.33%	
Computer, office and other equipment - ADB	157,519	-	-	157,519	157,519	-	157,519	-	20/33.33%	
Vehicles	1,010,833	404,724	(86,234)	1,329,323	747,020	127,928	828,266	501,057	20%	
	2,802,191	742,061	(99,868)	3,444,384	1,434,928	266,925	1,643,040	1,801,344		
11.2.1	Carrying amount of temporarily idle property							2016	2015	
								Rupees in '000		
								38,656	75,623	

11.2.2 The title documents of freehold land having cost of Rs. 0.849 million (2015: Rs. 0.849 million) and leasehold land having book value of Rs. nil (2015: Rs. nil) are still in the name of Agricultural Development Bank of Pakistan.

11.2.3 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs. 676.269 million.

11.2.4 During the year, the Bank undertook physical count of all its assets and assessed them for adjusting / writing-off / reclassification / incorrect capitalization etc. This exercise was duly certified by an independent consultant who reviewed the activity undertaken by the Bank and suggested to incorporate adjustments in cost of assets worth Rs. 85.403 million and in accumulated depreciation amounting to Rs. 83.426 million. Further, the Bank adjusted the cost of assets and accumulated depreciation with Rs. 23.982 million and Rs. 134.368 million respectively to rectify / reconcile / streamline its fixed asset register with its books of account and subsidiary records.



11.2.5 Detail of disposal of operating fixed assets during the year

Description	Cost	Accumulated depreciation	Book value	Sale proceed	" Mode of disposal / settlement "	Particulars of buyers	Location
Vehicles							
..... Rupees in '000							
Suzuki Cultus	1,039	450	589	589	As per Bank policy	Masood Anwar, SVP (R)	Islamabad
Toyota Corolla	1,565	1,017	548	650	As per Bank policy	Alamgir Khattak, EVP (R)	Islamabad
Suzuki Cultus	1,039	468	571	571	As per Bank policy	Yawar Ali Bukhari, SVP (R)	Islamabad
Toyota Corolla	1,565	1,043	522	650	As per Bank policy	Fiaz Khan, SVP (R)	Islamabad
Honda City	1,262	1,262	-	436	As per Bank policy	Khalid Zia, EVP (R)	Islamabad
Honda City	1,262	1,262	-	584	As per Bank policy	Sher Aman Khan, EVP (R)	Islamabad
Suzuki Cultus	1,039	554	485	485	As per Bank policy	Izhar Ahmad, SVP (R)	Islamabad
Honda Civic	1,562	1,562	-	1,179	Auction	Tariq Mehmood	Rawalpindi
Suzuki Cultus	1,045	296	749	749	As per Bank policy	Khalid Jamil, SVP (R)	Islamabad
Suzuki Cultus	1,045	209	836	836	As per Bank policy	Said Ghani Shah, SVP (R)	Islamabad
Intercooler	1,477	1,477	-	1,123	Auction	Syed Ghulam Mustafa	Lahore
Toyota Altis	1,899	1,411	488	488	As per Bank policy	Roohi R. Khan, Ex-COO	Islamabad
Honda City	1,049	384	665	665	As per Bank policy	Shazda Zia, SVP (R)	Islamabad
Suzuki Swift	1,050	280	770	770	As per Bank policy	Khawaja Ramzan, SVP (R)	Islamabad
Toyota Corolla	1,504	1,253	251	251	As per Bank policy	Muhammad Asaf Ch., EVP	Islamabad
Honda Civic	1,534	1,534	-	-	As per Bank policy	Abdul Ghaffar Bhatti, SEVP	Islamabad
Toyota Altis	1,044	331	713	713	As per Bank policy	Ghulam Haider, VP (R)	Islamabad
Toyota Corolla	1,657	387	1,270	1,270	As per Bank policy	Ghulam Rasool, EVP (R)	Islamabad
Honda City	1,044	557	487	487	As per Bank policy	Bilal Agha, A EVP (R)	Islamabad
Toyota Corolla	1,657	359	1,298	1,298	As per Bank policy	Ijaz Akhtar Rao, EVP (R)	Islamabad
Suzuki Swift	1,059	547	512	512	As per Bank policy	M. Gulistan Malik, SVP (R)	Islamabad
Suzuki Cultus	1,105	147	958	958	As per Bank policy	Syed Zulfiqar Ali, SVP	Islamabad
Toyota Corolla	1,452	1,452	-	-	As per Bank policy	Ch. Imtiaz Ahmed, EVP	Islamabad
	29,95	18,242	11,712	15,264			
Other assets having book value of less than Rs. 250,000 or cost of less than Rs. 1 million	77,974	29,851	48,123	78,097			
	107,928	48,093	59,835	93,361			



11.3 Intangible Assets

Description	COST		ACCUMULATED AMORTIZATION				Book value at December 31, 2016	Annual rate of amortization
	At January, 01 2016	At December 31, 2016	At January, 01 2016	Charge for the year	(Deletion)/ adjustments	At December 31, 2016		
Computer software	1,175	450	1,164	30	-	112	338	33.33%
		(1,175)			(1,082)			
Computer software - ADB	80,500	-	80,499	111	-	82,081	-	33.33%
		1,581			1,471			
	81,675	450	81,663	141	-	82,193	338	
		406			389			
Description	COST		ACCUMULATED AMORTIZATION				Book value at December 31, 2015	Annual rate of amortization
	At January, 01 2015	At December 31, 2015	At January, 01 2015	Charge for the year	(Deletions)/ adjustments	At December 31, 2015		
Computer software	1,159	16	1,057	107	-	1,164	11	33.33%
Computer software - ADB	80,500	-	80,499	-	-	80,499	1	33.33%
	81,659	16	81,556	107	-	81,663	12	

11.3.1 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 82.081 million.

11.3.2 During the year, the Bank undertook physical count of all its assets and assessed them for adjusting / writing-off / reclassification / incorrect capitalization etc. This exercise was duly certified by an independent consultant who reviewed the activity undertaken by the Bank and suggested to incorporate adjustments in cost of assets worth Rs. 0.825 million and in accumulated amortization amounting to Rs. 0.518 million. Further, the Bank adjusted the cost of assets and accumulated amortization with Rs. 0.419 million and Rs. 0.129 million respectively to rectify / reconcile / streamline its fixed asset register with its books of account and subsidiary records.



12 DEFERRED TAX ASSETS - NET

The details of the tax effect of taxable and deductible temporary differences are as follows:

	Note	2016	2015
Rupees in '000			
Taxable temporary differences on:			
Accelerated tax depreciation		(60,506)	(66,041)
Surplus on revaluation of assets	21	(1,307,121)	(1,169,230)
		<u>(1,367,627)</u>	<u>(1,235,271)</u>
Deductible temporary differences on:			
Defined benefit plans		1,659,247	1,496,756
Provision against non-performing loans and advances		313,328	185,456
		<u>604,948</u>	<u>446,941</u>

13 OTHER ASSETS - NET

Income / mark-up accrued on deposits in local currency		107,670	58,423
Income / mark-up accrued on securities		437,470	264,015
Accrued interest / mark-up on advances	13.1	9,570,334	9,638,620
Stationery and stamps in hand		106,452	85,979
Amount recoverable from Federal Government	13.2	2,111,529	1,476,547
Crop loan insurance claim recoverable from Insurance Companies		979	246
Tax recoverable	13.3	422,652	422,652
Non banking assets acquired in satisfaction of claims	13.4	236,857	246,497
Taxation (payments less provision)	18.1	-	-
Receivable from defined benefit plans	18.2	3,553,355	3,723,275
Stock of farm machinery		13,125	13,125
Advances against salary and expenses		15,986	22,459
Security deposits		6,172	6,059
Advances and other prepayments		346,214	1,301,962
Others		303,687	303,426
		<u>17,232,482</u>	<u>17,563,285</u>
Provision held against other assets	18.3	(783,815)	(780,525)
Other assets - net of provisions		<u>16,448,667</u>	<u>16,782,760</u>

13.1 This does not include Rs. 4,397.606 million (2015: Rs. 3,452.266 million) on account of unrealised mark-up on non performing loans and advances kept in the memorandum account in accordance with the Prudential Regulations for Agriculture Financing.

13.2 This includes amount recoverable from Federal Government on account of crop loan insurance premium amounting to Rs. 1,391.307 million (2015: Rs. 1,105.273 million), small livestock farmers premium amounting to Rs. 630.289 million (2015: Rs. 295.254 million) and animal tagging charges amounting to Rs. 32.799 million (2015: Rs. 19.164 million).



13.3 This includes tax recoverable of Rs. 297.149 million (2015: Rs. 297.149 million) for assessment years 1991-92 to 1998-99 as disclosed in Note 22.2.3.

13.4 Market value of non-banking assets acquired in satisfaction of claims amounts to Rs. 635.399 million (2015: Rs. 633.221 million).

	Note	2016 Rupees in '000	2015
13.5 Receivable from Defined Benefit Plans	33.4.1		
Pension scheme		1,818,166	1,545,639
Gratuity scheme - SR - 2005		8,283	-
Gratuity scheme - SSR - 1961		1,726,906	2,177,636
	18.2.1	<u>3,553,355</u>	<u>3,723,275</u>

13.5.1 These represent assets recognized by the Bank as required by International Accounting Standard (IAS) 19 'Employee Benefits' against its defined benefit schemes on the recommendation of independent actuary.

	Note	2016 Rupees in '000	2015
13.6 Provision Held against other Assets			
Opening balance		780,525	745,589
Charge for the year		13,256	61,984
Reversals		(9,966)	(27,048)
		<u>3,290</u>	<u>34,936</u>
Closing balance		<u>783,815</u>	<u>780,525</u>

14 BILLS PAYABLE

In Pakistan		<u>493,231</u>	<u>346,059</u>
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15 BORROWINGS

In Pakistan	15.1	<u>55,885,230</u>	<u>57,143,100</u>
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15.1 Particulars of Borrowings with Respect to Currencies

In local currency	15.2	<u>55,885,230</u>	<u>57,143,100</u>
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15.2 Details of Borrowings from Financial Institutions - Secured

Borrowing from State Bank of Pakistan (SBP)

Agricultural loans	15.3 & 15.5	<u>50,174,089</u>	<u>50,174,089</u>
Agri-project loans	15.4 & 15.5	<u>1,083,124</u>	<u>1,083,124</u>
		51,257,213	51,257,213
Repurchase agreement borrowings	15.7	<u>4,628,017</u>	<u>5,885,887</u>
		<u>55,885,230</u>	<u>57,143,100</u>



- 15.3** As per agreement with the SBP, these loans were obtained for providing finance to customers for agriculture purposes. Three credit lines amounting to Rs. 1.577 billion carried interest rate of 4.00% per annum while remaining thirty two credit lines amounting to Rs. 48.597 billion were based on profit and loss sharing subject to maximum share of profit to the SBP ranging from 4.00% to 10.00% per annum. These loans were secured by way of guarantee of Government of Pakistan (GoP).
- 15.4** These loans were given by the SBP for the purpose of providing finance to agro based industry. These were subject to profit and loss sharing with a maximum share of profit to the SBP ranging from 4.00% to 6.00% per annum. These were secured by guarantee given by the GoP.
- 15.5** In view of future financial viability and sustainability of the Bank, in a meeting, held on July 11, 2014 among Ministry of Finance (MoF), the SBP, the SECP and the Bank, it was decided to convert outstanding the SBP debt - principal (Rs. 51.257 billion), sub-ordinated loan (Rs. 3.204 billion) and accrued mark-up (Rs. 35.030 billion) owed by the Bank to the SBP as on June 30, 2014 into equity investment of the SBP in the Bank. It was also decided that Bank's claim against the GoP on account of mark-up differential and various Presidential Relief Packages shall be waived off by the Bank procedurally. As decided, the Board of Directors of the Bank in its meeting dated July 18, 2014 and the shareholders of the Bank in their extraordinary general meeting dated August 13, 2014 approved the conversion of the SBP debt of Rs. 89.491 billion into 8,949,098,476 fully paid-up ordinary shares as equity investment of the SBP in the Bank and the Bank's claim against the GoP was waived-off / written-off.

Further, it was mutually agreed between the Bank and the SBP that the SBP debt - principal amounting to Rs. 54.460 billion (SBP borrowings amounting to Rs. 51.257 billion and sub-ordinated loan amounting Rs. 3.204 billion) be converted into redeemable preference shares carrying a mark-up of 7.5% per annum, redeemable in one bullet payment on December 31, 2025. The mark-up on preference shares shall be payable half yearly on June 30 and December 31, each year and shall be the contractual obligation of the Bank.

Mark-up on the existing debt shall be accrued up to December 31, 2015 as per existing arrangements, leading to increase in accrued mark-up from Rs. 35.030 billion as on June 30, 2014 to Rs. 40.156 billion as on December 31, 2015. The accrued mark-up of Rs. 40.156 billion be converted into ordinary shares of the Bank, which has been shown as share deposit money of the Bank. The Board of Directors in their meeting held on February 02, 2016 and further in consultation with the SBP, resolution by circulation dated February 19, 2016, was approved by the Board of Directors of the Bank and has resolved to convert SBP's debt into preference shares and mark-up into ordinary shares of the Bank for which members approval has been obtained.

The principal of the preference shares and return thereon shall be guaranteed by the Federal Government of Pakistan.

- 15.6** After the reporting period, the Bank has filed Form - 3 with the SECP for issuance of ordinary and preference shares on March 20, 2017 and March 24, 2017 and consequently issued ordinary and preference shares to the SBP.
- 15.7** It carries markup at the rate of 5.85% to 5.95% (2015: 6.15%) and is secured against Pakistan Investment Bonds having carrying value of Rs. 1,000 million (2015: Rs. 4,967.633 million) and Market Treasury Bills having carrying value of Rs. 3,632.703 million (2015: Rs. 947.816 million). This is repayable by March 2017 (2015: January 2016).



	Note	2016 Rupees in '000	2015
16 DEPOSITS AND OTHER ACCOUNTS			
Customers - local currency			
Fixed deposits	16.1	38,552,079	14,074,688
Saving deposits	16.2	8,686,619	8,618,816
Current accounts - remunerative		63,736	90,903
Current accounts - non-remunerative	16.3	12,537,795	13,134,449
Unclaimed deposits		30,430	29,097
		<u>59,870,659</u>	<u>35,947,953</u>

16.1 This represents term deposits having tenure of 6 to 60 months (2015: 3 to 60 months) carrying interest at the rates ranging from 4.00% to 7.25% (2015: 6.00% to 8.25%) per annum.

16.1.1 This includes Rs. 152.206 million (2015: Rs. 12.172 million) as deposit of Kissan Support Services (Pvt.) Limited, wholly owned subsidiary of the Bank and Rs. 55.743 million (2015: Rs. 92.071 million) as deposit of employees' benefit funds.

16.2 This includes Rs. 6.979 million (2015: Rs. 0.063 million) as deposit of Kissan Support Services (Pvt.) Limited, wholly owned subsidiary of the Bank and Rs. 0.010 million (2015: Rs. 0.010 million) as deposit of employees' benefit funds.

16.3 This includes Rs. 0.029 million (2015: Rs. nil) as deposit of Kissan Support Services (Pvt.) Limited, wholly owned subsidiary of the Bank.

17 SUB-ORDINATED LOAN

As per restructuring plan of the Bank approved by the ECC of the Cabinet, the SBP's equity holding of Rs. 3.204 billion was converted into subordinated loan on terms to be agreed with the SBP. Accordingly, the Bank submitted a proposal to the SBP for restructuring the debt according to which the SBP's debt of Rs. 51.257 billion and SBP's subordinated debt of Rs. 3.204 billion was repayable in 15 equal annual installments commencing from 2006 onward with the provision to make repayment of the subordinated debt in the last installment and rate of mark up to be pegged at weighted average yield of 12 months Treasury Bill rate of 2.3558% per annum as per Treasury Bill auction dated June 12, 2003 and capped at the aforesaid markup rate for an initial period of five years.

As fully explained in note 15.6 and note 43, after the reporting period, the Bank has filed Form - 3 with the SECP for issuance of ordinary and preference shares on March 20, 2017 and March 24, 2017 and consequently issued ordinary and preference shares to the SBP.



