

PREPAID
CARD

CASH N GOLD

NBP
FOREE REMITTANCE

DIGITAL
BANKING

CORPORATE
LENDING

KISAN
DOST

AITEMAAD
AUTO FINANCE



National Bank of Pakistan
نیشنل بینک آف پاکستان

قوم کا اپنا بینک

A legacy of Excellence

BANKING
FOREE
REMITTANCE
ADVANCE
SALARY
DIGITAL
DEBIT
PREPAID
REMITTANCE

DIGITAL
BANKING
AITEMAAD
AUTO FINANCE
ADVANCE
SALARY
DEBIT
CARD
KISAN
AGRICULTURE



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National Bank of Pakistan

نیشنل بینک آف پاکستان



National Bank
of Pakistan





We are a leading commercial bank, established on November 08, 1949 under the National Bank of Pakistan Ordinance, 1949. While we have been entrusted to act as an agent to the State Bank of Pakistan, over the years, we have redefined our role into a modern growth-oriented commercial bank by expanding our business network across continents and by capturing sizable market share in the capital & equity markets, corporate investment banking, retail and consumer banking, agricultural financing and treasury services in Pakistan. We have an international presence through our branches and subsidiaries in the Far East, Middle East, South Asia, Central Asia, Europe and North America.

Together, with our local and international subsidiaries, we provide commercial banking services including corporate loans, investment banking advisory, forex, global remittances, underwriting, asset management, agency services, brokerage, leasing, Modaraba and such other banking & financial services. We strive in promoting financial inclusion of the unbanked masses in the country, creating equal employment opportunities and delivering our responsibilities as a good corporate citizen.



2.37 trillion Total Assets **23.03 billion** Profit After Tax



-  www.nbp.com.pk
-  <https://www.youtube.com/channel/UCcl-feuO5V4sCclm0xigzVg>
-  <https://www.facebook.com/NBPTheNationsBank>
-  <https://www.instagram.com/nationalbankofpakistan/>

VISION

To be a leading bank for partnering in financial growth through innovation and service

MISSION

To be a catalyst for economic growth, serving the nation through diversified product offering, innovation, superior service quality, universal banking capabilities, multiple delivery channels, investment in people and processes and work towards sustainable higher returns for stakeholders





RESPECT

We respect our customers' needs, beliefs and values, working towards their benefit

SERVICE

Our main focus will be on providing superior service quality through diversification and development

PEOPLE

We will continue to value our people and will reward performance

EXCELLENCE

We will continue to strive for excellence in all that we do

INTEGRITY

We will not compromise on integrity-zero tolerance for corruption and believe in doing the right thing



CORPORATE INFORMATION

Board of Directors

Saeed Ahmad
President & Chief Executive Officer

Muhammad Naeem
Director

Mir Balakh Sher Marri
Director

A. Akbar Sharifzada
Director

Farid Malik, CFA
Director

Muhammad Imran Malik
Director

Asad Munir
Director

Board Committees

Board Risk Committee

Muhammad Naeem (Chairman)
Farid Malik, CFA
Mir Balakh Sher Marri

Board Audit & Compliance Committee

Muhammad Naeem (Chairman)
Mir Balakh Sher Marri
Muhammad Imran Malik
A. Akbar Sharifzada

Board HR & Remuneration Committee

A. Akbar Sharifzada (Chairman)
Muhammad Naeem
Saeed Ahmad
Mir Balakh Sher Marri
Asad Munir

Chief Financial Officer

Abdul Wahid Sethi

Company Secretary

S. M. Ali Zamin

Auditors

EY Ford Rhodes
Chartered Accountants

Grant Thornton Anjum Rahman
Chartered Accountants

Registered & Head Office

NBP Building
I.I. Chundrigar Road
Karachi, Pakistan

Legal Advisors

Mandviwalla & Zafar
Advocates & Legal Consultants

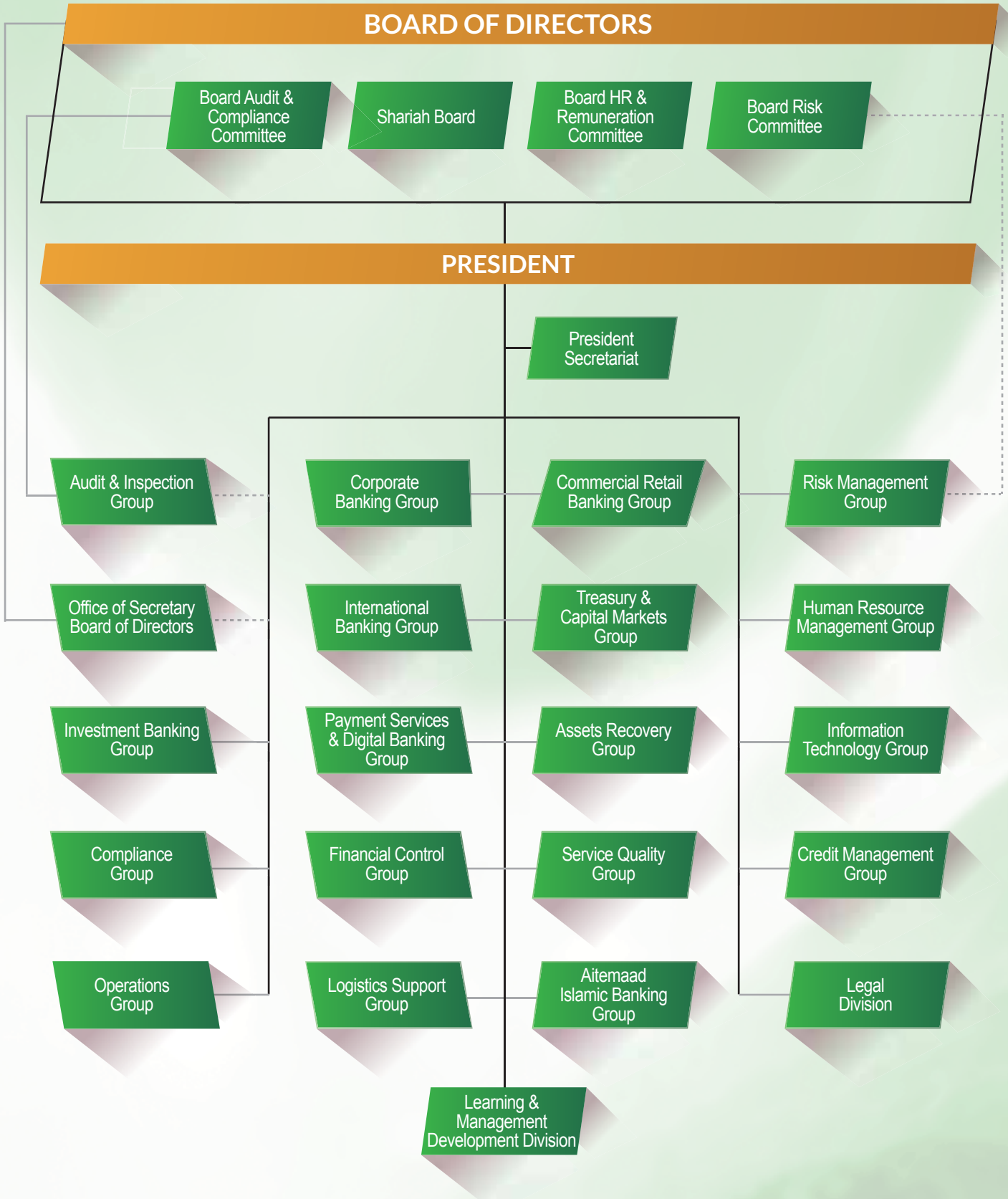
Registrar & Share Registration Office

Central Depository Co. of Pakistan (CDC),
CDC House, 99-B, Block-S, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi, Pakistan
UAN: 111-111-500

Website

www.nbp.com.pk

ORGANOGRAM





BOARD OF DIRECTORS

FROM LEFT TO RIGHT ▶

MR. MUHAMMAD IMRAN MALIK
Director

MR. ASAD MUNIR
Director

MR. MUHAMMAD NAEEM
Director

MR. SAEEED AHMAD
PRESIDENT & CEO

MR. FARID MALIK, CFA
Director

MIR BALAKH SHER MARRI
Director

MR. A. AKBAR SHARIFZADA
Director

NATURE HAS GIVEN YOU EVERY THING
 YOU HAVE GOT UNLIMITED RESOURCES
 THE FOUNDATIONS OF YOUR STATE HAVE BEEN LAID
 AND IT IS FOR YOU TO BUILD
 AND BUILD AS QUICKLY AS WELL AS YOU CAN
 SO GO AHEAD AND I WISH YOU GOD SPEED!

QUAID-I-AZAM M. A. JINNAH



SENIOR MANAGEMENT

Sitting From Left to Right ▶

- Abdul Wahid Sethi, SVP & CFO, Finance Control Group
- Saeed Ahmad, President & Chief Executive Officer
- Syed Jamsal Baquar, SVP & Group Chief, Corporate Banking Group
- Sultana Nabeed, SVP & Group Chief, Commercial Real Banking Group
- Shahid Saeed, SVP & COO, Information Technology Group
- Zahid Mahmood Chaudhry, SVP & Group Chief, Human Resources Management Group
- Rishiha Armeen Mohyeddin, SVP & Group Chief, Treasury & Capital Markets Group
- Riehmait Ali Hasnain, SVP & Group Chief, Investment Banking Group
- Mudassar H. Khan, SVP & Group Chief, Payment Services & Digital Banking Group
- Aamir Sattar, SVP & Group Chief, Audit & Inspection Group
- Tariq Jamali, SVP & Group Chief, Assets Recovery Group
- Muhammad Faraz Haider, SVP & Group Chief, Compliance Group

Standing from left to right ▶

- Iqbal Wahid, SVP & Principal Staff Officer to the President
- Khawaja Muhammad Aminulazam, EVP & Group Head, Islamic Banking Group
- Aamir Zareef Khan, EVP & Divisional Head, Legal Division
- Faisal Ahmed Topra, EVP & Group Head, Service Quality Group / Member President's Task Force
- Shahid Iqbal Dar, EVP Member President's Task Force
- Muhammad Shakeel, VP, Member President's Task Force
- Azra Naila Uzair, EVP & Group Head (A), Credit Management Group
- Tariq Zafar Iqbal, EVP & Group Head (A), Operations Group
- Saleem Ahmed, EVP & Head (A), Risk Management Group
- Ansar Raza Goraha, EVP & Divisional Head, Learning & Management Development Division
- Nasir Husain, EVP & Group Head (A), International Banking Group
- Mirza Babur Baig, EVP & Group Head, Logistics Support Group / Coordinator & Member President's Task Force

S. M. Ali Zamin
 Secretary (Board)

Mufti Muhammad Imran
 Resident Shariah Board Member



Mr. Saeed Ahmad

President & Chief Executive Officer

Mr. Saeed Ahmad is a Fellow of the Institute of Actuaries, London. He holds a Master's Degree in Finance & Accounting from the London School of Economics and BSc (Hons) from Punjab University, Lahore with a gold medal. He also attended Senior Management Program of Harvard Business School at Boston, USA.

Mr. Saeed Ahmad has extensive Banking, Finance and Management experience of over 45 years. He started his career with Prudential Corporation, London in 1969 and then moved on to Banking and worked in SIBC Riyadh, an Associate of Chase Manhattan Bank, in Corporate Finance and as Head of Corporate Finance and International in Kuwait Asia Bank, Bahrain. Mr. Saeed Ahmad has worked as Head of Treasury, Credit and Marketing of Paris-based Union de Banques Arabes et Francaise at Bahrain, a subsidiary of Credit Lyonnais, Paris for several years. He also headed Islamic Investment and Financial Products Group at Faysal Islamic Bank of Bahrain-Manama, Bahrain.

Mr. Saeed Ahmad has also worked in the corporate sector at senior executive positions such as Vice President Finance & Chief Financial Officer at the biggest Saudi multinational group in Jeddah. Earlier, he was also heading a group of companies in England.

He was appointed by the Federal Government as Chairman of the Steering Committee for the Promotion of Islamic Finance in December, 2013. This apex forum was responsible for developing a roadmap for Islamic Finance in the country.

Before joining NBP as President on March 24, 2017, Mr. Saeed Ahmad was serving at the State Bank of Pakistan as Deputy Governor, from January 2014 to March 2017. At State Bank of Pakistan, he contributed as Chairman / Member of several committees, playing a key role in decision making for the central bank. He chaired the Banking Policy Committee, Investment Committee of the Management, Management Committee on Information Technology, Payment Systems Policy Committee. He was also a member of the Monetary Policy Committee and Monetary Operations Committee.

To meet the special skill requirements and develop human resources for an expanding Islamic Banking Industry, he played a pivotal role in the establishment of three Centers of Excellence in Islamic Finance in three leading universities of the country. With a focus on the smooth flow of financial services to priority sectors including Agriculture, Warehousing Receipts, Microfinance, SMEs, low-cost housing, Financial Inclusion, Digital Banking, Mr. Saeed Ahmad has played a key role in developing a number of innovative market instruments.

During 2014-17, Mr. Saeed Ahmad was Chairman of the Board of Directors of House Building Finance Company Limited, Pakistan Mortgage Refinance Company and EXIM Bank. He was Member, Policy Board of Securities and Exchange Commission of Pakistan, State Life Insurance Corporation and Zarai Taraqiati Bank Limited. Moreover, he is a member of the Board of Governors as well as Board of Trustees of Pakistan Kidney and Liver Institute and Research Center, Lahore. Mr. Saeed Ahmad also chaired SAARC Payments Council, which is an international forum of SAARC countries to share experiences on payment systems.

Current Directorships & Offices:

- Director, National Investment Trust Limited
- Director, Fauji Oil Terminal & Distribution Company Ltd.
- Member Executive Committee, Pakistan Banks Association
- Member of the Council, The Institute of Bankers Pakistan
- Trustee Member, Friends of IBA Trust
- Member, Karachi Education Initiative
- Member, Karachi Council on Foreign Relations



Mr. Muhammad Naeem

Mr. Muhammad Naeem is a Chartered Accountant by profession. He got his college education from F.C. College and Hailey College of Commerce at Lahore. He did his MBA from IBA, Karachi in 1964. He became a Chartered Accountant in 1967 after serving articleship with A.F. Ferguson & Co. at Karachi.

He qualified as a CPA from the State of California (USA). He has been an Executive Committee Member and President of the Lahore Tax Bar Association.

He has been a Council Member and Vice President of the Institute of Chartered Accountants of Pakistan.

He has served as Executive Committee Member and Vice President of Lahore Chamber of Commerce & Industry.

He has also served as Honorary Treasurer of Pakistan Cricket Board and Asian Cricket Council.

Mr. Naeem is also a Director on the Board of Pakistan Stock Exchange Limited, National Refinery Limited and National Clearing Company of Pakistan Limited.



Mir Balakh Sher Marri

Mir Balakh Sher Marri comes from the noble Marri family of District Kohlu, Balochistan. The brave family is well known for their meritorious services rendered for the uplift and well-being of the downtrodden masses in the locality as well as overall good of the country in general and the Balochistan province in particular. Mr. Balakh Sher belongs to the prestigious Marri tribe of Pakistan and is Chief of the renowned Pawdi Marri tribe.

Mir Balakh Sher Marri is presently Financial Advisor to M/s. Bolan Security (Pvt.) Ltd., M/s. Surveillance Security Solutions and M/s. Index Pakistan (Pvt.) Ltd. He is also Technical Advisor to M/s. SFM Hasni Traders & Industries (Pvt.) Ltd. Pakistan.

Mr. Marri's schooling was from Aitchison College, Lahore. He is a Law graduate and also holds a Master's Degree from the University of Balochistan. He was a Minister and held the portfolio of Local Government, Rural Development and Women Development, Government of Balochistan from 1996-1997.



Mr. A. Akbar Sharifzada

A. Akbar Sharifzada is on the Board of National Bank of Pakistan since November 17, 2015. He has 28 years of experience in the Civil Service of Pakistan. He has rich and varied experience of working in different ministries / departments. He has been mainly associated with matters pertaining to administration and financial management. He is at present working as Additional Finance Secretary in the Ministry of Finance, Islamabad. He holds Master's degrees in English Literature and Economics. He has also attended a number of courses / workshops / seminars within the country and abroad.

Mr. Sharifzada has been director on the Boards of Equity Participation Fund, Pakistan Security Printing Corporation, SME Bank Limited, Pak-Iran Investment Company Limited, House Building Finance Corporation Limited and Allied Bank of Pakistan.

He is presently also Director on the Boards of EXIM Bank of Pakistan, Civil Aviation Authority and Overseas Pakistani Foundation.



Mr. Muhammad Imran Malik

Mr. Muhammad Imran Malik was appointed as Director of National Bank of Pakistan by the Government of Pakistan with effect from March 09, 2017.

Mr. Muhammad Imran Malik has 42 years of diversified experience in the financial sector including over 18 years as CEO / President with proven leadership exposure. He has vast experience of serving in and interfacing with private and government sector organisations. He served as President / CEO to the First Credit and Investment Bank Limited for 10 years. Prior to that, he was associated with the National Development Finance Corporation and First Credit and Discount Corporation as its CEO / Managing Director.

Mr. Muhammad Imran Malik has been Chairman / Director on the Board of Sindh Leasing Company Limited till recently. He is also Director on the Board of Universal Insurance Company Limited. He had been member of Management Committee of ADFIMI (Association of Development Finance Institutions in Member Countries of IDB) from 2005 to 2013. He also served as member of Non-Bank Financial Sector Reform Committee set up by the Securities and Exchange Commission of Pakistan.

Mr. Muhammad Imran Malik is an MBA from IBA, Karachi and a DAIBP as well. He served as Director of the IBA Alumni Association for over 10 years. He has received professional trainings from various prestigious institutions including Harvard University, Euromoney Institute of Finance and Executive Development Program sponsored by the World Bank and ADB.



Mr. Farid Malik, CFA

Mr. Farid Malik has over two decades of diversified experience and has worked on a number of infrastructure development, project finance, corporate finance, capital markets regulatory; administrative and operational assignments both in Pakistan and abroad. He is a CFA charter-holder and a graduate of the London School of Economics.

Mr. Malik has worked with organisations including ABN AMRO Bank; Tomen Power (Singapore) Pte. Ltd; Securities and Exchange Commission of Pakistan; and the Lahore Stock Exchange. During his various assignments, he has had extensive exposure to green-field project-based equity investments, limited recourse debt financing facilities, cross-border project financing facilities including export credit agencies and multilateral lending agencies financing facilities, risk allocation & management techniques including hedging through derivative instruments, due diligence methodologies, portfolio management, equity and fixed income valuations, financial analysis, asset securitisation and capital market operations and regulations.

Currently, he is the Chief Executive Officer / Managing Director of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited). He also serves on the Boards of Directors of National Bank of Pakistan; Central Depository Company of Pakistan Limited; National Clearing Company of Pakistan Limited and is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Malik has previously served on the Boards of the Privatisation Commission; the Gujranwala Electric Power Company Limited and the Pakistan Credit Rating Agency Limited. He has also attended a large number of international and local management courses, seminars and workshops conducted by world-renowned providers.



Mr. Asad Munir

Mr. Asad Munir was appointed as a Director of National Bank of Pakistan by the Government of Pakistan with effect from June 14, 2017.

Mr. Asad Munir has a professional & judicial career spanning over 44 years. He has been a practicing lawyer before the High Courts & Supreme Court of Pakistan and possesses vast experience in Civil Laws generally and Commercial, Banking & Labour Laws specially. He graduated from the Government College, Lahore. He obtained his LL.B from the Punjab University Law College, Lahore in 1970 and LL.M from the University of London in 1972.

He has been a visiting faculty member at the Punjab University Law College, Lahore (1973 to 1980, 1981 to 1983 & 1994 to 2009), Civil Services Academy, Lahore (1981 to 1983 and 1998), Directorate of Income Tax, Lahore (1984 to 1998) and University College, Lahore (1995 to 2009), where he lectured on a variety of subjects including Company Law, Commercial Laws and Labour Laws.

Since August 2015, Mr. Asad Munir is also holding the position of Administrator, Pakistan Football Federation. He has previously served as Deputy Attorney General for Pakistan from 2006 to 2007, Judge Lahore High Court, Lahore from 2009 to 2011, Chairman Punjab Labour Appellate Tribunal, Lahore, from 2012 to 2015. He was Member Syndicate, PMAS-Arid Agriculture University, Rawalpindi from 2009 to 2010 as well as Member Syndicate, Punjab University, Lahore in 2011.



SHARIAH BOARD PROFILE

Mufti Ehsan Waqar Ahmad

Mufti Ehsan Waqar Ahmad is the Chairman, Shariah Board at NBP-Aitemaad, and is among the few scholars who possess a unique combination of religious and contemporary education. He graduated as a Mufti, achieving his Masters in Traditional Islamic Studies and specialising in Islamic Jurisprudence from Pakistan's renowned Islamic School, Jamia-tur-Rasheed. Later, he accomplished Masters in Economics from KU and Masters in Business Administration with majors in Finance from IoBM. This unique blend of educational combination gives him an edge to understand, correlate and align modern-day banking practices with Shariah principles. Besides this, he is also Chairman Shariah Board at Allied Bank Limited and Soneri Bank Limited. He is also serving as Shariah Advisor / Member Shariah Board at NAFA, NBP Modaraba, AGICO, KSE and KPCCI Peshawar. Prior to this, he has served the Islamic Financial industry with institutions like ESSAC, Emirates Global Islamic Bank now Albaraka Bank Pakistan, UBL and Yasaar Ltd., UAE & UK.

Mufti Ehsan is also a member of the Technical Committee for Developing Accounting & Auditing Standard for Islamic Financial Institution at Institute of Chartered Accountants of Pakistan (ICAP). He has actively worked with SBP and was nominated to several sub-committees formed by the SBP Shariah Board for Islamic Banking matters in Pakistan. Mufti Ehsan conducts courses of Classical Jurisprudence, Islamic Finance and Risk Management at Traditional Islamic Universities (Jamia-tur-Rasheed) and Modern Business Schools (IoBM). He frequently contributes in different international and local periodicals and appears as an industry expert on local TV channels.

Dr. Mufti Khalil Aazami

Dr. Mufti Khalil Aazami is the Shariah Board Member at NBP-Aitemaad. Dr. Aazami graduated from Jamia Darul-Uloom, Karachi. He obtained Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Al-Takhas-us-fi-al-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul-Uloom, Karachi and holds a Doctorate degree in Islamic Jurisprudence from Karachi University.

He has also served as an Advisor/Shariah Board Member in different financial institutions, including Bank Alfalah, Takaful Pakistan Limited (2005-2014) and Alfalah GHP Islamic Fund (2007-2014).

Dr. Aazami has 18 years of research experience related to Islamic Finance and other Shariah-related subjects. He is the author of numerous publications. He is also an experienced lecturer and trainer in the field of Islamic Finance, Economics, Fiqh, Islamic Financial Laws and General Islamic Science. He is involved as Faculty Member, Jamia Darul-Uloom, Karachi since 1999 and has been associated with the Centre for Islamic Economics, Karachi; National Institute of Banking and Finance, SBP and Sheikh Zayed Islamic Research Centre, University of Karachi.

Mufti Muhammad Imran

Mufti Muhammad Imran is a Resident Shariah Board Member of NBP. He is working with NBP since May 2016, and is a qualified Shariah Scholar and experienced Islamic banker with knowledge of Islamic Banking & Finance. His educational qualifications include Takhas-us-fil-Fiqh, MIBF & PGD (Islamic Banking & Finance) and MA (Islamic Studies). He has been associated with different research, fatwa and educational institutions since 2003 and has over 6 years of Banking, Islamic Banking Trainings, Shariah Compliance, review & product development experience.

7 DECADES OF SUCCESS

Every success story begins with a humble step. It was 8th November, 1949, when the National Bank of Pakistan came into existence and since then there has been no looking back. Every year has been a success story in its own right, and this year the Bank celebrates 68 glorious years of trust, quality service and contributions towards economic development in the Country. Moving forward we've set the NBP wheel in motion for 2018 and beyond to be years full of celebrations, fulfilling promises, realizing dreams, and setting even bigger goals! Let us now closely look at the developments that have taken place at the Bank over almost seven decades...

2010 Till Today... Still Focused & Driven

- The Bank appointed proficient and dynamic Regional Heads to change the destiny of the Bank and help the economy of the country.
- In 2017, the Bank posted the highest ever after-tax profit of PKR 23.03 billion. NBP became 'Two Trillion Rupee' Bank and is still growing strong.
- In 2013 with the growing popularity of Islamic Banking, NBP successfully launched its brand 'Aitemaad' to offer the true spirit of Islamic Finance.
- Won Bank of the Year Award-2015
- NBP made it to Guinness Book of World Record by installing World's highest ATM.
- Reaching the 69th year of this great institution let us re-dedicate ourselves to helping the nation secure prosperity and economic opportunity for all. Let us all rejoice in this celebration.

2000 – 2009... The Millennium

- The decade witnessed restructuring programme, where unprofitable and loss making branches were closed or merged. No. of Regions were reduced to 29.
- National Bank of Pakistan went public with IPO of 23.2% shares and listing at all domestic stock exchanges (2001).
- In 2002, the Bank signed agreement with Western Union.
- The Bank's wholly owned Exchange Company commenced operations in February 2003.
- NBP gained market recognition and received over 30 international awards.

The 1990s... Initiatives & Reforms

- The 1990s was a decade of new financial reforms and initiatives. In 1996, National Discounting Services Ltd was launched as a wholly owned subsidiary of NBP.
- In 1997 the Bank launched a major reorganization programme and offered Golden Handshake Scheme.
- The Bank became a SWIFT member in 1998. The facility provides modern technology to Bank customers for prompt and convenient cash transactions and remittances round the clock.
- In 1999 the Bank celebrated its Golden Jubilee. By the close of the decade its market share had reached around 22% and it remained the largest financial institution in the Country.

The 1980s... New Trends and Alliances

- In 1980s the government announced a three year plan for the implementation of an Islamic Economic System.
- NBP introduced a separate and comprehensive procedure for banking under this system from branch level to Head office.
- Consolidation and reorganization resulted in closure of 286 branches; from 1,646 branches (1979) to 1,360 branches (1989).
- Overseas expansion continued with opening of representative office in Beijing (1981) and in Seoul, South Korea (1985), the latter was converted into a branch in 1987.
- The Bank increased its authorized and paid up capital twice during the 80s, gaining a much broader and stronger equity base.

The 1970s... Restructuring & Growth

- During this period, there was growth in branch network both at home and abroad.
- The 1970s witnessed the nationalization of Pakistani commercial banks operating in the Country.
- In 1972 the National Bank of Pakistan evolved the Supervised Agricultural Credit Programme, and introduced a new methodology of viable credit for small farmers available at their doorstep.
- On January 1, 1974 National Bank of Pakistan along with 13 other scheduled Pakistani banks was nationalized.

The 1960s... Dawn of Developments

- In 1960s, NBP started the 'School Scheme' to popularize banking and savings habit. This scheme was offered to industrial workers and school & college students.
- Operative in 1,189 schools and deposits raised to Rs. 2.9 million. And by 1969, NBP's 'worker scheme' raised the total deposits by factory workers into Rs. 2.84 million and the number of accounts opened had touched 8,767.

The 1950s... The Beginning

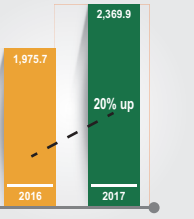
- During 1950s the Bank undertook expansion of branch network.
- First overseas branch established in Jeddah, Saudi Arabia (1950), a branch in London (1953) and another branch in Baghdad (1957).
- The Bank took Government Operations and established currency chests at various locations. It managed currency chests or sub-chests at 57 of its offices. Deposits which constituted 3.1 percent of total deposits of all Pakistani banks in 1949 had risen to 38 percent by 1952.

THROUGH THE YEAR 2017

23.03
Billion



The Bank recorded PKR 23 Billion after tax profit for the year; being the highest ever in history of the Bank.



NBP became 'Two Trillion Rupees' Bank and is still growing strong.



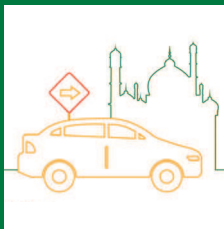
Reorganisation at both field and control office levels under new leadership.



Established Service Quality Group and Payment Services & Digital Banking Group to promote service culture and to bring innovation.



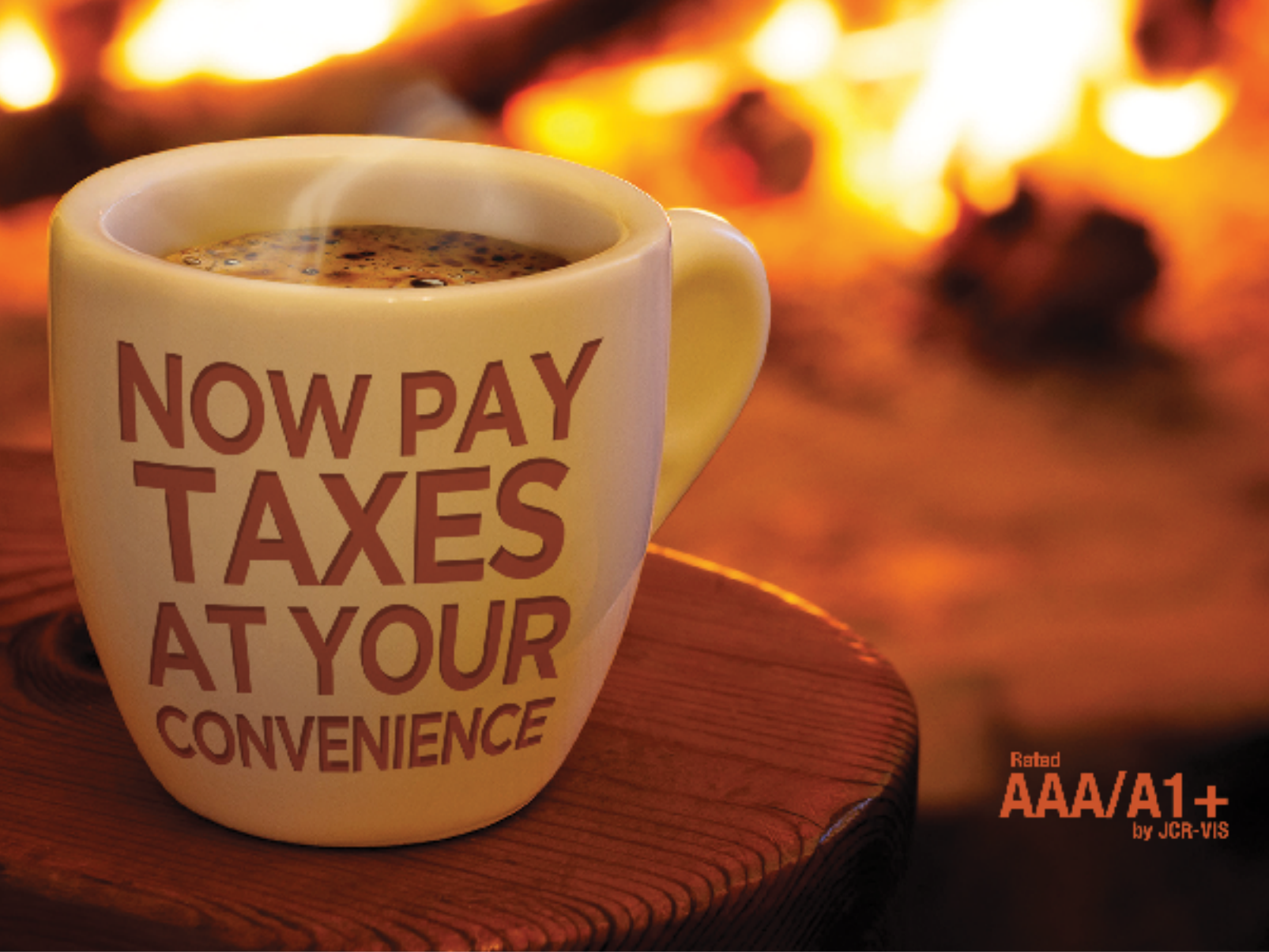
NBP named in Guinness Book for the World's Highest ATM at Khunjerab Pass, Pak-China Border.