	Note	2016	2015
Rupees in '000			
18 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,333,557	992
Accrued expenses		683,143	551,284
Branch adjustment account		38,173	118,432
Taxation (provisions less payments)	18.1	239,782	3,080,143
Net liabilities relating to Bangladesh	18.2	189	189
Payable to Ministry of Food Agriculture and Livestock	18.3	176,100	176,100
Profit payable on deposits and other accounts		918,040	371,231
Provision for:	33.4.1		
- gratuity scheme - SR - 2005		-	11,268
- employees' post retirement medical benefits		5,067,281	4,443,878
- employees' compensated absences		2,581,581	2,390,052
Payable to subsidiary company	38	118,968	47,990
Security deposits		11,488	16,913
Deferred income	18.4	13,656	14,375
Others	18.5	485,484	498,390
		13,667,442	11,721,237
18.1 Taxation - Net			
Opening balance		3,080,143	3,464,237
Charge during the year	28	3,405,121	2,618,525
Advance income tax/withholding tax		(6,245,482)	(3,002,619)
Closing balance		239,782	3,080,143
18.2 Net Liabilities relating to Bangladesh			
Liabilities		1,666,337	1,636,887
Assets		(1,666,148)	(1,636,698)
	18.2.1	189	189

18.2.1 This represents the amount relating to the activities of the Bank in Bangladesh (former East Pakistan) before its separation. In accordance with the Finance Division letter No. F.5(12)PEC(op-FR)/78-236 dated May 6, 1979 the Bank has to calculate interest on the loans made in Bangladesh as it does in the case of corresponding borrowings made from the SBP. Instead of carrying the interest to profit and loss account, the Bank shows it in the statement of financial position only. The Bank is accruing interest at the rate of 8% per annum on its loans and advances made in Bangladesh with contra increase in its liabilities relating to its activities in Bangladesh.

18.3 This represents the amount of Rs. 8.100 million (2015: Rs. 8.100 million) payable under Japanese KR-II Grant-1996 and Rs. 168 million (2015: Rs. 168 million) payable under Crop Maximization Project - Productivity Enhancement on Sustainable Basis.



	Note	2016	2015
Rupees in '000			
18.4 Deferred Income			
Opening balance		14,375	15,131
Amortization during the year	25	(719)	(756)
Closing balance		13,656	14,375

18.4.1 Deferred income comprises the grants from the Asian Development Bank via Government of Pakistan for Rural Support Development Finance Project (RSDFP).

18.5 This represents various payables which include insurance claims payable / adjustable against the loan liability of the borrowers, withholding income tax, contribution received from borrowers, etc.

19 SHARE CAPITAL

19.1 Authorized Capital

2016	2015		2016	2015
Number of shares			Rupees in '000	
12,500,000,000	12,500,000,000	Ordinary shares of Rupees 10 each	125,000,000	125,000,000

19.2 Issued, Subscribed and Paid up Capital

2016	2015		2016	2015
Number of shares			Rupees in '000	
1,186,961,201	1,186,961,201	Ordinary shares of Rupees 10 each		
		- fully paid in cash	11,869,612	11,869,612
65,282,866	65,282,866	- Issued as bonus shares	652,829	652,829
1,252,244,067	1,252,244,067		12,522,441	12,522,441

19.3

Shareholder	No. of ordinary shares	Paid-up value per share	2016	2015
Government of Pakistan	1,251,189,067	10	12,511,891	12,511,891
Government of Punjab	292,340	10	2,923	2,923
Government of Sindh	125,545	10	1,256	1,256
Government of Khyber Pakhtunkhwa	71,740	10	717	717
Government of Balochistan	37,875	10	379	379
Erstwhile East Pakistan	527,500	10	5,275	5,275
	1,252,244,067		12,522,441	12,522,441



20 RESERVES

	Revenue reserve		2016	2015
	Statutory reserves	Contingencies reserve		
..... Rupees in '000				
Opening balance	5,584,659	60,000	5,644,659	4,590,135
Transferred from unappropriated profit	654,867	-	654,867	1,054,524
Closing balance	6,239,526	60,000	6,299,526	5,644,659

20.1 Statutory reserves represent reserve maintained as per requirement of section 21 of the Banking Companies Ordinance, 1962.

20.2 The Bank has set aside contingencies reserve for insurance of cash, building and vehicles.

	2016	2015
	Rupees in '000	
21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) arising on revaluation of available-for-sale securities:		
Quoted investments	3,785,683	3,269,002
Other securities	(51,051)	71,655
	3,734,632	3,340,657
Related deferred tax liability	(1,307,121)	(1,169,230)
	2,427,511	2,171,427

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingent Assets

22.1.1 The Government of Pakistan reduced the markup rates on the Bank's advances from 14% to 9% vide Presidential Relief Package 2004 w.e.f. July 01, 2004. As per the directive of the Bank's Board of Directors, the Bank requested the Ministry of Finance to compensate the loss of revenue due to this reduction in rate of markup. The total claim in this respect was worked out at Rs. 33,062 million for the period from July 01, 2004 to June 30, 2014. This amount was not accounted for in these financial statements as the formal approval from Ministry of Finance was not received by the Bank. However, as more fully explained in Note 15.5, the Board of Directors has resolved to waive off this claim along with claims against Presidential Relief Packages (Note 22.1.2).

22.1.2 There was a contingent asset of an amount of Rs. 1.708 billion (2015: Rs. 1.708 billion) receivable from the Federal Government on account of following Presidential Relief Packages:



	2016	2015
	Rupees in '000	
Advances outstanding as at April 30, 2007 receivable from borrowers of Badin, Umerkot and Tharparkar districts outstanding as on April 30, 2007	752,444	752,444
Advances outstanding as at August 04, 2008 from borrowers of Girdawar Circles of Mathra and Khalisa of Peshawar districts	61,168	61,168
Advances outstanding as at May 31, 2007 from borrowers of Mansehra, Battagram, Kohistan and Shangla districts	296,773	296,773
Advances outstanding as at November 30, 2009 from borrowers of Gilgit Baltistan	597,341	597,341
	<u>1,707,726</u>	<u>1,707,726</u>

22.1.3 As more fully explained in Note 15.5, the Board of Directors has resolved to waive off claims against the above Presidential Relief Packages.

22.2.3 There is a contingency of an amount of Rs. 297.149 million and Rs. 54.828 million on account of minimum income tax levied by the Income Tax authorities under section 80-D of the Income Tax Ordinance, 1979, and various tax refunds pertaining to assessment years 1991-92 to 1998-99 and assessment year 1999-2000 respectively despite the income of the Bank being exempt from tax up to income year ended 30 June 1999. The Bank paid, under protest, these disputed tax demands and also filed writ petition in this respect in the Honorable Lahore High Court, Rawalpindi Bench, Rawalpindi. Later on, the Bank withdrew the said petition on the directions of the Federal Government and the case was referred to the Law and Justice Division of the Government of Pakistan (GoP) which decided the reference in the Bank's favour. The Federal Board of Revenue (FBR), disagreed with the aforesaid decision, further took up the matter with Federal Cabinet for its review. Federal Cabinet referred the case to the Attorney General of Pakistan (AGP) for final decision which was received on March 12, 2011 whereby the AGP decided that Section 27-A of the ADBP Ordinance should prevail over the said section 80-D of the Income Tax Ordinance, 1979.

	2016	2015
	Rupees in '000	
22.2 Contingent Liabilities		
22.2.1 Contingent liabilities in respect of 409 cases (2015: 471 cases) filed against the Bank by various borrowers.	<u>1,546,560</u>	<u>4,094,925</u>
22.2.2 Contingent liabilities in respect of 370 cases (2015: 480 cases) filed against the Bank in various courts of law by the employees."	<u>10,913,261</u>	<u>2,317,838</u>

22.2.3 This includes (Note 22.2.2) an estimated amount of Rs. 10.8 billion (2015: Rs. 2 billion) regarding case related to reduction in pension factor which was decided in the favour of the employees by the Honorable Islamabad High Court and challenged by the Bank before the Supreme Court of Pakistan. Supreme Court of Pakistan maintained the decision of Islamabad High Court through its short order dated October 17, 2016. The Bank has filed review petition in the Honourable Supreme Court of Pakistan. On April 26, 2017, while hearing the review petition of the Bank, the Supreme Court of Pakistan has set aside its short order dated October 17, 2016 for detailed hearing of the case. The legal counsel of the Bank is of the opinion that Bank carries very strong legal and factual grounds leading thereby to a favourable decision, therefore, no provision has been made in the financial statements.



- 22.2.4** Income Tax Department under section 161/205 of the Income Tax Ordinance, 2001 levied income tax amounting to Rs. 7.714 million for the tax year 2004. The Bank filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) who decided the case in favour of the Bank. However, being aggrieved, the FBR has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), hearing of the appeal was completed and decision is awaited. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 22.2.5** The cases relating to taxation matters of the Bank for the assessment years 2002-2003 and tax years 2003 to 2009 were contested by the Bank at various forums. ATIR vide its orders dated June 09, 2010, March 01, 2011, July 22, 2011 and April 16, 2012 has decided most of the issues involved in favour of the Bank. Final appeal effects order has also been received by the Bank as per the decisions of ATIR resulting in net refunds of Rs. 4,640.154 million out of which Rs. 1,887.415 million have been adjusted against payment of advance tax for the period from June 2012 to May 2013. Moreover, Rs. 1,776 million were adjusted by the FBR against the assessment for tax year 2014. However, Commissioner Inland Revenue (CIR) has filed reference applications under section 133 of the Income Tax Ordinance, 2001 against the aforementioned ATIR orders dated June 09, 2010, March 01, 2011, July 22, 2011 and April 16, 2012 before the Honorable Lahore High Court, Rawalpindi Bench for tax years 2003, 2004, 2006 and 2007 and Honorable Islamabad High Court, Islamabad for assessment year 2002-03 and tax years 2004, 2005, 2006, 2007, 2008 and 2009. No provision for income tax involved of approximately Rs. 9,917.854 million has been recognized in the financial statements as the Bank is confident for a favourable outcome based on the strong ground of appeal and opinion of legal counsel of the Bank.
- 22.2.6** The Deputy Commissioner Inland Revenue (DCIR) passed orders under section 122(4) of the Income Tax Ordinance, 2001 and raised demand of Rs. 3,307 million for tax years 2008 and 2009. The Bank filed appeals before CIR(A) who maintained the order. The Bank filed an appeal against the said order before the ATIR which has been decided and cases have been remanded back to the assessing officer. No order, in this regard, has been received so far. The Bank has not accounted for the demand as tax payable, as a favourable outcome is expected.
- 22.2.7** The Assistant Commissioner Inland Revenue (ACIR) raised demand of Rs. 429.747 million under section 161 of the Income Tax Ordinance, 2001 for the tax year 2010. CIR(A), against appeal filed by the Bank, remanded back the case to ACIR with the directions to provide opportunity to the assessee. The Bank and department both filed appeals before the ATIR which were decided in favour of the Bank. However, the department has filed reference application before Honorable Islamabad High Court, Islamabad under section 133 of the Income Tax Ordinance, 2001 which is pending for adjudication. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 22.2.8** ACIR passed orders under section 122(5A) and raised demand of Rs. 3.288 billion for tax year 2010, Rs. 2.923 billion for tax year 2011 and Rs. 2.037 billion for tax year 2012. The Bank filed appeal before CIR(A) who remanded back the cases to ACIR. The Bank filed appeals with ATIR against the orders of the CIR(A) which were decided by the ATIR in favour of the Bank in most of the issues. However, the department has filed reference application before Honorable Islamabad High Court, Islamabad against the issues favouring the Bank. On the directions of ATIR Orders the department passed appeal effects Orders u/s 124/122 (5A) of the ITO' 2001 and raised demand of Rs. 616.611 million for Tax Year 2010, Rs. 844.800 million for Tax Year 2011 and Rs. 321.531 million for Tax Year 2012. Being aggrieved the Bank filed appeals before CIR(A) against the Orders of Add. Commissioner (IR) who in its Order deleted the additions in most of the issues. The ACIR on the directions of CIR(A) further issued orders u/s 124 /122(5A) for Tax Year 2010 converting the earlier demand to refund of Rs. 164.934 million, for Tax Year 2011 reducing the tax liability from Rs. 844.800 million to Rs. 619.849 million and for Tax Year 2012 reducing the tax liability from Rs. 321.531 million to Rs. 5.180 million respectively. Being aggrieved the Bank filed appeal before ATIR against the order of CIR(A). Further the Bank is in the process of filing appeals before CIR(A) against the above ACIR Orders for Tax Year 2010, 2011 & 2012. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.



- 22.2.9** DCIR passed order under section 161/205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 208.337 million for tax year 2011. The Bank filed appeal before CIR(A) against the orders of DCIR who remanded back the case to Assessing Officer for verification. The Bank has filed appeal before ATIR against the orders of the CIR(A). ATIR decided the case in favour of Bank on the issue of default surcharge. However, the department has filed reference application before Honorable Islamabad High Court, Islamabad. Further, the Assessing Officer on remanded back case after verification on various issues reduced the demand to Rs. 14.366 million. Being aggrieved the Bank filed appeal before CIR(A) against the order of Assessing Officer on remanded back case who deleted various issues and also confirmed the action of Assessing Officer on certain issues. Being aggrieved both the Bank and the department have filed appeal before ATIR against the orders of the CIR(A). The ATIR against the appeals of Bank and Department decided the case in favour of the Bank. Further, on a remanded back issues, the Assessing Officer further created a demand of Rs. 7.527 million. Being aggrieved, the Bank filed appeal before CIR(A) who remanded back the case to the department denovo consideration with the direction that while giving appeal effects, the order of the ATIR may be kept in mind. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 22.2.10** ACIR passed order under section 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 4.920 billion for tax year 2013. The Bank filed appeal before CIR(A) against the orders of ACIR who deleted the demand on various issues and also confirmed the action of ACIR on certain issues. The Bank and FBR both have filed appeals before ATIR against the orders of the CIR(A) which were decided in favour of the Bank except Rs. 2.830 billion which were remanded back to ACIR. However, the department has filed reference application before Honorable Islamabad High Court, Islamabad. On the directions of ATIR Orders the department passed appeal effects Orders u/s 124/122 5(A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 829.428 million. Being aggrieved the Bank filed appeals before CIR(A) against the Orders of Additional Commissioner (IR) who decided the case in most of the issues in favour of the Bank, the appeal effects on the basis of CIR(A) is pending. Further, the Bank filed appeal before ATIR against the order of CIR(A). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 22.2.11** DCIR passed order under section 161/205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 27.792 million for tax year 2009. To avail the Government amnesty, the Bank paid Rs. 19.183 million under protest with waiver of penalty amount of Rs. 8.609 million under amnesty. The FBR allowed the amnesty to the Bank. The Bank has filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. The Bank has filed appeal before ATIR against the orders of the CIR(A) who decided the case in favour of the Bank except remanded back the issue of profit on debt for verification. However, the department has filed reference application before Honorable Islamabad High Court, Islamabad. The Assessing Officer passed order u/s 124 read with 161 of the Income Tax Ordinance and raised demand of Rs. 20.435 million on remanded back issue. The Bank has filed appeal before CIR(A). The Assessing Officer on the directions of CIR(A) further issued order u/s 124 / 161 / 205 converted the earlier demand to refund of Rs. 16.752 million. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 22.2.12** DCIR passed order under section 161/205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 15.943 million for tax year 2012. The Bank filed appeal before CIR(A) against the orders of DCIR. The CIR(A) deleted various issues and confirmed certain issues resulting to reduce the tax demand from Rs. 15.943 million to Rs. 3.892 million. Being aggrieved the Bank has filed appeal before ATIR against the orders of the CIR(A). The ATIR decided the case in favour of the Bank. Appeal effects are pending with assessing officer.
- 22.2.13** DCIR passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 3.059 billion for the tax year 2014. Further, on a rectification application filed by the Bank the Assessing Officer passed rectification order by reducing demand to Rs. 1.278 billion by adjustment of refund of Rs. 1,776 million and arithmetic error of Rs. 14 million. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A) and the same is pending for hearing. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.



- 22.2.14** ACIR passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 5.550 billion for the tax year 2015. The Bank filed appeal before CIR(A) against the orders of ACIR. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 22.2.15** ACIR passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 1.511 billion for the tax year 2016. The Bank filed appeal before CIR(A) against the orders of ACIR. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 22.2.16** The Assessing Officer (A.O.) u/s 205(1A) of the Income Tax Ordinance, 2001 raised default surcharge demand of Rs. 9.566 million for the tax year 2016 and Rs. 3.550 million for tax year 2017 against delayed payment of advance tax u/s 147 of ITO' 2001. The CIR(A) on the Bank's appeal remanded back the case to A.O. Being aggrieved, the Bank has filed appeal before ATIR. The ATIR in its order deleted the default surcharge for which appeal effect are pending.
- 22.2.17** The Assessing Officer passed orders under section 161 of the Income Tax Ordinance, 2001 and raised demands of Rs. 3.076 million for Tax Year 2014, Rs 0.207 million and Rs. 2.270 million respectively for tax year 2015 against short deduction of withholding taxes under various heads. The Bank is in the process of filing appeal before CIR(A) against the orders of Assessing Officer. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 22.2.18** The cases relating to Federal Excise Duties / Sales tax matters of the Bank for the years 2008, 2009, 2010, 2011 and 2012 were contested by the Bank at various forums. ATIR vide its orders dated May 07, 2012, January 08, 2013, November 26, 2013 and March 13, 2014 has decided most of the issues involved in favour of the Bank. However, Commissioner Inland Revenue (CIR) has filed reference applications under section 47 of the Sales Tax Act, 1990 and under section 34A of the Federal Excise Act, 2005 against the aforementioned ATIR orders before the Honorable Islamabad High Court, Islamabad for years 2008, 2009, 2010, 2011 and 2012. No provision for amount involved of approximately Rs. 825.121 million has been recognized in the financial statements as the Bank is confident for a favourable outcome.
- 22.2.19** DCIR passed orders relating to FED for the period January 2013 to December 2013 and January 2014 to December 2014 creating a demand of Rs. 738.892 million and Rs. 681.109 million respectively. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A) and the same is pending for hearing. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 22.2.20** DCIR passed orders relating to Sales Tax for the period January 2013 to December 2013 and January 2014 to December 2014 creating a demand of Rs. 4.470 million and Rs. 13.295 million respectively. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A) and the same is pending for hearing. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.



	2016	2015
	Rupees in '000	
22.3 Commitments against		
Capital expenditure	-	38,188
ERP implementation	12,719	-
23 MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to customers	17,473,887	16,611,328
On investments:		
- In held to maturity securities	169,361	397,706
- In held for trading securities	129,228	-
- In available for sale securities	1,373,118	1,001,941
	1,671,707	1,399,647
On deposits with financial institutions	450,620	207,919
On securities purchased under resale agreement	12,715	38,896
On call money lendings	22,492	1,558
	19,631,421	18,259,348
24 MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	1,978,895	769,468
On borrowings and subordinated debt -		
State Bank of Pakistan	3,326,951	5,126,544
On securities sold under repurchased agreement	127,986	98,150
Bank commission and other charges	21,649	22,407
	5,455,481	6,016,569
25 OTHER INCOME		
Rent on property - KSSL - subsidiary company	7,013	7,502
Rent on property - others	26,240	38,696
	33,253	46,198
Recoveries of charged off amounts	1,947,872	2,916,752
Gain on sale of operating fixed assets	33,526	20,114
Loan application fee	1,626,191	1,556,550
Deferred income amortization	18.4 719	756
Others	25.1 425,960	553,133
	4,067,521	5,093,503
25.1 Others		
Sale proceeds of loan application forms	56,923	60,770
Postal charges received from loanees	171,767	202,577
Credit worthiness report, renewal of Sada Bahar		
Scheme and other charges recovered	25.1.1 197,270	289,786
	425,960	553,133

25.1.1 Other charges includes sale of scrap, business margin and charges of issuance of cheque books etc.



	Note	2016 Rupees in '000	2015
26 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	26.1	7,108,549	7,057,559
Charge / (reversal) for defined benefit plans:	33.4.5		
- Pension scheme	#REF!	(59,988)	268,181
- Benevolent scheme - officers / executives		(60,018)	(20,327)
- Benevolent scheme - clerical / non-clerical		(35,207)	(34,028)
- Gratuity under old staff regulations		(168,437)	(218,172)
- Gratuity scheme - staff regulation 2005		131,189	110,111
- Employees' compensated absences		424,204	145,921
		231,743	251,686
(Reversal) / charge for contribution to defined contribution plan - provident fund	33.1.8	(273,750)	41,626
Non-executive directors' fees and other expenses		8,375	7,696
Rent, taxes, insurance, electricity, etc.		316,852	270,696
Legal and professional charges		45,425	60,452
Communications		98,940	90,005
Repairs and maintenance		62,985	73,803
Motor vehicle expenses		387,709	401,009
Traveling expenses		151,678	162,368
Stationery and printing		98,598	99,171
Advertisement and publicity		13,430	15,827
Auditors' remuneration	26.2	5,724	5,886
Depreciation - tangible	11.2	326,881	266,925
Amortization - intangible	11.3	141	107
Services rendered by KSSL - subsidiary company		1,126,737	866,995
Commutation to employees	26.3	4,139	5,748
Others		134,905	123,251
		<u>9,849,061</u>	<u>9,800,810</u>

26.1 This includes post retirement medical benefit amounting to Rs. 540.390 million (2015: Rs. 685.692 million).



26.2 Auditors' Remuneration

	2016		Total
	BDO Ebrahim & Co.	Horwath Hussain Chaudhury & Co.	
	..... Rupees in '000		
Audit fee	951	900	1,851
Fee for half year review	216	215	431
Consolidation of the financial statements of subsidiary company	261	250	511
Other certifications	573	450	1,023
Sales tax	-	91	91
Out of pocket expenses	942	875	1,817
	2,943	2,781	5,724

	2015		Total
	BDO Ebrahim & Co.	Riaz Ahmad & Co.	
	..... Rupees in '000		
Audit fee	951	951	1,902
Fee for half year review	216	216	432
Consolidation of the financial statements of subsidiary company	261	261	522
Other certifications	573	573	1,146
Out of pocket expenses	942	942	1,884
	2,943	2,943	5,886

26.3 Commutation to Employees

- Under Staff Regulations - 2005

Commutation to employees under Staff Regulations - 2005 (SR - 2005) comprises the differential of 100% commutation of pension (on the basic pay admissible as on the date of option in respect of officers / executives under SSR-1961 opted for SR - 2005) and amount received from pension fund thereof.

- Voluntary Golden Handshake Scheme - 2011 for drivers

All drivers of the Bank having age between 55-59 years as on January 01, 2011 were entitled for Voluntary Golden Handshake Scheme (VGHSS - 2011) subject to completion of 10-20 years of service. VGHSS - 2011 comprises commutation of pension, compensation, leave encashment, general provident fund, benevolent fund grant and medical facilities.



	Note	2016	2015
		Rupees in '000	
27 OTHER CHARGES			
Penalties imposed by SBP		45,437	23,974
Fixed assets - adjustments	27.1	168,911	-
		<u>214,348</u>	<u>23,974</u>

27.1 During the year, the management carried out the physical verification of fixed assets of the Bank. Moreover, minimum capitalization threshold has been defined for each type of asset. As a result of the above, certain adjustments have been made in the books of account to reconcile the eligible physical available assets with balance of books of accounts and adjustments to reconcile the opening balances of books of accounts and fixed asset schedule.

	Note	2016	2015
		Rupees in '000	
28 TAXATION			
For the year:			
Current		2,415,993	2,257,101
Deferred		(133,408)	487,678
Prior year	28.1	989,128	361,424
		<u>3,271,713</u>	<u>3,106,203</u>

28.1 The Finance Act, 2016 has continued with the requirements of super tax of 4 percent of the taxable income of previous year. As a result, Rs. 332.947 million (2015: Rs. 361.424 million) has been recognized as prior year tax charge.

	2016	2015
	Rupees in '000	
28.2 Relationship between Income Tax Expense and Accounting Profit		
Accounting profit for the year	<u>6,546,050</u>	<u>8,378,824</u>
Tax rate	<u>35%</u>	<u>35%</u>
Tax on accounting income	2,291,118	2,932,588
Tax effect of permanent differences		
Penalties imposed by SBP	15,903	8,391
Repair allowance of one fifth allowed against rental income	(2,328)	(3,234)
	13,575	5,157
Tax effect of prior years	989,128	361,424
Others	(22,108)	(192,966)
	<u>3,271,713</u>	<u>3,106,203</u>



	2016	2015
29 BASIC EARNINGS PER SHARE		
Profit after tax for the year - Rupees in '000	3,274,337	5,272,621
Weighted average number of ordinary shares outstanding during the year	<u>1,252,244,067</u>	<u>1,252,244,067</u>
Basic earnings per share - Rupees	<u>2.61</u>	<u>4.21</u>

30 DILUTED EARNINGS PER SHARE		
(Loss) / profit after tax for the year - Rupees in '000	<u>3,274,337</u>	<u>5,272,621</u>
Weighted average number of ordinary shares outstanding during the year	<u>1,252,244,067</u>	<u>1,252,244,067</u>
Diluted (loss) / earnings per share - Rupees	2.61	4.21

30.1 There is no dilutive effect on the basic earnings per share of the Bank. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Bank has no dilutive equity instruments, however, share deposit money has not been treated as convertible instrument.

	2016	2015
	Number	
31 STAFF STRENGTH		
Permanent	5,695	5699
Contractual	<u>5</u>	<u>7</u>
Total staff strength	<u>5,700</u>	<u>5,706</u>

32 CREDIT RATING

JCR-VIS Credit Rating Company Limited, Karachi in their report dated June 29, 2016 has reaffirmed credit rating of the Bank at AAA (2015: AAA) with stable outlook and short-term credit rating of A-1+ (2015: A-1+).

33 DEFINED BENEFIT AND CONTRIBUTION PLANS

The Bank operates the following retirement benefit plans for its employees:

- Pension Scheme - funded
- Benevolent Scheme - funded
- Employees Gratuity Scheme - funded
- Post Retirement Medical Benefits - unfunded
- Employees Compensated Absences - unfunded
- Defined Contribution Plan

33.1 Brief description of each fund is as follows:

33.1.1 Pension scheme

The Bank operates an approved pension scheme for employees who opted for the scheme introduced in year 1975 for clerical / non-clerical staff and in the year 1977 for officers / executives. The contributions are made on the basis of actuarial recommendation.



33.1.2 Benevolent scheme - officers

The Bank operates an approved funded benevolent scheme for all officers / executives of the Bank for which contributions are made at the rate of 2% of basic pay to a maximum of Rs. 200, by each officer / executive. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

33.1.3 Benevolent scheme - staff

The Bank operates an approved funded benevolent scheme for all clerical / non-clerical staff for which contributions are made at different rates but not exceeding Rs. 100 by each employee. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

33.1.4 Gratuity under old Staff Regulations - SSR 1961

For employees who opted for the scheme introduced in 1975 for clerical / non-clerical staff and in 1977 for officers / executives, the Bank operates an approved funded gratuity scheme in which monthly contributions, if the employee has less than ten years of service, are made by the Bank on the basis of actuarial recommendation.

33.1.5 Gratuity under Staff Regulations - 2005 (SR-2005)

The Bank also operates a separate Gratuity Fund scheme, w.e.f. August 2006, established upon introduction of Staff Regulations - 2005 (SR-2005) for the employees governed under SR-2005. Contributions to this Fund are made by the Bank on the basis of actuarial valuation.

33.1.6 Post retirement medical benefits

The Bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial valuation carried out by independent actuary by using Projected Unit Credit (PUC) method.

33.1.7 Employees compensated absences - unfunded

The liability of the Bank in respect of long-term employees compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit (PUC) method.

33.1.8 Defined contribution plan

The Bank operates an approved non-contributory provident fund (General Provident Fund) through an independent trust for 3,638 (2015: 3,824) employees who are governed under Staff Service Regulations 1961. Contributions to the fund are made by the employees only at the rate of 8% of mean of pay scale per month.

The Bank also operates Contributory Provident Fund scheme introduced in 2006 (w.e.f. July 2006) for 2,057 (2015: 1,883) employees governed under SR-2005. Contributions to the Contributory Provident Fund is made by the employees and the Bank, if their remaining service is more than ten years from the date of option / appointment, at the rate of 2% of monetized salary per month. During the year, the Bank contributed Rs. 273.750 million (Cr.) (2015: Rs. 41.626 million) in respect of this fund. This credit balance shows refund of bank matching contribution to fund in respect of transferred employees (from SR-2005 to SSR-1961).



The Bank has contributory provident fund scheme for benefit of all its permanent employees. The Funds are maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Bank. The title of the funds is as follow;

Employees Provident Fund, Employees Provident Fund (Officers), Employees Contributory Provident Fund and Employees Provident Fund (Staff).

The Trustees have intimated that the size of the Funds at year end was Rs. 4,262.139 million. As intimated by the Trustees, the cost of the investments made at year end was Rs. 4,126.912 million (2015:Rs.3,913.853 million) which is equal of 96.83% (2015: 93.44%) of the total fund size. The fair value of the investments was Rs. 4,262.139 million (2015: Rs. 4,120.054 million) at that date. The category wise break up of investment as per section 227 of the Companies Ordinance, 1984 is given below:

	2016	2015
	Rupees in '000	
Investment in TDR	2,875,122	326,762
Pakistan Investment Bond	1,251,790	3,587,090
	4,126,912	3,913,852

According to the Trustees, investments out of provident fund have been made in accordance with the provisions of section 227 of Companies Ordinance, 1984 and the rules made thereunder. The figures have been taken from the un-audited accounts of the Funds.

33.2 Risks Associated with Defined Benefit Plans

Investment risk

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

33.3 Principal Actuarial Assumption

The latest actuarial valuation is carried out as at December 31, 2016. The actuarial valuations were made using the Projected Unit Credit (PUC) method based on the following significant assumptions:

	2016	..... % .....	2015
Valuation discount rate	8.00		9.00
Expected rate of increase in salary	6.00		7.00
Expected rate of return on plan assets	8.00		9.00
Expected rate of increase in pension	3.75		4.75
Expected rate of medical inflation	7.00		6.00



33.4 Defined Benefit Plans

33.4.1 Reconciliation of (receivable from) / payable to defined benefit plans:

	2016					
	Benevolent scheme			Gratuity		
	Officers	Staff	SSR-1961	SR-2005	Post retirement medical	Employees compensated absences
Pension						
	11,010,375	858,076	111,266	1,345,077	5,067,279	2,581,581
Present value of defined benefit obligation	(12,828,541)	(1,049,388)	(485,497)	(1,726,906)	-	-
Fair value of plan assets	(1,818,166)	(191,312)	(374,231)	(1,726,906)	(8,283)	2,581,581
Unrecognized due to impact of asset ceiling	-	191,312	374,231	-	-	-
Net (asset) / liability	(1,818,166)	-	(1,726,906)	(8,283)	5,067,279	2,581,581
	2015					
	Benevolent scheme			Gratuity		
	Officers	Staff	SSR-1961	SR-2005	Post retirement medical	Employees compensated absences
Pension						
	10,141,181	254,686	95,254	1,171,636	4,443,878	2,390,052
Present value of defined benefit obligation	(11,686,820)	(984,916)	(453,411)	(2,177,636)	-	-
Fair value of plan assets	(1,545,639)	(730,230)	(358,157)	(2,177,636)	11,268	2,390,052
Unrecognized due to impact of asset ceiling	-	730,230	358,157	-	-	-
Net (asset) / liability	(1,545,639)	-	(2,177,636)	11,268	4,443,878	2,390,052



33.4.2 Movement in (receivable from) / payable to defined benefit plans

	2016					Employees compensated absences
	Benevolent scheme		Gratuity		Post retirement medical	
Pension	Officers	Staff	SSR-1961	SR-2005		
	-----Rs. in '000-----					
Opening net (assets) / liability	(1,545,639)	-	(2,177,636)	11,268	4,443,878	2,390,052
Expense / (credit) for the year	(59,988)	(35,207)	(168,437)	131,189	540,390	424,204
Other comprehensive (income) / expense	397,491	37,807	6,938	3,549	173,536	(225,864)
Contribution to fund / benefits paid	2,199	(10,786)	-	(154,289)	(90,525)	(6,811)
Transferred from gratuity to pension	(612,229)	-	612,229	-	-	-
Closing net asset (assets) / liability	(1,818,166)	-	(1,726,906)	(8,283)	5,067,279	2,581,581
	-----Rs. in '000-----					
	2015					
Pension	Officers	Staff	SSR-1961	SR-2005	Post retirement medical	Employees compensated absences
	-----Rs. in '000-----					
Opening net (assets) / liability	(822,242)	-	(1,939,307)	53,215	4,220,464	866,380
Expense / (credit) for the year	268,181	(34,028)	(218,172)	110,111	685,692	145,921
Other comprehensive (income) / expense	(991,578)	31,443	(20,157)	62,581	(417,077)	1,381,187
Contribution to fund / benefits paid	-	(11,116)	-	(214,639)	(45,201)	(3,436)
Opening net (assets) / liability	(1,545,639)	-	(2,177,636)	11,268	4,443,878	2,390,052



33.4.4 Movement in fair value of plan assets

2016

	Benevolent scheme					Gratuity		Post retirement medical	Employees compensated absences
	Pension	Officers	Staff	SSR-1961	SR-2005	Post retirement medical	Employees compensated absences		
	----- Rs. in '000 -----								
Total assets as on January 01,	11,686,820	984,916	453,411	2,177,636	1,160,368	-	-	-	
Expected return on plan assets	1,001,426	86,267	43,542	168,437	108,424	-	-	-	
Actuarial gain / (loss) on asset	37,769	(12,152)	(10,672)	(6,938)	(4,126)	-	-	-	
Payment to Gratuity - SSR 1961	(123,177)	-	-	123,177	-	-	-	-	
Benefits paid	(384,327)	(31,215)	(5,984)	(123,177)	(65,595)	-	-	-	
Contributions - employer	(2,199)	10,786	2,600	-	154,289	-	-	-	
Contributions - employees	-	10,786	2,600	-	-	-	-	-	
Transferred from gratuity to pension	612,229	-	-	(612,229)	-	-	-	-	
Total assets as at December 31,	12,828,541	1,049,388	485,497	1,726,906	1,353,360	-	-	-	