Launched First Islamic Auto Finance under its brand 'Aitemaad' to offer the true spirit of Islamic Finance.



Pakistan Domestic Project Finance Bank of the Year 2017 Award - by Asian Banking & Finance



**NOW PAY
TAXES
AT YOUR
CONVENIENCE**

Rated
AAA/A1+
by JCR-VIS

NBP has launched the efficient facility that allows you to pay your taxes from the comfort of your home/office. Enjoy the convenience and comfort of your home/office while fulfilling your obligation to the nation.

e Payments - Direct Debit Facility

User of FBR Portal can now pay taxes electronically using Direct Debit facility. Please follow the steps given below and set up your bank account for paying the taxes electronically without going to the bank.

- Get registered with www.fbr.gov.pk
- Obtain digital certificate from NIFT
- Grant Direct Debit authority to NBP
- Activate your bank account
- Start making tax payments electronically

Additional benefits of the facility include:



E Payment



**Computerized
Payment Receipt**



SMS Alerts



**Pre-Scheduling
of Tax Payments**



**Special Handling
of Bulk Data**



OUR BUSINESS, OBJECTIVES & STRATEGY

Our Business

Together, with our local and foreign subsidiaries, we provide commercial banking services, including loans, to all types of borrowers, including asset management, leasing, forex, global remittances, agency, investment advisory and such other financial services.

Key streams of our income include net mark-up income generated through commercial loans under both the conventional and Islamic mode of financing and investment. This is the residue from the mark-up income generated through lending to individual, commercial and corporate borrowers and the cost we bear on the deposits placed by the customers, borrowings and other debt obligations. We earn non mark-up income by way of fees for the financial services and other products we provide to our customers as well as the income generated through investments, dividend income, gains on equity investment, income through dealing in foreign exchange, government securities, etc. We also earn through strategic investment in other entities, as well as investment in subsidiaries and associates.

We function in a highly competitive and regulated, but one of the most promising, market environment that offers significant growth opportunities. By virtue of our strong branding, capital adequacy and other strengths, our aim is to capitalise market opportunities for sustainable maximisation of shareholders' value.

Core Objectives & Strategic Focus

- Our strategy revolves around our ultimate target of becoming a leading bank in partnering financial growth through innovation and service. This is what drives us.
- With a premium market share of financial market in Pakistan, NBP is better placed to strengthen its leading position as a provider of comprehensive and sustainable avenues to its customers to meet their rising credit & non-credit financial requirements.
- The Bank will continue to focus on all dimensions of its core business and expand into other value-adding related business segments, particularly the non-fund based financial services.
- The Bank's ambitious programme of expanding its market footprint shall continue both in domestic as well as international markets.
- Adapting with the alternative delivery channels and using innovative technologies for fast track growth, new products and services shall be added regularly to our product universe. This will play an important role in making the Bank the preferred partner for large corporate as well as retail customers.
- The Bank shall remain dedicated towards promoting financial inclusion of unbanked masses in the country

through all available strategic avenues, with particular focus on partnership opportunities in Government initiated businesses.

- The Bank places greater emphasis on investing in people to build an efficient human capital pool which is vital for sustainable growth. The Bank will continue to focus on its people through training & development by providing excellent work place environment, equal growth opportunities and market competitive remuneration & reward mechanism.
- The Bank, as a caring corporate citizen, shall continue to promote social development of the communities where it operates. The Bank shall continue its endeavours by extending financial and in-kind contribution towards improving health, education, sports and environment across the country.
- The Bank shall remain committed to improve business returns, attain sustainable growth with a focus on integrated value creation, adding innovative solutions and ensuring quality & integrity as an integral part of its operations.

Our Footprint

We have an unparalleled and one of the largest branch networks amongst Pakistani banks and operating all around the country, including the most remote areas where no other bank operates. We are expanding our network of both conventional and Islamic banking branches. The recent rise of urbanisation and the middle class, rapid technological shift and increasing local & global business connectivity are all driving our footprint growth. Our business operations are based on a geographically diversified, composite, integrated & cohesive structure whereby the banking and non-banking financial & related services are typically provided by the Bank through its domestic and international branches, subsidiaries and associates.

Geographical Presence

- Pakistan
- Far East
- Middle East
- Central & South Asia
- North America
- Europe

Our strategy; strong capital base, brand synonymous and market outreach in both domestic and international markets enable us to benefit from the emerging business & growth opportunities as we focus on providing unmatched business facilities to our customers. We are circumspect and realistic about the market challenges, and appreciate that a proactive strategy will execute our strategic plans as desired, thus generating greater value for our shareholders and other stakeholders.



Our Product Universe

We proactively identify our customers and their banking requirements, which are broadly categorised into four basic categories. Our diversified and comprehensive products and services package caters all credit and non-credit financial requirements across the customer and client spectrum. Individuals can benefit from a large array of our products i.e. a safe place to deposit their savings, government employees can obtain financing against their salary, can obtain mortgage finance as a first step towards

building a home or can benefit from our home remittance service to receive cross-border funds from their family members abroad. For businesses, NBP is all there to help entrepreneurs launch a start-up, fund their balance sheet growth, manage payments timely & securely, expand internationally, manage financial risks effectively, and deal with thousands of business counterparts globally through our branches and representative offices.

	Individuals	SME	Corporates	Financial Institutions
Deposits and Cash Management	Current and Saving Deposits			
		Access to global trade and exchange markets		
	Global Home Remittance			
	Bancassurance			
	Locker & Safe Deposits			
Financing Personal and Business Needs	Housing & Car Finance	SME Financing		
	Agri. Loans	Commercial Business Loans		
	Advance Salary	Working Capital and Project Finance		
	Gold Loans	Trade Finance		
			Capital markets	
			Syndicate finance and capital advisory	
		Forex Trade, Fixed Income, Exchange Rate Hedging, Foreign Bill Discounting		
Financial and Business Support	Finance under G2P and P2G		Merger & Acquisitions, Balance Sheet Restructuring	

Our Aspirations

Our aspirations come from our extensive market outreach, strong capital base, optimally diversified and strong balance sheet, customer loyalty and an ambitious team. We significantly share government / public sector business. We are the only bank in Pakistan rated 'AAA' by both the recognised credit rating agencies in Pakistan. We aim to be the best and most innovative bank in Pakistan meeting all business needs of all segments of economy and rapidly growing SME sectors, Islamic banking, global home remittances and cash management.

Our Priorities

We are confident of our aspirations and solid foundations, which will steer us through the challenges faced by the banking industry and we will efficiently achieve our core objectives and priorities. As the Bank is moving forward through restoring its fundamental strengths, we have defined interconnected and mutually composite strategies for the years ahead. Our priorities are synchronised with our strategy for capitalising other opportunities offered by the market, and set a solid path for us to deliver our strategy towards capitalising the value addition opportunities offered by the market.



Our Operating Structure

The Bank has developed a diversified and customer-focused delivery system to provide financial services to individuals, small & medium enterprises as well as large corporate and public sector clients. We have

organised a dedicated business function for each type of clientele. Our various centralised functions at Head Office level provide support to the business groups in smooth execution of their business activities. Our Head Office control functions provide a supervisory and governance role through policy making and monitoring.



The business functions are primarily responsible for making business plans & strategies for their respective business domain and ensuring that it is coherent with the overall business strategy of the Bank. Each business group defines and delivers the customer proposition and is accountable for end-to-end customer processes and products.

Support and control functions define strategy to support the business functions in achieving their business goals. The control functions extend their expertise in developing & implementing policy framework that sets the route for the business groups.

Our Code of Conduct

Our Code of Conduct sets the minimum standards that we unconditionally commit to our Bank, so as to create an environment desired for achieving our strategic goals. Key pillars of the Code of Conduct are as follows:

Honesty & Integrity	Compliance with the Law	Respect For All!	Confidentiality	Managing Conflict of Interest	Respect the Organisation
All our decisions and actions shall continue to be, and seem to be, driven by the utmost level of honesty, integrity and fairness by executing right things in a right way.	We shall always continue to comply in letter & spirit with laws, rules & regulations of Pakistan and the countries where we have established our business.	We shall always extend maximum respect, kindness and fairness to all our customers, colleagues, applicants for employment, vendors and counterparties.	We shall continue to appreciate and honour the trust bestowed upon us by our customers and counterparts in regard to their personal and business information that we possess.	The sole trigger of all our decisions and actions shall contribute towards success of the Bank, enhance its reputation and to foster its client relationships.	We respect our organisation through adherence to its By-Laws, rules, policies and procedures; and by remaining committed to safeguarding Assets, Reputation and Relations of the Bank.
We shall always be committed to maintaining an environment that leads to achieve the highest desired level of honesty & integrity.	Our adherence to the laws shall always be evident in all our operations, transactions and activities wherever those take place.	We shall not allow or tolerate any discrimination among our stakeholders, both within and outside the organisation.	We all sign a 'Declaration of Confidentiality' to act as a trustworthy holder of Information and to use it only for intended business purposes.	We manage our personal, financial and business affairs in a manner that ensures avoidance, or even appearance, of any conflict of interest.	We acknowledge our responsibility as a 'Whistle Blower' to safeguard the interest of our Stakeholders by avoiding things taking place in a wrong direction.



Customer Service Quality

Our market share, financial results and the acclaim we receive at local and international forums are reminiscent of the continuous resolve & success towards translating our strategies into favourable numbers. In the growing competitive market, we are striving to develop a customer-driven Sales & Service Culture. Our Board is also keen to observe a visible change in Service Quality Standards at NBP. A Service Quality Group has been established with the sole aim & objective to reinvigorate the Sales & Service Culture in the Bank and to change-over from customer satisfaction to Customer Delight.

Our Service Quality team, with its vast experience of Service Quality in the financial services industry, has strategised various initiatives to be implemented at NBP to ensure smooth transition towards Customer Delight. Our plans to achieve Customer Delight include employee training, improving business processes and workplace environment, and placement of service quality officers.

The Way Forward

Based on our strengths and ambitions, our strategic business plan is set to drive the Bank to become a customer

Investor Relations

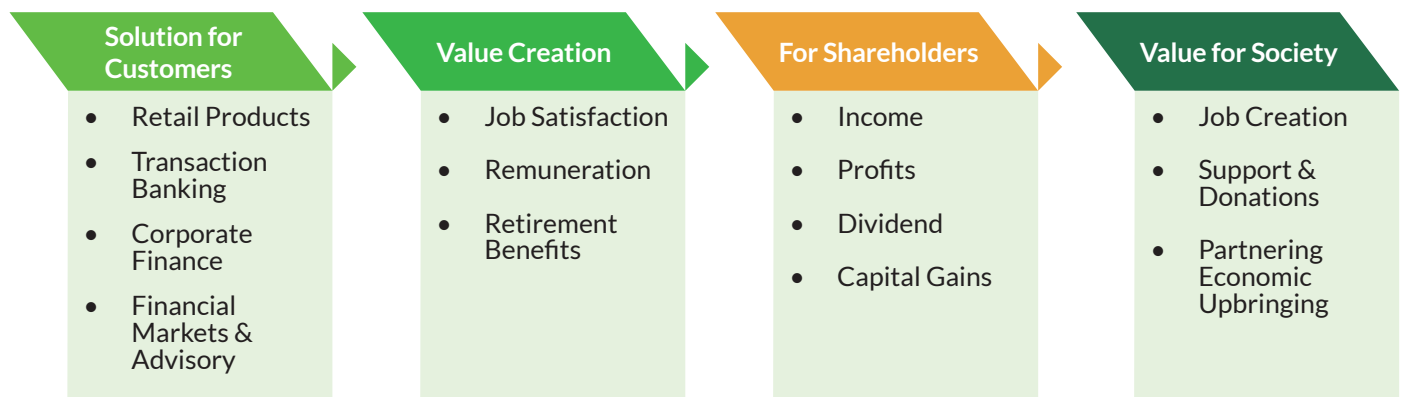
Maximising shareholders' value is on top of our mission. We aspire to further strengthen our corporate image and instill investors' confidence in NBP by implementing a business-like approach for communicating material financial information to the shareholders and other stakeholders in a transparent manner. We are determined to resolve our shareholders' concerns, and to discharge our obligation of providing material information about the financial position & performance of the Bank, its subsidiaries, joint venture and associates within statutory timelines.

Through this function, the Bank extends an efficient avenue to the shareholders to express and resolve their concerns. Shareholders can contact us at investor.relations@nbp.com.pk and may also approach our share registrar M/s. CDC Company of Pakistan Ltd.

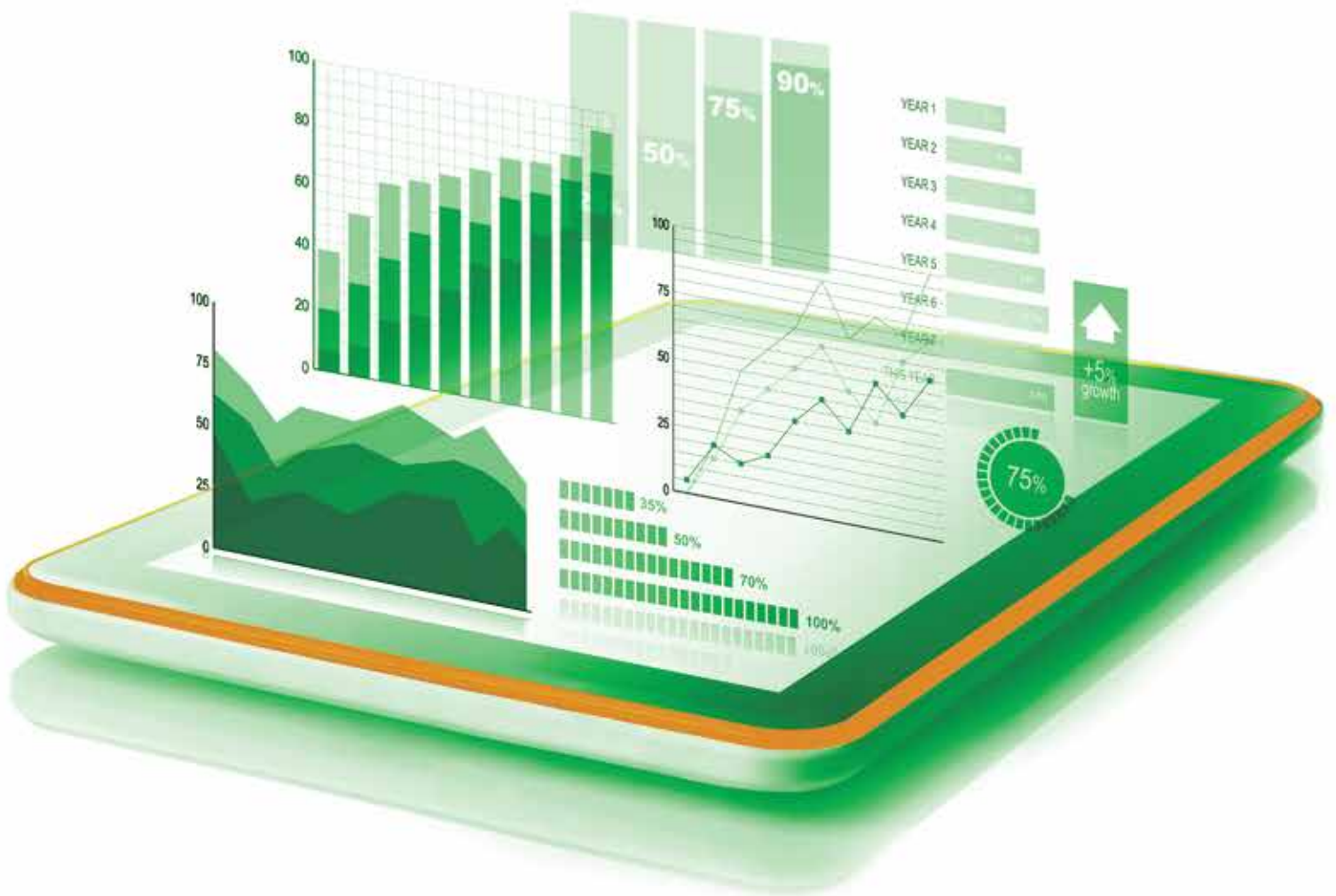
focused and technologically advanced organisation, with more integrated & synergetic business processes.



Our product universe generates value for the shareholders and a broad range of other stakeholders:



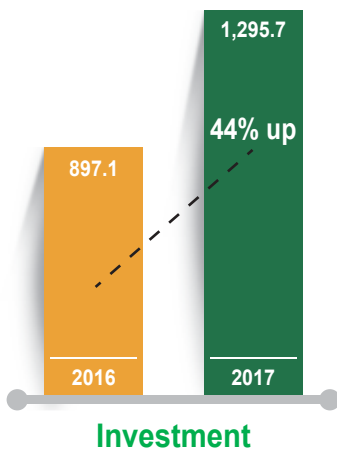
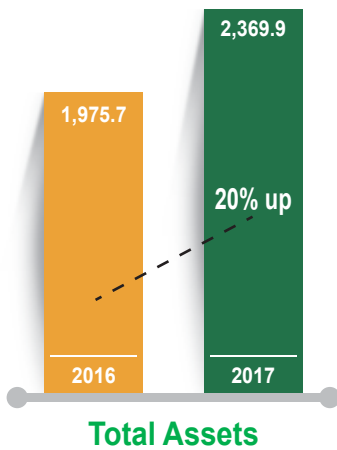
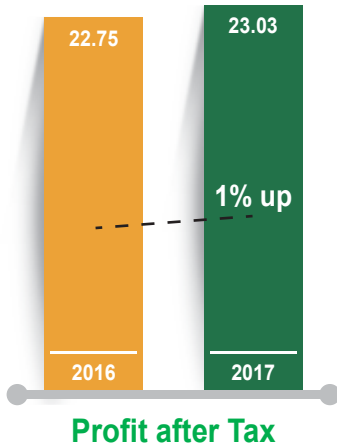
FINANCIAL HIGHLIGHTS





HIGHLIGHTS

(PKR 'Bn)



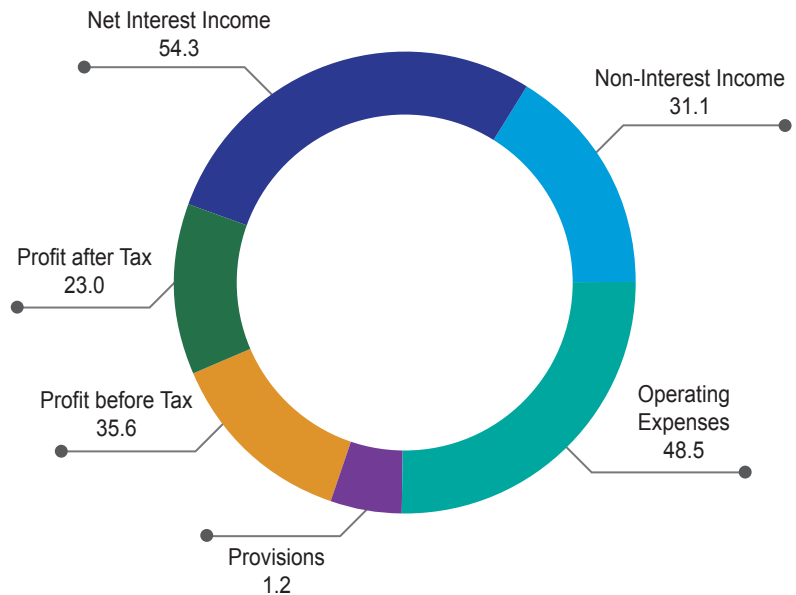
Profit after Tax

23.03

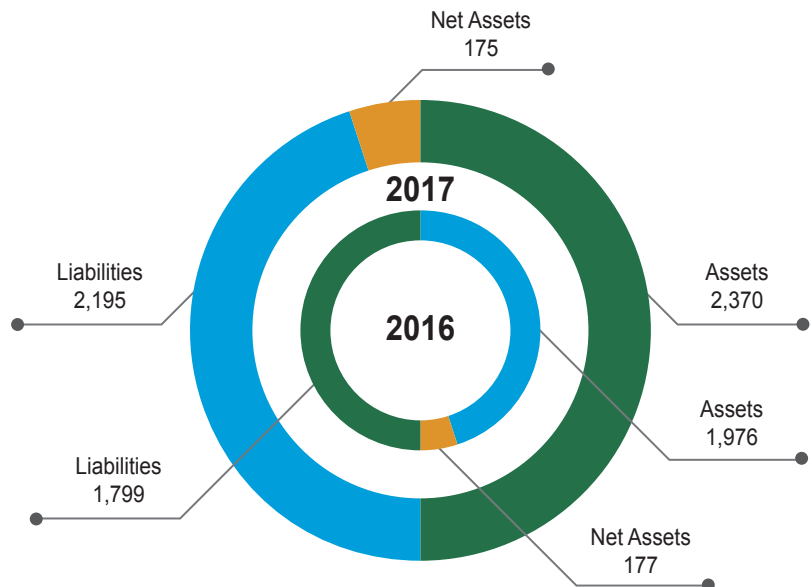
Total Assets

2,370

Profit & Loss Account



Balance Sheet

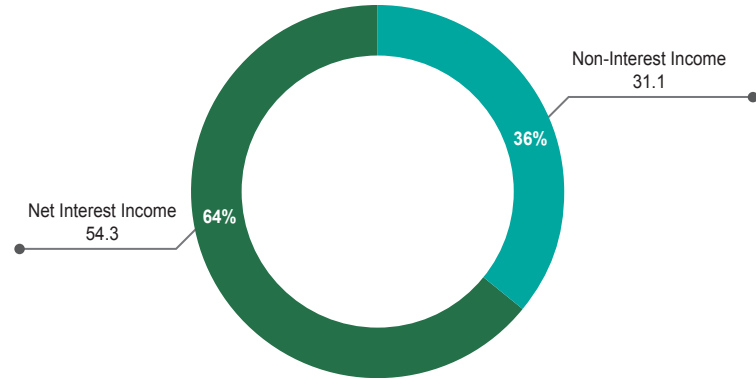
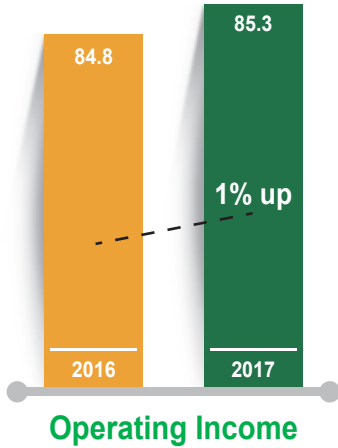




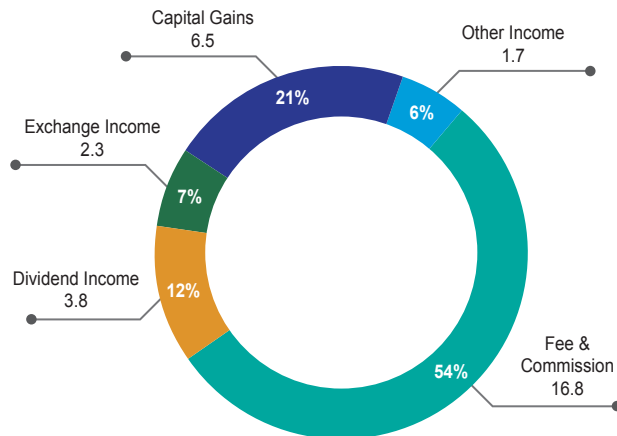
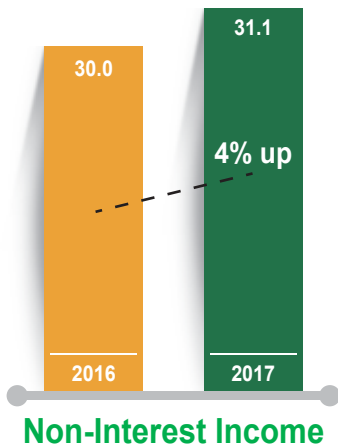
HIGHLIGHTS

(PKR 'Bn)

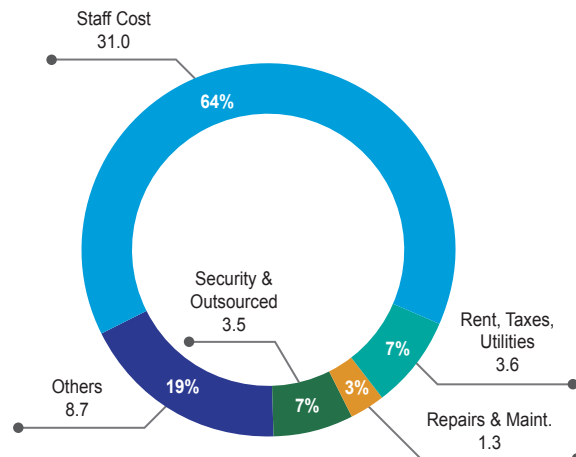
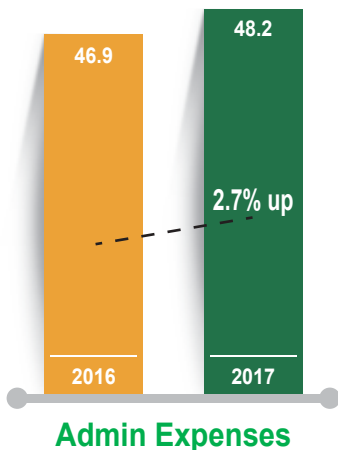
Operating Income



Non-Interest Income



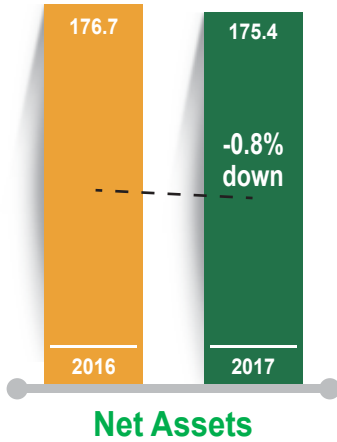
Admin Expenses



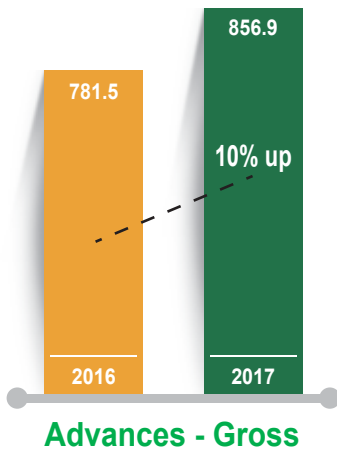
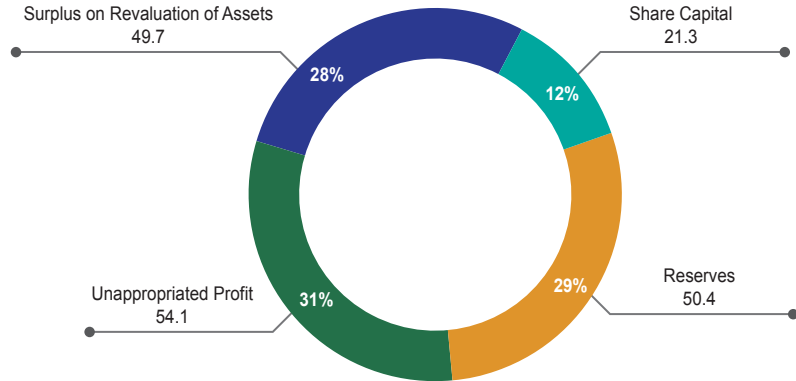


HIGHLIGHTS

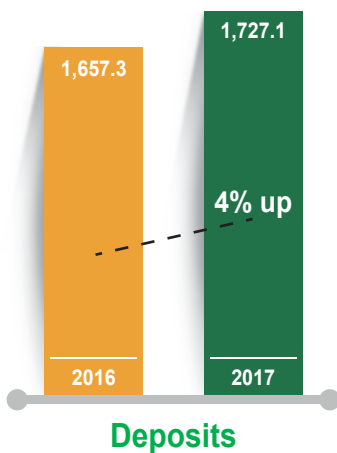
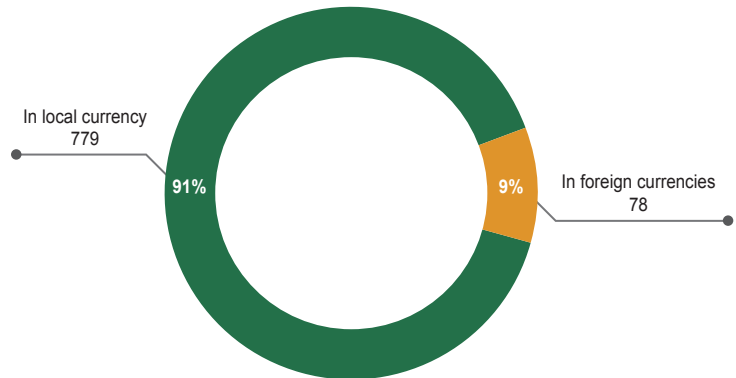
(PKR 'Bn)



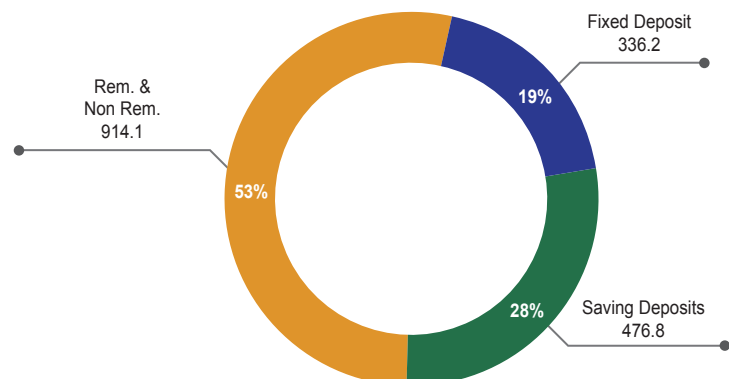
Net Assets



Advances - Gross



Deposits



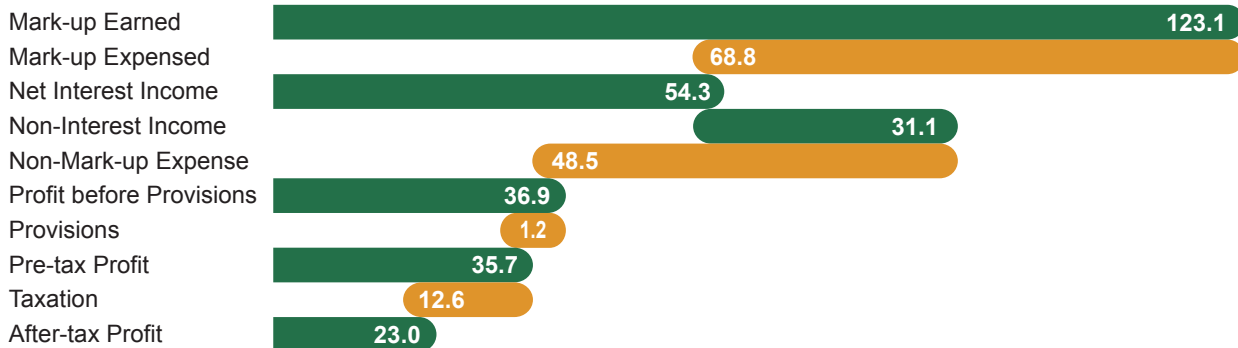


FINANCIAL HIGHLIGHTS

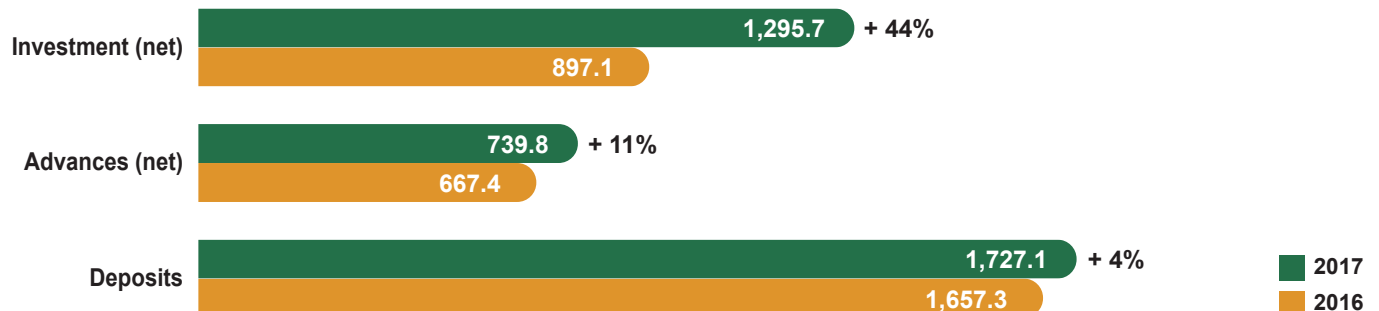
(PKR 'Mn)

	2017	2016	2015	2014	2013	2012	2011	2010
Total Assets	2,369,885	1,975,706	1,706,361	1,543,054	1,364,926	1,309,528	1,149,578	1,037,750
Deposits	1,727,102	1,657,312	1,431,037	1,233,525	1,101,139	1,036,739	927,421	832,152
Advances - net	739,772	667,389	578,122	626,704	615,420	654,690	525,046	477,507
Investment - net	1,295,720	897,131	829,246	561,764	397,959	343,538	319,531	301,324
Capital & Reserves	175,382	176,733	168,351	178,329	156,287	139,981	132,651	128,496
Capital Adequacy Ratios	15.95%	16.54%	17.59%	17.39%	15.24%	15.50%	16.10%	16.93%
Pre-Tax Profit	35,599	37,141	33,216	22,001	7,078	21,378	26,011	24,415
After-Tax Profit	23,028	22,752	19,219	15,028	5,500	14,941	17,605	17,563
Earnings Per Share (Rs.)	10.82	10.69	9.03	7.06	2.59	7.02	9.52	10.44
Break-up Value per Share (Rs.)	82	83	79	84	73	76	79	96
Number of Branches	1,519	1,469	1,424	1,377	1,365	1,306	1,300	1,289
Number of Employees	15,616	15,793	15,548	16,190	16,619	16,921	16,924	16,457

Profit & Loss (PKR 'Bn)



Key Balance Sheet Items (PKR 'Bn)

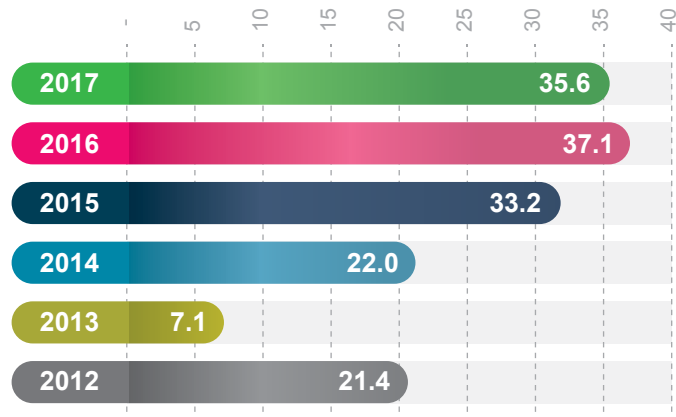




6 YEARS' FINANCIAL HIGHLIGHTS

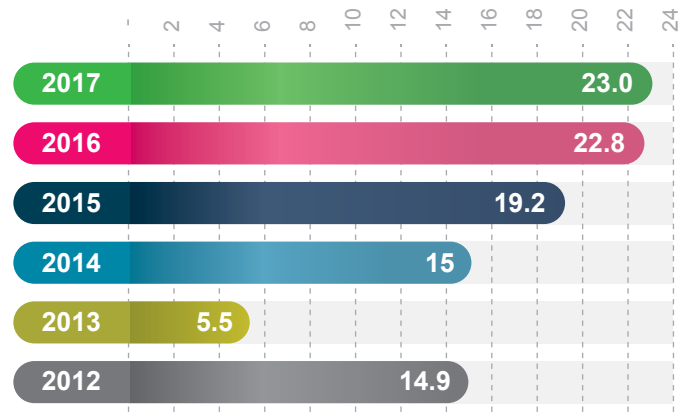
Pre-Tax Profit

(PKR 'Bn)



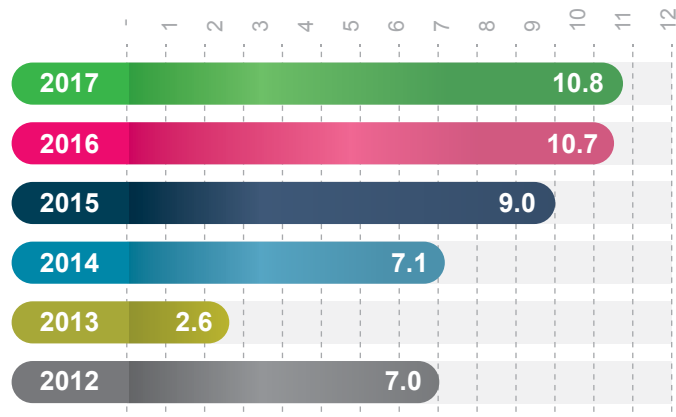
After-Tax Profit

(PKR 'Bn)



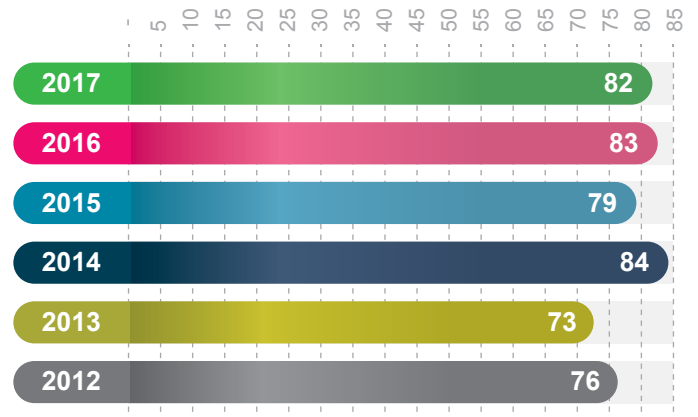
Earnings per Share

(PKR)



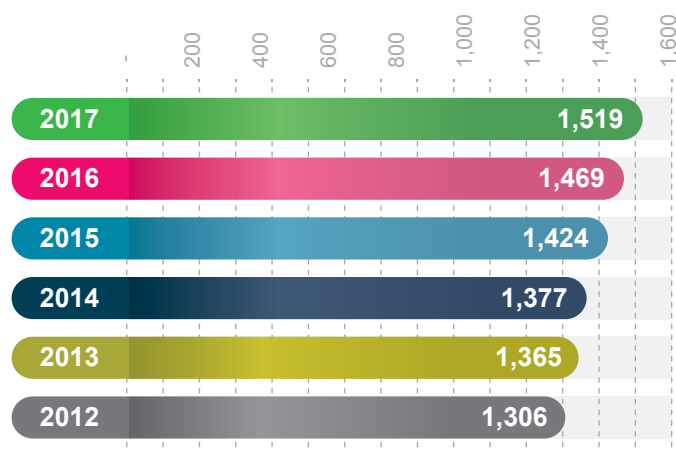
Break-up value per Share

(PKR)



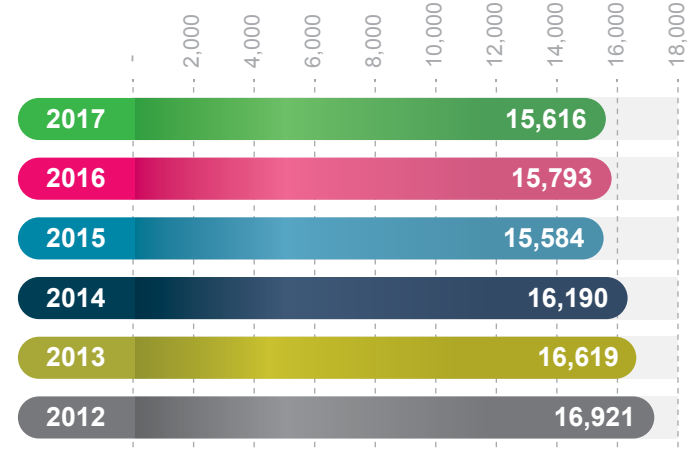
Number of Branches

(No.)



Number of Employees

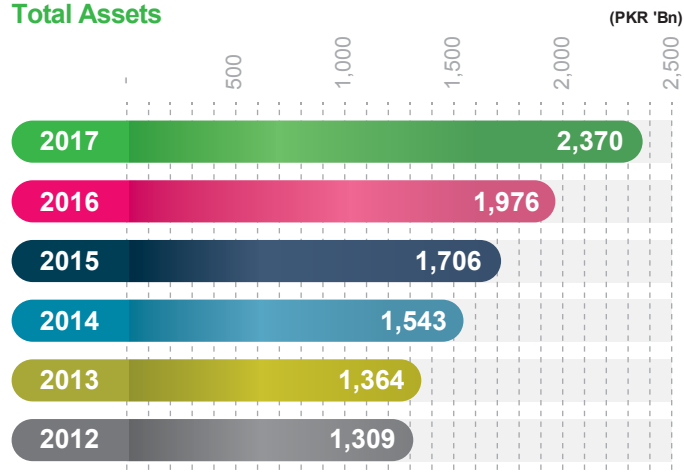
(No.)



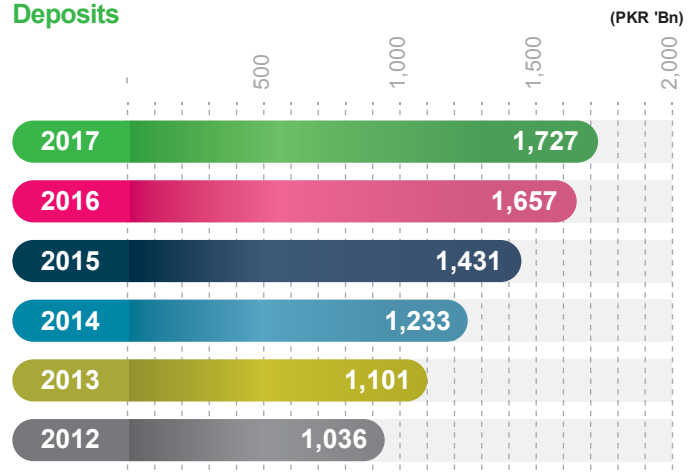


6 YEARS' FINANCIAL HIGHLIGHTS

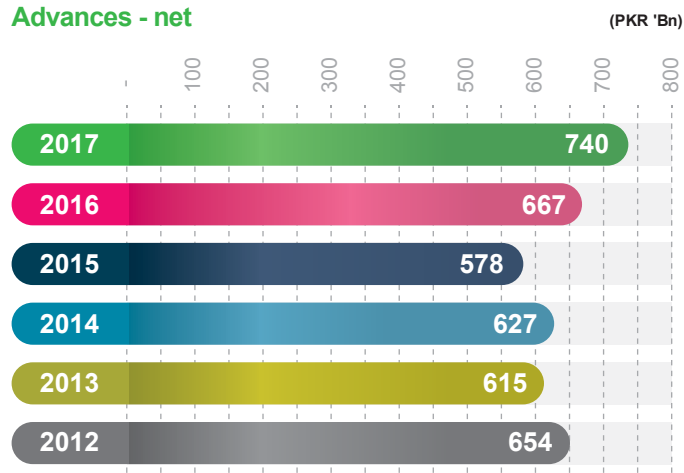
Total Assets



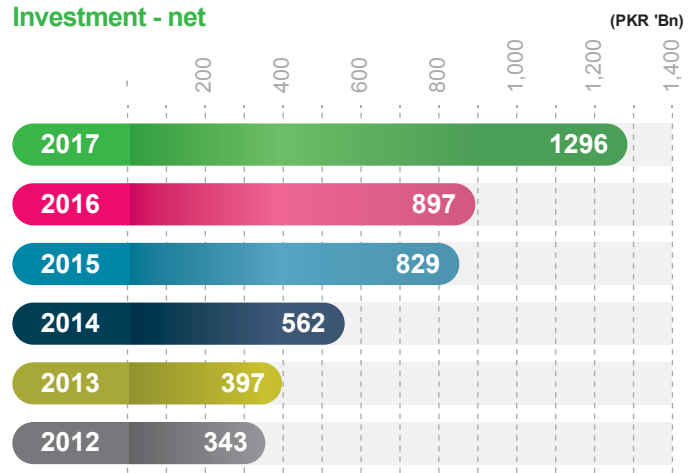
Deposits



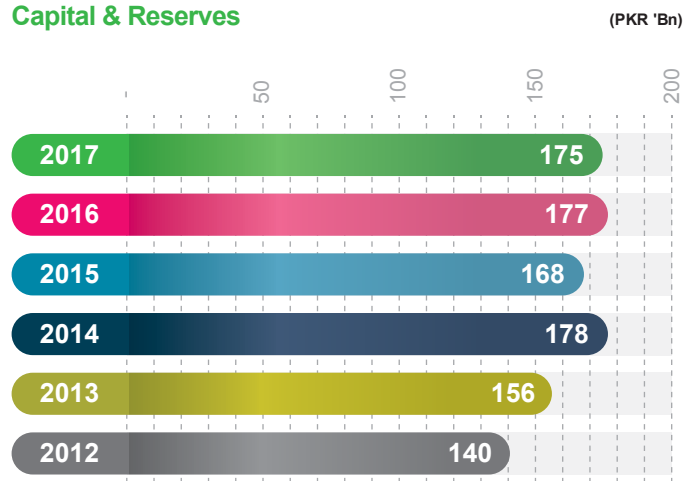
Advances - net



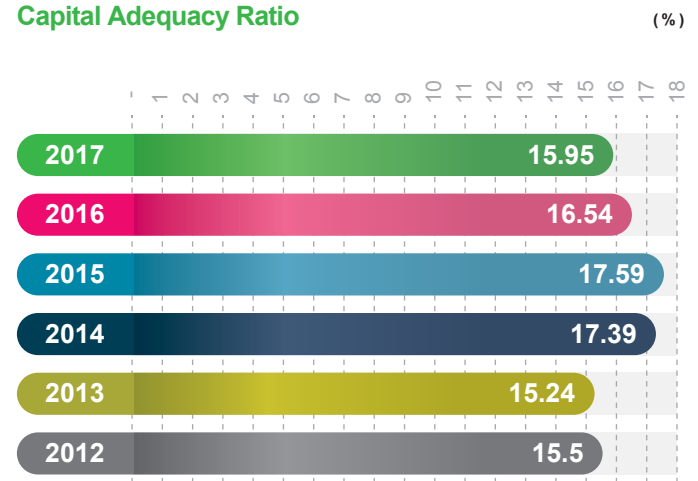
Investment - net



Capital & Reserves



Capital Adequacy Ratio





A GLIMPSE OF QUARTERLY FINANCIAL POSITION & PERFORMANCE

PKR 'Mn

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Position								
Cash and balances with treasury and other banks	159,765	152,150	213,291	116,466	159,836	180,479	146,487	136,282
Balances with other banks	26,404	30,698	14,146	19,630	13,828	11,329	18,281	13,552
Lendings to financial institutions	26,916	18,076	41,501	67,902	121,709	14,987	8,682	5,923
Investments - net	1,295,720	1,218,838	1,206,393	973,546	897,131	868,902	976,984	850,650
Advances - net	739,772	680,335	719,497	648,061	667,389	620,860	626,276	556,002
Operating Fixed Assets	32,752	32,659	32,701	32,734	32,901	31,884	32,479	32,019
Deferred Tax Assets - net	7,317	4,578	3,755	3,816	5,136	7,547	8,125	11,462
Other Assets	81,240	86,737	93,545	73,604	77,775	93,492	87,548	74,889
Total Assets	2,369,885	2,224,071	2,324,828	1,935,759	1,975,706	1,829,481	1,904,862	1,680,778
Liabilities								
Bills payable	13,195	17,318	29,908	10,342	10,187	6,931	10,200	7,566
Borrowings	360,106	259,862	281,531	65,438	44,864	156,687	247,127	151,495
Deposits and other accounts	1,727,102	1,684,805	1,740,338	1,588,386	1,657,312	1,416,737	1,399,414	1,273,911
Liabilities against assets subject to Finance Lease	15	17	20	23	26	28	31	33
Other liabilities	94,086	88,515	103,256	104,550	86,584	80,805	83,609	94,221
Total Liabilities	2,194,503	2,050,517	2,155,053	1,768,739	1,798,973	1,661,187	1,740,381	1,527,226
Net Assets	175,382	173,554	169,775	167,020	176,733	168,293	164,480	153,552
Represented by as below:								
Paid-up Share Capital	21,275	21,275	21,275	21,275	21,275	21,275	21,275	21,275
Reserves	50,357	49,255	48,190	47,620	46,800	47,367	46,825	46,195
Unappropriated Profit	54,061	48,139	42,578	39,488	51,939	46,525	42,955	35,074
Equity	125,693	118,669	112,043	108,383	120,015	115,167	111,055	102,544
Surplus on revaluation of assets	49,689	54,886	57,732	58,637	56,718	53,126	53,425	51,008
	175,382	173,554	169,775	167,020	176,733	168,293	164,480	153,552
Financial Performance								
Mark-up / return / interest earned	35,257	30,917	29,558	27,340	30,561	26,646	30,225	26,970
Mark-up / return / interest expensed	19,311	19,031	15,426	15,052	15,004	15,025	14,604	14,945
Net mark-up / Interest income	15,945	11,886	14,133	12,288	15,556	11,621	15,621	12,025
Non-interest income	8,079	7,678	7,910	7,398	9,075	6,724	7,629	6,539
Operating Expenses	12,066	11,690	12,328	12,443	12,837	11,348	11,706	11,362
Profit before Provisions	11,958	7,874	9,715	7,244	11,794	6,997	11,544	7,203
Provisions	(419)	(1,734)	2,751	594	(2,502)	685	1,182	1,032
Pre-tax Profit	12,377	9,608	6,964	6,651	14,297	6,312	10,362	6,171
Taxation	4,054	3,456	2,612	2,449	4,960	2,344	4,951	2,134
After-tax Profit	8,323	6,152	4,351	4,202	9,337	3,968	5,410	4,037



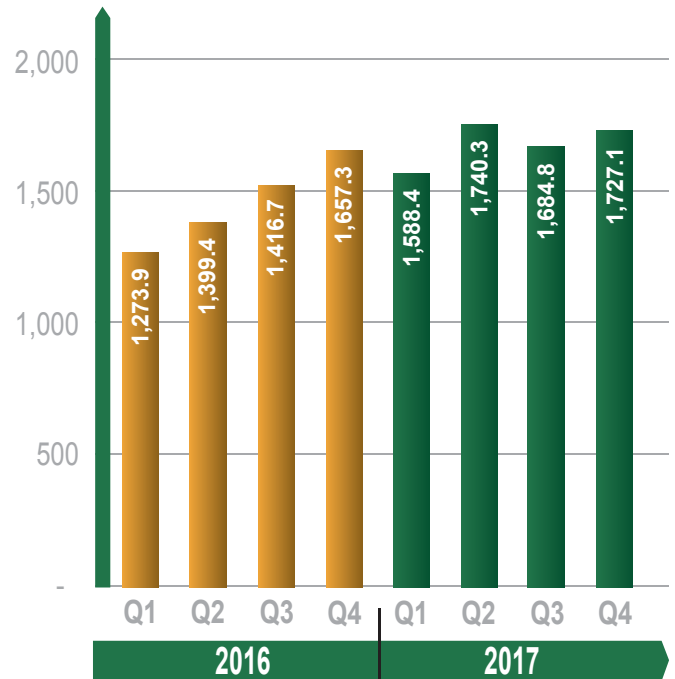
A GLIMPSE OF QUARTERLY FINANCIAL POSITION & PERFORMANCE

(PKR 'Bn)

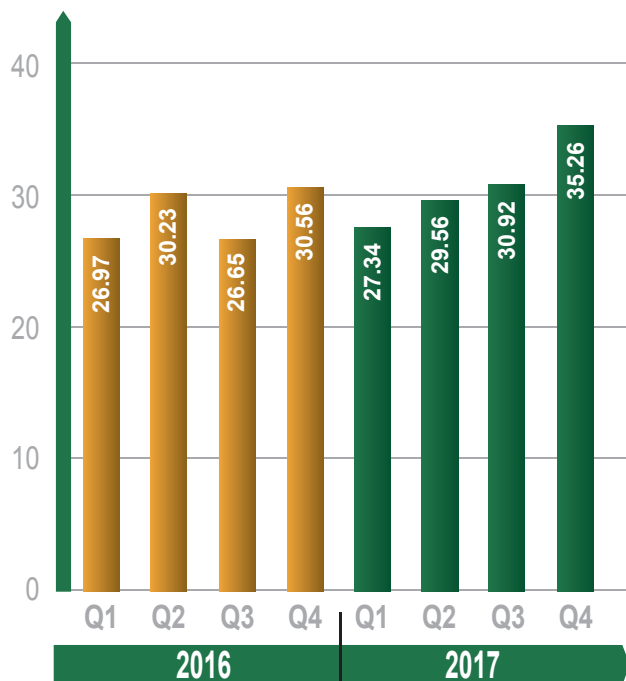
Total Assets



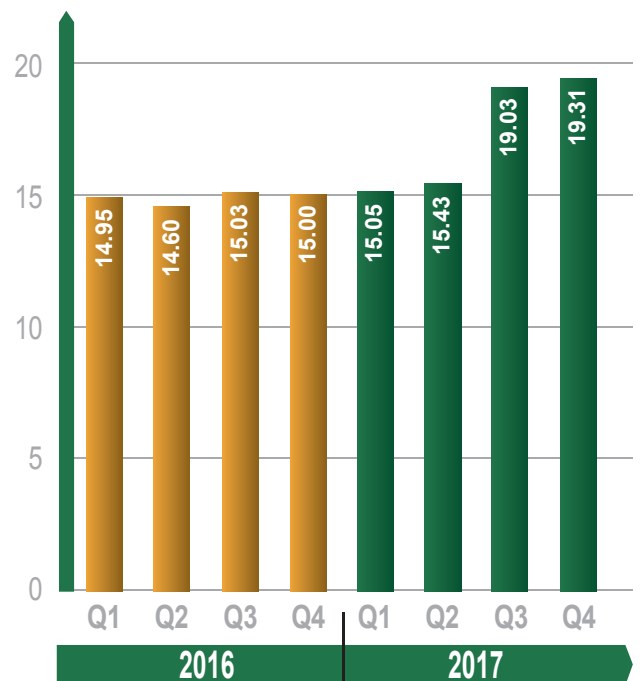
Deposits



Mark-up Income Earned



Mark-up Expense

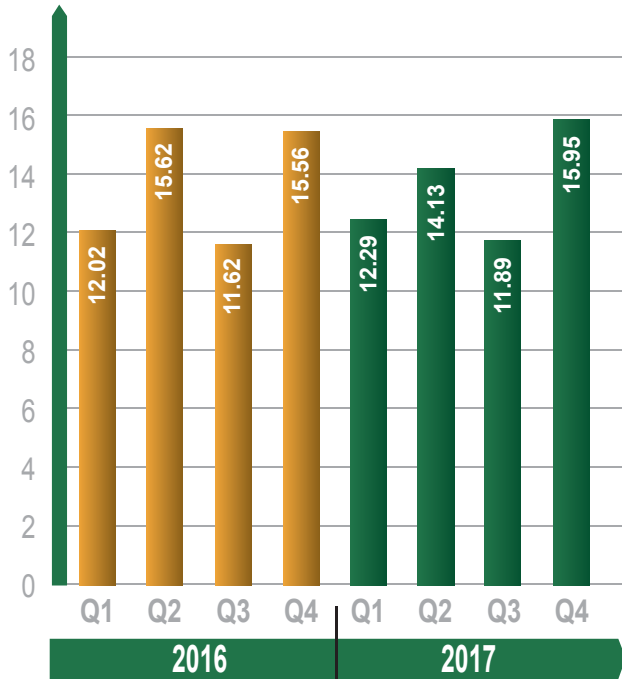




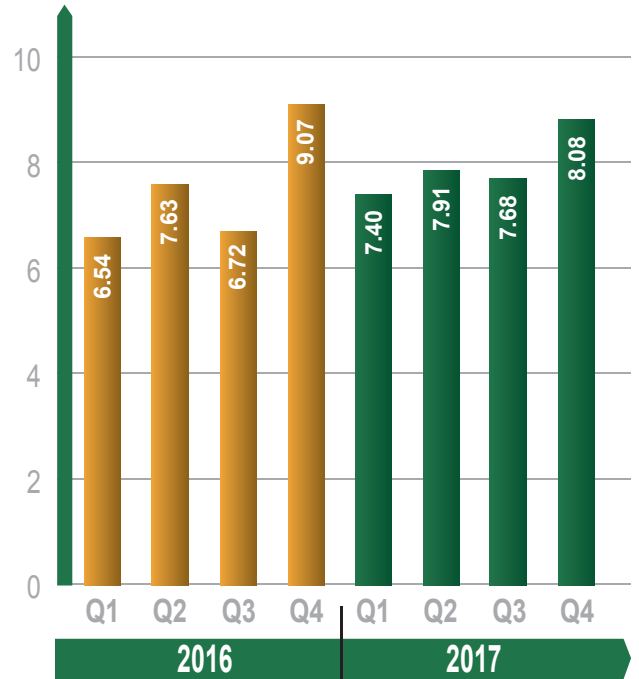
A GLIMPSE OF QUARTERLY FINANCIAL POSITION & PERFORMANCE

(PKR 'Bn)

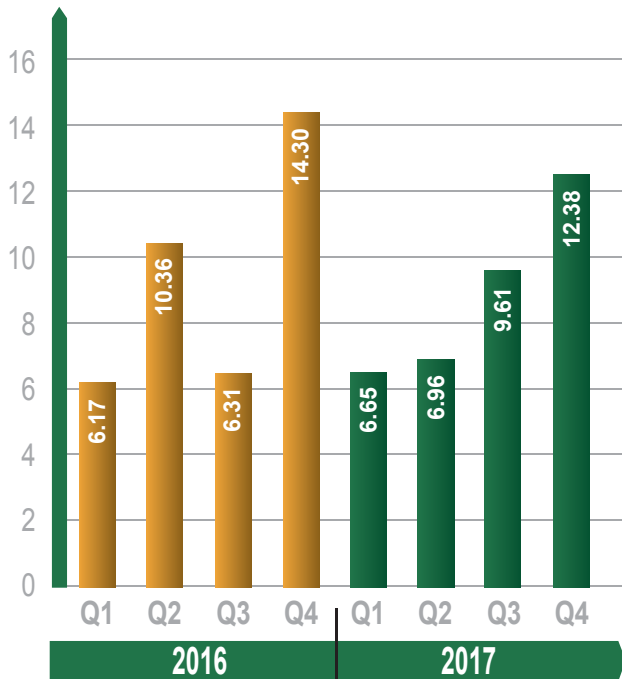
Net Interest Income



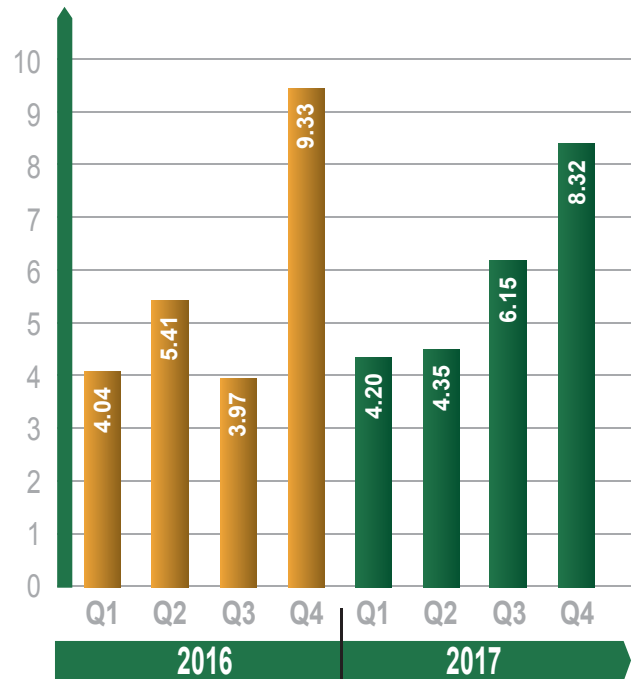
Non-Interest Income



Pre-tax Profit



After-tax Profit





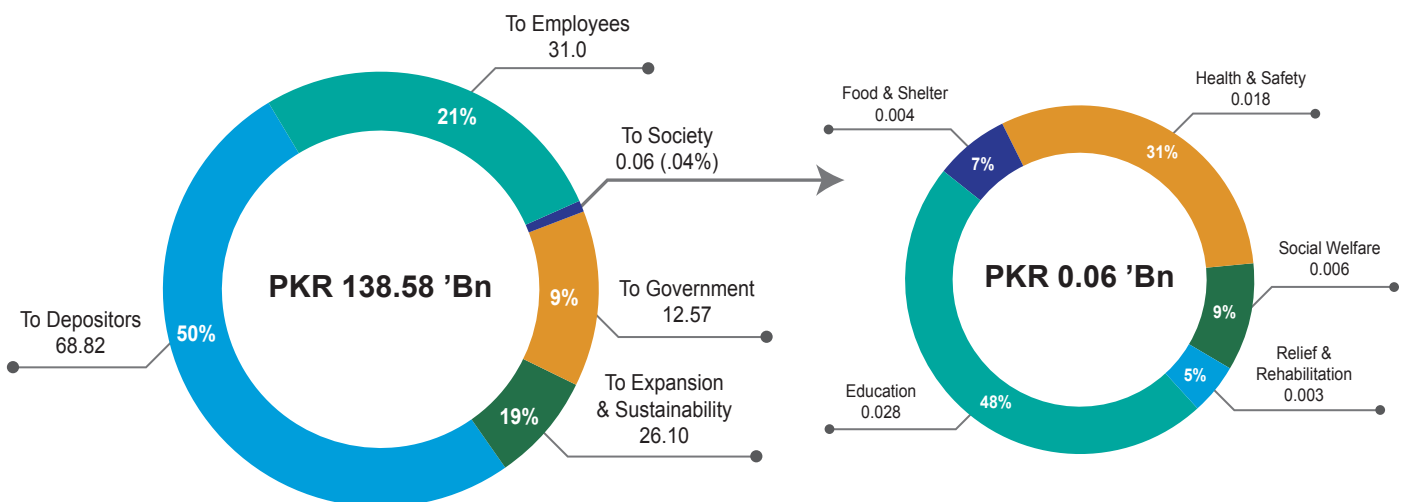
STATEMENT OF VALUE ADDED

PKR 'Mn

Value Generated	2017	2016
Mark-up / Interest Income	123,073	114,403
Non Mark-up / Interest Income	31,066	29,967
Operating Expenses (Exc. Staff cost, Depreciation, Amortisation)	(14,370)	(12,970)
Provisions against Non-Performing Assets	(1,192)	(397)
Value Added Available for Distribution	138,576	131,002