2015

	Benevolent scheme					Gratuity		Post retirement medical	Employees compensated absences
	Pension	Officers	Staff	SSR-1961	SR-2005	Post retirement medical	Employees compensated absences		
	----- Rs. in '000 -----								
Total assets as on January 01,	10,689,847	853,939	394,084	1,939,307	816,088	-	-	-	
Expected return on plan assets	1,191,558	93,327	44,408	218,172	101,931	-	-	-	
Actuarial gain / (loss) on asset	190,676	41,908	13,616	20,157	62,428	-	-	-	
Payment to Gratuity - SSR 1961	(188,817)	-	-	188,817	-	-	-	-	
Benefits paid	(196,444)	(26,490)	(5,052)	(188,817)	(34,718)	-	-	-	
Contributions - employer	-	11,116	3,178	-	214,639	-	-	-	
Contributions - employees	-	11,116	3,177	-	-	-	-	-	
Total assets as at December 31,	11,686,820	984,916	453,411	2,177,636	1,160,368	-	-	-	



33.4.5 Expense / (income) recognized in the profit and loss account

	2016					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SSR-1961	SR-2005		
Pension						
	----- Rs. in '000 -----					
Current service cost	15,518	2,631	-	137,117	144,515	209,099
Interest cost	(64,750)	(35,238)	(168,437)	(5,928)	395,875	215,105
Contributions - employees	(10,786)	(2,600)	-	-	-	-
	(60,018)	(35,207)	(168,437)	131,189	540,390	424,204

	2015					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SSR-1961	SR-2005		
Pension						
	----- Rs. in '000 -----					
Current service cost	42,458	6,526	-	116,198	213,433	48,453
Interest cost	(51,669)	(37,377)	(218,172)	(6,087)	472,259	97,468
Contributions - employees	(11,116)	(3,177)	-	-	-	-
	(20,327)	(34,028)	(218,172)	110,111	685,692	145,921

33.4.6 Actual return on plan assets

	2016					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SSR-1961	SR-2005		
Pension						
	----- Rs. in '000 -----					
Actual return on plan assets - 2016	74,115	32,870	161,499	104,298	-	-
Actual return on plan assets - 2015	135,235	58,024	238,329	164,359	-	-

33.4.7 Expected contribution to be paid to funds in the next financial year

	2016					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SSR-1961	SR-2005		
Pension						
	----- Rs. in '000 -----					
Expected charge / (reversal) for next year	3,832	(29,762)	(138,153)	139,277	649,148	441,183



33.5 Composition of Fair Value of Plan Assets

Pension	2016						2015					
	Benevolent scheme			Gratuity			Benevolent scheme			Gratuity		
	Officers	Staff	%	SSR-1961	SR-2005	Pension	Officers	Staff	%	SSR-1961	SR-2005	Gratuity
	----- Rs. in '000 -----											
Government securities	570,272	212,889	43.85	442,380	946,767	27.93	54.36	43.85	25.62	69.96		
Term deposit receipts	478,351	270,067	55.63	1,290,781	412,192	55.12	45.59	55.63	74.74	30.46		
Deposits in the Bank	2,477	2,522	0.52	295	3,317	0.04	0.24	0.52	0.02	0.25		
Debtors and creditors	(2,013)	19	-	(6,549)	(8,915)	16.91	(0.19)	-	(0.38)	(0.67)		
Fair value of total plan assets	1,049,087	485,497	100.00	1,726,907	1,353,361	100.00	100.00	100.00	100.00	100.00		
	----- Rs. in '000 -----											
	Benevolent scheme			Gratuity <td colspan="3">Benevolent scheme</td> <td colspan="3">Gratuity </td>			Benevolent scheme			Gratuity		
	Officers	Staff	%	SSR-1961	SR-2005	Pension	Officers	Staff	%	SSR-1961	SR-2005	Gratuity
Government securities	947,160	438,229	96.65	1,100,555	2,242,776	57.14	96.16	96.65	50.54	193.28		
Term deposit receipts	32,876	13,240	2.92	1,131,222	-	12.69	3.34	2.92	51.95	-		
Deposits in the Bank	4,879	1,942	0.43	5,050	13,658	0.48	0.50	0.43	0.23	1.18		
Debtors and creditors	-	-	-	(59,190)	(955,444)	28.49	-	-	(2.72)	(82.34)		
Mark-up receivable from Gratuity	-	-	-	-	(140,621)	1.20	-	-	-	(12.12)		
SR-2005	984,915	453,411	100.00	2,177,637	1,160,369	100.00	100.00	100.00	100.00	100.00		
Fair value of total plan assets												



33.6 Five Year Data of Defined Benefit Plan and Experience Adjustments

	2016	2015	2014	2013	2012
33.6.1 Pension fund					
Present value of defined benefit obligation	11,010,375	10,141,181	9,867,605	2,748,554	1,848,263
Fair value of plan assets	(12,828,541)	(11,686,820)	(10,689,847)	(6,059,405)	(5,692,003)
Surplus in fund	(1,818,166)	(1,545,639)	(822,242)	(3,310,851)	(3,843,740)
Experience adjustments on plan obligations / assets					
Actuarial (loss) / gain on obligation	(435,260)	800,902	(3,738,355)	(881,695)	(301,482)
Actuarial gain / (loss) on assets	37,769	190,676	53,870	(73,607)	-
33.6.2 Benevolent scheme - Officers					
Present value of defined benefit obligation	858,076	254,686	383,546	245,632	244,874
Fair value of plan assets	(1,049,388)	(984,916)	(853,939)	(728,898)	(677,701)
Surplus in fund	(191,312)	(730,230)	(470,393)	(483,266)	(432,827)
Experience adjustments on plan obligations / assets					
Actuarial (loss) / gain on obligation	(608,356)	175,371	(36,303)	17,729	6,596
Actuarial (loss) / gain on assets	(12,152)	41,908	31,590	(17,984)	-
33.6.3 Benevolent scheme - Staff					
Present value of defined benefit obligation	111,266	95,254	65,027	28,012	31,149
Fair value of plan assets	(485,497)	(453,411)	(394,084)	(340,003)	(306,517)
Surplus in fund	(374,231)	(358,157)	(329,057)	(311,991)	(275,368)
Experience adjustments on plan obligations / assets					
Actuarial (loss) / gain on obligation	(13,661)	(24,900)	(176)	5,735	(1,618)
Actuarial (loss) / gain on assets	(10,672)	13,616	8,654	(5,540)	-



	2016	2015	2014	2013	2012
	..... Rupees in '000				
33.6.4 Gratuity - SSR 1961					
Present value of defined benefit obligation	-	-	-	-	-
Fair value of plan assets	(1,726,906)	(2,177,636)	(1,939,307)	(1,741,282)	(1,594,870)
Surplus in fund	(1,726,906)	(2,177,636)	(1,939,307)	(1,741,282)	(1,594,870)
Experience adjustments on plan assets					
Actuarial (loss) / gain on assets	(6,938)	20,157	1,681	(19,071)	-
33.6.5 Gratuity - SR 2005					
Present value of defined benefit obligation	1,345,077	1,171,636	869,303	1,634,839	992,636
Fair value of plan assets	(1,353,360)	(1,160,368)	(816,088)	(1,675,887)	(1,360,616)
(Surplus) / deficit in fund	(8,283)	11,268	53,215	(41,048)	(367,980)
Experience adjustments on plan obligations / assets					
Actuarial gain / (loss) on obligation	577	(125,009)	(253,178)	(389,395)	72,489
Actuarial (loss) / gain on assets	(4,126)	62,428	18,034	(24,461)	(13,283)
33.6.6 Post retirement medical benefits					
Present value of defined benefit obligation	5,067,279	4,443,878	4,220,464	2,325,802	1,257,078
Fair value of plan assets	-	-	-	-	-
Deficit in fund	5,067,279	4,443,878	4,220,464	2,325,802	1,257,078
Experience adjustments on plan obligations					
Actuarial (loss) / gain on obligation	(173,536)	417,077	(1,294,026)	(626,788)	107,383
33.6.7 Employees compensated absences					
Present value of defined benefit obligation	2,581,581	2,390,052	866,380	681,457	446,202
Fair value of plan assets	-	-	-	-	-
Deficit in fund	2,581,581	2,390,052	866,380	681,457	446,202
Experience adjustments on plan obligations					
Actuarial gain / (loss) on obligation	225,864	(1,381,187)	-	-	-



33.7 Sensitivity Analysis

	Pension	% change	Post retirement medical	% change
	Rs. in '000		Rs. in '000	
Current liability	11,010,375		5,067,279	
+1% discount rate	10,072,743	-8.5	4,879,717	-3.7
-1% discount rate	12,136,009	10.2	5,924,849	4.5
+1% salary increase	11,454,949	4.0	5,132,878	1.3
-1% salary increase	10,597,106	-3.8	4,994,444	-1.4
+1% pension increase / medical inflation rate	11,634,525	5.7	5,237,893	3.4
-1% pension increase / medical inflation rate	10,478,367	-4.8	4,928,020	2.7
+10% withdrawal rates	11,010,375	0.0		
-10% withdrawal rates	11,010,375	0.0		
1 year mortality age set back	10,977,344	-0.3		
1 year mortality age set forward	11,043,406	0.3		



34 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2016	2015
Rupees in '000			
Profit before taxation		6,546,050	8,378,824
Dividend income		(148,540)	(81,805)
		6,397,510	8,297,019
Adjustments for non-cash charges:			
Depreciation	11.2	326,881	266,925
Amortization	11.3	141	107
Amortization of deferred income	18.4	(719)	(756)
Provision against non-performing loans and advances - net		1,778,030	(573,110)
Provision for employees post retirement medical benefits	33.4.5	540,390	685,692
Provision against other assets - net	18.3	3,290	34,936
Fixed assets - charged off	27	58,431	-
Write offs under relief packages		206,861	160,009
Mark-up on borrowing and sub-ordinated debt-SBP		-	5,126,543
Charge for defined benefit plans - net	26	231,743	251,686
Unrealized loss on revaluation of investments classified as held-for-trading	9.11	80	-
Gain on sale of securities		(179,322)	(366,437)
Gain on sale of operating fixed assets	25	(33,526)	(20,114)
		2,932,280	5,565,481
		9,329,790	13,862,500

35 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	7	3,477,750	2,516,338
Balances with other banks	8	20,074,445	16,408,511
		23,552,195	18,924,849



36 COMPENSATION OF PRESIDENT, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for compensation, including all benefits to the President, Directors and Executives of the Bank is as follows:

	President / Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
Fee	-	-	8,375	7,696	-	-
Managerial remuneration	12,695	10,560	-	-	3,269,682	3,075,916
Charged for defined benefit plan	2,308	2,112	-	-	146,045	185,875
Contribution to defined contribution plan	-	-	-	-	25,217	42,382
Rent and house maintenance	6,389	1,897	-	-	423,621	275,536
Utilities	622	431	-	-	105,967	75,901
Medical	1,742	1,584	-	-	116,112	83,285
Conveyance	1,495	1,198	-	-	66,003	49,163
Club facility	-	625	-	-	-	-
Leave fare assistance	2,717	2,376	-	-	-	-
	27,968	20,783	8,375	7,696	4,152,647	3,788,058
Number of persons	1	1	9	8	2,724	2,555

36.1 The Chief Executive, Senior Vice Presidents and above, governed under SSR-1961, have been provided with Bank maintained cars. Vice Presidents and above, governed by SR-2005, have also been provided cars under Car Loan Depreciation Policy (CLDP).



37 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Agency services	Assets management	Retail brokerage	Agri financing
..... Rupees in '000									
2016									
Total income	-	-	-	-	-	-	-	-	24,053,121
Total expenses	-	-	-	-	-	-	-	-	17,507,071
Net income before tax	-	-	-	-	-	-	-	-	6,546,050
Taxation	-	-	-	-	-	-	-	-	3,271,713
Profit after tax	-	-	-	-	-	-	-	-	3,274,337
Segment assets (gross)	-	-	-	-	-	-	-	-	221,858,331
Segment non performing loans	-	-	-	-	-	-	-	-	22,742,475
Segment provision required	-	-	-	-	-	-	-	-	2,474,388
Segment liabilities	-	-	-	-	-	-	-	-	(133,120,885)
Segment return on net assets (%)	-	-	-	-	-	-	-	-	7.94%
Segment cost of funds (%)	-	-	-	-	-	-	-	-	4.59%
2015									
Total income	-	-	-	-	-	-	-	-	23,842,012
Total expenses	-	-	-	-	-	-	-	-	15,463,188
Net income before tax	-	-	-	-	-	-	-	-	8,378,824
Taxation	-	-	-	-	-	-	-	-	3,106,203
Income after tax	-	-	-	-	-	-	-	-	5,272,621
Segment assets (gross)	-	-	-	-	-	-	-	-	193,504,470
Segment non performing loans	-	-	-	-	-	-	-	-	16,524,468
Segment provision required	-	-	-	-	-	-	-	-	2,111,238
Segment liabilities	-	-	-	-	-	-	-	-	(108,362,672)
Segment return on net assets (%)	-	-	-	-	-	-	-	-	10.58%
Segment cost of funds (%)	-	-	-	-	-	-	-	-	6.25%



38 RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its subsidiary company, employee benefit plans, agriculture technology development fund, the Bank's directors and key management personnel.

The transactions between the Bank and its subsidiary, Kissan Support Services (Private) Limited, are carried out on "cost plus" method. Details of loans and advances to directors, executives and officers of the Bank, are given in note 10.8 to these financial statements. There are no transactions with key management personnel other than under their terms of employment. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan as disclosed in note 33 to these financial statements. Remuneration to the executives are determined in accordance with the terms of their appointment. Compensation to president, directors and executives and disposal of vehicles to employees are disclosed in note 36 and note 11.2.1 to these financial statements respectively. Details of transactions with related parties and balances with them other than those disclosed in these financial statements are as under:

	Subsidiary company		Key management personnel		Agricultural Technology Development Fund	
	2016	2015	2016	2015	2016	2015
	..... Rupees in '000'					
Advances						
Opening balance	-	-	12,285	11,559	-	-
Addition	-	-	5,552	6,680	-	-
Deletion	-	-	(5,021)	(5,954)	-	-
Closing balance	-	-	12,816	12,285	-	-
Deposits						
Opening balance	12,235	7,583	17,189	3,861	143,637	124,346
Addition	1,637,945	1,198,966	131,126	133,231	8,950	22,534
Deletion	(1,490,966)	(1,194,314)	(132,222)	(119,903)	(53)	(3,243)
Closing balance	159,214	12,235	16,093	17,189	152,534	143,637
Investments at the end of the year	100,000	100,000	-	-	-	-
Payable at the end of the year	118,968	47,990	-	-	-	-



	Subsidiary company		Key management personnel		Agricultural Technology Development Fund	
	2016	2015	2016	2015	2016	2015
	..... Rupees in '000'					
Other transactions						
Mark-up / interest earned	-	-	429	408	-	-
Mark-up / interest expensed	7,159	2,835	-	-	9,780	8,193
Compensation	-	-	110,118	81,962	-	-
Post retirement benefit	-	-	8,910	5,667	-	-
Contribution to defined benefit plans	-	-	1,240	967	-	-
Services rendered by subsidiary company	1,126,737	866,995	-	-	-	-
Rent and communication charges	7,013	7,502	-	-	-	-

39 CAPITAL ASSESSMENT AND ADEQUACY

39.1 Scope of Application

The Basel III Framework is applicable to the Bank at the level of standalone financial statements of the Bank. Standardized Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

39.2 Capital Management

Objectives and goals of managing capital

The Bank manages its capital to attain following objectives and goals:

- an appropriately capitalized status, as defined by banking regulations;
- acquire strong credit ratings that enable an optimized funding mix and liquidity sources at lesser costs;
- cover all risks underlying business activities; and
- retain flexibility to harness future investment opportunities; build and expand even in stressed times.

Statutory minimum capital requirement and capital adequacy ratio

The State Bank of Pakistan through its BSD Circular No. 07 dated April 15, 2009 requires the minimum paid-up capital (net of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on December 31, 2013. The paid-up capital of the Bank for the year ended December 31, 2016 stands at Rs. 12.522 billion and is in compliance with the SBP requirement. In addition, the banks are also required to maintain a minimum capital adequacy ratio (CAR) of 10.65% of the risk weighted exposure. The Bank's CAR as at December 31, 2016 is 46.69% of its risk weighted exposure.



The capital adequacy ratio of the Bank was subject to the Basel III capital adequacy guidelines stipulated by the SBP through its BPRD Circular No. 06 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:

S No.	Ratio	Year ended						As of 31 Dec 2019
		2013	2014	2015	2016	2017	2018	
1	CET 1	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	-	-	0.25%	0.65%	1.28%	1.90%	2.50%
6	Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%

- *(Consisting of CET1 only)

Bank's regulatory capital is analyzed in to three tiers:

Common Equity Tier 1 capital (CET1), which includes fully paid up capital, share premium, general reserves, statutory reserves as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CET1 (refer to note 39.3).

Additional Tier 1 Capital (AT1) which includes perpetual non-cumulative preference shares and Share premium resulting from the issuance of preference shares balance in share premium account after all regulatory adjustments applicable on AT1. However, the Bank currently does not have any AT1 (refer to note 39.3)

Tier 2 capital, which includes subordinated debt, general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets) and net of tax reserves on revaluation of equity investments up to a maximum of 78% of the balance after all regulatory adjustments applicable on Tier-2 (refer to note 39.3).

The required capital adequacy ratio (10.65% of the risk-weighted assets) is achieved by the Bank through improvement in the asset quality at the existing volume level, ensuring better recovery management, striking compromise proposal and settlement and composition of assets mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise the credit risk, market risk and operational risk.

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank. As the Bank carries on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across entire organization and aggregate the risks so as to take an integrated approach / view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Bank to particular operations or activities.

The Bank remained compliant with all externally imposed capital requirements throughout the year. Further, there has been no material change in the Bank's management of capital during the year.



39.3 Capital Adequacy Ratio

	2016	2015
	..... Rupees in '000	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital / Capital deposited with SBP	52,678,433	52,678,433
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 Discount on issue of Shares	-	-
5 General / Statutory Reserves	6,299,526	5,644,659
6 Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated / unremitted profits	21,034,629	18,716,929
8 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9 CET 1 before Regulatory Adjustments	80,012,588	77,040,021
10 Total regulatory adjustments applied to CET1 (Note 39.3.1)	(1,111,238)	(648,268)
11 Common Equity Tier 1	78,901,350	76,391,753
Additional Tier 1 (AT 1) Capital		
12 Qualifying Additional Tier-1 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 by consolidated subsidiaries and held by third parties (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 adjustments applied to AT1 capital (Note 39.3.2)	-	-
19 Additional Tier 1 capital	-	-
20 Additional Tier 1 capital recognized for capital adequacy	-	-
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	78,901,350	76,391,753
Tier 2 Capital		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	3,204,323	3,204,323
23 Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel III rules	-	-
24 Tier 2 capital instruments issued to third party 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	1,817,581	1,653,368
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on Property	-	-
29 of which: Unrealized Gains/Losses on AFS	1,893,459	1,454,856
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	6,915,363	6,312,547



	2016	2015	
	..... Rupees in '000		
33	Total regulatory adjustments applied to T2 capital (Note 39.3.3)	(20,000)	(30,000)
34	Tier 2 capital (T2) after regulatory adjustments	6,895,363	6,282,547
35	Tier 2 capital recognized for capital adequacy	6,895,363	6,282,547
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	6,895,363	6,282,547
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	85,796,713	82,674,300
39	Total Risk Weighted Assets (for details refer Note 39.6)	183,754,087	166,226,620
Capital Ratios and buffers (in percentage of risk weighted assets)			
40	CET1 to total RWA	42.94%	45.96%
41	Tier-1 capital to total RWA	42.94%	45.96%
42	Total capital to RWA	46.69%	49.74%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.00%	6.00%
44	of which: capital conservation buffer requirement	0.65%	0.25%
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)	42.94%	45.96%
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%



Regulatory Adjustments and Additional Information	2016		2015	
	Amount	Amounts subject to Pre - Basel III treatment	Amount	Amounts subject to Pre - Basel III treatment
..... Rupees in '000				
39.3.1 Common Equity Tier 1 capital:				
1 Goodwill (net of related deferred tax liability)	-	-	-	-
2 All other intangibles (net of any associated deferred tax liability)	(338)	-	(12)	-
3 Shortfall of 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	(1,090,900)	(1,818,166)	(618,256)	(1,545,639)
6 Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	-	-
7 Cash flow hedge reserve	-	-	-	-
8 Investment in own shares/ CET1 instruments	-	-	-	-
9 Securitization gain on sale	-	-	-	-
10 Capital shortfall of regulated subsidiaries	-	-	-	-
11 Deficit on account of revaluation from bank's holdings of property/ 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 capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
15 Amount exceeding 15% threshold	-	-	-	-
16 of which: significant investments in the common stocks of financial entities	-	-	-	-
17 of which: deferred tax assets arising from temporary differences	-	-	-	-
18 National specific regulatory adjustments applied to CET1 capital	-	-	-	-
19 Investment 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	(20,000)	-	(30,000)	(30,000)
22 Total regulatory adjustments applied to CET1 (sum of 1 to 21)	(1,111,238)		(648,268)	



Regulatory Adjustments and Additional Information	2016		2015	
	Amount	Amounts subject to Pre - Basel III treatment	Amount	Amounts subject to Pre - Basel III treatment
..... Rupees in '000				
39.3.2 Additional Tier 1 Capital: regulatory				
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 issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
28 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	(20,000)	-	(30,000)	-
29 Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	20,000	-	30,000	-
30 Total of Regulatory Adjustment	-	-	-	-
39.3.3 Tier 2 Capital: regulatory adjustments				
31 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	(20,000)	-	(30,000)	-
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)	(20,000)		(30,000)	



2016
..... Rupees in '000

2015

39.3.4 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
 - (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

-	-
1,818,166	1,545,639
-	-

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)

39,944	39,960
-	-
604,948	446,941

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

3,000,000	3,000,000
1,817,581	1,653,368
-	-
-	-



39.4 Capital Structure Reconciliation

Step 1	Balance sheet as in published financial statements 2016	Under regulatory scope of consolidation 2016
Rupees in '000		
Assets		
Cash and balances with treasury banks	3,477,750	3,477,750
Balances with other banks	20,074,445	20,074,445
Lending to financial institutions	-	-
Investments	37,118,541	37,118,541
Advances	135,765,150	135,765,150
Operating fixed assets	2,071,483	2,071,483
Deferred tax assets	604,948	604,948
Other assets	16,448,667	16,448,667
Total Assets	215,560,984	215,560,984
Liabilities & Equity		
Bills payable	493,231	493,231
Borrowings	55,885,230	55,885,230
Deposits and other accounts	59,870,659	59,870,659
Sub-ordinated loans	3,204,323	3,204,323
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	13,667,442	13,667,442
Total Liabilities	133,120,885	133,120,885
Share capital / Head office capital account	12,522,441	12,522,441
Reserves 6,299,526	6,299,526	6,299,526
Unappropriated / unremitted profit/ (losses)	21,034,629	21,034,629
Minority Interest	-	-
Total Equity	39,856,596	39,856,596
Share deposit money	40,155,992	40,155,992
Surplus on revaluation of assets	2,427,511	2,427,511
Total Liabilities & Equity	215,560,984	215,560,984
Step 2		
Assets		
Cash and balances with treasury banks	3,477,750	3,477,750
Balances with other banks	20,074,445	20,074,445
Lending to financial institutions	-	-
Investments	37,118,541	37,118,541



	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref
	2016	2016	
	Rupees in '000		
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	-	-	a
of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
of which: Mutual Funds exceeding regulatory threshold	-	-	c
of which: reciprocal crossholding of capital instrument	-	-	d
of which: others (mention details)	-	-	e
Advances	135,765,150	135,765,150	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	3,000,000	3,000,000	g
Fixed Assets	2,071,483	2,071,483	
Deferred Tax Assets	604,948	604,948	
of which: DTAs excluding those arising from temporary differences	-	-	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	-	-	i
Other assets	16,448,667	16,448,667	
of which: Goodwill	-	-	j
of which: Intangibles	338	338	k
of which: Defined-benefit pension fund net assets	1,818,166	1,818,166	l
Total assets	215,560,984	215,560,984	
Liabilities & Equity			
Bills payable	493,231	493,231	
Borrowings	55,885,230	55,885,230	
Deposits and other accounts	59,870,659	59,870,659	
Sub-ordinated loans	3,204,323	3,204,323	
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	3,204,323	3,204,323	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	636,358	636,358	q
of which: other deferred tax liabilities	(636,358)	(636,358)	r
Other liabilities	13,667,442	13,667,442	
Total liabilities	133,120,885	133,120,885	



	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref
	2016	2016	
Rupees in '000			
Share capital	52,678,433	52,678,433	
of which: amount eligible for CET1	52,678,433	52,678,433	s
of which: amount eligible for AT1	-	-	t
Reserves	6,299,526	6,299,526	
of which: portion eligible for inclusion in CET1 (provide breakup)	6,299,526	6,299,526	u
of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit/ (losses)	21,034,629	21,034,629	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	2,427,511	2,427,511	
of which: Revaluation reserves on Property	-	-	aa
of which: Unrealized Gains/Losses on AFS	2,427,511	2,427,511	ab
In case of Deficit on revaluation (deduction from CET1)	-	-	
Total Equity	82,440,099	82,440,099	
Total liabilities & Equity	215,560,984	215,560,984	

Step 3**Common Equity Tier 1 capital (CET1): Instruments and reserves**

	Component of regulatory capital reported by bank	Source based on reference number from Step 2
Rupees in '000		
1 Fully Paid-up Capital/ Capital deposited with SBP	52,678,433	(s)
2 Balance in Share Premium Account	-	
3 Reserve for issue of Bonus Shares	-	
4 General/ Statutory Reserves	6,299,526	(u)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated/unremitted profits	21,034,629	(w)
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8 CET 1 before Regulatory Adjustments	80,012,588	
Common Equity Tier 1 capital: Regulatory adjustments		



Step 3

	Component of regulatory capital reported by bank	Source based on reference number from Step 2
	Rupees in '000	
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	338	(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)	636,358	{(h) - (r)} * x%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	-	(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 property/ AFS	-	(ab)
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)	-	(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 Investment in TFCs other banks exceeding the prescribed limit	-	
28 Any other deduction specified by SBP (mention details)	-	
29 Regulatory adjustment applied to CET1 due to insufficient At1 and Tier 2 to cover deductions	(20,000)	
30 Total regulatory adjustments applied to CET1 (sum of 9 to 25)	616,696	
Common Equity Tier 1	80,629,284	
Additional Tier 1 (AT 1) Capital		
31 Qualifying Additional Tier-1 instruments plus any related share premium	-	
32 of which: Classified as equity	-	(t)
33 of which: Classified as liabilities	-	(m)
34 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
35 of which: instrument issued by subsidiaries subject to phase out	-	



Step 3

	Component of regulatory capital reported by bank	Source based on reference number from Step 2
	Rupees in '000	
36 AT1 before regulatory adjustments	-	
Additional Tier 1 Capital: regulatory adjustments		
37 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38 Investment in own AT1 capital instruments		-
39 Reciprocal cross holdings in Additional Tier 1 capital instruments		-
40 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)
	Component of regulatory capital reported by bank	Source based on reference number from Note 39.4.2
	Rupees in '000	
41 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		(ad)
42 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	(20,000)	
43 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	20,000	
44 Total of Regulatory Adjustment applied to AT1 capital	-	
45 Additional Tier 1 capital	-	
46 Additional Tier 1 capital recognized for capital adequacy	-	
Tier 1 Capital (CET1 + admissible At1)		
Tier 2 Capital		
47 Qualifying Tier 2 capital instruments under Basel III	3,204,323	(n)
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
50 of which: instruments issued by subsidiaries subject to phase out		-
51 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	1,817,581	(g)
52 Revaluation Reserves eligible for Tier 2	-	
53 of which: portion pertaining to Property portion of (aa)	-	
54 of which: portion pertaining to AFS securities	1,893,459	
55 Foreign Exchange Translation Reserves	-	(v)
56 Undisclosed/Other Reserves (if any)	-	



	Component of regulatory capital reported by bank	Source based on reference number from Note 39.4.2
	Rupees in '000	
57 T2 before regulatory adjustments	6,915,363	
Tier 2 Capital: regulatory adjustments		
58 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	(20,000)	
59 Reciprocal cross holdings in Tier 2 instruments	-	
60 Investment in own Tier 2 capital instrument	-	
61 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
62 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
63 Amount of Regulatory Adjustment applied to T2 capital	(20,000)	
64 Tier 2 capital (T2)	6,895,363	
65 Tier 2 capital recognized for capital adequacy	6,895,363	
66 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67 Total Tier 2 capital admissible for capital adequacy	6,895,363	
TOTAL CAPITAL (T1 + admissible T2)	87,524,647	



39.5 Main Features Template of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments		
	Main Features	Common Shares
1	Issuer	Zarai Taraqati Bank Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	ZTBL
3	Governing law(s) of the instrument	Laws applicable in Pakistan
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / group & solo	Solo
7	Instrument type	Common Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	52,678,433
9	Par value of instrument	PKR 10
10	Accounting classification	Shareholder equity
11	Original date of issuance	2002
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	Coupons / dividends	
17	Fixed or floating dividend/ coupon	Not applicable
18	coupon rate and any related index/ benchmark	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Not applicable
23	Convertible or non-convertible	Not applicable
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	Not applicable
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable



39.6 Risk Weighted Assets

The risk weighted assets to capital ratio, calculated in accordance with the State Bank of Pakistan's guidelines on capital adequacy was as follows:

	2016	2015	2016	2015
	Capital Requirements		Risk Weighted Assets	
	..... Rupees in '000			
Credit risk				
Portfolios subject to standardized approach (simple or comprehensive)				
On-balance sheet				
Banks	522,993	346,670	4,910,732	3,382,148
Retail	9,370,825	8,981,956	87,988,964	87,628,839
Loans secured against residential property	43,927	46,676	412,456	455,372
Past due loans	3,046,953	2,074,818	28,609,887	20,242,123
Deferred tax assets	161,067	114,529	1,512,370	1,117,353
Listed equity investments	412,685	348,396	3,874,979	3,398,987
Investments in fixed assets	220,577	215,369	2,071,145	2,101,165
Other assets	1,705,192	1,428,597	16,011,197	13,937,533
Total credit risk	15,484,219	13,557,011	145,391,730	132,263,520
Off-Balance Sheet				
Non-market related	1,572	606	14,756	5,912
	15,485,791	13,557,617	145,406,486	132,269,432
Market risk				
Capital requirement for portfolios subject to standardized approach				
Interest rate risk	3,699	639	46,238	7,988
Equity position risk	619,996	537,328	7,749,950	6,716,600
Foreign exchange risk	-	-	-	-
Total market risk	623,695	537,967	7,796,188	6,724,588
Operational risk				
Capital requirement for operational risks	2,444,113	2,178,608	30,551,413	27,232,600
	2,444,113	2,178,608	30,551,413	27,232,600
Total	18,553,599	16,274,192	183,754,087	166,226,620

Capital adequacy ratio

	2016		2015	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	42.94%	6.00%	45.96%
Tier-1 capital to total RWA	7.50%	42.94%	7.50%	45.96%
Total capital total RWA	10.65%	46.69%	10.25%	49.74%
Total capital plus CCB to total RWA	10.65%	46.69%	10.25%	49.74%

* As SBP capital requirement of 10.65% (2015: 10.25%) is calculated on overall basis, therefore, capital charge for credit risk is calculated after excluding capital requirements against market and operational risk from the total capital required.

39.7 Leverage Ratio

	2016		2015	
	Required	Actual	Required	Actual
Leverage Ratio	3.00%	35.83%	3.00%	40.72%
			2016	2015
			... Rupees in '000 ...	
Tier-1 Capital			78,901,350	76,391,753
Total Exposures			220,189,001	187,612,308



40 RISK MANAGEMENT

This section presents information about the Bank's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments:

Credit risk is the risk of loss resulting from client or counterparty default.

Market risk is the risk of loss arising from adverse movements in market variables such as interest rates, exchange rates and equity indices.

Liquidity risk is the risk that the Bank may be unable to meet its payment obligations when due.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and therefore includes legal risk.

Equity position risk is the risk that arises due to changes in prices of individual stocks or levels of equity indices.