Distribution of Value Generated	2017	%	2016	%
To Depositors as Profit	68,820	49.7%	59,578	45.5%
To Providers of Capital:				
Dividend for the Year	-	0.0%	15,956	12.2%
To Employees:				
Remuneration	26,020	18.8%	26,514	20.2%
Defined Benefit Plans	4,999	3.6%	4,916	3.8%
	31,020	22.4%	31,430	24.0%
To Society:				
Donations & CSR	58	0.0%	54	0.0%
To Government:				
Income Tax	12,571	9.1%	14,389	11.0%
To Expansion & Sustainability:				
Depreciation	2,110	1.5%	2,059	1.6%
Amortisation	969	0.7%	739	0.6%
Value Retained	23,028	16.6%	6,769	5.2%
	26,107	18.8%	9,595	7.3%
	138,576	100%	131,002	100%

Distribution of Value Generated

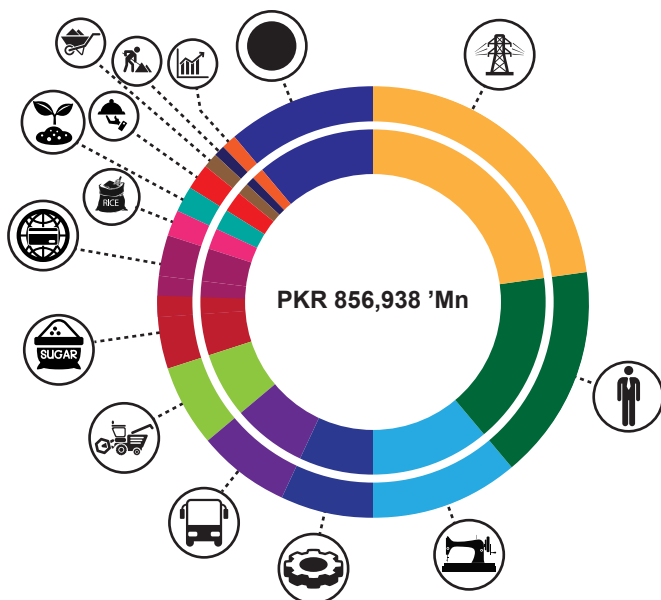




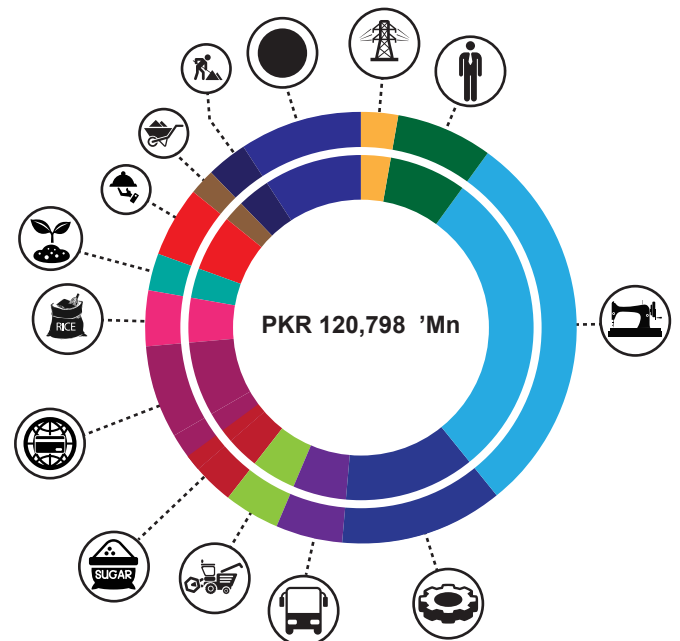
CONCENTRATION OF ADVANCES AND CLASSIFIED ADVANCES

Sector	Advances (Gross)	% Share	Var (%)	PKR 'Mn		
				Classified Advances	% Share	Var (%)
Production and transmission of Energy	195,999	23%	1%	3,790	3%	-10%
Individuals	136,823	16%	-1%	8,960	7%	26%
Textile	93,142	11%	15%	35,386	29%	8%
Metal products	59,325	7%	4%	14,276	12%	3%
Transportation	58,638	7%	-4%	6,009	5%	12%
Agriculture	47,579	6%	5%	5,168	4%	8%
Sugar	34,843	4%	26%	3,525	3%	-9%
General traders	26,682	3%	3%	8,483	7%	-16%
Rice processing	19,873	2%	39%	4,701	4%	16%
Fertilizer	19,150	2%	33%	3,150	3%	1%
Hotel and services	13,964	2%	31%	6,538	5%	14%
Cement	12,298	1%	43%	2,526	2%	0%
Real estate construction	10,847	1%	19%	3,336	3%	2%
Financial	6,863	1%	66%	485	0%	45%
Others	120,913	14%	33%	14,466	12%	-20%
Total	856,938	100%	10%	120,798	100%	1%

Advances (Gross)



Classified Advances

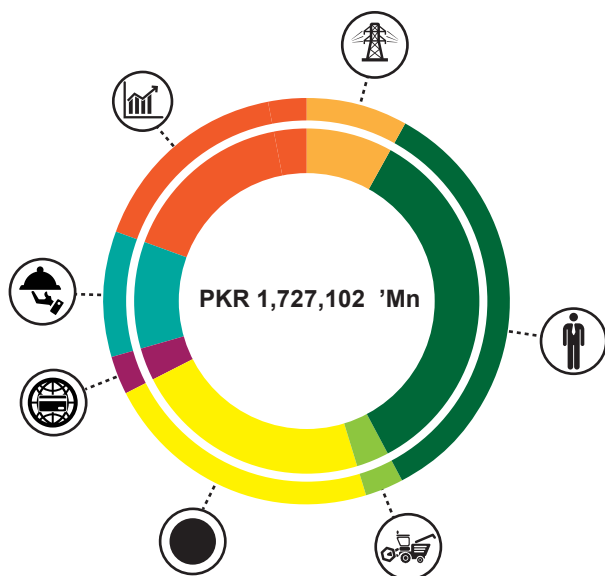




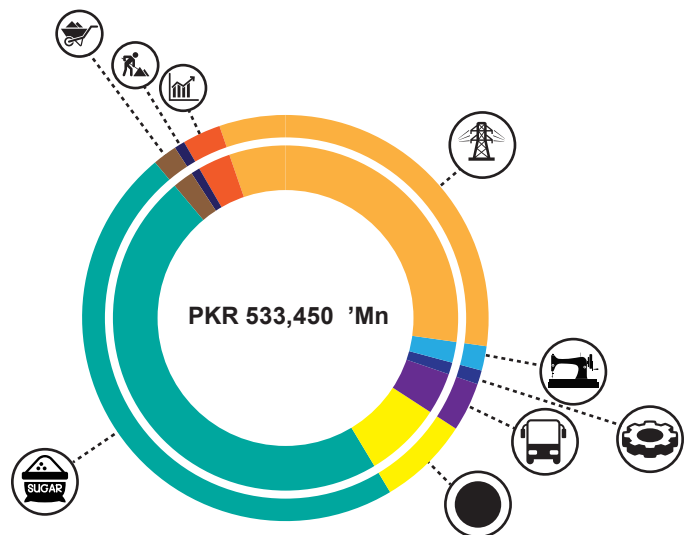
CONCENTRATION OF DEPOSITS AND CONTINGENCIES & COMMITMENTS

Sector	Icon	PKR 'Mn					
		Deposits	% Share	Var (%)	Contingen. & Commit.	% Share	Var (%)
Production and transmission of Energy		129,823	8%	-13%	146,027	27%	-27%
Individuals		595,357	34%	10%	2,510	0%	-17%
Textile		3,580	0%	5%	8,375	2%	-8%
Metal products		2,483	0%	16%	4,488	1%	73%
Transportation		849	0%	-4%	19,028	4%	-46%
Agriculture		46,254	3%	19%	22	0%	-13%
Sugar		1,591	0%	162%	903	0%	1211%
General traders		52,966	3%	-12%	1,834	0%	64%
Rice processing		1,436	0%	67%	-	0%	0%
Fertilizer		1,083	0%	-57%	1,160	0%	-55%
Hotel and services		167,539	10%	0%	248,455	47%	77%
Cement		1,972	0%	129%	12,519	2%	215%
Real estate construction		5,918	0%	4%	6,576	1%	-8%
Financial		273,820	16%	35%	16,528	3%	48%
Others		442,431	26%	-8%	65,027	12%	15%
Total		1,727,102	100%	4%	533,450	100%	13%

Deposits



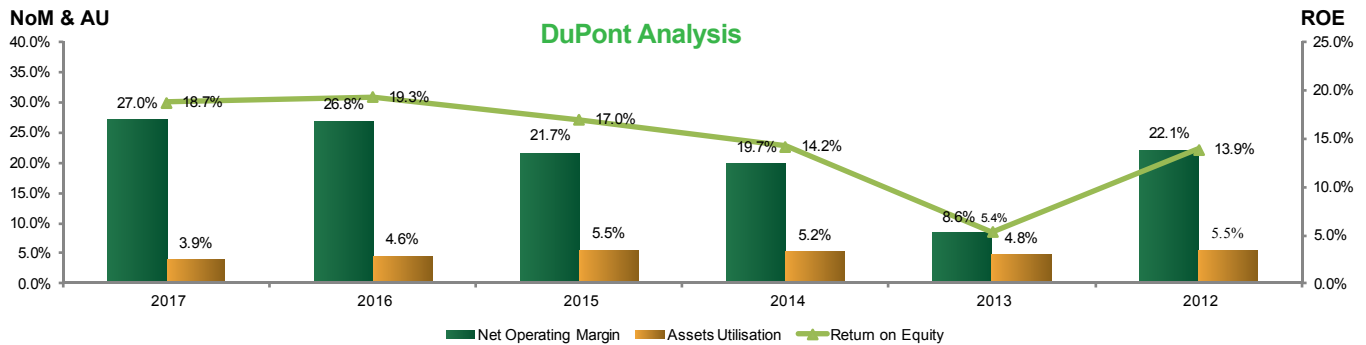
Contingencies & Commitments





DUPONT ANALYSIS

Indicator	Formula			2017	2016	2015	2014	2013	2012
Net Operating Margin	PAT / Total Income	A	%	26.99	26.83	21.67	19.73	8.62	22.13
Asset Utilisation	Total Income / Avg Assets	B	%	3.93	4.61	5.46	5.24	4.77	5.49
Return on Assets	PAT / Avg Assets	C = A x B	%	1.06	1.24	1.18	1.03	0.41	1.22
Leverage Ratio / Equity Multiplier	Avg Assets / Avg Equity	D	X	17.69	15.60	14.35	13.77	13.01	11.42
Return on Equity	PAT/Avg Equity	C = C x D	%	18.74	19.28	16.98	14.23	5.35	13.88



Following are the main DuPont Analysis Highlights:

1. Net operating margins of the Bank have improved from 2016. Improvement in the net operating margins is mainly attributed to higher non mark-up income.
2. Asset Utilisation in terms of Total Income has dropped to 3.9% in 2017 from 4.6% in 2016. This was mainly due to increased cost of deposits.
3. Equity multiplier has recorded growth since 2012.

SUMMARY OF INVESTMENTS BY SEGMENT

	2017	2016
	PKR 'Mn	
Federal Government Securities	1,156,658	745,114
Foreign Government Securities	21,491	21,648
Fully Paid-up Ordinary Shares & Mutual Funds	26,197	26,315
Debt Securities	55,795	58,727
Preference Shares	557	634
Subsidiaries, Associates and JVs	11,240	11,132
Total Investments at Cost	1,271,937	863,570
Provision for diminution in value of investments	(14,680)	(17,405)
Investments (cost net of provisions)	1,257,258	846,165
Unrealised gain / (loss) on revaluation of HFT securities	(14)	(67)
Surplus on revaluation of available-for-sale securities	38,476	51,033
Total investments - at carrying value	1,295,720	897,131



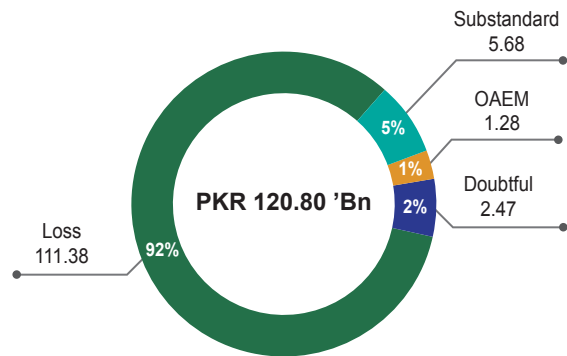
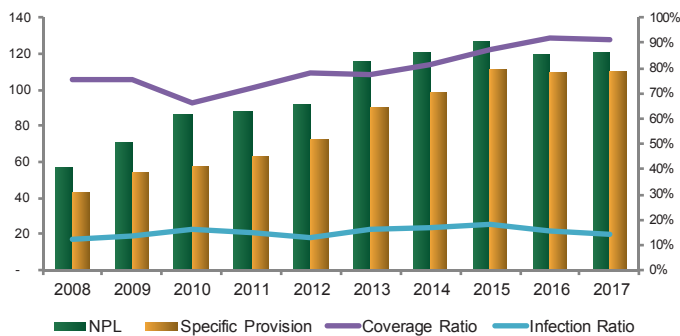
NON-PERFORMING LOANS

PKR 'Mn

Categorywise	2017		2016		2017	2016	Variance (%)	
	NPL	Spec. Prov.	NPL	Spec. Prov.	Coverage Ratio	Coverage Ratio	NPL	Prov.
OAEM	1,273	45	1,077	32	4%	3%	18%	40%
Substandard	5,679	1,363	4,841	1,130	24%	23%	17%	21%
Doubtful	2,468	1,194	3,583	1,616	48%	45%	-31%	-26%
Loss	111,378	108,049	109,916	106,877	97%	97%	1%	1%
Total	120,798	110,651	119,416	109,655	92%	92%	1%	1%

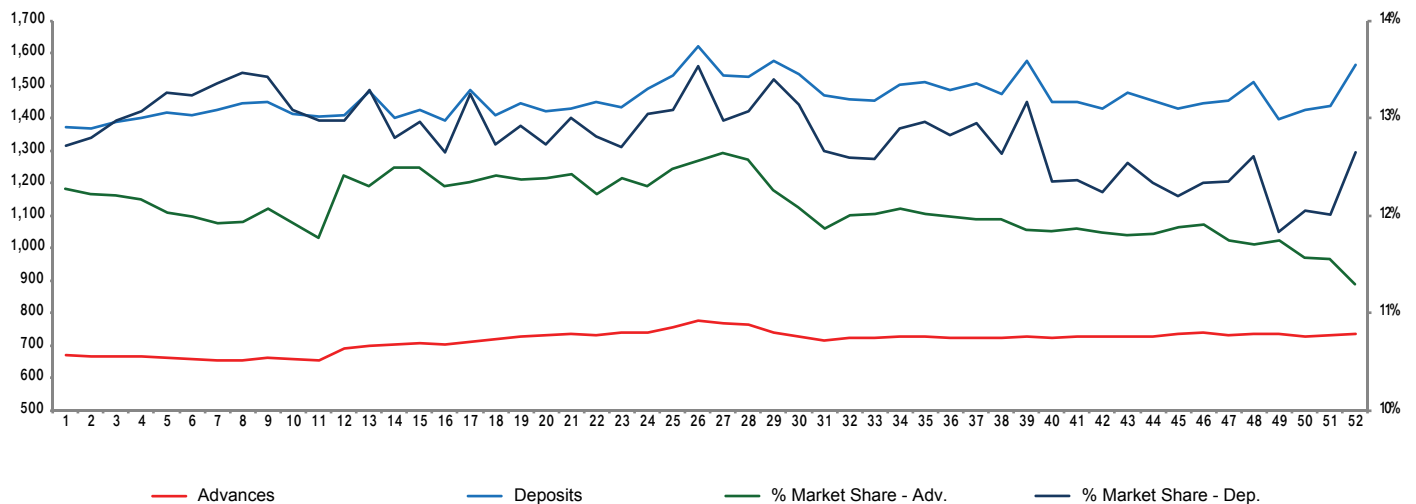
PKR 'Bn

Asset Quality



Weekly Domestic Advances and Deposits - 2017

PKR 'Bn





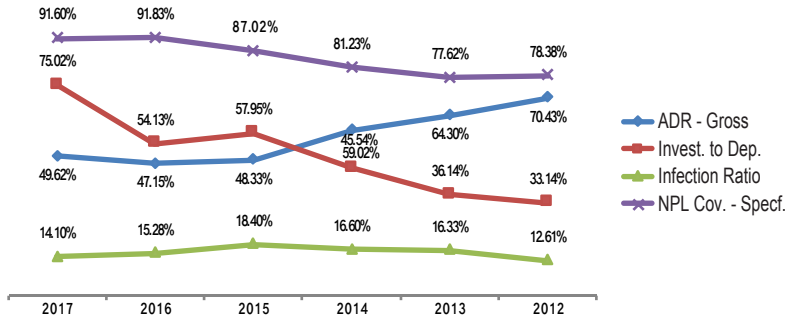
KEY PERFORMANCE RATIOS

		2017	2016	2015	2014	2013	2012
A. SIZE FACTOR							
1. Total Assets	PKR 'Mn	2,369,885	1,975,706	1,706,361	1,543,054	1,364,926	1,309,528
2. Total Capital	"	175,382	176,733	168,351	178,329	156,287	139,981
3. Deposits	"	1,727,102	1,657,312	1,431,037	1,233,525	1,101,139	1,036,739
4. Profit after Tax	"	23,028	22,752	19,219	15,028	5,500	14,941
5. Profit before Tax	"	35,599	37,141	33,216	22,001	7,078	21,378
B. ASSET QUALITY							
6. Total Assets Growth Rate	%	19.95	15.78	10.58	13.05	4.23	13.91
7. NPLs To Total Assets	"	5.10	6.04	7.46	7.83	8.47	7.03
8. Gross Advances to Deposits Ratio	"	49.62	47.15	48.33	59.02	64.30	70.43
9. Net Advances to Deposits Ratio	"	42.83	40.27	40.40	50.81	55.89	63.15
10. Investment to Deposit Ratio	"	75.02	54.13	57.95	45.54	36.14	33.14
11. Assets to Equity	Times	18.85	16.46	14.71	13.98	13.53	12.50
12. Infection Ratio - NPLs / Gross Advances	%	14.10	15.28	18.40	16.60	16.33	12.61
13. NPL Coverage - Total Provision / NPLs	"	96.99	95.54	89.35	83.88	80.09	81.98
14. NPL Coverage - (Specific Provision / NPLs)	"	91.60	91.83	87.02	81.23	77.62	78.38
C. CAPITAL ADEQUACY							
15. Tier-I Capital	PKR 'Mn	101,303	95,540	91,751	91,758	87,112	104,014
16. Total Eligible Capital	"	138,885	133,167	129,216	135,740	125,514	131,054
17. Risk Weighted Assets - RWA	"	870,989	805,252	734,403	780,719	823,424	795,215
18. Tier-I to RWA	%	11.63	11.86	12.49	11.75	10.58	13.08
19. RWA to Total Assets	"	36.75	40.76	43.04	50.60	60.33	60.73
20. Capital Adequacy Ratio	"	15.95	16.54	17.59	17.39	15.24	16.48
D. INVESTMENT / MARKET RATIOS							
21. Earnings per Share and Diluted EPS	PKR	10.82	10.69	9.03	7.06	2.59	7.02
22. Price Earning Ratio	%	4.49	7.01	5.98	9.84	22.42	7.04
23. Market Value per Share	PKR	48.56	74.89	54.04	69.46	58.06	49.39
24. Dividend per Share	PKR	-	7.5	7.5	5.5	2	7
E. LIQUIDITY							
25. Net Loans To Total Assets	%	31.22	33.78	33.87	40.61	45.09	49.99
26. Net Loans To Total Deposits	"	42.83	40.27	40.38	50.81	55.89	63.15
27. Net Loans To Total Deposits & Borrowings	"	35.44	39.21	39.77	49.31	54.78	60.17
F. PROFITABILITY							
28. Return on Average Assets - Pre Tax	%	1.64	2.02	2.04	1.51	0.53	1.74
29. Return on Average Equity - Pre Tax	"	28.98	31.47	29.35	20.83	6.89	19.86
30. Operating Profit To Average Assets	"	1.69	2.04	2.86	2.37	2.05	2.64
31. Gross Income To Average Assets	"	3.93	4.61	5.46	5.24	4.77	5.49
32. Non-Interest Income To Gross Income	"	36.41	35.34	39.44	39.87	40.09	35.32
33. Operating Expenses To Gross Income	"	56.88	55.73	47.57	54.74	56.91	51.96
34. Operating Expenses To Average Assets	"	2.23	2.57	2.60	2.87	2.71	2.85
35. Loan Loss Provisioning Expense to Operating Profit	"	3.24	1.06	28.59	36.19	74.24	34.10
G. DuPont Analysis							
36. Net Operating Margin	%	26.99	26.83	21.67	19.73	8.62	22.13
37. Asset Utilisation	"	3.93	4.61	5.46	5.24	4.77	5.49
38. Return on Assets - After Tax	"	1.06	1.24	1.18	1.03	0.41	1.22
39. Return on Equity - After Tax	"	18.74	19.28	16.98	14.23	5.35	13.88
RATES							
Exchange Rate	US \$	110.4172	104.5985	104.8715	100.4831	105.3246	97.1497

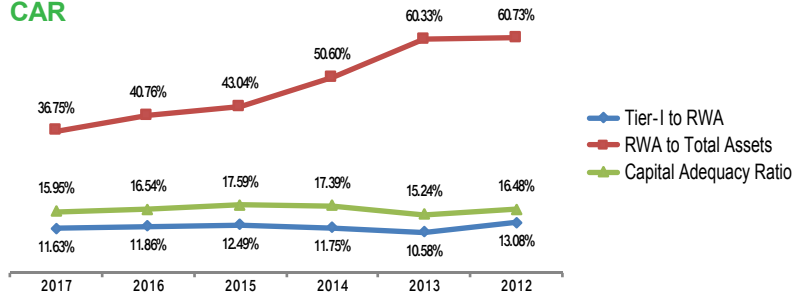


6 YEARS' FINANCIAL RATIO

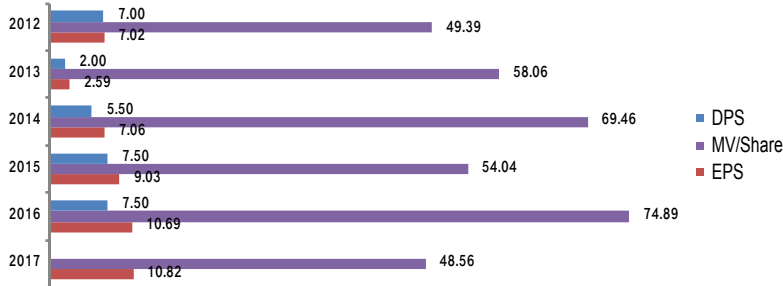
Assets Quality



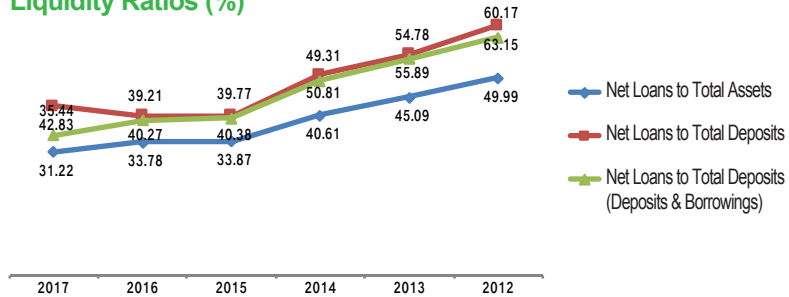
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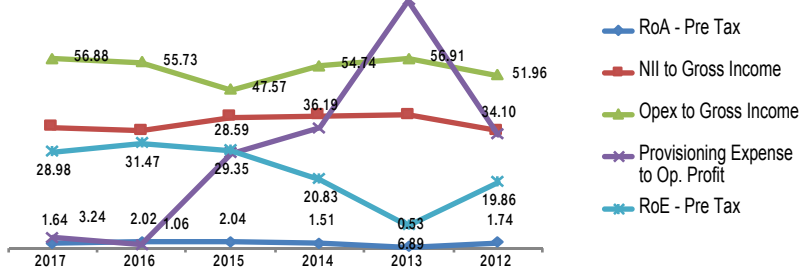
Investment / Market Ratios



Liquidity Ratios (%)



Profitability Ratios (%)





6 YEARS' SUMMARY OF FINANCIAL POSITION AND PERFORMANCE

PKR 'Mn

	2017	2016	2015	2014	2013	2012
Financial Position						
ASSETS						
Cash and balances with treasury and other banks	159,765	159,836	150,900	97,972	157,930	158,333
Balances with other banks	26,404	13,828	20,128	12,108	17,458	30,222
Lending to financial institutions	26,916	121,709	7,695	111,789	51,939	8,273
Investments - net	1,295,720	897,131	829,246	561,764	397,959	343,538
Advances - net	739,772	667,389	578,122	626,704	615,420	654,690
Operating Fixed Assets	32,752	32,901	31,706	31,796	32,702	27,950
Deferred Tax Assets - net	7,317	5,136	9,669	9,878	10,955	9,848
Other Assets	81,240	77,775	78,895	91,045	80,564	76,675
Total Assets	2,369,885	1,975,706	1,706,361	1,543,054	1,364,926	1,309,528
LIABILITIES						
Bills payable	13,195	10,187	9,172	11,012	13,895	14,368
Borrowings	360,106	44,864	21,911	37,541	22,239	51,297
Deposits and other accounts	1,727,102	1,657,312	1,431,037	1,233,525	1,101,139	1,036,739
Sub-ordinated loans	-	-	-	-	-	-
Liabilities against Assets subject to Finance Lease	15	26	36	13	24	30
Deferred tax liabilities	-	-	-	-	-	-
Other liabilities	94,086	86,584	75,855	82,634	71,343	67,115
Total Liabilities	2,194,503	1,798,973	1,538,010	1,364,725	1,208,639	1,169,548
Net Assets	175,382	176,733	168,351	178,329	156,287	139,981
Represented by as below:						
Paid-up Share Capital	21,275	21,275	21,275	21,275	21,275	18,500
Reserves	50,357	46,800	45,581	32,074	31,539	28,819
Unappropriated Profit	54,061	51,939	49,156	57,007	48,046	57,419
Equity	125,693	120,015	116,011	110,356	100,860	104,737
Surplus on revaluation of assets	49,689	56,718	52,340	67,973	55,427	35,243
	175,382	176,733	168,351	178,329	156,287	139,981
Financial Performance						
Mark-up / Return / Interest earned	123,073	114,403	113,662	114,174	99,028	100,092
Mark-up / Return / Interest expensed	68,820	59,578	59,941	68,370	60,823	56,418
Net Mark-up / Interest income	54,253	54,824	53,721	45,804	38,205	43,674
Fee, Commission, Brokerage and Exchange income	19,026	17,013	17,043	15,687	15,394	14,410
Capital gain & Dividend income	10,301	11,405	15,860	11,103	6,908	6,844
Other income	1,740	1,549	2,081	3,587	3,268	2,595
Non-interest income	31,066	29,967	34,983	30,377	25,570	23,849
Gross income	85,319	84,791	88,704	76,181	63,774	67,524
Operating Expenses	48,528	47,253	42,193	41,703	36,295	35,085
Profit before Provisions	36,791	37,539	46,511	34,478	27,480	32,438
Provisions	1,192	397	13,296	12,478	20,401	11,060
Profit before Taxation	35,599	37,141	33,216	22,001	7,078	21,378
Taxation	12,571	14,389	13,997	6,973	1,578	6,437
Profit after Taxation	23,028	22,752	19,219	15,028	5,500	14,941



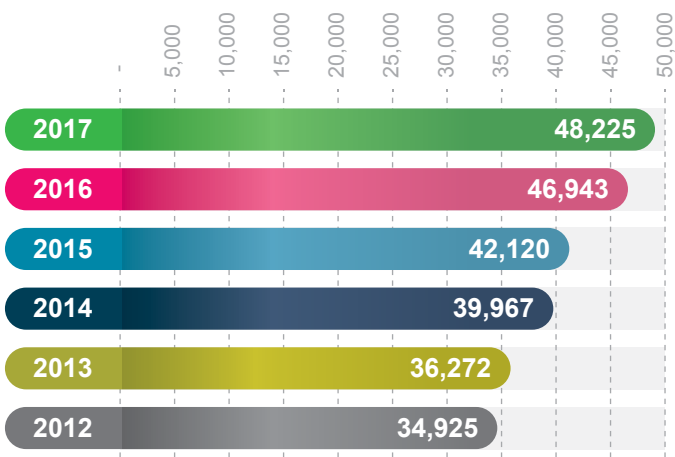
6 YEARS' BREAK UP OF ADMINISTRATIVE EXPENSES

PKR 'Mn

	2017	2016	2015	2014	2013	2012
Salaries and allowances	26,020	26,514	24,056	23,378	21,841	21,588
Charge for defined benefit plans	4,999	4,916	4,369	4,825	4,245	3,310
Non-executive directors' fee, allowances and other expenses	24	26	21	18	27	31
Rent, taxes, insurance, electricity and other utilities	3,619	3,315	3,197	2,596	2,258	2,008
Legal and professional charges	789	612	287	129	314	258
Communications	1,184	1,038	917	856	709	814
Repairs and maintenance	1,309	1,125	1,044	863	914	670
Financial charges on leased assets	1	3	2	7	11	20
Books, stationery, printing and other computer accessories	1,208	997	831	686	695	750
Advertisement, sponsorship and publicity	435	540	771	374	361	613
Donations	-	0	0	1	0	14
Contributions for other Corporate and Social Responsibility	58	53	59	84	58	178
Auditors' remuneration	193	172	157	143	102	101
Depreciation	1,994	1,958	1,220	2,037	1,677	1,424
Depreciation on Ijarah Assets	86	67	81	-	-	-
Amortisation	969	739	634	434	26	31
Depreciation on Non-Banking Assets	30	34	-	-	-	-
Conveyance	261	248	254	237	195	160
Entertainment	143	117	86	83	65	59
Travelling	563	513	543	401	290	308
Security services	2,270	2,067	1,976	1,721	1,464	1,296
Outsourcing and janitorial services	1,275	1,096	870	606	542	517
Others	792	793	745	490	478	775
Total	48,225	46,943	42,120	39,967	36,272	34,925

Administrative Expenses

(PKR 'Mn)





6 YEARS' SUMMARY OF FINANCIAL POSITION AND PERFORMANCE (CONSOLIDATED)

PKR 'Mn

	2017	2016	2015	2014	2013	2012
Financial Position						
ASSETS						
Cash and balances with treasury and other banks	160,081	160,086	151,191	98,247	158,230	158,757
Balances with other banks	26,992	14,396	20,639	12,544	18,389	30,895
Lending to financial institutions	26,916	121,709	7,695	111,794	51,942	8,281
Investments - net	1,296,537	896,281	829,191	561,768	396,412	342,965
Advances - net	740,345	668,884	580,324	630,230	620,163	658,654
Operating Fixed assets	33,822	34,058	33,071	33,354	34,569	29,714
Deferred Tax Assets - net	7,342	5,172	9,672	9,884	10,969	9,834
Other Assets	83,981	80,830	80,092	91,839	81,576	77,250
Total Assets	2,376,016	1,981,417	1,711,874	1,549,660	1,372,249	1,316,350
LIABILITIES						
Bills payable	13,195	10,187	9,172	11,012	13,895	14,368
Borrowings	360,106	44,864	22,385	38,208	23,259	52,158
Deposits and other accounts	1,727,059	1,657,132	1,431,535	1,234,405	1,101,845	1,037,049
Sub-ordinated loans	-	-	-	-	-	-
Liabilities against Assets subject to Finance Lease	57	83	91	2	4	38
Other liabilities	95,924	89,011	77,036	83,439	72,583	67,855
Total Liabilities	2,196,341	1,801,278	1,540,219	1,367,066	1,211,586	1,171,468
Net Assets	179,676	180,139	171,655	182,593	160,664	144,880
Represented by as below:						
Paid-up Share Capital	21,275	21,275	21,275	21,275	21,275	18,500
Reserves	49,887	46,031	45,202	32,996	33,537	30,305
Unappropriated Profit	58,069	55,795	52,725	59,752	49,734	59,332
Non-controlling interest	811	738	722	717	821	791
Equity	130,043	123,840	119,924	114,740	105,367	108,928
Surplus on revaluation of assets	49,632	56,299	51,731	67,853	55,297	35,952
	179,676	180,139	171,655	182,593	160,664	144,880
Financial Performance						
Mark-up / Return / Interest earned	123,415	115,029	114,386	115,252	100,192	101,126
Mark-up / Return / Interest expensed	68,811	59,594	59,999	68,462	60,894	56,552
Net mark-up / Interest income	54,604	55,434	54,387	46,790	39,298	44,574
Fee, Commission, Brokerage and Exchange income	20,820	18,224	18,254	16,572	16,273	14,941
Capital gain & Dividend income	10,049	11,256	14,996	10,882	6,548	5,300
Share of profit from joint venture - net of tax	2	319	560	302	438	95
Share of loss from associates - net of tax	(512)	(333)	(923)	(1,060)	(592)	1,856
Other income	1,757	1,567	2,111	3,609	3,284	2,613
Non-interest income	32,115	31,032	34,999	30,305	25,952	24,805
Gross income	86,720	86,467	89,386	77,095	65,250	69,378
Operating Expenses	50,041	48,742	43,794	43,255	37,701	36,082
Profit before provisions	36,678	37,725	45,592	33,840	27,549	33,297
Provisions	535	130	11,419	10,703	20,520	11,112
Pre-tax Profit	36,144	37,595	34,173	23,136	7,029	22,185
Taxation	12,798	14,507	14,096	7,065	1,722	6,519
After-tax Profit	23,346	23,087	20,077	16,071	5,307	15,666



6 YEARS' VERTICAL ANALYSIS

	2017		2016		2015		2014		2013		2012	
Financial Position	PKR 'Mn	%	PKR 'Mn	%	PKR 'Mn	%	PKR 'Mn	%	PKR 'Mn	%	PKR 'Mn	%
ASSETS												
Cash and balances with treasury banks	159,765	7%	159,836	8%	150,900	9%	97,972	6%	157,930	12%	158,333	12%
Balances with other banks	26,404	1%	13,828	1%	20,128	1%	12,108	1%	17,458	1%	30,222	2%
Lending to financial institutions	26,916	1%	121,709	6%	7,695	0%	111,789	7%	51,939	4%	8,273	1%
Investments - net	1,295,720	55%	897,131	45%	829,246	49%	561,764	36%	397,959	29%	343,538	26%
Advances - net	739,772	31%	667,389	34%	578,122	34%	626,704	41%	615,420	45%	654,690	50%
Operating Fixed assets	32,752	1%	32,901	2%	31,706	2%	31,796	2%	32,702	2%	27,950	2%
Deferred tax Assets - net	7,317	0%	5,136	0%	9,669	1%	9,878	1%	10,955	1%	9,848	1%
Other Assets	81,240	3%	77,775	4%	78,895	5%	91,045	6%	80,564	6%	76,675	6%
Total Assets	2,369,885	100%	1,975,706	100%	1,706,361	100%	1,543,054	100%	1,364,926	100%	1,309,528	100%
LIABILITIES												
Bills payable	13,195	1%	10,187	1%	9,172	1%	11,012	1%	13,895	1%	14,368	1%
Borrowings	360,106	15%	44,864	2%	21,911	1%	37,541	2%	22,239	2%	51,297	4%
Deposits and other accounts	1,727,102	73%	1,657,312	84%	1,431,037	84%	1,233,525	80%	1,101,139	81%	1,036,739	79%
Sub-ordinated loans	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Liabilities against assets subject to Finance Lease	15	0%	26	0%	36	0%	13	0%	24	0%	30	0%
Deferred tax liabilities	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	94,086	4%	86,584	4%	75,855	4%	82,634	5%	71,343	5%	67,115	5%
Total Liabilities	2,194,503	93%	1,798,973	91%	1,538,010	90%	1,364,725	88%	1,208,639	89%	1,169,548	89%
NET ASSETS	175,382	7%	176,733	9%	168,351	10%	178,329	12%	156,287	11%	139,981	11%
Represented by as below:												
Share capital	21,275	1%	21,275	1%	21,275	1%	21,275	1%	21,275	2%	18,500	1%
Reserves	50,357	2%	46,800	2%	45,581	3%	32,074	2%	31,539	2%	28,819	2%
Unappropriated profit	54,061	2%	51,939	3%	49,156	3%	57,007	4%	48,046	4%	57,419	4%
Equity	125,693	5%	120,015	6%	116,011	7%	110,356	7%	100,860	7%	104,737	8%
Surplus on revaluation of assets	49,689	2%	56,718	3%	52,340	3%	67,973	4%	55,427	4%	35,243	3%
	175,382	7%	176,733	9%	168,351	10%	178,329	12%	156,287	11%	139,981	11%
Financial Performance												
Mark-up / Return / Interest earned	123,073	100%	114,403	100%	113,662	100%	114,174	100%	99,028	100%	100,092	100%
Mark-up / Return / Interest expensed	68,820	56%	59,578	52%	59,941	53%	68,370	60%	60,823	61%	56,418	56%
Net Mark-up / Interest income	54,253	44%	54,824	48%	53,721	47%	45,804	40%	38,205	39%	43,674	44%
Fee, commission and exchange income	19,026	15%	17,013	15%	17,043	15%	15,687	14%	15,394	16%	14,410	14%
Capital gains & dividend income	10,301	8%	11,405	10%	15,860	14%	11,103	10%	6,908	7%	6,844	7%
Other income	1,740	1%	1,549	1%	2,081	2%	3,587	3%	3,268	3%	2,595	3%
Non-interest income	31,066	25%	29,967	26%	34,983	31%	30,377	27%	25,570	26%	23,849	24%
Gross income	85,319	69%	84,791	74%	88,704	78%	76,181	67%	63,774	64%	67,524	67%
Operating expenses	48,528	39%	47,253	41%	42,193	37%	41,703	37%	36,295	37%	35,085	35%
Profit before Provisions	36,791	30%	37,539	33%	46,511	41%	34,478	30%	27,480	28%	32,438	32%
Provisions	1,192	1%	397	0%	13,296	12%	12,478	11%	20,401	21%	11,060	11%
Pre-tax Profit	35,599	29%	37,141	32%	33,216	29%	22,001	19%	7,078	7%	21,378	21%
Taxation	12,571	10%	14,389	13%	13,997	12%	6,973	6%	1,578	2%	6,437	6%
After-tax profit	23,028	19%	22,752	20%	19,219	17%	15,028	13%	5,500	6%	14,941	15%



6 YEARS' HORIZONTAL ANALYSIS

	2017	YoY	2016	YoY	2015	YoY	2014	YoY	2013	YoY	2012	YoY
Financial Position	PKR 'Mn	%	PKR 'Mn	%	PKR 'Mn	%	PKR 'Mn	%	PKR 'Mn	%	PKR 'Mn	%
ASSETS												
Cash and balances with treasury banks	159,765	0%	159,836	6%	150,900	54%	97,972	-38%	157,930	0%	158,333	20%
Balances with other banks	26,404	91%	13,828	-31%	20,128	66%	12,108	-31%	17,458	-42%	30,222	10%
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Deferred tax Assets - net	7,317	42%	5,136	-47%	9,669	-2%	9,878	-10%	10,955	11%	9,848	24%
Other Assets	81,240	4%	77,775	-1%	78,895	-13%	91,045	13%	80,564	5%	76,675	16%
Total Assets	2,369,885	20%	1,975,706	16%	1,706,361	11%	1,543,054	13%	1,364,926	4%	1,309,528	14%
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Borrowings	360,106	703%	44,864	105%	21,911	-42%	37,541	69%	22,239	-57%	51,297	95%
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Sub-ordinated loans	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Liabilities against assets subject to Finance Lease	15	-43%	26	-28%	36	181%	13	-47%	24	-19%	30	-61%
Deferred tax liabilities	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	94,086	9%	86,584	14%	75,855	-8%	82,634	16%	71,343	6%	67,115	24%
Total Liabilities	2,194,503	22%	1,798,973	17%	1,538,010	13%	1,364,725	13%	1,208,639	3%	1,169,548	15%
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Gross income	85,319	1%	84,791	-4%	88,704	16%	76,181	19%	63,774	-6%	67,524	2%
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Provisions	1,192	200%	397	-97%	13,296	7%	12,478	-39%	20,401	84%	11,060	12%
Pre-tax Profit	35,599	-4%	37,141	12%	33,216	51%	22,001	211%	7,078	-67%	21,378	-18%
Taxation	12,571	-13%	14,389	3%	13,997	101%	6,973	342%	1,578	-75%	6,437	-23%
After-tax Profit	23,028	1%	22,752	18%	19,219	28%	15,028	173%	5,500	-63%	14,941	-15%

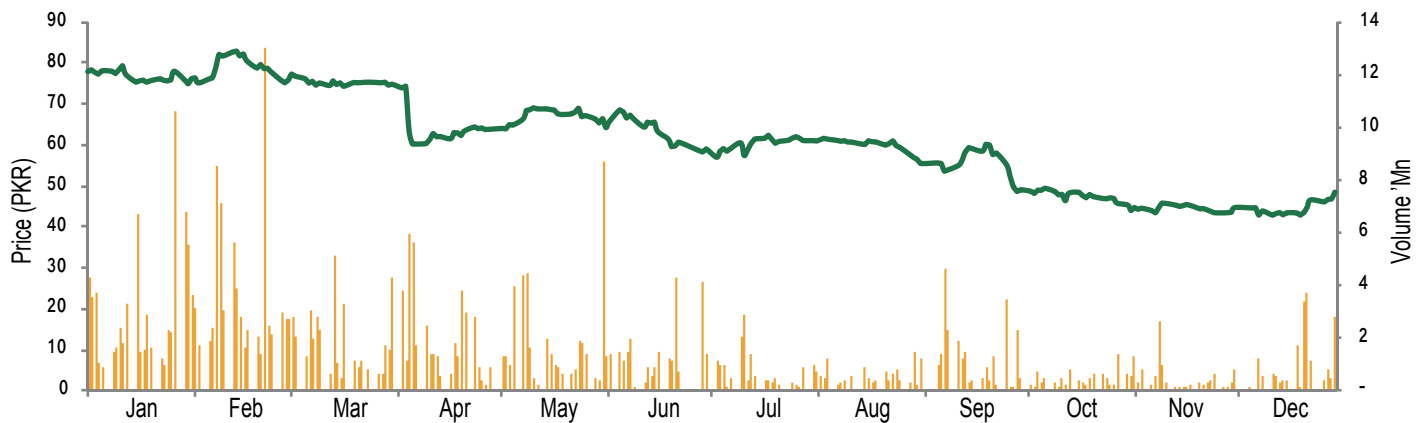


NBP SHARE PRICE AND VOLUME TRENDS

NBP Market Capitalisation

	High	Low	Closing	No. of Shares	Share Turnover	Market Cap	
2017	PKR			O/S	Number	%	
	(A)	(B)	(C)	(D)	(E)	(F=E/D)	(G=C x D)
December 31, 2017	49.2	46.98	48.56	2,127,513,026	2,796,500	0.131%	103,312
September 30, 2017	49.59	48.61	49.14	2,127,513,026	512,500	0.024%	104,546
June 30, 2017	59.5	58	59.01	2,127,513,026	1,357,000	0.064%	125,545
March 31, 2017	75.6	74.1	74.67	2,127,513,026	4,292,000	0.202%	158,861

NBP Share Price & Volumes - 2017



PSX - 100 INDEX



AWARDS & CREDIT RATING

AWARDS

- Guinness World Record for the “World’s Highest ATM”
- Inclusion of NBP in FTSE Index- Certificate of Membership “FTSE”
- Pakistan Domestic Project Finance Bank of the Year 2017 Award by Asia Banking & Finance
- Trade Finance Program “Trade Deal of the year” Award by ADB Trade Finance Program
- CSR Award by The Professionals Network under the following categories:
 - Best CSR Services for the Year
 - Sports and Cultural Support
 - Best Social Services in Health & Education
 - Cause Advocacy Awareness Campaign
- The Bank of the Year Award-2015 (Pakistan) by The Banker - UK
- 1-Link Certificate of Achievement 2015 - Top Three Issuing Banks
- 3rd FPCCI Achievement Award 2015 - Banking & Financial Services
- FPCCI Gold Medal Award -2015
- 2nd FPCCI Achievement Award 2014 - Banking & Financial Services
- 37th FPCCI Award 2014 - Corporate Social Responsibility
- Domestic Technology and Operations Bank 2013: The Asian Banking & Finance Magazine
- Listed in Top-1000 Banks of the World for the Year 2013 - The Banker - UK
- Domestic Retail Bank of the Year 2013- Asian Banking & Finance Magazine
- Listed in Top 1000 Banks of the World for the Year 2012 - The Banker - UK
- Best Emerging Markets Bank - 2011 - Awarded By Global Finance Magazine
- Bank of the Year 2011 - The Banker - UK

CREDIT RATING

PACRA

AAA **A1+**
Long Term Short Term

JCR-VIS

AAA **A1+**
Long Term Short Term



Pakistan Domestic Project Finance Bank of the Year



FTSE4Good Certification



ADB Trade Finance Programme Award



Dear Shareholders,

On behalf of the Board of Directors of the Bank, I am pleased to present to you, the 69th Audited Annual Financial Statements for the financial year ended December 31, 2017.

2017 has been yet another successful year for the Bank as we made the best of our strengths & market opportunities. Strategic directions that we had set for the year translated into synergy-integration, greater market penetration in both conventional and Islamic banking products and uplift of customer service, etc. This is paving the path for us to become a progressive bank for partnering economic growth through innovation in financial products and service. NBP will continue its endeavours to serve the nation through diversified product range, financial innovation, improved services quality, universal banking capabilities, multiple delivery channels, investing in people and achieving sustainable higher returns for shareholders and other stakeholders. This is what drives us. ►

**DIRECTORS'
REPORT TO THE
SHAREHOLDERS**



Year 2017 at a Glance

The Bank has improved its productivity, embraced technological change and continues to reinforce its standards of business conduct. The Bank has a strong capital base and is geared for gaining market share in core business areas. NBP is embracing the changing industry dynamics through greater economic participation, technological advancement, product innovation, financial inclusion, enhanced service standards and human capital development.

The Bank, under new leadership has focused on reorganization at both field & controlling office levels. Realizing that Information Technology and Human Capital are the crucial areas for the Bank, significant progress was made in improving these functions. This would help in smooth delivery of products and services in minimal turn-around time. Based on recent technological developments, the Bank has focused on systemic reorganization at both the field and controlling office levels to properly utilize human capital.

Maintaining its leading position in the Banking industry, NBP has kept its pace of expanding market outreach by increasing its product range, restructuring its business model and adopting modern day delivery strategies. We have recently established Service Quality Group and Payment Services & Digital Banking Group to promote service culture and to bring innovation, e-payment & handle remittance / cash management & government business highlighting Bank's focus towards digital financial services and to promote financial inclusion.

During the year, NBP has increased its domestic branch network from 1,448 branches to over 1,498 branches & has added 100 plus ATM machines. Making further growth in its ATM network, the Bank now has a universe of 1,300+ ATMs, with 6 ATM centres. Over 130 ATMs are installed at different offsite locations to satisfy customer needs. The Bank remains committed to have in its ATM network the World's highest ATM installed at 4,700 meters above the sea level at Khunjerab Pass, Pak-China border. The Bank has a sizeable growth in footprint on the main route of CPEC, including in Gawadar, and same will be further expanded where required.

Despite challenging market conditions, 2017 has been a good year for the Bank. The Bank capitalised on its network strength to help clients navigate complexity and uncover new business opportunities. The Bank has maintained its profitability during 2017 through growth in net-interest income, non-mark up income, advances and deposits.

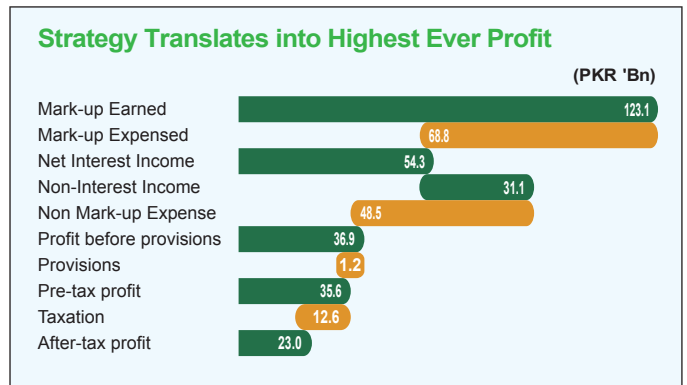
NBP is now one of the few banks in Pakistan with a balance sheet size of over PKR 2 trillion. The Bank continues to maintain its market position of being the largest lending institution in Pakistan and a key player in maximizing financial inclusion of unbanked masses in the

country with particular focus on underdeveloped areas to bring prosperity in the society.

To boost economic development at small & medium enterprise level, the Bank has established Commercial & SME credit centres in various cities across Pakistan. These commercial credit centres cater to both credit & non-credit financial requirements of the small & medium scale businesses.

During the last couple of years NBP disbursed more than PKR 100 billion of Agriculture finance, being the highest amongst peer banks.

During 2017, the Bank has added several new corporate relationships and enhanced its wallet-share with existing customers with sizeable earning potential for the Bank. As part of strategy, we have continued to diversify our loan portfolio and have improved our asset quality.



Islamic banking operations were given priority with an increase in branch network from 118 in 2016 to 169 at the end of 2017. In addition, a number of new sharia compliant products e.g. Salam, Istasna, Karobar, Ijarah Car Financing & Banca Takaful were launched which increased Islamic advances portfolio by over 450% in 2017. Pursuant to effective risk & capital adequacy management strategy, the investment portfolio is efficiently diversified across zero risk treasury instruments & other interest bearing financial instruments.

The assigned credit ratings & outlook reflect NBP's strong capital structure, strong financial risk profile, firm risk absorption capacity, healthy liquidity & a diversified advances and deposit base.

NBP will continue moving in the right direction by making the best of emerging business opportunities and strengthening its market leadership position. We will continually be expanding our market outreach both in conventional as well as Islamic Banking segments throughout the country.

We are adding more talent to our human capital pool through inductions and trainings. Our e-Learning Division is facilitating the employees in continuing professional development without leaving the workplace.



Macroeconomic Indicators

Global economy gained momentum and strengthened during the year 2017. Current estimates suggest a 3.7% growth being slightly higher than initial projections and 0.5% higher than in year 2016. Economic pickup was broad-based with shared priorities across most economies, including structural reforms to boost potential output and making growth more inclusive. Notable upside surprise was in European and Asian economies which had a trickle down impact for regional stakeholders and created an ideal opportunity for reforms. In emerging market economies like Pakistan, improved monetary policy frameworks have helped lower core inflation, which provides scope for using monetary policy to support demand, should activity weaken.

Lower inflationary pressure also suggests that slackness remains in many advanced economies and monetary policy should continue to remain accommodative. However, the improved growth momentum means that fiscal policy should increasingly be designed with an eye on medium-term goals ensuring fiscal sustainability and bolstering potential output. Multilateral cooperation remains vital for securing the global recovery. The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised up to 3.9 percent for both years.

Pakistan's economy has performed impressively during FY17. While GDP growth is estimated at 5.3%, LSM achieved a 5.7% growth; per capita income increased to \$1,629 and remittances rose to \$19.3 billion, however, fiscal deficit rose to 5.8 percent of the GDP (against the target of 3.8 percent, and 4.6 percent in FY16). Pakistan's economy has now become 42nd largest in terms of the gross domestic product (GDP) while 25th largest in the world in terms of purchasing power parity.

Comprehensive economic reform agenda as well as the continuity and consistency in economic policies aimed at achieving a higher growth momentum, ongoing structural reforms, lower commodity prices and improved law & order conditions were the key contributors towards growth. Power generation & despatches now stand increased to a level sufficient enough to uninterruptedly fulfil both industrial & domestic demand. GDP growth is expected to strengthen to 6% over the medium term on the back of stepped-up China Pakistan Economic Corridor investments, improved availability of energy, and growth-supporting structural reforms. Industry grew mainly on a rebound growth in large-scale manufacturing. Improvement was particularly observed in sectors like Automobile, Cement, Fertiliser and Steel.

During the year, another positive move was the decision by Morgan Stanley Capital International to put Pakistan in its MSCI emerging market index and reflected international investors' confidence on Pakistani capital markets and economy. However expected benefits couldn't be materialised due to political disarray.

Foreign exchange reserves stood at \$20.2 billion in end December against the previous year's \$23.2 billion. The later part of the year thus saw devaluation of rupee, which raised consumer product prices and inflation growth. Rupee value which was 104/USD in January, devalued by more than 5% to 110/USD in December, 2017.

Headline CPI inflation was recorded at 4.6 percent on a year-on-year basis in December 2017. Devaluation of Rupee during recent months and the rising international oil prices are likely to increase inflation in the coming months which is expected to be in the range of 4.5% to 5.5%; end of fiscal year YoY inflation is likely to inch towards the annual target of 6%.

Given the inflation upsurge during recent months, State Bank of Pakistan seems to have started taking control measures by increasing, for the first time since 2013, the discount rate by 25 bps. This, in return is also expected to result in some growth in net interest margin of the Banking industry. Given the increased liquidity and stable discount rates, opportunities exist for the Banking industry to secure further growth in near future. Operating environment seems stable as economic growth will accelerate driven by infrastructure investment as CPEC projects gain momentum, attracting foreign direct investment as well as local demand for credit.

Risk profile of the Banks is expected to remain stable as we have witnessed a better private sector loan performance on the back of improving general economic and legal environment. High and rising exposure to sovereign bond will be the key source of concentration risk, linking Bank's credit rating to that of the Government's. Foreign remittances and greater market penetration are mobilising low cost deposits. This is improving funding and liquidity position, strengthening core liquidity buffers.



Review of Financial Performance - 2017

Year 2017 also ended with good performance despite the all-time narrow policy rates during the year, stiff market competition and a decade-low performance by the PSX. While the profitability was maintained, a significant growth was achieved in Balance Sheet growth as the same crossed PKR 2 trillion landmark for the first time.

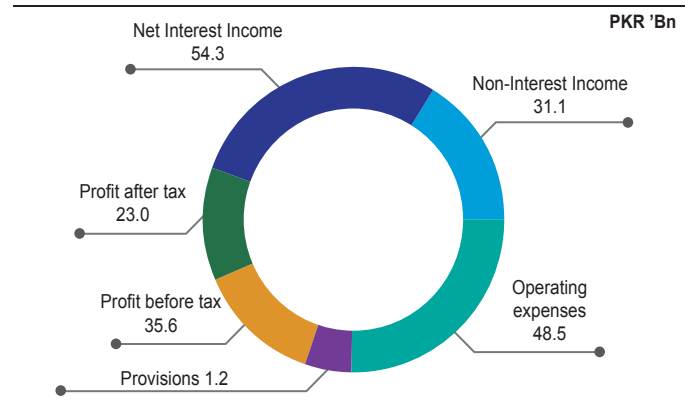
Financial Highlights for the Year

- After tax profit increased by 1.0% to PKR. 23,028 million compared to PKR. 22,752 million during last year. This translates into a return on average assets (RoA) of 1.1%, compared to the RoA of 1.2% in 2016;
- Pre-tax and after-tax return on average equity was 29.0% and 18.7% respectively.
- Pre-provisions profit amounted to PKR. 36,791 million as against PKR. 37,539 million of 2016, registering a YoY decrease of 2%.
- Before-tax profit amounted to PKR 35,599 million as against PKR. 37,141 million of 2016, registering a decrease of 4.15%.
- Earnings per share of Rs. 10.82 in 2017 as against Rs. 10.69 in 2016.
- Bank's operating expenses for the year amounted to PKR 48,528 million i.e. 3% higher as against PKR 47,253 million during last year. This translates into cost-to-income ratio of 57%, slightly up against 56% of last year.
- YoY Deposits increased by PKR. 69,790 million to PKR. 1,727,102 million.
- YoY Gross Advances increased by PKR 75,462 million to PKR 856,938 million, advance to deposit ratio being 49.6%.
- YoY NPL increased by PKR. 1,381 million to Rs. 120,798 million. Gross NPL Ratio, Net NPL Ratio (on the basis of total provision) and provision coverage (on the basis of total provision) stood at 14.1%, 0.5% and 97.0% respectively.
- YoY gross investment at cost increased by PKR. 408,367 million to Rs. 1,271,937 million mainly in treasury bills.
- YoY total assets increased by PKR. 394,180 million or 20% and reached to PKR 2,369,885 million.
- YoY Capital & Reserve reduced by PKR. 1,351 million or 0.8% mainly due to decline in surplus of securities on the back of drop in PSX index.

Mark-up / Interest Income

Despite all-time low policy rate, greater market liquidity and reduced margins, we improved our earning portfolio-mix to maintain optimal earning stream. Gross mark-up / interest income earned for the year amounted to PKR 123,073 million being 7.6% higher than PKR 114,403 million during corresponding period last year. Growth was mainly achieved through maintaining an efficient portfolio-mix of advances and investments, better loan-pricing, recovery efforts and adding quality names to our loan book. It is pertinent to mention that Mark-up / interest income of the Bank faces a multi-billion drag due to mark-up not serviced by certain public sector entities.

Net interest income for the year remained fairly stable and amounted to PKR 54,253 million being PKR 572 million or 1.1% lower than PKR 54,824 million of last year. NII accounted for 63.6% of the Bank's pre-provisions operating income.



Interest Income on Loans and Advances

Mark-up / Interest income earned on loans and advances during the year amounted to PKR 54,885 million, which is 1.2% higher than PKR 54,188 million during 2016. As earlier stated, discount rate in Pakistan continued reducing ever since 2011 (13.5%) to all-time low at 5.75% in May 2016, and remained at same level till December 2017. Given the low policy rates and higher liquidity in the market, Banks spread remained low. Despite a challenging market environment, the Bank succeeded in maintaining its market share of advances.

Interest Income on Investment

Interest income earned on investment for the year under review amounted to PKR 66,453 million higher by PKR 7,547 or 12.8% as compared to PKR 58,906 million corresponding period last year. Growth in the income was driven by volumetric growth in held-for-trading securities. On the back of reduced discounts rates, yield curve of government bonds recorded a generally descending trend. To effectively manage the interest rate risks and to meet the capital adequacy requirements, we optimally placed our funds into low-risk securities, thus increasing our total income.

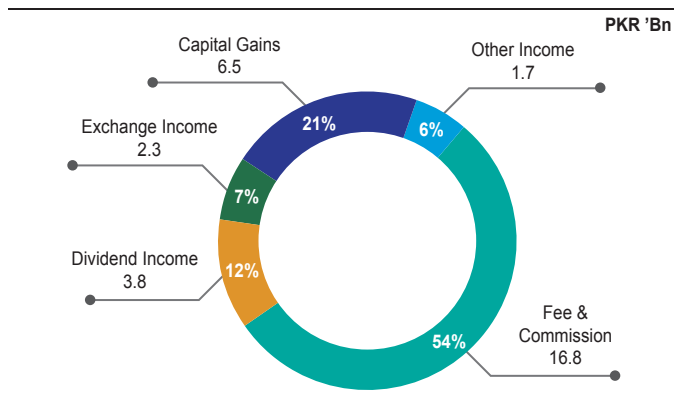


• Interest Expense

Interest expense for the year amounted to PKR 68,820 million, being higher by PKR 9,241 million or 15.5% against PKR 59,578 million during corresponding period last year. Cost of Deposits accounted for 84.2% of the total interest expense and amounted to PKR 57,947 million i.e. 15.7% higher than PKR 50,070 million as compared to 2016. This was mainly due to volumetric growth in remunerative deposits. Given the greater transactions volumes, interest expense on transactions under repurchase arrangement and short term borrowings amounted to PKR 10,872 million, being 14.3% up against PKR 9,508 million during last year.

• Non Mark-up / Interest Income

Banking on our unparalleled network and clientele base, we recorded commendable performance under this segment of income. Non mark-up / interest income constituted 36.4% of the total revenue for the year, and amounted to PKR 31,066 million against PKR 29,967 million as compared to last year.