Risk management is a dynamic process of identification, measurement, monitoring and control and reporting risk. The Bank has setup a centralized risk management function at the organizational level which encompasses a broader framework of risk committees, risk management department and its units responsible for each category of risk i.e. credit, market, liquidity, operational and equity position risks. The Bank's risk management department is independent of the business and operations and directly reports to the President. The Bank's systematic and integrated risk management function for each category of risk is as follows:

40.1 Credit Risk

Credit risk is the risk of financial losses arising when a customer or counterparty is unable or unwilling to perform as per the contractual terms resulting in reduction in portfolio value due to actual or perceived deterioration in the credit quality resulting in economic loss to the Bank. Principally, exposures are only approved when reasonably assured for repayment capacity of counter party. Standardized procedures are adopted and under no circumstances it exceeds approved credit lines. The Bank credit appraisal structure comprises well-defined credit appraisal, approval and review methods for the purpose of prudence in its lending operations and ensuring credit across the Bank. The credit portfolio is reviewed and analyzed on quarterly basis and risk gaps are reported to the Credit Risk Committee for corrective measures. The Bank pays particular attention to the management of Non-Performing Loans (NPLs).

With the rolling-out of Obligor Risk Rating (ORR) model for fresh borrowers, credit portfolio as well as lending products is more effectively monitored. As an early warning signal, Portfolio at Risk (PAR) report is also generated which enables the management to take proactive measurements for having a quality credit portfolio/products.

With regards to Basel-II compliance, the Bank has implemented Standardized Approach for minimum capital requirements for credit risk.

A robust MIS is prerequisite for establishment of an effective risk management system; therefore, the existing MIS of the bank is undergoing substantial up-gradation process for strengthening of the data collection machinery to ensure the integrity and reliability of data.

Risk Management Department independently scrutinizes agriculture portfolio on a continuous basis and reports crucial findings to the senior management for strategic decision making. Risk factors are identified and necessary actions are recommended to mitigate these risk factors.



40.1.1 Credit risk - General disclosures

The Bank has adopted Standardized Approach of Basel II for calculation of capital charge against credit risk in line with SBP's requirements.

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

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP for capital adequacy purposes. However, there are no exposures for which ratings from ECAIs are used by the Bank.

Credit exposures subject to standardized approach

Exposures	Rating	2016			2015		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
..... Rupees '000							
Cash and cash equivalents	-	1,181,513	1,181,513	-	880,330	880,330	-
Claims on Government of Pakistan (Federal or Provincial Governments) and SBP, denominated in PKR	-	35,298,055	35,298,055	-	20,245,666	20,245,666	-
Claims on banks	-	6,642,059	4,533,647	2,108,412	-	-	-
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	-	14,011,600	11,209,280	2,802,320	16,910,742	13,528,594	3,382,148
Claims categorized as retail portfolio	-	117,318,618	29,329,654	87,988,964	116,838,452	29,209,613	87,628,839
Claims fully secured by residential property	-	1,178,445	765,989	412,456	1,301,062	845,690	455,372
Past due loans	-	20,268,087	(8,341,800)	28,609,887	14,413,230	(5,828,893)	20,242,123
Deferred tax assets	-	604,948	(907,422)	1,512,370	446,941	(670,412)	1,117,353
Listed equity investments	-	3,874,979	-	3,874,979	3,398,987	-	3,398,987
Investments in premises, plant and equipment and all other fixed assets	-	2,071,145	-	2,071,145	2,101,165	-	2,101,165
All other assets	-	16,011,197	-	16,011,197	13,937,533	-	13,937,533
		218,460,646	73,068,916	145,391,730	190,474,108	58,210,588	132,263,520



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

The Bank does not make use of on and off-balance sheet netting in capital charge calculations under Basel-II's Standardized Approach for Credit Risk.

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

The wholesale portfolio, which represents agricultural loans are ideally collateralized by land.

The Bank manages limits and controls concentrations of credit risk as identified. Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographic region or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank sets limits on its credit exposure to counterparty, in line with SBP standards. Limits are also applied in a variety of forms to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations or areas of higher risk, or to control the rate of portfolio growth.

The Bank classifies a claim as impaired if it considers it likely that it will suffer a loss on that claim as a result of the obligor's inability to meet its commitments (including interest payments, principal repayments or other payments due). Advances are classified as non-performing where payment of interest, principal or fees is overdue by more than 90 days. The authority to establish allowances, provisions and credit valuation adjustments for impaired claims, is vested in Finance Division and is according to SBP regulations.

Concentration of risk

Out of the total financial assets of Rs. 211,688 million (2015: Rs. 182,770 million) the financial assets which are subject to credit risk amounts to Rs. 178,533 million (2015: Rs. 166,575 million). To manage credit risk the bank applies credit limits to its customers and obtains adequate collaterals. Investments amounting to Rs. 33,155 million (2015: Rs. 16,196 million) are guaranteed by the Government of Pakistan.

40.1.5 Equity position risk in the banking book

The Bank takes proprietary equity positions for strategic purposes. The Bank has invested in its subsidiary to achieve long term strategic objectives. As of December 31, 2016 the composition of equity investments and subsidiary is as follows:

Exposures	Available for sale Rupees in '000	Subsidiary
Equity investments - publicly traded	3,874,979	-
Equity investments - others	-	100,000
Total value	3,874,979	100,000

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

Investments - Available for sale

Investment in subsidiary

The accounting policies for equity investments are designed and their valuation is carried out under the provisions and directives of the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and the requirements of approved International Accounting Standards as applicable in Pakistan.

In accordance with the requirements of the State Bank of Pakistan, quoted securities, other than investments in subsidiary are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available for sale', is taken to a separate account which is shown in the statement of financial position below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realized upon disposal.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements.

The cumulative unrealized gain of Rs. 3,734.632 million (2015: Rs. 3,340.657 million) is recognized in the statement of financial position in respect of 'available for sale' securities.



40.1.6 Segmental information

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

40.1.7 Segments by class of business

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, forestry, hunting and fishing	139,142,389	98.50%	-	-	1,546,560	2.59%
Individuals	-	-	43,174,121	72.11%	10,913,261	18.29%
Others	2,125,770	1.50%	16,696,538	27.89%	47,193,917	79.11%
	141,268,159	100.00%	59,870,659	100.00%	59,653,738	100.00%

2015

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, forestry, hunting and fishing	132,661,848	98.49%	-	-	4,094,925	13.84%
Individuals	-	-	20,317,180	56.52%	2,317,838	7.83%
Others	2,030,198	1.51%	15,630,773	43.48%	23,183,130	78.33%
	134,692,046	100.00%	35,947,953	100.00%	29,595,893	100.00%

40.1.8 Segments by sector

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / government *	-	-	16,482,742	27.53%	47,193,917	79.11%
Private	141,268,159	100.00%	43,387,917	72.47%	12,459,821	20.89%
	141,268,159	100.00%	59,870,659	100.00%	59,653,738	100.00%



	2015					
	Advances (gross)			Deposits		Contingencies and commitments
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / government *	-	-	15,526,221	43.19%	23,183,130	78.33%
Private	134,692,046	100.00%	20,421,732	56.81%	6,412,763	21.67%
	134,692,046	100.00%	35,947,953	100.00%	29,595,893	100.00%

* This amount represents deposits belonging to autonomous / semi-autonomous bodies.

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

	2016			2015		
	Classified advances	Specific provision held	Specific advances	Classified advances	Specific provision held	Specific advances
	..... Rupees in '000					
Agriculture, forestry, hunting and fishing	22,742,475	5,474,388	16,524,468	5,111,238		
Advances to employees	28,621	28,621	28,064	28,064		
	22,771,096	5,503,009	16,552,532	5,139,302		

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

Private	22,742,475	5,474,388	16,524,468	5,111,238
Advances to employees	28,621	28,621	28,064	28,064
	22,771,096	5,503,009	16,552,532	5,139,302

40.1.11 Geographical segment analysis

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	..... Rupees in '000			
Pakistan	6,546,050	215,560,984	82,440,099	59,653,738



2015

	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
..... Rupees in '000				
Pakistan	8,378,824	187,574,120	79,211,448	29,595,893

40.2 Market Risk Management

The Bank is not involved in commercial activities like underwriting, trading and discounting operations. The Bank operates foreign currency transactions through SBP in local currency. The Bank is not exposed to interest rate risk as it has a fixed lending rate portfolio of advances and investments/ placements are being placed in held to maturity securities / investments. Correspondingly, the borrowing from SBP is in the process of conversion into equity instruments. Liquidity position of the Bank is closely monitored by the Asset Liabilities Management Committee (ALCO) on periodic basis.

With regards to Basel-II compliance, the Bank has implemented Standardized Approach (SA) for minimum capital requirements for market risk.

40.2.1 Foreign exchange risk management

The Bank is not directly exposed to foreign exchange risk as the Bank is not engaged in foreign operations. Foreign transactions, if any, are undertaken through SBP.

40.2.2 Equity price risk

The Bank's proprietary positions in the equity instruments expose it to the equity price risk in banking book. Equity price risk is managed by applying limits. The stress test for equity price risk assesses the impact of fall in stock market index. This exercise is done based on the criteria advised by SBP for Stress Testing on Equities.



40.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

The Bank's interest rate exposure originates from its investing and borrowing activities. Interest rate risk in the banking book is the risk of adverse changes in earnings and/or capital due to mismatched assets and liabilities in the banking book. The Asset and Liability Management Committee (ALCO) of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities. The Risk Management Department calculates duration and convexity measures to assess the impact of interest rate changes on its investment portfolio. Interest rate risk stress tests are conducted bi-annually to assess the impact of a parallel shift in the yield curve of the Bank's capital using sensitivity positions.

Effective Yield / Interest rate	Total	2016							Not exposed to yield / interest risk		
		Exposed to Yield / Interest risk									
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
..... Rupees in '000											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	3,477,750	-	-	-	-	-	-	-	-	-	3,477,750
Balances with other banks	20,074,445	13,474,445	-	4,600,000	2,000,000	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-
Investments - net	37,018,541	4,331,368	24,040,606	2,028,469	1,599,359	-	-	1,094,811	-	-	3,923,928
Advances - net	135,765,150	48,378,725	29,206	8,028,058	18,622,484	25,984,887	12,307,169	16,351,308	5,317,131	550,359	195,823
Other assets - net	15,234,379	-	-	-	-	-	-	-	-	-	15,234,379
	211,570,265	66,184,538	24,069,812	14,656,527	22,221,843	25,984,887	12,307,169	17,446,119	5,317,131	550,359	22,831,880
Liabilities											
Bills payable	493,231	-	-	-	-	-	-	-	-	-	493,231
Borrowings	55,885,230	-	55,885,230	-	-	-	-	-	-	-	-
Deposits and other accounts	59,870,659	8,784,051	50,239	7,114,306	30,146,228	351	1,212,695	709	-	-	12,562,080
Sub-ordinated loans	3,204,323	-	3,204,323	-	-	-	-	-	-	-	-
Other liabilities	12,759,891	-	-	-	-	-	-	-	-	-	12,759,891
	132,213,334	8,784,051	59,139,792	7,114,306	30,146,228	351	1,212,695	709	-	-	25,815,202
On-balance sheet gap	79,356,931	57,400,487	(35,069,980)	7,542,221	(7,924,385)	25,984,536	11,094,474	17,445,410	5,317,131	550,359	(2,983,322)
Off-balance sheet gap											
	-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap	79,356,931	57,400,487	(35,069,980)	7,542,221	(7,924,385)	25,984,536	11,094,474	17,445,410	5,317,131	550,359	(2,983,322)
Cumulative yield / interest risk sensitivity gap											
	79,356,931	57,400,487	22,330,507	29,872,728	21,948,343	47,932,879	59,027,353	76,472,763	81,789,894	82,340,253	79,356,931

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

	Rupees in '000	Rupees in '000
Total financial assets	211,570,265	132,213,334
Add non-financial assets:		
Investment in subsidiary company	100,000	907,551
Operating fixed assets	2,071,483	133,120,885
Deferred tax assets - net	604,948	
Other assets	1,214,288	
Total assets as per statement of financial position	215,560,984	
Total financial liabilities		
Add non-financial liabilities:		
Other liabilities		907,551
Total liability as per statement of financial position		133,120,885



40.3.1 Mismatch of interest rate sensitive assets and liabilities

2015

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk						Above 10 years	Not exposed to Yield / Interest risk	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 5 years			
..... Rupees in '000										
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	2,516,338	-	-	-	-	-	-	-	2,516,338	
Balances with other banks	16,408,511	2,000,000	-	-	-	-	-	-	-	
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	
Investments - net	19,665,649	10,553,534	4,241,216	360,886	155,345	1,094,715	-	-	3,259,953	
Advances - net	129,552,744	47,946,978	37,985	26,639,213	20,183,060	10,906,216	320,209	732,436	-	
Other assets - net	14,627,098	-	-	-	-	-	-	-	14,627,098	
	182,770,340	62,355,489	12,591,519	9,408,088	27,000,099	20,338,405	10,906,216	13,435,923	5,278,567	21,135,825
Liabilities										
Bills payable	346,059	-	-	-	-	-	-	-	-	346,059
Borrowings	57,143,100	5,885,887	-	51,257,213	-	-	-	-	-	-
Deposits and other accounts	35,947,953	8,738,693	59,018	13,046,539	149	377,536	845	-	-	13,163,547
Sub-ordinated loans	3,204,323	-	-	3,204,323	-	-	-	-	-	-
Other liabilities	7,944,994	-	-	-	-	-	-	-	-	7,944,994
	104,586,429	14,624,580	59,018	55,023,162	13,046,539	149	377,536	845	-	21,454,600
On-balance sheet gap	78,183,911	47,730,909	12,532,501	(45,615,074)	13,953,560	20,338,256	10,528,680	13,435,078	5,278,567	(318,775)
Off-balance sheet gap	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap	78,183,911	47,730,909	12,532,501	(45,615,074)	13,953,560	20,338,256	10,528,680	13,435,078	5,278,567	(318,775)
Cumulative yield / interest risk sensitivity gap	78,183,911	47,730,909	60,263,410	14,648,336	28,601,896	48,940,152	59,468,832	72,903,910	78,182,477	78,183,911
Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:										
..... Rupees in '000										
Total financial assets	182,770,340									Rupees in '000
Add non-financial assets:										104,586,429
Investment in subsidiary company	100,000									3,776,243
Operating fixed assets	2,101,177									108,362,672
Deferred tax assets - net	446,941									
Other assets	2,155,662									
Total assets as per statement of financial position	187,574,120									
Total financial liabilities										104,586,429
Add non-financial liabilities:										
Other liabilities										3,776,243
Total liability as per statement of financial position										108,362,672



40.4 Liquidity Risk

Assets and Liabilities Management Committee (ALCO) is effectively performing the function of cash management at the Bank. Accordingly, the yields on fund's placement have been constantly increasing.

40.4.1 Maturities of assets and liabilities - Based on contractual maturity of the assets and liabilities of the Bank

		2016									
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
	 Rupees in '000									
Assets											
Cash and balances with treasury banks	3,477,750	3,477,750	-	-	-	-	-	-	-	-	
Balances with other banks	20,074,445	13,474,445	-	4,600,000	2,000,000	-	-	-	-	-	
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	
Investments - net	37,118,541	4,431,368	24,040,606	2,028,469	1,599,359	-	-	1,094,811	-	3,923,928	
Advances - net	135,765,150	48,379,389	33,434	8,037,487	18,626,656	26,011,203	12,312,421	16,370,336	5,345,476	648,748	
Other assets - net	16,448,667	7,433,703	2,332,127	464,561	1,649,959	688,240	324,461	607,145	1,471,415	1,477,056	
Deferred tax assets - net	604,948	-	-	-	604,948	-	-	-	-	-	
Operating fixed assets	2,071,483	20,106	39,874	59,003	240,428	222,263	205,717	361,207	302,379	620,506	
	215,560,984	77,216,761	26,446,041	15,189,520	24,721,350	26,921,706	12,842,599	18,433,499	7,119,270	6,670,238	
Liabilities											
Bills payable	493,231	493,231	-	-	-	-	-	-	-	-	
Borrowings	55,885,230	55,885,230	-	-	-	-	-	-	-	-	
Deposits and other accounts	59,870,659	21,346,131	50,239	7,114,306	30,146,228	351	1,212,695	709	-	-	
Sub-ordinated loan	3,204,323	-	3,204,323	-	-	-	-	-	-	-	
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	
Other liabilities	13,667,442	1,956,198	348,040	3,505,794	187,839	682,556	680,130	1,536,298	3,401,675	1,368,912	
	133,120,885	23,795,560	59,487,832	10,620,100	30,334,067	682,907	1,892,825	1,537,007	3,401,675	1,368,912	
Net assets	82,440,099	53,421,201	(33,041,791)	4,569,420	(5,612,717)	26,238,799	10,949,774	16,896,492	3,717,595	5,301,326	
Share capital	12,522,441										
Reserves	6,299,526										
Unappropriated profit	21,034,629										
Surplus on revaluation of assets - net of tax	2,427,511										
	42,284,107										



40.4.2 Maturities of assets and liabilities - Based on contractual maturity of the assets and liabilities of the Bank

2015

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
..... Rupees in '000										
Assets										
Cash and balances with treasury banks	2,516,338	2,516,338	-	-	-	-	-	-	-	-
Balances with other banks	16,408,511	14,408,511	2,000,000	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments - net	19,765,649	-	10,383,534	4,241,216	360,886	155,345	-	1,094,715	-	3,529,953
Advances - net	129,552,744	47,950,565	48,718	5,186,902	26,666,373	20,232,313	10,947,661	12,446,984	5,487,065	586,163
Other assets - net	16,782,760	6,622,630	1,568,973	1,282,731	2,018,437	1,181,114	933,423	1,067,342	1,175,604	932,506
Deferred tax assets - net	446,941	-	-	-	446,941	-	-	-	-	-
Operating fixed assets	2,101,177	82,468	36,352	53,893	338,767	204,801	191,861	340,030	223,171	629,834
	187,574,120	71,580,512	14,037,577	10,764,742	29,831,404	21,773,573	12,072,945	14,949,071	6,885,840	5,678,456
Liabilities										
Bills payable	346,059	346,059	-	-	-	-	-	-	-	-
Borrowings	57,143,100	5,885,887	-	51,257,213	-	-	-	-	-	-
Deposits and other accounts	35,947,953	21,902,240	59,018	561,626	13,046,539	149	377,536	845	-	-
Sub-ordinated loan	3,204,323	-	-	3,204,323	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,721,237	205,785	282,789	440,633	5,155,506	498,814	495,256	1,166,547	2,476,828	999,079
	108,362,672	28,339,971	341,807	55,463,795	18,202,045	498,963	872,792	1,167,392	2,476,828	999,079
Net assets	79,211,448	43,240,541	13,695,770	(44,699,053)	11,629,359	21,274,610	11,200,153	13,781,679	4,409,012	4,679,377
Share capital	12,522,441									
Reserves	5,644,659									
Unappropriated profit	18,716,929									
Surplus on revaluation of assets - net of tax	2,171,427									
	<u>39,055,456</u>									



40.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. In order to manage operational issues, an Operational Risk Model (ORM) has been developed which comprises Key Risk Indicator (KRI), Control Self Assessment (CSA) and Corporate Governance (CG). This model has been successfully implemented in all large and medium branches of the Bank. The data of the Operational Risk Model is collected and analyzed on quarterly basis and risk gaps are elevated to Operational Risk Committee for corrective measures. This model will be rolled out to the remaining branches of the bank in a phased manner.