Growth was achieved in all key areas. Fee, Commission & Brokerage Income for 2017 amounted to PKR 16,774 million as against PKR 14,833 million. Growth was observed in all key areas e.g. trade business, government transactions, ATM transactions, advisory fee, etc. Dividend income for the year amounted to PKR 3,820 million, which is 27.4% increase against PKR 2,999 million during 2016. As the Bank captured higher trade business, income from dealing in foreign currencies amounted to PKR 2,251 million which is 3.3% higher against that of prior year. Gain on sale & redemption of securities for the year; however, dropped by 23.4% to PKR 6,493 million as against PKR 8,473 million during 2016. The drop was mainly observed in gains from sales of shares & mutual funds which amounted to PKR 3,600 million, which is 31% less than PKR 5,167 million in 2016. Core reason for such drop in income was due to significant drop in PSX index.

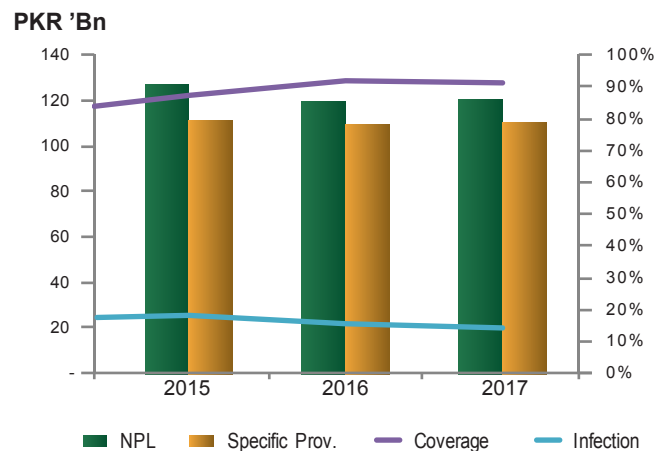
Compensation against delayed tax refunds amounted to PKR 1,500 million during the year as compared to PKR 1,333 million of 2016.

To mitigate the adverse impact of recent sluggish performance by the PSX, we have taken appropriate measures to enhance non-mark up income from other activities. Key initiative, as stated earlier, include launch of digital banking operations, capturing greater trade business volumes and advisory fee through investment banking transactions.

• Impairments and Loan Loss Provisions

The Bank has made specific provisions of PKR 110,651 million. Net provisions during the year against non-performing advances amounted to PKR 1,068 million; whereas, provisions for diminution in value of investment recorded a reduction of PKR 1,744 million, resulting into net reversal of PKR 675 million. As of December 31, 2017 total NPL coverage was 97.0% and 91.6% through total and specific provisions, respectively. Minor gap in the provisions is due to NPL in categories of classification that require less than 100% provision. Domestic NPL account for 73.7% of the total NPL and amounted PKR 89,050 million i.e. 480 million higher than last year. Overseas NPL amounted to PKR 31,747 million as against PKR 30,846 million in 2016. Accretion of PKR 901 million in NPL is due to exchange rate moment. Overseas NPL are covered 97% through specific provisions charge. The Bank follows a prudent & cognizant methodology of maintaining adequate provisions reserves to effectively cover & address any potential impairment risk of credit portfolio.

Asset Quality





• Expense Management

During the year under review, we implemented efficient measures for optimal cost management. Total non mark-up / interest expenses during the year was PKR 50,395 million, being 4.2% higher than PKR 48,352 million during 2016. Excluding the provisions against contingencies etc. of PKR 1,867 million (2016: PKR 1,098 million), administration expenses amounted to PKR 48,528 million, which is higher by 2.7% against PKR 47,253 million during last year. HR related costs weigh 63.9% of the total administrative expenses and amounted to PKR 31,020 million for the year, which is slightly below PKR 31,430 million of 2016. This was due to net retirements during the year.

The Bank has developed multifaceted strategies to efficiently manage operating costs. Such measures include installation of solar panels, reorganisation of field management structure, deployment of IT systems, centralisation of certain cost functions and replacing security guards with digital security systems. Our e-learning project has started efficiently contributing towards on-site training, which is expected to reduce training related travel costs.

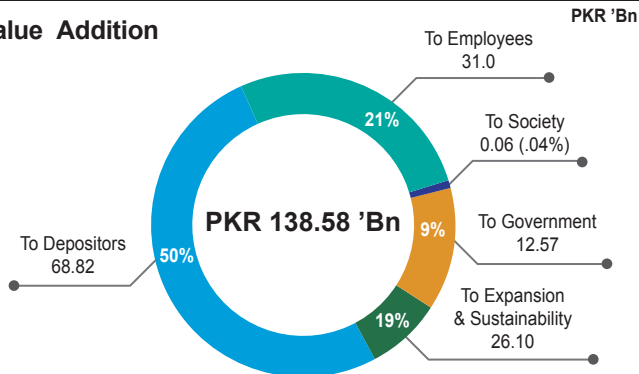
Taxes

Tax charge for the year 2017 is reduced by PKR 1.8 billion YoY and amounted to PKR 12.6 billion as compared to PKR 14.4 billion as against the corresponding period last year. Effective tax rate has declined from 38.7% in 2016 to 35.3% this year.

Net Profit and Earnings per Share

The Bank's net profit for the year 2017 amounted to PKR 23,028 million i.e. increased by 1.2% against PKR 22,752 million during 2016. This translates into basic and diluted after-tax earnings per share of Rs. 10.82, i.e. increased by 13 Paise against PKR 10.69 of prior year.

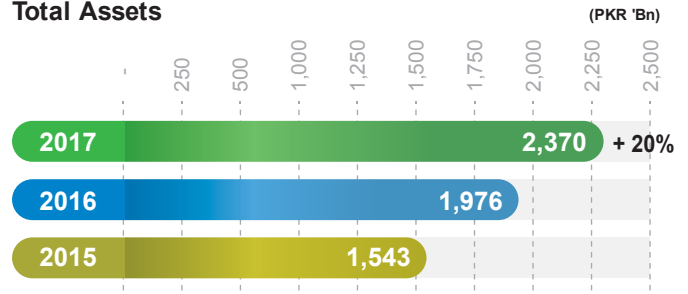
Value Addition



Review of the Financial Position-2017

The Bank's balance sheet has crossed PKR 2 trillion landmark and amounted to PKR 2,370 billion i.e. 20% higher as compared to last year. During the year, we improved the efficacy in Assets-Liability Management as our Commercial, Islamic and Corporate Banking Operations pursued an aggressive growth strategy and made sizeable achievements in generating low-cost CASA deposits as a sustainable source of liquidity & funding for the Bank. Considering the growing credit requirements, the Bank optimally increased its loan book by targeting the efficient and lucrative industrial sectors.

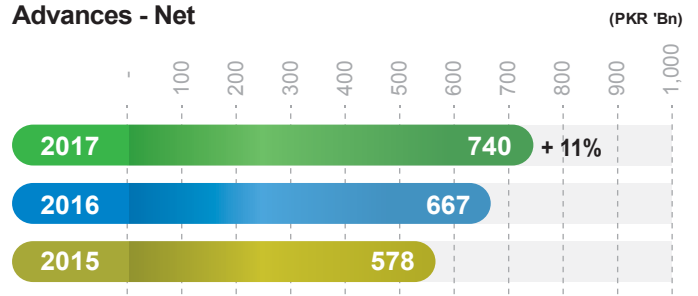
Total Assets



• Loans & Advances

During 2017, the Bank continued to extend credit to high quality borrowers from all sectors across the economy. Growth was mainly witnessed in Agriculture & Commodity operations, SME and infrastructure project of economic importance, particularly related to water & power sector. At the end of 2017, Bank's net advances amounted to PKR 739,772 million (gross PKR 856,938 million) which is 10.8% higher than PKR 667,389 million at the end of corresponding period last year. PKR denominated loans amounted to PKR 778,778 million (gross), representing 90.9% of the total loan book. Our corporate loan book increased by 6.8% to 430,565 million, being one of the highest in the industry. Despite limited opportunities and tough market conditions in the overseas markets, our international loan book increased by 31% during the year to PKR 75,175 million.

Advances - Net





For the year under review, non-performing loans amounted to PKR 120,798 million showing a net accretion of PKR 1,382 million i.e. 1.2% over the last year. Growth is majorly observed in seasonal financing, which is usually declassified / regularised by the end of Q1 next year. NPLs have been prudently & adequately provided for as per SBP regulatory requirements. Bank's coverage ratio as of December 31, 2017 was 92%. Despite a significantly high growth in deposits, Bank's ADR (gross) as at December 31, 2017 stood at 49.6%, up against 47.2% of prior year.

Reversal in specific provision for the year was PKR 1,000 million, with a closing balance of PKR 110,651 million, slightly up against PKR 109,655 million as of December 31, 2016. As of December 31, 2017, general provisions amounted to 6,515 million with a net accretion of PKR 2,068 million from prior year's PKR 4,431 million. General loan loss provisions are created prudently against certain loans which are not yet classified, and as well as against consumer and SME loans at rate ranging from 1% to 7% of the performing portfolio as required by the central bank.

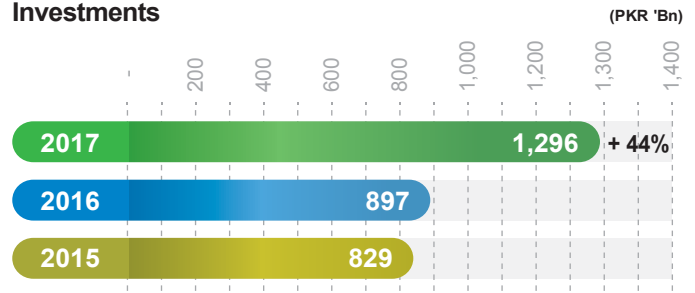
• Investments

Given the limited quality loan-growth opportunities and significant growth achieved in deposits, excess liquidity with the Bank was placed in low-risk investment portfolio. The Bank maintains an efficient investment portfolio with healthy yield, shorter maturity tenor and acceptable risk range. As of December 2017, the Bank's investment (at cost) amounted to PKR 1,271,937 million (2016: PKR 863,570 million). Carrying value of such investments amounted to PKR 1,295,720 million, being 44.4% higher against PKR 897,131 million of 2016. For focus on trading strategy and better liquidity management, excess liquidity with the Bank was mostly placed into market treasury bills under 'held-for-trading securities' which amounted to PKR 683,060 million. This gives the Bank flexibility to capitalise on short term price movement by frequently churning the short term portfolio.

Investment into ordinary share of listed companies is well diversified in all major industrial sectors and amounted to PKR 23,202 million (2016:PKR 22,456 million). These investments earn substantial returns for the Bank through dividends and capital gains. Despite a significant drop in PSX index during the year, our investment in shares does not attract any impairment losses. However, revaluation surplus on shares / mutual funds (measured on mark-to-market basis) reduced from PKR 37,309 million of December 2016 to PKR 26,194 million as of December 2017. The Bank divests investments into shares when we understand that the market has matured enough and

there exist better placement opportunities for sales proceeds. During the year, NBP Leasing was merged with & into NBP, resulting in reduction in investment in subsidiaries by Rs. 500 million. Moreover, PKR 600 million were invested in NAFA stock fund during the year which earned dividend income of PKR 46 million.

Investments



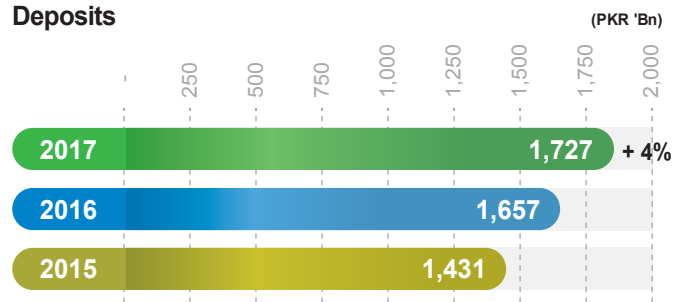
Liabilities

Total liabilities of the Bank as of December 31, 2017 were PKR 2,194,503 million, i.e. 22% higher than PKR 1,798,973 million as of December 31, 2016.

• Deposits

The Bank has developed an unparalleled business network and access to wide range of customers throughout the country. The Bank enjoys an unmatched degree of depositor confidence, and most of the Bank's funding comes from its core customer deposit base. Our deposit products include traditional savings accounts, call deposits, term deposits, daily-income accounts, non-interest and interest-bearing current accounts etc. Some of the deposits products directly generate income for the Bank, such as non-sufficient funds fee, funds transfer fee and ATM fee. Lately this year, we established Digital Baking & Payment Services Group for better management of cash and home remittances. Once fully functional, this will generate more low-cost funds & deposits for the Bank.

Deposits





As at the end of 2017, the Bank's deposits amounted to PKR 1,727,102 million were 4.2% higher than PKR 1,657,312 million as of December 31, 2016. The Bank follows an aggressive strategy to maximise the deposits, particularly the low cost current and saving (CASA) deposits. As of December 31, 2017 non-remunerative deposits amounted to PKR 573,015 million are 33.18% of the total deposits, and is 10.9% higher than that as of December 31, 2017. This year, we further strengthened our liability sales teams throughout our network to mobile low cost deposits. The Bank's CASA (customers' deposits) deposit ratio was 76.86% as of December 31, 2017.

Proposed Dividend

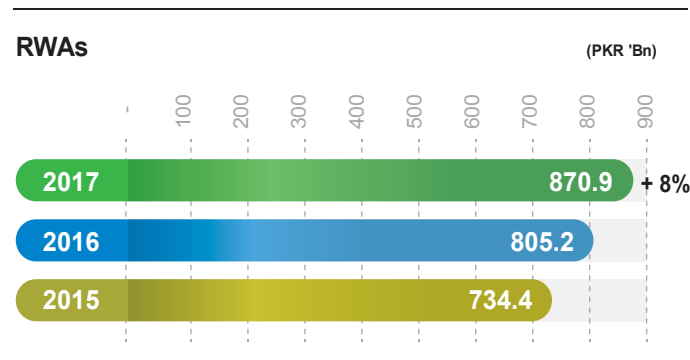
The Board deliberated at length whether or not cash dividend and / or bonus shares should be recommended. However, the likely impact of pension case, despite some positive signals, still remains a cause of concern. The first priority of BoD is to maintain continuity of the Bank's business which is very much dependent upon the capital base of the Bank. The BoD is conscious of the fact that the shareholders look forward to receiving dividend. However, eventually it was considered more prudent to retain the profits for the time being and once the position becomes clearer and positive, the Bank may consider declaration of dividend at a later stage. Accordingly the BoD does not recommend any dividend for the year 2017.

Capital Strength & Adequacy

The Bank maintains a strong capital base to meet regulatory requirements as well as maintain investors', creditors' and market confidence on the Bank's sustainable business growth. Adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP and Basel.

Tier-I capital of the Bank increased from PKR 95,539 million in 2016 to PKR 101,302 million in 2017, mainly due to profit for the year off-set by dividend payment for 2016.

Risk weighted assets increased by PKR 65,715 million on account of increasing advances. The Bank's total capital to RWA's was 15.95% (2016:16.54%), which is well above the Central Bank's minimum requirement of 11.28%. CET-I capital ratio was also strong at 11.63% (2016:11.86%) against required 6.00%.



Change in the Board of Directors

We welcomed Mr. Imran Malik, Mr. Asad Munir and Mr. Farid Malik to the Board this year. Mr. Imran Malik and Mr. Asad Munir were appointed by the Ministry of Finance; whereas Mr. Farid Malik was elected as a director by the Minority Shareholders in the Extra Ordinary General Meeting (EOGM) of the Bank, held on May 15, 2017. All three learned directors are qualified professionals with vast hands-on experience in top level governance and deep knowledge of finance. We are confident that the Bank will immensely benefit from their rich professional experience and enlightened leadership.

We would also take the opportunity to express our gratitude to retiring directors Mr. Tariq Kirmani, Mr. Farrakh Qayyum and Mr. Iftikhar A. Allawala for their dedication and contributions towards achieving the Bank's goals & objectives.

Merger of NBP Leasing with and into National Bank of Pakistan

The Bank held 100% shares in NBP Leasing Limited, a company incorporated in Pakistan as an unlisted public company under the repealed Companies Ordinance, 1984. The Board of Directors of the Bank, in their meeting held on February 19, 2016, approved and resolved to present the draft resolution for merger of NBP Leasing Ltd. with and into the Bank before the shareholders of the Bank for their approval. The shareholders of the Bank approved the proposed merger in the Annual General Meeting held on March 30, 2017.

The SBP sanctioned the Scheme of Amalgamation of the NBP Leasing Limited with and into the Bank, under Section 48 of Banking Companies Ordinance 1962.

As per the Scheme of Amalgamation, all the assets, liabilities and obligations of NBP Leasing Limited have, as at the effective date i.e. July 31, 2017, been merged with, transferred to, vested in, and assumed by the Bank, and NBP Leasing Limited is dissolved without winding-up. Further as per the Scheme, the surviving entity is National Bank of Pakistan and therefore, the entire undertaking and business of NBP Leasing Limited has vest in and continues under the operations of National Bank of Pakistan.

Business Continuity Plan

Effective & robust business continuity measures are extremely critical in the financial services industry. Development, implementation and maintenance of an effective business continuity plan are an integral part of business model. The Bank is determined to ensure a smooth recovery and continuity of its critical business function as a measure to augment its corporate image,



mitigate associated risks, safeguard revenues and sustain its relations with the shareholders, financial communities, business counterparts, customers and regulators.

To deliver our business commitments and to remain compliant with the regulatory requirements when confronted with significant business disruption, our infrastructural architecture includes a Business Continuity Plan. We proactively identify and document significant resource disruptions, determine gaps between recovery requirements and current capabilities, and devise best recovery strategies. Our business continuity strategies encompass disaster recovery, business recovery, crisis management, incident management, emergency management and contingency planning.

Credit Rating

NBP is the only Bank in Pakistan with a rating of 'AAA' by both the approved credit rating agencies in Pakistan. In June 2017 M/s JCR-VIS Credit Rating Company again re-affirmed the Bank's standalone rating of "AAA", one of the highest by the company for any bank in Pakistan. PACRA has also assigned a long-term entity rating of 'AAA' (Triple AAA) and short-term rating of 'A1+' (A-one Plus).

Pensionary Benefits Contingencies

The Bank has filed a review petition against the judgement of the Supreme Court of Pakistan in the pension case and has also moved an application for constitution of a larger bench which has been accepted. Pending the decision of review petition, financial impact of the subject case has not been included in the financial statements as the Bank looks forward to a favourable outcome of the case.

Compliance with regulatory matters in USA operations

The Bank and its New York Branch have entered into an Agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators) which inter-alia requires the Bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements and the implementation of the requisite systems and controls and deployment of adequate resources to ensure compliance with such requirements. The Bank has addressed all the clauses of the agreement and its validations are in process. While the Bank seeks to comply with all laws and regulations, at this stage there is no indication of any financial impact or penal consequences.

Statement under the Code of Corporate Governance:

The Board of Directors is aware of its responsibilities

under the Code of Corporate Governance; and I am pleased to report that:

- The financial statements prepared by the Management of the Bank present fairly the state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of account of the Bank have been maintained;
- Appropriate accounting policies have consistently been applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment;
- Approved accounting standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;
- The system of internal control is showing signs of improvement as compared to previous years. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and provide reasonable but not absolute assurance against material misstatements or loss;
- There are no doubts about the Bank continuing as a going concern;
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;
- Summarised key operating and financial data of the last six years is tabulated on the initial pages of this Annual Report;
- Fair value of investments of the Provident and Pension funds are PKR 12,749 million and PKR 44,966 million respectively;
- The number of Board Meetings held during the year 2017 were 10 and were attended by the Directors as follows:

No.	Director	Meetings Attended
1	Mr. Saeed Ahmed (Chairman / President)	8
2	Mr. Muhammad Naeem	10
3	Mir Balakh Sher Marri	9
4	Mr. A. Akbar Sharifzada	9
5	Mr. Muhammad Imran Malik	8
6	Mr. Asad Munir	5
7	Mr. Farid Malik	5
8	Mr. Tariq Kirmani	2
9	Mr. Farrakh Qayyum	2
10	Mr. Iftikhar A. Allawala	2
11	Syed Ahmed Iqbal Ashraf (Ex-Chairman / President)	1
12	Mr. Masood Karim Shaikh (Ex-President Officiating)	1



Future Outlook

Rising economic growth, increasing investment flows, recovery in exports, visible progress in reducing energy shortages and improving business confidence, all bode well for continued positive development in 2018.

Economic growth in Pakistan is forecasted at 5.5% in the fiscal year 2017-18, and may reach an average of 5.9% over the medium term. However, major hindrances to materialise this positive outlook remains the external account, slippages relating to the Government's own borrowing targets and lack of tangible improvement in tax revenues.

The Bank has devised and implemented a strategy within this broad macro-economic outlook and is focusing on both qualitative and quantitative improvements in key areas of its operations. The strategic goals include the continuation of Bank's leading role in the Country through adopting latest technological developments, growth of alternative delivery channels and improvement in service quality. In parallel the Bank's focus also remains on strengthening internal controls and implementing latest risk management measures.

As the largest public sector Bank in the country today, NBP remains committed towards fulfilling its role in the Country's economic development; be it through financing large scale infrastructure projects (including those which are part of CPEC) or providing business loans to the Country's youth or extending financing to farmers and new home owners. At the same time, the Bank is committed to focusing on reducing its cost of funds through a concerted strategy of mobilising current and saving deposits accounts enabling the Bank to improve its competitiveness in the loan market.

Our Corporate and Investment Banks will be all out, making the best of every emerging growth opportunity. The upcoming boost in large scale manufacturing will create greater lending opportunities, particularly in automobile, steel, cement and other construction related products.

The Bank will be focusing on capturing greater business share of the home remittance business. We will be particularly focusing on converting 'Cash over the Counter' customers to regular 'Account Holders'.

Our specialised products for various agriculture sub-segments dairy, horticulture, tunnel farming, mechanisation, irrigations development etc. have already started picking up and further growth is expected during the years to come. NBP will leverage its largest rural network to capitalize on these initiatives tapping the prospective growth in agriculture.

Our Islamic Banking is cognizant of the growth in the industry as NBP is continuously expanding its Islamic

Banking branches network and plans to be among the top providers of Islamic Banking services. The Bank will further leverage its rural franchise, technology platform and branchless banking services to cater to the Banking needs of the unbanked population. NBP will leverage its rural franchise presence to outpace its growth in rural deposits through market share increase and to tap into the unbanked population.

The Bank will mobilise the additional liquidity towards commercial, consumer, SME sectors and plans to launch new loan products, identifying new market and cross-sell products for better yields. NBP will continue its policy of better utilisation of its FCY assets so as to improve its overall yield and to reduce its currency rate risk in its overseas operations.

The Bank has undertaken a number of plans in the areas of Information Technology upgradation with major projects, expansion of ATM network, and branchless banking. We intend to open new ATM facilitation centres for pensioners and utility bills collection through biometric verification. NBP will continue its policy of enriching its human capital through acquiring talent and investing in trainings.

Uncertainties that could affect the Bank's financial performance & position

The above future outlook is based on the Bank's current business plans, estimates and projections. This is subject to certain inherent limitations / uncontrollable risks and contingencies. Key factors that may cast an adverse impact on the Bank's financial position & performance in the forthcoming year are as follows:

Policy Rate: Any adverse revision in the discount rate by State Bank of Pakistan may result in lower gross / net interest income and reduce profitability of the Bank.

Profit on Deposits: Any upward revision in the minimum rate of profits on deposit may reduce net interest income due to increased cost of deposits environment is essential for smooth functioning of a business entity. However, any act of terrorism or political instability can negatively impact the economy / equity market, thus resulting in decreased profitability of the Bank.

Economic & Political Environment: Stability of the economic / political environment is essential for smooth functioning of a business entity. However, deterioration in the law & order situation or political instability may negatively impact the economy / equity market, thus resulting in decreased profitability of the Bank.

Taxes & Regulatory Requirements: Any upwards revision in the tax rate or other requirements under SBP Prudential Regulations related to the minimum capital, liquidity reserves etc. may also adversely impact profitability of the Bank.



Board's Endorsement of Statements by the Management

The Board is pleased to endorse the following statement made by the Management and presented in this Annual Report:

- i) Overview of the Board of Directors' Committees.
- ii) Statement of Internal Controls including management's evaluation of ICFR.
- iii) Statement of Compliance with Code of Corporate Governance.
- iv) Review of the performance of various Business and Support Groups.
- v) Risk Management Overview.
- vi) Corporate Social Responsibility Report.
- vii) Pattern of Shareholding.
- viii) Credit Rating and Awards.

Appointment of Auditors

The Board of Directors has recommended re-appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants and appointment of M/s Deloitte Yousuf Adil, Chartered Accountants to be the auditors of the Bank for the year ending December 31, 2018, in place of the retiring auditors namely M/s EY Ford Rhodes, Chartered Accountants subject to approval by the Shareholders in the Annual General Meeting. Both the firms are eligible and have offered themselves for appointment.

Profit & Loss Appropriation

The profit for the year 2017 after carryover of accumulated profit of 2016 is proposed to be appropriated as follows (PKR 'Mn):

Profit Before Tax	35,599
Taxation	
- Current	8,455
- Prior year (s)	272
- Deferred	3,845
	<u>12,571</u>
After Tax Profit	23,028
Un-appropriated profit brought forward	51,939
Other comprehensive income - net of tax	(2,756)
Transfer from surplus on revaluation of fixed assets - net of tax	108
Profit available for appropriations	72,320
Appropriation	
Transfer to statutory reserve	(2,303)
Cash dividend paid	(15,956)
Un-appropriated profit carried forward	54,061

Appreciation & Acknowledgement

Pleased with the performance of the Bank for the year 2017, and looking forward to achieve our goals for the year 2018, I appreciate and acknowledge the contributions of our Board of Directors for their leadership and unrelenting contribution towards achievements of the Bank. On behalf of the Bank, I extend my sincere appreciation to State Bank of Pakistan, Securities & Exchange Commission of Pakistan and other regulatory authorities for their continued support and guidance during the process of our functioning.

I also appreciate the role played by the Bank's employees who determinedly worked during the year. I would also like to express our gratitude and appreciation to the customers, shareholders and other stakeholders for their support and trust in NBP. I look forward to their continued support in enabling the Bank to materialise the emerging business & growth opportunities and fulfil its role of partnering in the socio-economic development as The Nation's Bank.

For and on behalf of the Board of Directors

Saeed Ahmad
President & CEO

Karachi

Dated: February 20, 2018



اختتامیہ واعتراف

سال 2017 میں بینک کی کارکردگی سے خوشی ہوئی۔ سال 2018 میں اپنے اہداف کے حصول کی امید کے ساتھ، میں اپنے بورڈ آف ڈائریکٹرز کی شراکت کو سراہتے ہوئے میں بینک کے مفاد میں ان کی قیادت اور انتھک کاوشوں کا اعتراف کرتا ہوں۔ بینک کی جانب سے، میں اسٹیٹ بینک آف پاکستان، سیکورٹی اینڈ آئی سی سیج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کا ہمارے عمل کے مراحل کے دوران مستقل تعاون اور رہنمائی کے لیے بے حد مشکور ہوں۔

میں بینک ملازمین کو بھی دل سے سراہتا ہوں جنہوں نے سال بھر پوری تن دہی سے کام کیا۔ میں اپنے کسٹمرز، شیئر ہولڈرز اور دیگر اسٹیک ہولڈرز کے لیے ان کے تعاون اور نیشنل بینک آف پاکستان پر ان کے بھروسے کے لیے شکرگزاری اور تعریف کا اظہار کرنا چاہوں گا۔ میں ان کے مستقل تعاون کے لیے پر امید ہوں جو بینک کو ابھرتے ہوئے کاروبار اور ترقی کے مواقع کو حقیقت میں بدلنے اور قوم کے اپنے بینک کے طور پر معاشی و معاشرتی ترقی میں حصہ دار بننے میں معاون ثابت ہوگا۔

منجانب بورڈ آف ڈائریکٹرز

سعید احمد

صدر اور چیئرمین

کراچی

تاریخ: 20 فروری، 2018

- (iii) کوڈ آف کارپوریٹ گورننس سے کمپلائنس کا اسٹیٹمنٹ
- (iv) مختلف کاروباری اور مددگروپس کی کارکردگی کا جائزہ
- (v) رسک مینجمنٹ کا جائزہ
- (vi) معاشرتی ذمہ داریوں کا جائزہ
- (vii) شیئر ہولڈنگ کی ترکیب
- (viii) کریڈٹ ریٹنگز اور اپورٹرز

آڈیٹرز کی تقرری

بورڈ آف ڈائریکٹرز نے M/s گرانٹ تھورٹن، انجم رحمان، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری اور میسرز Deloitte یوسف عادل چارٹرڈ اکاؤنٹنٹس کی بینک کے آڈیٹرز کے طور پر 31 دسمبر 2018 کے اختتام تک تقرری کی سفارش کی ہے تاکہ یہ ریٹائر ہونے والے آڈیٹرز، M/s EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹ اور M/s گرانٹ تھورٹن، چارٹرڈ اکاؤنٹنٹ کی جگہ اسی تنخواہ پر لے سکیں، جو ریٹائر ہونے والے آڈیٹرز کو دی جاتی رہی ہے اور سالانہ اجلاس میں منظوری سے مشروط ہے۔ دونوں فرمز تقرری کی اہل ہیں اور اس کے لیے پیش کش کر چکی ہیں۔

نفع اور نقصان کا اختصا

2016 کے مجموعی منافع جات کی وصولی کے بعد 2017 کے منافع جات کا اختصا درج ذیل ہے:

قبل از ٹیکس منافع (ملین روپے)	ٹیکسیشن:
35,599	• موجودہ
8,455	• گزشتہ سال
272	• موخر شدہ
3,845	
12,571	
23,028	بعد از ٹیکس منافع:
51,939	• سامنے لائے جانے والا غیر مختص منافع
(2,756)	• دیگر وسیع آمدن، ٹیکس کا اصل
108	• اثاثوں کی نظر ثانی پر اضافی ترسیل، ٹیکس کا اصل
72,320	• اختصا کے لیے موجود منافع
	اختصا:
(2,303)	• قانونی ذخائر میں منتقلی
(15,956)	• ادا کردہ نقد منافع منقسمہ (کیش ڈیویڈنڈ)
54,061	• سامنے لایا جانے والا غیر مختص منافع

مستقبل کی پیش بینی

آگے کی جانب گامزن سرمایہ کاری، برآمدات میں اضافہ، توانائی کی رسد میں اضافے کا واضح رجحان اور کاروبار کے لیے بہتر ہوتے ہوئے ماحول کی وجہ سے سال 2018 مسلسل اور مثبت ترقی کی جانب ایک اور متوقع سال ہے۔

مالی سال 2017-18 میں پاکستان میں اقتصادی ترقی کی شرح گئی جو 5.5 فیصد کی گئی جو پیش ماہی تک اوسط 5.9 فیصد تک پہنچ سکتی ہے۔ تاہم مستقبل کے اس منظر نامے سے فائدے اٹھانے کے لیے بیرونی اکاؤنٹس، سختی قرضوں کے حصول کے اہداف سے متعلق سلیج اور ٹیکس وصولی میں خوش واقع بہتری نہ ہونا بڑی رکاوٹیں ہو سکتی ہیں۔

بینک نے اس اقتصادی منظر نامے کے تحت ایک حکمت عملی اختیار کی ہے اور اوپن مارکیٹ کے آپریشنز میں نمایاں مقامات پر قابلیت اور موجودگی دونوں شعبوں پر اپنی توجہ مرکوز کر رہا ہے۔ ہمارے اسٹریٹجک مقاصد میں یہ بھی شامل ہے کہ ملک میں اپنے فائدہ کار کو ٹھیک برتری، ڈیپوٹری کے تبادلہ طریقوں میں اضافے اور خدمت کے معیار میں بہتری اختیار کرتے ہوئے برقرار رکھا جائے۔ اس کے متوازی بینک نے اندرونی نظم و نسق کو مستحکم اور رسک منجمنٹ کے حالیہ اقدامات پر اپنی توجہ بدستور برقرار رکھی ہوئی ہے۔

این بی پی آئی تک میں بینک سیکور کا سب سے بڑا بینک ہونے کی حیثیت سے ملک کی معاشی ترقی میں اپنا کردار ادا کرنے کے لیے اسی طرح پر عزم ہے؛ جو کہ وہ بڑے پیمانے کے انفراسٹرکچر پراجیکٹس (بشمول وہ، جوبی بینک کا حصہ ہیں) پر سرمایہ کاری، یا ملک کے نوجوانوں کو کاروباری قرضے فراہم کر کے پاکستانوں اور نئے گھر خریدنے والے افراد تک سرمایہ کاری کو وسعت دے کر سرانجام دے رہا ہے۔ ساتھ ہی بینک نے ایک ٹھوس حکمت عملی کے ذریعے فنڈز کی لاگت کم کرنے پر اپنی توجہ مرکوز کر رکھی ہے، جس کے تحت کرنٹ اور سیونگ ڈپازٹس کاؤنٹس کو حرکت دیتے ہوئے بینک کو اس قابل بنا کر قرضوں کی مارکیٹ میں اپنی مسابقتی صورت حال میں بہتری لانا ہے۔

ہمارے کارپوریٹ اور انویسٹمنٹ ٹیکس حاصل ہونے والے تمام تر مواقعوں سے بھرپور فائدہ اٹھانے کے لیے عملی طور پر تیار ہوں گے۔ سینٹر پیکجنگ میں آنے والے فروغ سے قرض دینے کے بہتر مواقع پیدا ہوں گے، جس میں آٹوموٹو، آئیل، سینٹ اور دیگر تعمیراتی شعبہ جات خاص طور پر قابل ذکر ہیں۔

ترسیل زر کے بڑھتے ہوئے کاروبار میں بینک بڑا حصہ حاصل کرنے کے لیے اپنی توجہ مرکوز رکھے گا۔ ٹیکس اور دی کاؤنٹر کسٹمرز کو مستقل اکاؤنٹ ہولڈر میں تبدیل کرنے کے لیے ہم خاص طور پر توجہ مرکوز رکھیں گے۔

زراعت کے شعبے کے لیے ہماری خصوصی پروڈکٹ ڈیری، باغبانی، سرنگ کی کھدائی، میکا نائزیشن، زراعت کی ترقی وغیرہ میں مٹی ہوئی ہے۔ نیشنل بینک آف پاکستان زراعت میں ممکنہ ترقی کو بہتر بنانے کے لیے اپنے سب سے بڑے دیگنیٹ ورک کا فائدہ اٹھاتے ہوئے ان اقدامات پر سرمایہ کاری کرے گا۔

ہماری اسلامی بینکاری صنعتی ترقی سے پوری طرح واقف ہے اور اسی ضمن میں نیشنل بینک آف پاکستان اپنی اسلامک بینکنگ شاخوں کو مسلسل پھیلا رہا ہے اور سال 2018 کے اختتام تک اسلامک بینک شاخوں کی صف میں سب سے بلند مقام حاصل کرنے کا ارادہ رکھتا ہے۔ بینک اپنے دیگنیٹ فرمچائز، ٹیکنیکی ڈیپٹ فارم اور برانچ لیس بینکاری خدمات کا فائدہ اٹھاتے ہوئے ان علاقوں میں بھی بینکاری

خدمات مہیا کرے گا جہاں بینک کی سہولت موجود نہیں ہے۔ نیشنل بینک آف پاکستان مارکیٹ شیئر میں اضافے اور ان علاقوں تک رسائی جہاں بینک کی سہولت موجود نہیں، میں ترقی کے لیے اپنی دیگنی فرمچائز کی موجودگی سے فائدہ اٹھاتے ہوئے اپنی ترقی میں اضافے کی رفتار کو بھی تیز بنائے گا۔

نیشنل بینک آف پاکستان کاروباری، صارفین اور ایس ایم ای سیکٹرز میں اضافی لیکویڈٹی کو فروغ دے گا اور نئے لون پروڈکٹس کے تعارف، نئی مارکیٹس اور مصنوعات کی کروں فروخت کو بہتر نتائج کے لیے متعارف کرانے کا ارادہ رکھتا ہے۔ نیشنل بینک آف پاکستان اپنے FYC 2018 جات کے بہتر استعمال کی پالیسی کو جاری رکھے گا جس کا مقصد کل منافع میں بہتری اور غیر ٹھیک کرنسی ریٹ کے خدمات کو کم کرنا ہے۔

بینک نے انڈر وٹیشن ٹیکنالوجی کے چند بڑے منصوبوں میں اپ گریڈیشن، اے ٹی ایم نیٹ ورک کو پھیلانے اور برانچ لیس بینکاری کے لیے مختلف منصوبہ بندیوں کا عہد کیا ہے۔ ہم پانچ میٹرک نظام کے ذریعے مشن وصول کرنے والے افراد اور عملاتی جواہرنگی کے لیے نئی اے ٹی ایم خدمات کے آغاز کا ارادہ رکھتے ہیں۔ نیشنل بینک آف پاکستان اپنی افرادی قوت کی صلاحیتوں میں اضافے کی پالیسی کے تحت باصلاحیت افرادی شمولیت اور تربیت کے شعبے میں سرمایہ کاری جاری رکھے گا۔

غیر معینی صورت حال جو بینک کی کارکردگی اور پوزیشن پر اثر انداز ہو سکتی ہیں

مندرجہ بالا مستقبل کی توقعات بینک کے موجودہ کاروباری منصوبوں، عملیوں اور پوزیشن پر مبنی ہیں۔ یہ اختیار سے باہر خدمات اور بنیادی صورت حال پر منحصر ہیں۔ آنے والے سال میں بینک کی کارکردگی اور صورت حال پر اثر انداز ہونے والے عوامل درج ذیل ہیں:

پالیسی ریٹ: اسٹیٹ بینک آف پاکستان کی جانب ڈسکاؤنٹ ریٹ میں کمی کا اعادہ، منافع اکل سود آمدن میں کمی کا پیش خیمہ ہو سکتا ہے جس سے بینک کا منافع متاثر ہو سکتا ہے۔

کھاتوں پر قطع: ڈپازٹس پر منافع جات کے کم سے کم ریٹ میں کمی بھی قسم کی بد صورتی کا اعادہ ڈپازٹس کی انسانی لاگت کے باعث کل سودی آمدن میں کمی کا پیش خیمہ ہو سکتا ہے۔

معاشی و سیاسی ماحول: معاشی و سیاسی ماحول میں استحکام کسی بھی کاروبار کے درست کام کرنے کے لیے لازمی جزو ہے۔ تاہم امن و امان یا خراب سیاسی ماحول کی صورت میں معیشت اسماوی مارکیٹ پر منفی اثرات مرتب ہو سکتے ہیں جس کے باعث بینک کے منافع میں کمی واقع ہو سکتی ہے۔

ٹیکس اور رجسٹریشن کی ضروریات: ٹیکس ریٹ یا کم سے کم سرمایے یا لیکویڈٹی ریٹرز سے منسلک اسٹیٹ بینک آف پاکستان پر ڈیپٹل رجسٹریشن سے متعلق کسی بھی قسم کے اضافے کا اعادہ بینک کے منافع پر منفی اثرات مرتب کر سکتا ہے۔

انتظامیہ کے بیانات کی بورڈ کی جانب سے تصدیق

بورڈ انتظامیہ کی جانب سے مندرجہ ذیل بیانات کی تصدیق کرتے ہوئے اسے سالانہ جائزے میں پیش کرتے ہوئے غور محسوس کر رہا ہے:

- (i) بورڈ آف ڈائریکٹرز کیٹیوں کا جائزہ
- (ii) اندرونی اختیار کا اسٹینڈرٹ شمول ICFR کی تفصیل



کریڈٹ ریٹنگ

(d) ان مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کے منظور شدہ معیارات جو پاکستان میں بینکوں پر لاگو ہیں، کا اطلاق کیا گیا ہے۔

(e) اندرونی ازمنہ (انٹرنل کنٹرول) کا نظام گذشتہ سالوں کے مقابلے میں بہتری کا ہر کر رہا ہے۔ تاہم، ایسا نظام انتظام سنبھالنے کے حوالے سے تیار کیا جاتا ہے مگر یہ مقاصد کے حصول میں ناکامی کے رسک کو مکمل ختم کرنے میں مددگار نہیں ہوتا اور گوشواروں میں بے ضابطگی (Material Misstatements) یا نقصان کی تصدیق نہیں بلکہ ایک مناسب سطح کی کوٹنگ بناتا ہے۔

(f) کاروبار کو روک رکھنے کی بینک کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں۔

(g) صحیح اصول و ضوابط میں درج کارپوریٹ گورننس کے رہنما اصولوں سے انحراف نہیں کیا گیا ہے۔

(h) گذشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار اس سالانہ رپورٹ کے ابتدائی صفحات پر مرتب کیے گئے ہیں۔

(i) پروڈیونٹ اور انٹیشن فنڈز کی سرمایہ کاری کی مناسب قیمت بالترتیب 12,749 ملین روپے اور 44,966 ملین روپے ہے۔

(j) سال 2017 میں منصفہ کیے جانے والے بورڈ آف ڈائریکٹرز کے اجلاسوں کی تعداد 10 تھی اور اس میں شرکت کرنے والے ڈائریکٹرز کی تفصیلات ذیل میں موجود ہیں:

نمبر	نام	شرکت کیلئے اجلاسوں کی تعداد
1	جناب سعید احمد (مدیر انٹرنیشنل)	8
2	جناب محمد نعیم	10
3	جناب میر طاہر خیر	9
4	جناب ساجد اکبر شریف زاہد	9
5	جناب محمد عمران ملک	8
6	جناب ساجد سعید	5
7	جناب فریح ملک	5
8	جناب طارق کابلی	2
9	جناب فریح نعیم	2
10	جناب سجاد حیات	2
11	جناب سید اقبال شرف (سابق صدر انٹرنیشنل)	1
12	جناب سجاد کریم شیخ (مقامی صدر)	1

بینٹل بینک آف پاکستان، پاکستان کا واحد بینک ہے جسے ملک کی دونوں منظور شدہ کریڈٹ ایجنسیوں کی طرف سے "AAA" ریٹنگ ملی ہے۔ جون، 2017 میں میسرز JCR-VIS کریڈٹ ایجنسی نے بینک کو دوبارہ "AAA" ریٹنگ دی ہے جو پاکستان میں کسی بھی بینک کو ملنے والی گہنی کی سب سے بڑی ممکنہ ریٹنگ ہے۔ PACRA نے بھی طویل مدتی ریٹنگ "AAA" اور قلیل مدتی ریٹنگ "A1+" (A-One Plus) دی ہے۔

بینٹل فنانس کی غیر متوقع صورت حال

بینک نے منٹن کیس میں سپریم کورٹ آف پاکستان کے فیصلے کے خلاف نظر ثانی کی گزارش جمع کرائی ہے اور ایک درخواست لارجرٹچ کے قانون کے حوالے سے بھی دی ہے جو قبول کرنی گئی ہے۔ نظر ثانی کی گزارش کے زیر التوا ہونے کی وجہ سے مذکورہ کیس کے مالیاتی اثرات بینک کی 2017 کے مالیاتی گوشواروں میں شامل نہیں کیے گئے ہیں۔ کیونکہ بینک اس کیس کے موافق فیصلے کی توقع رکھتا ہے۔

USA آپریٹنگ کے حوالے سے قوانین اور ضابطوں کی تعمیل

بینک اور اس کی نیو یارک برانچ کا فیڈرل ریزیرو بینک آف نیو یارک اور نیو یارک اسٹیٹ ڈپارٹمنٹ آف فنانس (US ریگولیشنز) کے ساتھ ایک معاہدہ طے پایا ہے، جو بشمول دیگر بینک کو مخصوص حوالوں سے تعمیل کرنے اور رسک منجمنٹ کے امور، جن کا تعلق اسٹیٹ منی لانڈرنگ اور US بینک سیکورٹی کے قوانین اور ضابطوں اور مطلوبہ سسٹمز اور کنٹرولز کو لاگو کرنے اور ضرورت کے حساب سے پورے وسائل کو بروئے کار لانے کا پابند کرتا ہے تاکہ ضروریات کے مطابق تعمیل کو یقینی بنایا جاسکے۔ بینک نے معاہدے کی تمام شرطوں سے خود کو ہم آہنگ کیا ہے اور اس کا تصدیقی عمل جاری ہے۔ بینک تمام قوانین اور ضابطوں کی تعمیل کا خواہاں ہے۔ اس مرحلے پر کسی قسم کے مالیاتی اثر یا تعزیری نتائج کے اشارات نہیں ملتے۔

کوڈ آف کارپوریٹ گورننس کے تحت بیانیہ

بورڈ آف ڈائریکٹرز کوڈ آف کارپوریٹ گورننس کے تحت اپنی ذمہ داریوں سے بخوبی واقف ہے، اور میں بڑی مسرت کے ساتھ رپورٹ کرتا ہوں کہ:

(a) بینک انتظامیہ کی جانب سے تیار کردہ اسٹیٹمنٹس، اس کے کاروباری امور، آپریٹنگ کے نتائج، کیش فلوز اور ان کیوں میں تبدیلی کی منصفانہ عکاسی کرتی ہیں۔

(b) بینک نے باضابطہ طور پر تمام کھاتوں کو برقرار رکھا ہے۔

(c) ان مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے اور اکاؤنٹنگ کے نتیجے میں متعقول اور دانش مندانہ رائے پر مبنی ہیں۔



این بی پی لیزنگ کا نیشنل بینک آف پاکستان میں انضمام

بینک، این بی پی لیزنگ لمیٹڈ میں 100 فیصد شیئرز رکھتا تھا۔ یہ کمپنی پاکستان میں ان سٹڈ بینک کمپنی کے طور پر کمپنی آرڈیننس 1984 کے تحت انکارپوریت ہوئی، بینک کے بورڈ آف ڈائریکٹرز نے، 19 فروری، 2016 کو منعقد ہونے والے اجلاس میں منظور کیا اور طے کیا کہ این بی پی لیزنگ لمیٹڈ کے بینک کے ساتھ اور بینک میں انضمام کی ذراقت قرار دیا کو بینک کے حصص مالکان کے سامنے ان کی منظوری کے لیے پیش کیا جائے۔ بینک کے حصص مالکان نے پیش کیے جانے والے انضمام کو 30 مارچ، 2017 کو منعقد کیے گئے سالانہ اجلاس عام میں منظور کیا۔

اسٹیٹ بینک آف پاکستان نے بھی این بی پی لیزنگ لمیٹڈ کی بینک کے ساتھ اور بینک میں، بینکنگ کمپنیز آرڈیننس 1962 کے سیکشن 48 کے تحت انضمام کی منظوری دے دی ہے۔

انضمام کی اسکیم کے مطابق این بی پی لیزنگ لمیٹڈ کے تمام اثاثہ جات، واجبات اور ذمہ داریاں، موثر تاریخ 31 جولائی، 2017 بینک کے ساتھ ضم منتقل شدہ، اختیارات کی سپردگی کے ساتھ بینک کی ذمہ داری ہیں اور این بی پی لیزنگ لمیٹڈ اپنے انضمام کے بغیر ہی منتقل شدہ سمجھی جائے گی۔ اسکیم کے مطابق مزید یہ کہ نیشنل بینک آف پاکستان ہی اب اصل ادارہ ہوگا، لہذا این بی پی لیزنگ لمیٹڈ کی تمام ذمہ داریاں اور کاروبار نیشنل بینک آف پاکستان کے آپریٹرز کے تحت تمام اختیارات کی سپردگی کے ساتھ جاری رہے گا۔

کاروباری تسلسل کا منصوبہ

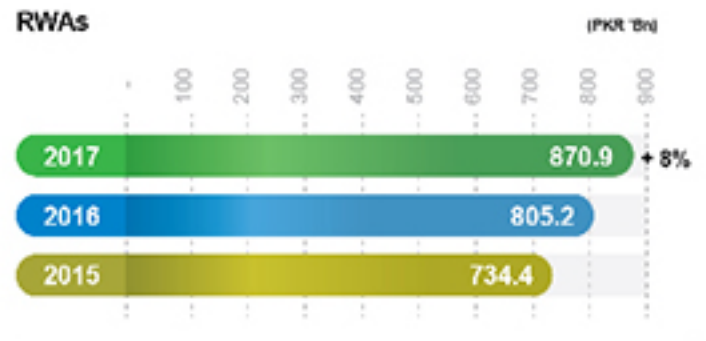
بینک بنا رکھنا اپنے اہم کاروباری امور کے تسلسل کو یقینی بنانے کے لیے پُر عزم ہے، تاکہ اس کی ادارتی ساکھ بڑھے، متعلقہ رسک کو کم کیا جائے، آمدنی کو تحفظ دیا جائے اور حصص مالکان، منافع کی سہولتیں، کاروباری نم مشیوں، کسٹمرز اور ضابطہ کاروں سے تعلقات کو قائم رکھا جائے۔ ہم اس بات کو سراہتے ہیں کہ کاروباری تسلسل کو قائم رکھنے کے حوالے سے موثر اور مضبوط اقدامات منافع سروس انڈسٹری میں نہایت اہم ہیں۔ کاروباری تسلسل کے موثر منصوبہ کی تکمیل، اسے لاگو کرنا اور برقرار رکھنا کاروباری ماڈل کا ایک اہم حصہ ہے۔

اپنے کاروباری مزاحمت کو عملی جامہ پہنانے اور قاعدے اور قوانین کی ضروریات سے مطابقت قائم رکھنے میں جب ایسے کاروباری نخل رونما ہوتے ہیں جو کسی اہمیت کے حامل ہیں، تو ادارے کے بنیادی ڈھانچے میں کاروباری تسلسل کا منصوبہ شامل ہوتا ہے جو ایک اہم حصہ جانا جاتا ہے۔ ہم وسائل میں کسی اہم نخل کا تعین کرنے اور اس کا دستاویزی ریکارڈ رکھنے، بازیابی کی ضروریات اور موجودہ استطاعت کے درمیان خلا جانچنے میں پیش قدمی ہیں اور اس حوالے سے بازیابی کی بہترین حکمت عملی وضع کرتے ہیں۔ ہماری کاروباری تسلسل کی حکمت عملی میں آفات و مصائب پر بازیابی، کاروباری بازیابی، مسائل پر انتظام، حادثوں پر انتظام، ایمر جنسی پر انتظام اور غیر متوقع صورت حال سے نمٹنے کا منصوبہ شامل ہیں۔

سرمائے کی مضبوط بنیاد

بینک نے جہاں مرہبہ ضابطوں کے تحت ضروریات کو پورا کرنے کے لیے سرمائے کی مضبوط بنیاد برقرار رکھی ہے، وہاں بینک کے بڑھتے ہوئے کاروبار پر سرمایہ کاروں اور قرض خواہوں کا اعتماد بھی قائم رکھا ہے۔ بینک کے سرمائے کی ضروریات کا دیگر طریقوں کے ساتھ ساتھ اسٹیٹ بینک اور Basel کے قائم کردہ قواعد اور تناسب کو مد نظر رکھتے ہوئے جانچ لیا جاتا ہے۔

بینک کا درجہ اول سرمایہ جو سال 2016 میں 95,539 ملین روپے تھا سال 2017 میں بڑھ کر 101,302 ملین روپے ہو گیا۔ یہ اضافہ اس سال کے کُل نفع اور پچھلے سال کے لیے ڈیویڈنڈ کی ادائیگی کے بعد ہوا۔ قرضہ جات کی مد میں کل بوزن خطرہ اثاثہ جات میں 65,715 ملین روپے کا اضافہ ہوا۔ جبکہ کل بوزن خطرہ اثاثہ جات کے حوالے سے بینک کا کل سرمایہ 15.95 فیصد (2016:16.54%) تھا، جو کہ مرکزی بینک کے مقرر کردہ کم سے کم ہدف 11.28% سے بڑی حد تک زیادہ ہے۔ CET-1 کچھل رہی ہوگی مطلوبہ 6.00 فیصد کے مقابلے میں 11.63 فیصد (2016:11.86%) پر ملحوظ رہا۔



بورڈ آف ڈائریکٹرز میں تبدیلی

ہم جناب عمران ملک، جناب اسد منیر اور جناب فرید ملک کو اس سال بورڈ میں خوش آمدید کہتے ہیں۔ جبکہ جناب عمران ملک اور جناب اسد منیر کو وزارت مالیات نے تقرر کیا تھا اور جناب فرید ملک کو بینک کے 15 مئی 2017 کو ہونے والے غیر معمولی اجلاس عام (EOGM) میں اقلیتی حصص مالکان کی جانب سے بطور ڈائریکٹر منتخب کیا گیا تھا۔ تینوں قابل ڈائریکٹرز پیشہ ورانہ اہلیت کے حامل، ڈپ لیول گورننس کا وسیع تجربہ اور قیاس کا بھرپور علم رکھتے ہیں۔ ہم پُر اعتماد ہیں کہ بینک ان کے بھرپور پیشہ ورانہ تجربے اور قائدانہ صلاحیتوں سے استفادہ کرے گا۔

ہم ریٹائر ہونے والے ڈائریکٹرز، جناب طارق کرمانی، جناب فرخ قیوم اور جناب افتخار علی اللہ والاک کی خدمات کے شکر گزار ہیں۔ ضابطوں اور پالیسی کے امور بزنس لیڈرشپ، کارپوریٹ گورننس اور صارفین کے مسائل کے حوالے سے ان کی مجموعی معلومات بورڈ کے لیے بیش قیمت ہے۔ میں شیئرز ہولڈرز کی جانب سے، بینک کے مقاصد کے حصول کے لیے ان کی مخلصانہ کاوشوں کا شکریہ ادا کرنا چاہتا ہوں۔

سرمایہ کاری

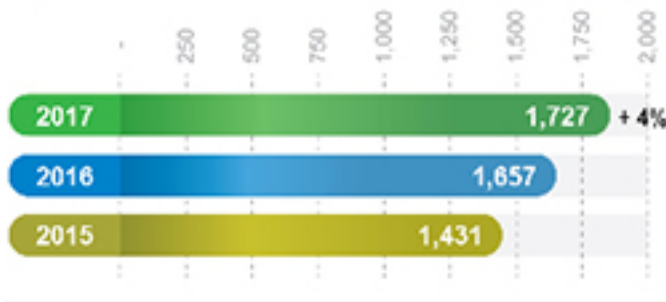
معیاری قرضوں میں اضافے کے محدود مواقع اور ڈپازٹس میں نمایاں اضافے کے نتیجے میں بینک کے ساتھ زیادہ لیکویڈٹی نے سرمایہ کاری کے کم خطرات والے پورٹ فولیو میں جگہ بنائی۔ بینک نے صحت مند پیداوار، قابل مدتی اور قابل قبول رسک کی رینج کے ساتھ شامدار سرمایہ کاری پورٹ فولیو برقرار رکھا۔ دسمبر 2017 کے مطابق بینک کی سرمایہ کاری (اصل قیمت پر) کی مالیت 1,271,937 ملین روپے تھی (2016: 863,570 ملین روپے)۔ اسی نوعیت کی 1,295,720 ملین روپے مالیت کی سرمایہ کاری گزشتہ سال کے 897,131 ملین روپے کے مقابلے میں %44.4 زیادہ رہی۔ تجارتی حکمت عملی اور بھرتہ لیکویڈٹی پر فوچ مرکز رکھنے کی وجہ سے بینک کی اضافی لیکویڈٹی زیادہ تر 'held-for-trading securities' کے تحت مارکیٹ ٹریڈری بزز میں لگائی گئی جس کی مالیت 683,060 ملین روپے تھی۔ اس کے نتیجے میں قبیل مدتی پورٹ فولیو کو مسلسل استعمال کرتے ہوئے بینک کو قبیل مدتی قیمتوں کو حرکت میں رکھنے اور ان پر اٹھارہ جاری رکھنے کی چلک میسر آئی۔

ڈپازٹ

بینک نے ایک بے مثال کاروباری نیت ورک تشکیل دیا ہے، جس سے ملک بھر میں کسٹمرز کی رسائی ممکن ہے۔ بینک پر ڈپازٹرز کا بے حد اعتماد ہے اور بینک کی زیادہ تر فنڈنگ کسٹمر کے ڈپازٹس سے ہی آتی ہے۔ ہماری ڈپازٹ پروڈکٹس میں، مردانہ سیونگرس کا اکاؤنٹس، کال ڈپازٹس، لارم ڈپازٹس، ڈی بی اے اکاؤنٹس، بناسود اور سودی کرنٹ اکاؤنٹس وغیرہ شامل ہیں۔ کچھ ڈپازٹ پروڈکٹس بینک کے لیے براہ راست آمدنی بھی پیدا کرتے ہیں، مثال کے طور پر بان سلیٹ فنڈنگ کی فیس، فنڈ ٹرانسفر کی فیس اور اسے ٹی ایم فیس۔ اسی سال کے آخر میں ہم نے ڈیجیٹل بینکنگ ایجنڈا معائنہ سرورس گروپ قائم کیا۔ کیش منجمنٹ اور ہوم ریجیٹریٹر گروپ کے اہم کاموں میں سے ہیں۔ کاموں کو پوری طرح انجام دینے کے قابل ہونے کے بعد یہ گروپ بینک کے لیے مزید کم لاگت کے فنڈ ز اور ڈپازٹس تشکیل دے گا۔

Deposits

(PKR Tn)



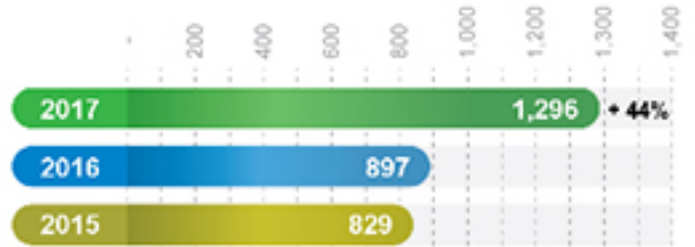
سال 2017 کے اختتام پر بینک کے کل ڈپازٹس 1,727,102 ملین روپے، سال 2016 کے اختتام پر 1,657,312 ملین روپے کے مقابلے میں %4.2 فیصد زیادہ ہیں۔ بینک نے خاص طور پر کم لاگت والے کرنٹ اور سیونگرس اکاؤنٹ (CASA) ڈپازٹس کو بڑھانے کے لیے جارحانہ حکمت عملی اپنائی ہے۔ یہ کہنا مثبت ہوگا کہ 31 دسمبر، 2017 کو 573,015 ملین روپے کے بان ریویونر نیٹ ڈپازٹس کل ڈپازٹس کے 33.18 فیصد ہیں اور 31 دسمبر، 2016 سے %10.9 فیصد زیادہ ہیں، اس سال ہم کم لاگت والے ڈپازٹس کو پورا کرنے کے لیے پورے نیت ورک میں اپنی انجیلیٹیٹیٹیوں کو مزید مضبوط بنائیں گے۔ 31 دسمبر، 2017 کے مطابق بینک کے CASA (کسٹمرز ڈپازٹ) ڈپازٹ کی شرح 76.86 فیصد تھا۔

پیش کردہ منافع منقسمہ (ڈیویڈنڈ)

بورڈ نے تفصیلی طور پر غور و خوض کیا کہ کیش ڈیویڈنڈ اور پائیس شیئرز کو جو بڑھانا چاہیے یا نہیں۔ تاہم، منظر بن کے کامدائر، باوجود کچھ مثبت اشارات کے تشریحیٹیشن کا باعث ہے۔ بورڈ آف ڈائریکٹرز کی اولین فوقیت بینک کے کاروباری سلسلے کو برقرار رکھنا ہے، جس کا بنیادی اٹھارہ بینک کے اصل سرمائے پر ہے۔ بورڈ آف ڈائریکٹرز کو اس حقیقت کا بھی ادراک ہے کہ حصص ماکان ڈیویڈنڈ وصول کرنے کے خواہاں ہیں۔ تاہم سلسلے سے ہونے سے یہ فیصلہ کیا گیا کہ منافع جات کو وقتی طور پر روک لیا جائے اور حالات واضح اور مثبت ہونے کے ساتھ بعد میں ڈیویڈنڈ کا اعلان کیا جائے۔ اسی لیے بورڈ آف ڈائریکٹرز نے سال 2017 کے لیے کوئی ڈیویڈنڈ تجویز نہیں کیا۔

Investments

(PKR Tn)



لسٹڈ کمپنیز کے عام حصص میں سرمایہ کاری تمام بڑے صنعتی شعبوں پر محیط رہی، جس کی مالیت 23,202 ملین روپے (2016: 22,456 ملین روپے) رہی۔ ان سرمایہ کاریوں سے بینک کو ڈیویڈنڈ اور سرمایہ جاتی فائدہ کی شکل میں معقول حد تک منافع حاصل ہوا۔ اس سال PSX انڈیکس کے قابل ذکر حد تک نیچے آنے کے باوجود شیئرز میں ہماری سرمایہ کاری کو خسارے کا سامنا نہیں کرنا پڑا۔ البتہ ری ویلیویشن سرٹیس (موجودہ مارکیٹ کی بنیاد پر اندازہ لگایا گیا) دسمبر 2016 کے 37,309 ملین روپے سے کم ہو کر دسمبر 2017 کے مطابق 26,194 ملین روپے ہو گیا۔ بینک اپنی سرمایہ کاری کو تب ہی ختم کرتا ہے جب ہم سمجھتے ہیں کہ مارکیٹ خاصی پیچھے ہو چکی ہے اور آمدن کے دوسرے بہتر مواقع موجود ہوں۔ اس سال کے دوران سبڈرز میں سرمایہ کاری میں 500 ملین روپے تک کی NBP لیزنگ کے NBP میں انضمام کا نتیجہ ہے۔ مزید برآں سال کے دوران NAFI اسٹاک فنڈ میں 600 ملین روپے کی سرمایہ کاری کی گئی جس سے 46 ملین روپے کی ڈیویڈنڈ آمدنی ہوئی۔

واجبات

سال 2017 کے اختتام پر بینک کے کل واجبات 2,194,503 ملین روپے، سال 2016 کے اختتام پر 1,798,972 ملین روپے کے مقابلے میں %22 فیصد زیادہ ہیں۔