With regards to Basel-II compliance, the Bank has implemented Basic Indicator Approach (BIA) for minimum capital requirements for operational risk. Disaster recovery and business continuity plan includes separate IT business continuity plan which caters to IT specific business continuity planning requirements.

40.6 Fair Value of Financial Instruments

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'.

Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 6.4 to these financial statements.

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

41 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Bank is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Assets which are traded in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. The estimated fair value of all other financial assets and liabilities is not considered to be significantly different from book values as the items are either short-term in nature or periodically repriced.

Set out below is a comparison by category of carrying amounts and fair values of the Bank's assets and liabilities, that are carried in the statement of the financial position:

	Carrying amount		Fair Value	
	2016	2015	2016	2015
	----- Rupees in '000 -----			
Assets				
Available for sale securities	34,251,992	13,739,485	34,251,992	13,739,485



The management assessed that the carrying values of cash and banks, advances, deposits, other assets and other liabilities approximate to their fair value amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Bank to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Bank uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation method:

Level 1: based on quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: based on valuation techniques whereby all inputs having a significant effect on the fair value are observable, either directly or indirectly and includes quoted prices for identical or similar assets or liabilities in markets that are not so much actively traded.

Level 3: based on valuation techniques whereby all inputs having a significant effect on the fair value are not observable market data.

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities. The valuation was carried at December 31, 2016.

	2016 Rupees in '000	Level of hierarchy	Significant unobservable inputs	Inter- relationship between unobservable inputs and fair value
Assets				
Investments (Note 9)				
- Listed securities	3,874,979	Level 1	Not applicable	Not applicable
-Term finance certificate	40,994	Level 1	Not applicable	Not applicable
-Pakistan Investment Bonds	6,852,214	Level 2		Note *
-Market Treasury Bills	23,483,805	Level 2		Note *
	34,251,992			



*Note: Prices are derived from PKRV rates determined by Mutual Funds Association of Pakistan, that averages the quotes received from eight different pre-defined / approved dealers and brokers.

41.1 Valuation Technique Used & Key Inputs

Revaluation rates for T-bills are contributed by money market brokers on daily basis and daily prices announcement by Pakistan Stock Exchange for listed securities.

During the reporting period there were no transfers into and out of level 3.

Investment in subsidiary and other unlisted securities have not been carried out at fair value in accordance with the SBP guidelines.

42 CONSUMER GRIEVANCES HANDLING MECHANISM

The Bank has established a separate Inspection and Complaints Department which deals with all type of complaints. A toll free number has been installed through which customers / borrowers can lodge their complaints. During the year, 518 complaints have been received directly. Time taken to resolve a complaint is 25 - 45 days after confirmation by the complainant on non-judicial stamp paper.

43 EVENTS AFTER THE REPORTING PERIOD

After the reporting period, the Bank has filed Form - 3 with the Securities and Exchange Commission of Pakistan for issuance of ordinary and preference shares on March 20, 2017 and March 24, 2017 respectively and consequently issued ordinary and preference shares to the State Bank of Pakistan (Refer to note 15.6).

44 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **08 May, 2017** by the Board of Directors of the Bank.

46 GENERAL

The figures in the financial statements are rounded off to the nearest thousand rupees.

PRESIDENT

DIRECTOR

DIRECTOR

DIRECTOR



**ZARAI TARAQIATI BANK LIMITED
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**

Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's/ husband's name	Outstanding liabilities at beginning of the year					Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					6	7	8	9	10				
1	2	3	4	5	Principal	Interest	Others	Total	10	11	12	13	
					..... Rupees in million							
1	AMANULLAH KHAN ZARKANI	AMANULLAH KHAN	15190109360	SHAH ALAM KHAN	0.346	0.553	-	0.899	-	0.655	-	0.655	
2	MST IKHTIAR BIBI PANIYALLA	MST IKHTIAR BIBI	149-47-170383	SAID KHAN	0.237	0.621	-	0.858	-	0.610	-	0.610	
3	RUSTAM KHAN ABIZER	RUSTAM KHAN	150-58-064120	ADAM KHAN	0.049	0.656	-	0.705	-	0.688	-	0.688	
4	A RAHIM VILLAGE KUNDI TEH CHATTAR	MUHAMMAD RAHIM	6060805227	DAD MOHD	0.075	0.637	-	0.712	0.075	0.595	-	0.670	
5	ALAM KHAN BATOON BAROON	MUHAMMAD ALIM	60741082957	MIR MUHAMMAD	0.246	0.262	-	0.508	0.246	0.262	-	0.508	
6	ISHAQ SAMEJI	MUHAMMAD ISHAQ	60761118609	JEHANGIR KHAN BROHI	0.037	0.505	-	0.542	-	0.529	-	0.529	
7	JAMSHER HADIRO	JAMSHER	60742106075	BUDHAL KHAN	0.299	0.546	-	0.845	-	0.562	-	0.562	
8	KHADIM HUSSAIN RIAZ HIJWAN TEH USTA MOHD	KHADIM HUSSAIN	60759195487	BIJI KHAN	0.261	0.270	-	0.531	0.261	0.270	-	0.531	
9	LATIF KHAN CHANDIA	LATIF KHAN	60785182530	MURAD KHAN	0.300	0.294	-	0.594	0.300	0.294	-	0.594	
10	MST AZIMAN KHUADADAD	MST AZIMAN	607-58-028495	KHAIR MUHAMMAD	0.380	0.617	-	0.997	-	0.715	-	0.715	



Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's/ husband's name	Outstanding liabilities at beginning of the year				Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					6	7	8	9				
1	2	3	4	5	6	7	8	9	10	11	12	13
..... Rupees in million												
11	NIJMA BIBI MADAD KHAN	NIJMA BIBI	60737014018	KHALID IQBAL	0.068	0.657	-	0.725	-	0.686	-	0.686
12	SAIN DINA G.M/MOHD	SAIN DINA	40538065874	DHANI BUX	0.338	0.180	-	0.518	0.338	0.180	-	0.518
13	UMED ALI MIRPUR	UMED ALI	5330105900143	BAGAN KHAN	0.378	0.624	-	1.002	-	0.729	-	0.729
14	ABDUL QAYYUM KHAN KOT BHUTA	ABDUL QAYYUM KHAN	28717114047	ABDUL AZIZ KHAN	0.219	0.363	-	0.582	-	0.569	-	0.569
15	ABDUL GHANI DEH ROOPA WARD 6-7 MEMON M/T:A	ABDUL GHANI	4420149687863	HAJI YAR MUHAMMAD	0.332	0.527	-	0.859	-	0.523	-	0.523
16	ABDUL REHAMAN CHORALO	MRS. ABDUL REHAMAN & ABDUL KHALIQ	4110132190989	HAJI AHMED	0.335	0.498	-	0.833	-	0.555	-	0.555
17	BABY HAJO RAJOORI-2	BABY HAJO	4580580111693	MUHAMMAD BACHAL	0.337	0.609	-	0.946	-	0.677	-	0.677
18	DOST MUHAMMAD BAGH YOUSIF	DOST MUHAMMAD	46523081061	HABIBULLAH	0.289	0.389	-	0.678	-	0.505	-	0.505
19	HABIBULLAH BAGH YOUSIF	HABIBULLAH	4120603191687	DOST MOHAMMED	0.367	0.352	-	0.719	-	0.590	-	0.590
20	HAJAN SHAH R/O PO TAL SEHWAN SHARIF	HAJAN SHAH	4120674229959	GUL MOHAMMAD	0.452	0.414	-	0.866	-	0.564	-	0.564
21	SINDH DAIRY FARM HYDERABAD	MASHOOQ ALI BHUTTO	4130418738629	NABI BUX	4.700	3.322	-	8.022	-	1.153	-	1.153



1	2	3	4	5	Outstanding liabilities at beginning of the year				10	11	12	13
					6	7	8	9				
Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's / husband's name	Principal	Interest	Others	Total	Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
22	AIMS UNITED LTD H.N.314/C BLOCK-D U.N.6 LATIF ABAD	S.M. SHAHAB MRS. IFFAT SHAHAB	4130308223201 45145003120	S.M. MUNIR W/O S.M. SHAHAB	2.250	2.269	-	4.519	-	1.266	-	1.266
23	SAUDI PAK KALABAGH 78 ATTA TURK AVENUE G-6/3 ISLAMABAD	AZFAR SHAHAB MALIK ALLAH YAR KHAN MST. FAREEDA MALIK MST. SUMERA MALIK MST. AYLAL MALIK	24036070752 3830118858131 24040031198 6110128667170	S/O S.M. SHAHAB NAWAB MALIK AMIR MOHAMMAD W/O MALIK ALLAH YAR KHAN D/O MALIK ALLAH YAR KHAN D/O MALIK ALLAH YAR KHAN	63.296	309.481	-	372.777	-	270.282	-	270.282
24	ABDUL BAQI C/O H NO 214 F 2 N NAZIMABAD	MST. SARWAR SULTANA MALIK MUHAMMAD WAHEED KHAN MALIK IDREES KHAN ABDUL BAQI	3830110801460 3830120182301 38301125410799 502-89-052136	W/O MALIK MUZAFFAR KHAN S/O MALIK MUZAFFAR KHAN S/O MALIK MUZAFFAR KHAN ABDUL HAI	0.845	1.232	-	2.077	-	0.913	-	0.913



Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's/ husband's name	Outstanding liabilities at beginning of the year					Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					6	7	8	9	10					11	12	13
1													
25	KISHWAR HUSSAIN ABIDI FL-1-2 GULJISTAN MARKET SMCHS	KISHWAR HUSSAIN ABIDI	4130464510569	S.SAGHIR HUSSAIN ABIDI	1.980	0.418	-	2.398	-	2.398	-	2.398	
26	BALUCH SEA FARM	MOHD ALAM BALUCH	4514118044400	SHER MOHD	2.080	1.455	-	3.535	-	1.240	-	1.240	
27	3-B NORTH AVENUE PHASE 1 DEFENCE	LT.COL. (RETD) JAMSHED ALI KHAN	3520154129991	MUHAMMAD HUSSAIN KHAN									
27	PERVEZ IQBAL KHAN 67-A ALAMGIR SOCIETY MODEL COL	MRS. JABEEN BALUCH PERVEZ IQBAL KHAN	51987404573 4220111967615	W/O M. ALAM BALUCH MANZOOR AHMED KHAN	0.749	0.778	-	1.527	-	0.600	-	0.600	
28	SHAHID HUSSAIN SHAH DEH ABAD R/O SUJAWAL	SHAHID HUSSAIN SHAH	49557016826	SYED SHER ALI SHAH	0.136	1.604	-	1.740	-	1.604	-	1.604	
29	SYED IQBAL ALAM C-88 SECTOR 11-B	SYED IQBAL ALAM	501-60-080365	SYED MEHMOOD ALAM	0.631	0.235	-	0.866	-	0.865	-	0.865	
30	TASNEEM AHMED JALALI	TASNEEM AHMED JALALI	4230144076737	WASEE AHMED JALALI	0.975	0.440	-	1.415	-	1.415	-	1.415	
31	W-13,17 EAST STREET PH 1 DHS	ABDUL HAQUE KHAN	40457068897	ABDULLAH KHAN	0.081	0.912	-	0.993	-	0.909	-	0.909	
32	AKBER KHAN KANDH KOT	AKBER KHAN	60759191602	SHER ALI	0.118	0.772	-	0.890	-	0.890	-	0.890	
33	HAJI ZUNGEENAR KANDHKOT	HAJI ZUNGEENAR KANDHKOT	403-40-082170	WADO KHAN	0.081	1.054	-	1.135	-	1.053	-	1.053	
34	JHUMMOO SHELL PETROL PUMP DERAMORE KASH	JHUMMOO	40261124576	JUMMO	0.325	0.197	-	0.522	-	0.522	-	0.522	



Sr. No.	Name and address of the borrower	Name of individual/ partners / directors	NIC number	Father's/ husband's name	Outstanding liabilities at beginning of the year				Rupees in million				Total (10+11+12)
					Principal	Interest	Others	Total	Principal charged off	Interest charged off	Other financial relief / waiver provided		
1	2	3	4	5	6	7	8	9	10	11	12	13	
35	MORE KHAN RAZA MUHAMMED JAKHRANI	MORE KHAN	40358069524	RAZA MOHAMMED	0.117	0.775	-	0.892	-	0.892	-	0.892	
36	NAZAR MOHAMMAD GUL WALI	NAZAR MOHAMMAD	40385027192	KHUDA BUX	0.132	1.541	-	1.673	-	1.534	-	1.534	
37	FAQIR MUHAMMAD SINHORI	FAQIR MUHAMMAD	48457156981	MOULA BUX	0.328	0.328	-	0.656	-	0.571	-	0.571	
38	KAMAL KHAN KHUDA BUX MARI	KAMAL KHAN	48511101572	KARAM KHAN	0.384	0.181	-	0.565	-	0.565	-	0.565	
39	MUHAMMAD RAHIM KATHORO	MUHAMMAD RAHIM	48541069551	MUHAMMAD IBRAHIM	0.314	0.248	-	0.562	-	0.537	-	0.537	
40	NOOR BABI DEH ASSISAR	NOOR BABI	48512180950	MITNO KHAN	0.100	0.850	-	0.950	-	0.847	-	0.847	
41	HYDERABAD BEVERAGES PVT. LTD.	S M SHAHAB	4130308223201	S M MUNIR	14.602	30.717	-	45.319	-	24.407	-	24.407	
	DEH KUTH B-D.L.ABAD NO.06HYD	ATIQU-UR-REHMAN	45150018962	MATI-UR-REHMAN (LATE)									
		MRS. IFFAT SHAHAB	45145003120	W/O S.M.SHAHAB									
		MEHR AFROZ	46661149172	W/O MUHAMMAD FAREED									
42	SHAH NAWAZ SITHAR PIR	SHAH NAWAZ	20387083003	TAJ MUHAMMAD	0.380	0.577	-	0.957	-	0.597	-	0.597	
43	SHUYAR AJMAL DEH SADRAT	SHUYAR AJMAL	48463001276	AJMAL KHAN	0.289	0.424	-	0.713	-	0.524	-	0.524	
44	KHALIL AHMED 53 M	KHALIL AHMED	326 78 803780	AHMED KHAN	0.499	0.317	-	0.816	-	0.524	-	0.524	
45	MST ATTA ELAHI QASBA CHAARAM	MST ATTA ELAHI	3229859622339	CHARAGH BUX	0.376	0.215	-	0.591	-	0.591	-	0.591	



Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's/ husband's name	Outstanding liabilities at beginning of the year				Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					6	7	8	9				
1	2	3	4	5	6	7	8	9	10	11	12	13
..... Rupees in million												
46	MST ATTA ELAHI QASBA MARAL	MST ATTA ELAHI	3229859622339	CHARAGH BUX	0.252	0.248	-	0.500	-	0.500	-	0.500
47	MST.NOSHABA SULTANA	MST.NOSHABA SULTANA	32255724822	MUHAMMAD BUX	0.360	0.591	-	0.951	-	0.572	-	0.572
48	JALAL PUR KHAKHI MUHAMMAD NAWAZ	MUHAMMAD NAWAZ	32688315191	ALLAH BUX	0.498	0.040	-	0.538	-	0.538	-	0.538
49	BHAGOO KHAN ALLAH DEWAYA MULAN WALI	ALLAH DEWAYA	31887041522	DURGAHI	0.374	0.325	-	0.699	-	0.644	-	0.644
50	FAROOQ AHMED THATHA GURMANI	FAROOQ AHMED	31789211053	GHULAM JILANI	0.802	0.864	-	1.666	-	0.644	-	0.644
51	GHULAM SARWAR BHUTTA PUR	GHULAM SARWAR	315-40-469560	KHAN MUHAMMAD	0.465	0.700	-	1.165	-	0.682	-	0.682
52	MST SAJIDA SULTAN THATHA GURMANI	MST SAJIDA SULTAN	31754211054	FAROOQ AHMED	0.802	0.815	-	1.617	-	0.645	-	0.645
53	MST SARA FAROOQ THATHA GURMANI	MST SARA FAROOQ	3170760322453	FAROOQ AHMED	0.801	0.837	-	1.638	-	0.642	-	0.642
54	MUHAMMAD FAISAL THATHA GURMANI	MUHAMMAD FAISAL	317 76 211056	FAROOQ AHMAD	0.784	0.858	-	1.642	-	0.644	-	0.644
55	MUHAMMAD IFTIKHAR FAROOQ THATHA GURMANI SHARQI	MUHAMMAD IFTIKHAR FAROOQ	3170910211055	FAROOQ AHMED GURMANI	0.746	0.824	-	1.570	-	0.647	-	0.647
56	NAJEEB ARSLAN LUNDI PATAFI	NAJEEB ARSLAN	31876283271	M ASLAN	0.497	0.557	-	1.054	-	0.557	-	0.557
57	NAZ AHAMD BHUTTA PUR	NAZ AHAMD	3230457621293	GUL MUHAMMAD	0.494	0.640	-	1.134	-	0.754	-	0.754
58	ZAHIDA NUSRAT LUNDI PITTAFI	ZAHIDA NUSRAT	31150065210	ATTA MUHAMAD	0.553	0.299	-	0.852	-	0.527	-	0.527
59	ZUNEERA SHAHEEN LUNDI PITTAFI	ZUNEERA SHAHEEN	3113327888	M ASLAM KHAN	0.749	0.844	-	1.593	-	0.656	-	0.656
60	HADI BUX 16 NUSRAT	HADI BUX	431-41-236537	TOOH KHAN	0.244	0.400	-	0.644	-	0.512	-	0.512



Sr. No.	Name and address of the borrower	Name of individual/partners / directors	NIC number	Father's/husband's name	Outstanding liabilities at beginning of the year						Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					6	7	8	9	10	11				
1														
..... Rupees in million														
61	HAJI MOHAMMAD SALEH BAKHRANI C/O JAN M. PO DADU	HAJI MOHAMMAD SALEH	46253080380	MOHAMMAD KHAN	0.099	0.942	-	1.041	-	1.041	-	0.971	-	0.971
62	JAMAL SAID LAGHAM BURHAN KHEL GHALLANI	JAMAL SAID	14246036196	NOORZA DIN	0.324	0.419	-	0.743	-	0.743	-	0.564	-	0.564
63	ABDUL JILIL AGHBARG KILLI KHANEZAI	ABDUL JILIL	5440089200163	MOHAMMAD AFZAL	0.344	0.197	-	0.541	-	0.541	-	0.541	-	0.541
64	ABDUL QADUS CHACHANAK	ABDUL QADUS	60690081242	ABDUL MAJEED	0.370	0.535	-	0.905	-	0.905	-	0.575	-	0.575
65	ABDULLAH KAZZA	ABDULLAH	612-62-130433	GHAIBANA	0.295	0.283	-	0.578	-	0.578	-	0.578	-	0.578
66	AHMED KAHN QANDEEL SEGI	AHMED KAHN	5460446032651	MUHAMMAD GHOUS	0.297	0.293	-	0.590	-	0.590	-	0.549	-	0.549
67	ASMATULLAH KHAN KILLI NOHSAR QUETTA	ASMATULLAH KHAN	5440004854961	ABDUL HALEEM	0.396	0.433	-	0.829	-	0.829	-	0.593	-	0.593
68	AURANG ZAIB CHACHANAK	AURANG ZAIB	60690025254	MALIK MOMIN KHAN	0.515	0.734	-	1.249	-	1.249	-	0.794	-	0.794
69	DAD MOHAMMAD KAZA	DAD MOHAMMAD	612-63-092200	SARFARAZ	0.295	0.578	-	0.873	-	0.873	-	0.578	-	0.578
70	DIN MUHAMMAD AGHBARG KILLI KHOONI TALAB	DIN MUHAMMAD	60238310515	MUHAMMAD BUX	0.392	0.684	-	1.076	-	1.076	-	0.682	-	0.682
71	FATEH MOHAMMAD WARSGBUZAU WADH KHUZDAR	FATEH MOHAMMAD	514038514273	NAZAR KHAN	0.350	0.173	-	0.523	-	0.523	-	0.523	-	0.523
72	GHULAM NABI KILLI KHOONI TALAB	GHULAM NABI	60216297212	WALI MUHAMMAD	0.396	0.659	-	1.055	-	1.055	-	0.682	-	0.682
73	GUL MUHAMMAD DARWARO	GUL MUHAMMAD	5140180866803	FAIZ MUHAMMAD	0.325	0.436	-	0.761	-	0.761	-	0.504	-	0.504
74	JAMIL AHMED KHAN KILLI TALARI SHINGUL KILLA SAIFULLAH	JAMIL AHMED KHAN	61287105021	MUHAMMAD ALI KHAN	1.357	2.271	-	3.628	-	3.628	-	2.806	-	2.806



Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's/ husband's name	Outstanding liabilities at beginning of the year						Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)	
					6	7	8	9	10	11					12
1				 Rupees in million										
75	M. AKBAR KILLI KIRDGAP T D KIRDGAP	M. AKBAR	626-42-141470	MIR MUHAMMAD	0.340	0.515	-	0.855	-	0.545	-	-	0.545		
76	MOHAMMAD ISSA KAZA	MOHAMMAD ISSA	61288092124	AZMZT KHAN	0.253	0.499	-	0.752	-	0.503	-	-	0.503		
77	MUHAMMAD AZAM MANA	MUHAMMAD AZAM	60656022999	UBAIDULLAH	0.298	0.274	-	0.572	-	0.572	-	-	0.572		
78	MUHAMMAD DIN CHACHANAK	MUHAMMAD DIN	61093002665	HASSAN	0.370	0.535	-	0.905	-	0.575	-	-	0.575		
79	MUHAMMAD ISMAIL BATTO NUSHKI	MUHAMMAD ISMAIL	5410215661067	KARAM KHAN	0.468	0.392	-	0.860	-	0.544	-	-	0.544		
80	MUHAMMAD NASEEM MANA	MUHAMMAD NASEEM	61075005337	MUHAMMAD RAFIQUE	0.889	1.341	-	2.230	-	1.341	-	-	1.341		
81	MUHAMMAD NAZEER CHACHANAK	MUHAMMAD NAZEER	61090001273	ABDULLAH KHAN	0.527	0.788	-	1.315	-	0.835	-	-	0.835		
82	MUHAMMAD YAQOOB BEEZANT TEHSIL	MUHAMMAD YAQOOB	626-35-035639	UMED KHAN	0.324	0.528	-	0.852	-	0.590	-	-	0.590		
83	KIRDGAP MASTUNG MUHAMMAD YOUSAF AGHBARG KILLI	MUHAMMAD YOUSAF	60286373177	KHUDA - E - DAD	0.396	0.694	-	1.090	-	0.692	-	-	0.692		
84	MULA ABDUL RAHIM MANA	MULA ABDUL RAHIM	60642016840	JAN MUHAMMAD	0.832	1.270	-	2.102	-	1.270	-	-	1.270		
85	NASAR AHMED AHMADOON	NASAR AHMED	60673038742	AHMED JAN	0.400	0.472	-	0.872	-	0.650	-	-	0.650		
86	NASIR KHAN MEHARULLAH	NASIR KHAN	61688155054	MOHAMMAD AFZAL	0.259	0.388	-	0.647	-	0.527	-	-	0.527		
87	SHOPKEEPER NUSHKI NAZAR MOHAMMAD SURKI	NAZAR MOHAMMAD	5630232306615	WALI MOHAMMAD	0.301	0.553	-	0.854	-	0.573	-	-	0.573		
88	NOOR MUHAMMAD GHULAM PRNZ TEHSIL MASTUNG	NOOR MUHAMMAD	62645041396	ATTA MUHAMMAD KHAN	0.400	0.512	-	0.912	-	0.510	-	-	0.510		



Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's / husband's name	Outstanding liabilities at beginning of the year						Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					6	7	8	9	10	11					12	13
					Rupees in million									
1														
89	ROZI KHAN SURKI	ROZI KHAN	5630223131173	NAZAR MOHAMMAD	0.265	0.455	-	0.720	-	0.526	-	0.526	-	0.526
90	SAHIBAN B K	SAHIBAN	609-30-140003	AHMED KHAN	0.266	0.501	-	0.767	-	0.508	-	0.508	-	0.508
91	SHABIR AHMED AHMADOON	SHABIR AHMED	5440088854959	HAJI AHMED JAN	0.485	0.512	-	0.997	-	0.508	-	0.508	-	0.508
92	SHAHBAZ KHAN ZIARAT	SHAHBAZ KHAN	60647017596	DOST MOHAMMAD KHAN	0.471	0.565	-	1.036	-	0.565	-	0.565	-	0.565
93	SHARIF KHAN MINARA	SHARIF KHAN	60956118882	ABDUL HALEEM	0.291	0.529	-	0.820	-	0.573	-	0.573	-	0.573
94	SHER AHMED BABKANI KANAK MASTUNG	SHER AHMED	62693223577	FATEH KHAN	0.380	0.322	-	0.702	-	0.541	-	0.541	-	0.541
95	SUITAN MOHAMMAD INYATULLAH KARAZ GULISTAN	SUITAN MOHAMMAD	60251255526	PAYO KHAN	0.250	0.506	-	0.756	-	0.505	-	0.505	-	0.505
96	SULTAN ALI KILLI HASHIM KHAN DALBANDIN	SULTAN ALI	5410297341875	MUHAMMAD HASHIM	0.444	0.416	-	0.860	-	0.517	-	0.517	-	0.517
97	SYED NASARUDDIN KILLI SAYDAN GULISTAN	SYED NASARUDDIN	5420211053759	SYED SYEED AHMED	0.304	0.396	-	0.700	-	0.518	-	0.518	-	0.518
98	WAZIR MUHAMMAD CHACHANAK	WAZIR MUHAMMAD	60656110153	ABDULLAH KHAN	0.424	0.620	-	1.044	-	0.670	-	0.670	-	0.670
99	LIAQUAT ALI SHEIN WALA	LIAQUAT ALI	35854303933	KHUDA BUX	0.395	0.424	-	0.819	0.001	0.607	-	0.607	-	0.608
100	NUSRAT BIBI GHAZIABAD	NUSRAT BIBI	360 50 378972	GULAB KHAN	0.500	0.324	-	0.824	-	0.518	-	0.518	-	0.518
101	MOHAMMAD IBRAHIM HAJI KHAIR MOHAMMAD UBAURO	MOHAMMAD IBRAHIM	414-33-014755	GHULAM RASOOL	0.321	0.241	-	0.562	-	0.510	-	0.510	-	0.510



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					6	7	8	9				
1	2	3	4	5	6	7	8	9	10	11	12	13
..... Rupees in million												
102	MST NABI DINI DEH KATOHAR	MST NABI DINI	41630024113	SHAH GHULAM SHAH	0.369	0.326	-	0.695	-	0.693	-	0.693
103	PIR ASGHAR KAMAL SUI SHARIF UBAURO SUKKUR	PIR ASGHAR KAMAL	41389185939	PIR MOHAMMAD HUSSAIN	0.481	0.817	-	1.298	-	0.817	-	0.817
104	DOST JAN ABSOR	DOST JAN	63290270804	MUHAMMAD RAHIM	0.410	0.431	-	0.841	-	0.512	-	0.512
105	FAQIR JAN KUDDAN	FAQIR JAN	5220279066433	MIR YAQOOB	0.335	0.590	-	0.925	0.335	0.263	-	0.598
106	HAJI RAHIM BAKHSH SHAHITUMP TURBAT	HAJI RAHIM BAKHSH	63288406419	MIR YAQOOB	0.400	0.525	-	0.925	0.400	0.129	-	0.529
107	JALAL KHAN SHARAK	JALAL KHAN	63246080335	GHULAM MUHAMMAD	0.354	0.478	-	0.832	0.354	0.478	-	0.832
108	MUHAMMAD USMAN DEYAT TEH.TURBAT KECH	MUHAMMAD USMAN	63252061218	NOOR MUHAMMAD	0.511	0.608	-	1.119	0.511	0.608	-	1.119
109	RAMZAN WARD NO.6 PASNI GAWADAR	RAMZAN	5210277616631	BEHRAM	0.549	0.551	-	1.100	-	1.090	-	1.090
110	SAGHIR AHMED CHITKAN	SAGHIR AHMED	5220340201559	KARM DIN	0.274	0.491	-	0.765	0.274	0.368	-	0.642
111	ABUDL HAKEEM R.A. WAHIN	ABUDL HAKEEM	344 38 115764	SAZWAR	0.344	0.170	-	0.514	-	0.514	-	0.514
112	AHMED YAR HALEEM KHICHI	AHMED YAR	32588222679	PEER BUX	0.788	0.858	-	1.646	-	0.654	-	0.654



Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's/ husband's name	Outstanding liabilities at beginning of the year						Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					Principal	Interest	Others	Total	6	7					8	9
1	2	3	4	5	6	7	8	9	10	11	12	13		
				 Rupees in million									
113	ALLAH DITTA FADDA	ALLAH DITTA	325-90-124701	IMAM BUX	0.500	0.019	-	0.519	-	0.519	-	0.519		
114	GHULAM AKBAR KHAN DHODHA	GHULAM AKBAR KHAN	27452292822	ALLAH YAR KHAN	0.547	0.704	-	1.251	-	0.651	-	0.651		
115	GHULAM HUSSAIN FADDA	GHULAM HUSSAIN	32554141468	ALLAH BUX	0.500	0.609	-	1.109	-	0.554	-	0.554		
116	JEEWAN FADDA	JEEWAN	32590480569	ALLAH BUX	0.779	0.837	-	1.616	-	0.641	-	0.641		
117	JIND WADAH FADDA	JIND WADAH	32590480567	ALLAH BUX	0.500	0.497	-	0.997	-	0.517	-	0.517		
118	MANZOOR HUSSAIN MALKO	MANZOOR HUSSAIN	32555406632	KHUDA BUKSH	0.703	0.639	-	1.342	-	0.635	-	0.635		
119	MST.MUKHTIAR MAI NEMAT ALI	MST.MUKHTIAR MAI	32573241735	GHULAM MUHAMMAD	0.434	0.069	-	0.503	-	0.503	-	0.503		
120	MUHAMMAD ALI MALKO	MUHAMMAD ALI	32588208746	KARIM BUX	0.713	0.737	-	1.450	-	0.658	-	0.658		
121	MUHAMMAD YAR HALEEM KHICHI	MUHAMMAD YAR	32590222678	PEER BUX	0.787	0.772	-	1.559	-	0.666	-	0.666		
122	SARDAR ASLAM HAYAT KHAN	SARDAR ASLAM HAYAT KHAN	32586205681	MEHMOOD KHAN	0.458	0.475	-	0.933	-	0.538	-	0.538		
123	SHER MUHAMMAD DHALLOO	SHER MUHAMMAD	325-55-091804	SADIQ MUHAMMAD	0.346	0.347	-	0.693	-	0.693	-	0.693		
124	TANVEER MAI FADDA	TANVEER MAI	32592313729	MUMTAZ KHAN	0.630	0.614	-	1.244	-	0.512	-	0.512		
					137.854	414.131	-	551.985	3.095	377.567	-	380.662		