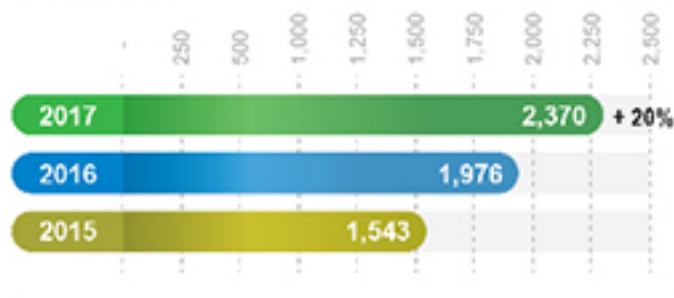


خالص منافع اور فی حصص آمدنی

زیر جائزہ سال کے دوران غیر فعال قرضوں کی مالیت 120,798 ملین ری جو کہ سال پہ سال 1,382 ملین روپے یعنی 1.2% اضافے کو ظاہر کرتی ہے۔ یہ اضافہ زیادہ تر جزوقتی یا موسمی کٹانگ میں نظر آیا جو کہ عام طور پر آئندہ سال کی پہلی سہ ماہی کے اختتام تک ٹھیک ہونے کی توقع ہے۔

سال 2017 کے لیے بینک کا خالص منافع 23,028 ملین روپے رہا جو کہ سال 2016 کے 22,752 ملین روپے کے مقابلے میں 1.2% زیادہ ہے۔ یہ بعد از ٹیکس بنیادی فی حصص آمدنی 10.82 روپے ظاہر کرتی ہے جو کہ بحساب سالانہ 13 پیسہ زیادہ ہے، جو کہ گذشتہ سال 10.69 روپے تھا۔

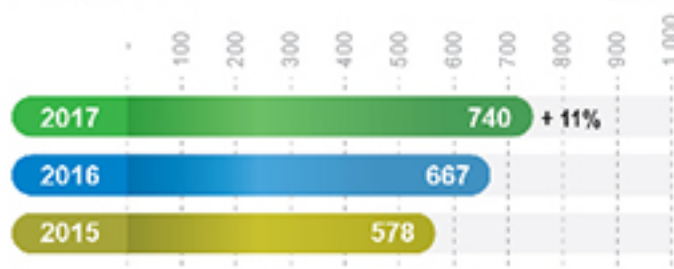
Total Assets



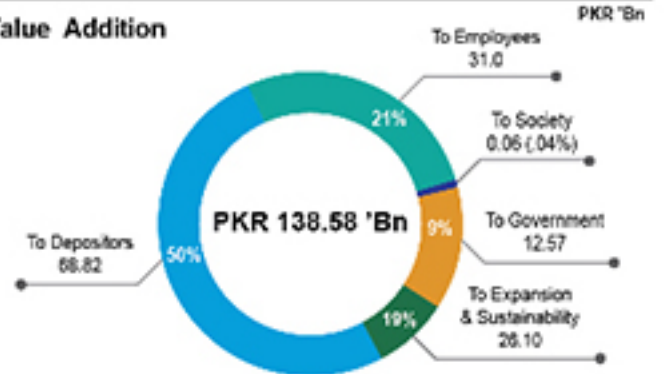
غیر فعال قرضے انتہائی محتاط اور مناسب طریقہ کار کے تحت بینک دولت پاکستان کی ریگولیٹری ہدایات کے مطابق توہین کیے گئے ہیں۔ 31 دسمبر 2017 کے مطابق بینک کے غیر فعال قرضوں کی کوریج کی شرح 92% تھی، ڈیباؤت میں نمایاں طور پر زیادہ اضافے کے باوجود بینک کا ADR تناسب (مجموعی) 31 دسمبر 2017 کو 49.6% تھا جو کہ گذشتہ سال کے 47.2% کے مقابلے میں زیادہ ہے۔

اس سال کے لیے مخصوص پرویزن چارج 1,000 ملین روپے تھا، جس کا اختتامی بیلنس 110,651 ملین روپے تھا، جو کہ 31 دسمبر 2016 کے 109,655 ملین روپے سے کچھ زیادہ ہے۔ 31 دسمبر 2017 کے مطابق عمومی پرویزن کی مالیت 6,515 ملین تھی جو کہ سال گذشتہ کے 4,431 ملین روپے کے مقابلے میں 2,068 ملین روپے کا مجموعی اضافہ ہے۔ مرکزی بینک کے مطالبات کے مطابق پرفارمنگ پورٹ فولیو کی 1% سے 5% تک کی شرح سے حاصل کیے گئے کٹن ہر اور SME قرضہ جات کے لیے پرویزن محتاط انداز سے مختص کی جاتی ہے۔

Advances - Net



Value Addition



2017 کے اختتام پر مالیاتی پوزیشن کا جائزہ

بینک کی بیلنس شیٹ 2 کھرب روپے کے رنگ میل کو عبور کرتے ہوئے 2,370 ارب روپے کے مجموعی بینک بچتی گئی جو کہ دسمبر 2016 کے مقابلے میں 20% زیادہ ہے۔ اس سال ہم نے اپنی کمرشل، اسٹاک اور کارپوریٹ بینکنگ آپریشنز کے لین دین کے معاملات میں اقداریت کو بہتر کیا ہے، ساتھ ہی بینک کی لیویٹی اور فنڈنگ کے لیے ایک پائیدار ذریعہ ہونے کی حیثیت سے کم قیمت وائی CASA ڈپازٹس میں موسمی جارحانہ حکمت عملی اور خاطر خواہ کامیابیوں کے حصول پر اپنی توجہ مرکوز رکھی۔ بینک نے قرض کی بڑھتی ہوئی طلب کو مد نظر رکھتے ہوئے اپنی لون بک میں زیادہ سے زیادہ حد تک اضافہ کیا، جس کے لیے بہترین کارکردگی کا مظاہرہ کرنے والی اور منافع بخش صنعتی شعبوں پر توجہ مرکوز رکھی۔

قرضہ جات

بینک نے اس سال معیشت کے تمام شعبوں میں اعلیٰ کارکردگی اور معیار رکھنے والے منتخب قرض خواہان کے ساتھ اپنے قرضہ جات کو وسعت دی۔ زراعت اور اجناس سے متعلق قرض، معاشی اعتبار سے اہمیت کے حامل SME، اور انفراسٹرکچر پراجیکٹس جو کہ خاص طور پر پانی و بجلی سے متعلق ہوں، میں نمودار کی گئی۔ 2017 کے اختتام پر بینک کے بعد از توہین قرضہ جات کی مالیت 739,772 ملین روپے (مجموعی) 856,938 ملین روپے (پے اری) جو کہ گذشتہ سال کے اختتام پر 667,389 ملین روپے کے مقابلے میں 10.8% زیادہ ہے۔ پاکستانی روپوں میں دیے گئے قرضوں کا حجم 778,778 ملین روپے (مجموعی) رہا، جو کہ مجموعی طور پر قرضہ جات کا 90.9% رہا، باقی باری کارپوریٹ لون بک میں 430,565 ملین رقم کے ساتھ 6.8% کا اضافہ ہوا، جو کہ بینکوں میں سب سے زیادہ ہے۔ بیرون ملک مارکیٹس میں محدود مواقع اور مارکیٹ کے مشکل حالات کے باوجود ہماری انٹرنیشنل لون بک میں اس سال کے دوران 31% یعنی 75,175 ملین روپے کا اضافہ ہوا۔

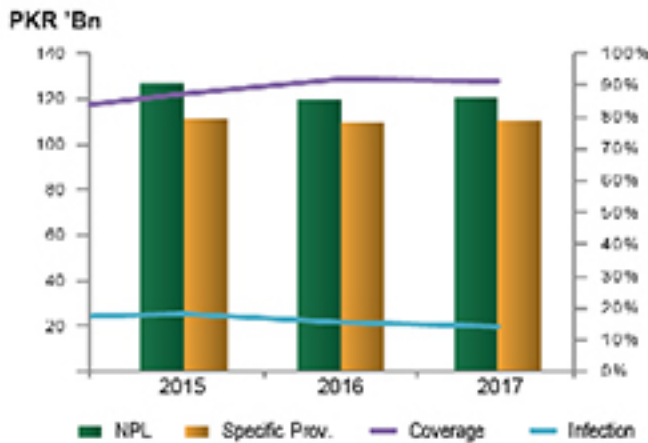
بیرون ملک غیر فعال قرضوں کی رقم سال گذشتہ کے 30,846 ملین روپے کے مقابلے میں 31,747 ملین روپے رہی۔ 901 ملین روپے کے اضافے کی ایک وجہ روپے کی قدر میں آنے والی حالیہ کمی بھی شامل ہے۔ بیرون ملک غیر فعال قرضے مخصوص حویں کے ذریعے 97% کوڑ ہوتے ہیں۔ بینک اپنے کریڈٹ پورٹ فولیو میں کسی بھی متوقع خسارے اور نقصان پر موثر انداز میں قابو پانے کے لیے پوری تنبیہ کی اور محتاط طریقہ کار پر عمل کرتے ہوئے معقول رقم مخصوص اور برقرار رکھے ہوئے ہے۔

اخراجات کا انتظام و انصرام

زیر جائزہ مالی سال کے دوران ہم نے اخراجات کے انتظام و انصرام کو زیادہ بہتر بنانے کے لیے موثر اقدامات کیے ہیں۔ اس سال کے لیے مجموعی انتظامی اخراجات 50,395 ملین روپے رہے جو کہ سال 2016 کے 48,352 ملین روپے سے 4.2% زیادہ ہے۔ اٹاک وغیرہ کی گھرائی کے اخراجات 1,867 ملین روپے (2016: 1,098 ملین روپے) کو چھوڑتے ہوئے، انتظامی اخراجات کی رقم 48,528 ملین روپے تھی جو کہ سال گذشتہ کے 47,253 ملین روپے کے مقابلے میں محض 2.7% زیادہ ہے۔ افرادی قوت کے اخراجات مجموعی انتظامی اخراجات کا 63.9% ہے، جس کی مالیت 31,020 ملین روپے رہی، جو کہ سال گذشتہ سال کے 31,430 ملین روپے سے معمولی کم ہے۔ اس کی وجہ اس سال ہونے والی ریٹائرمنٹس ہیں۔

بینک نے انتظامی اخراجات کے موثر نظم و نسق کے لیے کثیر جہتی حکمت عملی تیار کی ہے۔ اس کے تحت کیے جانے والے اقدامات میں سولہ خصوصی تنصیب، فیملڈ جنٹ اسٹریکچر کوڈز سر نو منظم کرنا، آئی ٹی سسٹمز کی ترقیاتی، لازمی اور ترقیاتی امور کو مرکزی انتظام کے تحت لانا اور سیکورٹی گارڈز کو ڈیجیٹل سیکورٹی سسٹمز سے تبدیل کرنا شامل ہیں۔ ہمارے ای۔انگ پر وہیٹ نے موثر انداز میں کام کا آغاز کر دیا ہے، جو آن۔سائٹ ٹریڈنگ کے لیے بہت موثر ثابت ہو رہا ہے، اس سے ٹریڈنگ سے متعلق سفری اخراجات میں متوقع کمی واقع ہوئی ہے۔

Asset Quality

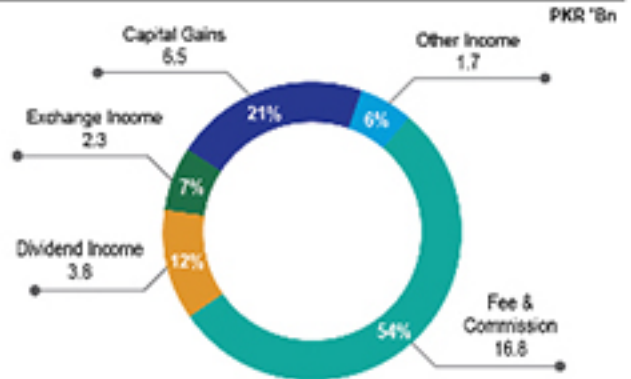


محصولات

سال 2017 کے لیے ٹیکس چارج 11.8 ارب روپے بحساب سالانہ کم رہا جو کہ سال گذشتہ کے 14.4 بلین روپے کے مقابلے میں 12.6 بلین روپے ہے۔ ٹیکس کی موثر شرح 2016 کی 38.7% سے کم ہو کر اس سال 35.3% رہی۔

غیر مارک اپ سود آمدنی

اپنے بے مثال سٹیٹ ورک اور کلائنٹس میں پراگمٹا کرتے ہوئے، ہم نے آمدنی کے اس شعبے کے تحت قابل تعریف کارکردگی ریکارڈ کرائی۔ غیر سودی آمدنی سال کے لیے مجموعی آمدنی کا 36.4% تھی، اور گزشتہ سال کے لیے 29,967 ملین روپے کے مقابلے میں 31,066 ملین روپے رہی۔

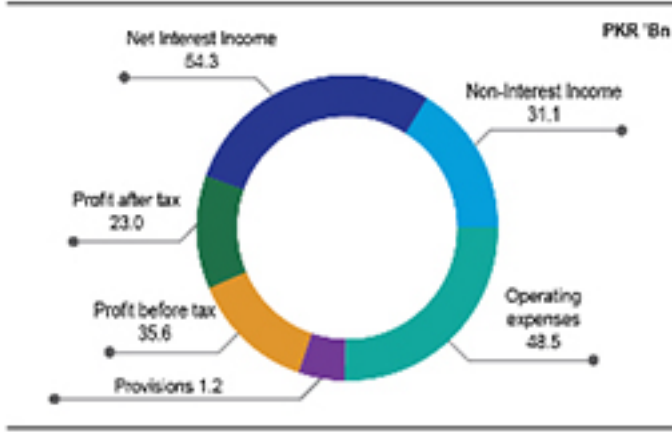


یہ اضافہ تمام اہم شعبوں میں حاصل کیا گیا۔ سال کے لیے فیس، کمیشن اور بروکرئج کی آمدنی کی مالیت گزشتہ سال کے 14,833 ملین روپے کے مقابلے میں 16,774 ملین روپے رہی۔ یہ اضافہ تمام اہم مدوں میں حاصل کیا گیا مثلاً ٹریڈ برنس، سکوٹی ٹرانزیکشنز، ای۔ٹی ایم ٹرانزیکشن مانیٹرینگ اور برنس فیس وغیرہ۔ سال کے لیے ڈیویڈنڈ کی مد میں آمدنی 3,820 ملین روپے رہی، جو گزشتہ سال میں 2,999 ملین روپے کے مقابلے میں 27.4% زیادہ ہے۔ جیسا کہ بینک نے زیادہ ٹریڈ برنس حاصل کیا، مزید مبادلہ کے لین دین سے حاصل شدہ آمدنی 2,251 ملین روپے رہی، جو گزشتہ سال کے مقابلے میں 3.3% زیادہ ہے۔ تاہم سال کے لیے سکیورٹیز کی فروخت اور ریڈیپھنڈ منافع 2016 کے لیے 8,473 ملین روپے سے 23.4% کم ہو کر 6,493 ملین روپے ہو گیا۔ یہ کمی بنیادی طور پر شیئرز میچنگ فنڈز کی فروخت میں دیکھی گئی جن کی مالیت گزشتہ سال کے لیے 5,167 ملین روپے کے مقابلے میں 31% کمی کے ساتھ 3,600 ملین روپے رہی۔ آمدنی میں اس کمی کی بنیادی وجہ PSX انڈیکس میں نمایاں کمی تھی۔ سال کے لیے تاخیری ٹیکس ریٹرنز کے متعلق معاوضہ کی مالیت گزشتہ سال کے لیے 1,333 ملین روپے کے مقابلے میں 1,500 ملین روپے رہی۔

پاکستان اسٹاک ایکسچینج کی حالیہ باقی کارکردگی کے حقیقی اثرات کم کرنے کے لیے، ہم نے دیگر سرگرمیوں کے ذریعے غیر سودی آمدنی میں اضافے کے لیے مناسب اقدامات کیے ہیں۔ بنیادی اقدامات میں، جیسا کہ پہلے بیان کیا گیا، ڈیجیٹل بینکنگ آپریشنز متعارف کرنا، ٹریڈ برنس کے زیادہ حجم اور انویسٹمنٹ بینکنگ ٹرانزیکشنز کے ذریعے ایڈوائزری فیس کمانا شامل ہے۔

نقصان اور قرضوں میں ممکنہ تاخیر ہندگی کے لیے حویں

بینک نے اس مد میں 110,651 ملین روپے کی رقم مختص کی۔ اس سال کے لیے غیر فعال قرضوں کی مد میں مجموعی حویں شدہ رقم 1,068 ملین رہی، جبکہ سرمایہ کاری کی قدر میں ہونے والی کمی کے لیے حویں شدہ رقم میں 1,744 ملین روپے کی مجموعی کمی ریکارڈ کی گئی، جس کا مجموعی حاصل 675 ملین روپے ظاہر کرتا ہے۔ دسمبر 2017 کے مطابق غیر فعال قرضوں کی مجموعی کوڑ، مجموعی اور مخصوص حویں کے حساب سے باقی رہے 97% اور 91.6% رہی۔ حویں کی شرح 100 فی صد سے معمولی کم ہونے کی وجہ غیر فعال قرضوں کی دو درجہ بندی ہے جن میں 100% سے کم حویں درکار ہوتی ہے۔ اندرون ملک غیر فعال قرضوں کی مجموعی غیر فعال قرضوں کا 73.7% رہے جس کی رقم 89,050 ملین روپے ہے جو کہ سال گذشتہ کے مقابلے میں 480 ملین روپے زیادہ ہے۔



قرضوں کی مد میں آمدنی

سال کے لیے کمائی گئی قرضوں اور ایڈوانسز پر مارک اپ کی مد میں آمدنی کی مالیت 54,885 ملین روپے یعنی گزشتہ سال کے لیے 54,188 ملین روپے کے مقابلے میں 1.2% زیادہ ہے۔ جیسا کہ پہلے بیان کیا گیا، پاکستان میں ڈسکانٹ ریٹ میں 2011 سے (13.5%) مسلسل کمی ہو رہی ہے جو مئی 2016 میں تاریخ کی کم ترین حد 5.75% کو پہنچ گیا اور دسمبر 2017 تک اسی سطح پر برقرار رہا۔ کم پالیسی ریش اور مارکیٹ میں زیادہ سیالیت کے پیش نظر بینک کو اپنا قیمت خرید اور قیمت فروخت کا فرق (Spread) کم رکھنا پڑا۔ مارکیٹ کے منتہی سے بھرپور ماحول کے باوجود، بینک اپنے ایڈوانسز کا مارکیٹ شیئر برقرار رکھنے میں کامیاب رہا۔

سرمایہ کاری کی مد میں آمدنی

زیر جائزہ سال کے لیے سرمایہ کاری پر کمائی گئی مارک اپ کی آمدنی کی مالیت 66,453 ملین روپے رہی جو گزشتہ سال کے لیے 58,906 ملین روپے سے 7,547 ملین روپے یا 12.8% زیادہ رہی۔ ہیلڈ فار ٹریڈنگ (held-for-trading) سیکورٹیز میں بالکل اجماع اضافہ آمدنی میں اضافے کا محرک بنا۔ کم ڈسکانٹ ریٹس کے نتیجے میں ہونے والی آمدنی کی شرح عموماً زوال پذیر رہی۔ شرح سود سے متعلق خطرات سے عہدہ برآ ہونے اور سرمایہ جاتی کفایت (capital adequacy) کے تقاضے پورے کرنے کے لیے ہم نے اپنے فنڈز کو زیادہ تر کم خطرات والی سیکورٹیز میں لگا دیا اور اس طرح اپنی مجموعی آمدنی میں اضافہ کیا۔

مارک اپ / سود کی مد میں اخراجات

سال کے لیے مارک اپ / سود کی مد میں اخراجات 68,820 ملین روپے ہیں جو گزشتہ سال کے لیے 59,578 ملین روپے کے مقابلے میں 9,241 ملین روپے یا 15.5% زیادہ ہیں۔ ڈپازٹس کی لاگت سود کی مد میں مجموعی اخراجات کا 84.2% رہی اور اس کی مالیت 57,947 ملین روپے یعنی سال 2016 کے لیے 50,070 ملین روپے سے 15.7% زیادہ رہی جو کہ بنیادی طور پر مشاہرتی ڈپازٹس میں بالکل اجماع اضافہ کی وجہ بنا۔ ٹرانزیکشنز کے زیادہ حجم اور پیجز ایگریمنٹ کے تحت ٹرانزیکشنز پر سود کی مد میں اخراجات اور مختصر مدتی قرضوں کی مالیت 10,872 ملین روپے رہی جو گزشتہ سال کے 9,508 ملین روپے کے مقابلے میں 14.3% زیادہ ہے۔

سال کے لیے بینک کے کاروباری اخراجات کی مالیت 48,528 ملین روپے رہی یعنی گزشتہ سال کے 47,253 ملین روپے کے مقابلے میں 3% زیادہ ہے۔ یہ لاگت اور آمدنی کا پانچواں نمبر ہے جو گزشتہ سال کے 56% کے مقابلے میں معمولی زیادہ ہے۔

ڈپازٹس 69,790 ملین روپے کے اضافہ کے ساتھ سال بہ سال بنیاد پر 1,727,102 ملین روپے ہو گئے۔

مجموعی ایڈوانسز 75,462 ملین روپے اضافہ کے ساتھ سال بہ سال بنیاد پر 856,938 ملین روپے ہو گئے۔ اس طرح ایڈوانسز کا ڈپازٹس سے تناسب 49.6% رہا۔

غیر فعال قرضے (NPL) 1,381 ملین روپے کے اضافہ کے ساتھ سال بہ سال بنیاد پر 120,798 ملین روپے ہو گئے۔ NPL کا مجموعی تناسب، خاصاً NPL تناسب (ممکنہ ناپیدگیوں اور خساروں کے لیے مختص مجموعی رقم کی بنیاد پر) اور ممکنہ ناپیدگیوں اور خساروں کے لیے مختص احتیاطی رقم (ممکنہ ناپیدگیوں اور خساروں کے لیے مختص مجموعی رقم کی بنیاد پر) بالترتیب 14.1%، 0.5% اور 97.0% رہا۔

سرمایہ کاری پر مجموعی لاگت 408,367 ملین روپے اضافہ کے ساتھ سال بہ سال بنیاد پر 1,271,937 ملین روپے ہو گئی جو بنیادی طور پر برآمدی بلز میں کمی گئی۔

مجموعی اثاثوں میں 394,180 ملین روپے یا 20% اضافہ ہوا جو 2,369,885 ملین روپے تک پہنچ گئے۔

مالکانہ سرمایہ اور محفوظ ذخائر (Reserve) میں 1,351 ملین روپے یا 0.8% کمی ہوئی جو بنیادی طور پر PSX انڈیکس میں گراؤ کے نتیجے میں واقع ہوئی۔

مارک اپ کی مد میں آمدنی

تاریخ کے کم ترین پالیسی ریٹ، مارکیٹ کی زیادہ سیالیت اور کم منافع جات کے باوجود آمدنی کا زیادہ سے زیادہ بہاؤ برقرار رکھنے کے لیے ہم نے اپنا آمدنی کا پورٹ فولیو کم بہتر بنایا۔ سال کے دوران کمائی گئی مجموعی مارک اپ کی مد میں آمدنی 123,073 ملین روپے رہی جو گزشتہ سال کے 114,403 ملین روپے کے مقابلے میں 7.6% زیادہ ہے۔ یہ اضافہ بنیادی طور پر قرضہ جات اور سرمایہ کاری کا پورٹ فولیو موثر انداز میں برقرار رکھنے، قرض کی بہتر قیمت، وصولی کی کوششوں اور ہمارے قرض کے کھاتوں میں معیاری نام شامل کرنے کے ذریعے حاصل کیا گیا۔ یہاں یہ ذکر کرنا بھی ضروری ہے کہ بینک کی مارک اپ کی مد میں آمدنی کو پبلک سیکٹر کے بعض اداروں کی طرف سے مارک اپ کی ادائیگی نہ کیے جانے کی وجہ سے کئی ارب روپے کی کمی (Drag) کا سامنا رہا ہے۔

سال کے لیے سود کی مد میں خاص آمدنی خاصاً مستحکم رہی اور جس کی مالیت 54,253 ملین روپے ہے جو گزشتہ سال کے 54,824 ملین روپے سے 572 ملین روپے یا 1.1% کم ہے۔ سرمایہ کاری پر سود سے آمدنی (NII) بینک کی کاروباری آمدنی کے 63.6% پر مشتمل ہے۔

مجموعی معاشی اشارے

سال 2017 کے دوران عالمی معیشت نے زور پکڑا اور قدرے مضبوط ہوئی۔ حالیہ تھینے 2017 کے لیے 3.7% نمو کی نشاندہی کرتے ہیں جو ابتدائی اندازوں سے قدرے زیادہ اور سال 2016 کے مقابلہ میں 0.5% زیادہ ہے۔ معاشی بحالی پیش تر معیشتوں میں مشترکہ ترجیحات کے لیے وسیع اہلیاد ہے جس میں امکانی پیداوار کو تقویت دینے اور موکومز یہ شمولیتی بنانے کے لیے تنظیمی اصلاحات شامل ہیں۔ قابل توجہ پیش رفت یورپی اور ایشیائی معیشتوں میں ہوئی جس کے ذیلی مفید اثرات علاقائی وابستگی تک بھی پہنچے اور اصلاحات کے لیے موزوں ترین موقع پیدا کیا۔ پاکستان جیسی ابھرتی معیشتوں میں بہتر مالیاتی پالیسی نے بنیادی اخراجات کو کم کرنے میں مدد دی ہے جو معاشی سرگرمی کو زور پانے کی صورت میں طلب کو سہارا فراہم کرنے کے لیے نکالنا شروع کرتی ہے۔

اخراجات کو کم تر دیا گیا ہے اور دلالت کرتا ہے کہ بہت سی ترقی یافتہ معیشتوں میں سست روی باقی ہے اور مالیاتی پالیسی کو بدستور تعداد سے بھر پور رہنا چاہیے۔ تاہم نمو کی رفتار میں بہتری کا مطلب یہ ہے کہ مالیاتی پالیسی ترجیحات اور اہداف پر نظر رکھتے ہوئے تنظیمی دی جائے جو مالیاتی پالیسی کو تقویت دے۔ 2017 میں تجربے میں آنے والا طاقت ور تحریک بنائے اور امکانی پیداوار کو تقویت دے۔ 2017 میں تجربے میں آنے والا طاقت ور تحریک 2018 اور 2019 میں بھی جاری رہنے کی توقع ہے، جہاں عالمی نمو کی شرح تھکنے کی بعد بڑھا کر دووں سالوں کے لیے 3.9 فی صد کر دی گئی ہے۔

پاکستان کی معیشت نے اپنی سال 2017 کے دوران سترہ کن کارکردگی کا مظاہرہ کیا۔ جہاں GDP کی نمو کا تخمینہ 5.3% لگا گیا ہے، بڑے پیمانے کی صنعت نے 5.7% نمو حاصل کی، فی فرد آمدنی بڑھ کر 1,629 ڈالر ہو گئی اور ترسیلات 19.3 ارب ڈالر تک بڑھ گئیں، تاہم مالیاتی خسارہ GDP کے 5.8% تک بڑھ گیا (3.8 فی صد ہدف اور اپنی سال 2016 میں 4.6 فی صد کے مقابل)۔ پاکستانی معیشت اب گروس ڈومیسٹک پروڈکٹ (GDP) یعنی مجموعی ملکی پیداوار کے اعتبار سے دنیا کی 42 ویں بڑی معیشت اور سادہ قوت خریداری کے اعتبار سے دنیا کی 25 ویں بڑی معیشت بن چکی ہے۔

معیشت کی اصلاح کا چارج لاکھ عمل اور ساتھ ساتھ حیرت انگیز رفتار نمو حاصل کرنے کے ہدف والی معاشی پالیسیوں کا تسلسل اور استحکام، جاری تنظیمی اصلاحات، اجناس کی کم قیمتیں اور امن وامان کی صورت حال میں بہتری نمو کے حوالے سے مرکزی کردار ہے۔ بجلی کی پیداوار اور ترسیل میں اب اتنا اضافہ ہو چکا ہے جو صنعتی اور گھریلو طلب کو باقاعدگی پوری کرنے کے لیے کافی ہے۔ چنانچہ پاکستان اکنامک کارڈینر سے متعلق سرمایہ کاریوں میں اضافے، بجلی کی دستیابی میں بہتری اور نمو میں مددگار تنظیمی اصلاحات کے بل پر GDP نمو درمیانی مدت میں 6% تک بڑھنے کی توقع ہے۔ بڑے پیمانے کی صنعتوں (LSM) کی نمو میں بحالی اور معاشی اور چھوٹی صنعتوں کی نمو میں اضافے کا بنیادی سبب بنی۔ یہ بہتری خصوصاً آٹوموبائل، ریسٹورانٹ، فرنیچر اور اسٹیل جیسے شعبوں میں دیکھنے میں آئی۔

مورگن اسٹینلی کے گلوبل انڈیکس کی طرف سے پاکستان کو MSCI مریجنگ مارکیٹ انڈیکس میں ڈالنے کا فیصلہ سال کے دوران ایک مثبت قدم اور پاکستان کی گلوبل مارکیٹس اور معیشت پر بین الاقوامی سرمایہ کاروں کے اعتماد کی عکاسی کرتا ہے۔ تاہم سیاسی افراتفری کی وجہ سے متوقع فوائد کو مکمل حد تک حقیقت کا روپ نہ دھار سکے۔

دسمبر کے اختتام پر ہزر ہمارا دل کے ذخائر، گزشتہ سال کے 23.2 ارب ڈالر کے مقابلے 20.2 ارب ڈالر پر موجود تھے۔ سال کے آخری حصے میں روپے کی قدر میں کمی دیکھنے میں آئی، جس نے ایشیائے صرف کی قیمتوں اور اخراجات میں اضافہ کیا۔ روپے کی قدر، جو جنوری میں 104 روپے فی ڈالر تھی، دسمبر میں 5% سے زائد کمی کے ساتھ 110 روپے فی ڈالر ہو گئی۔

صاف اشیاء قیمت CPI اخراجات زور دسمبر 2017 میں سال بہ سال بنیاد پر 4.6 ریکارڈ کی گئی۔ حالیہ مہینوں میں روپے کی قدر میں کمی اور تیل کی بڑھتی ہوئی بین الاقوامی قیمتوں سے آنے والے مہینوں میں اخراجات زور کچھ اضافہ کے ساتھ 4.5 فی صد سے 5.5 فی صد کی حدوں میں رہنے کی توقع ہے، جبکہ مالی سال کے اختتام پر سال بہ سال بنیاد پر اخراجات زور 6% کے سالانہ ہدف کی طرف بڑھنے کا امکان ہے۔

حالیہ مہینوں میں اخراجات زور میں چڑھاؤ کے پیش نظر بینک دولت پاکستان نے 2013 کے بعد سے پہلی بار ڈسکاؤنٹ ریٹ میں 25 بی پی ایس اضافے کے ساتھ اظہار سنجیدگی کرنے کے اقدامات شروع کر دیے ہیں۔ اس کے نتیجے میں بینکنگ انڈسٹری کے سود کی مدد میں خاص منافع میں کچھ اضافہ بھی متوقع ہے۔ بڑھی ہوئی سیالیت (لیکویڈیٹی) اور منظم ڈسکاؤنٹ ریٹ کی بدولت بینکنگ انڈسٹری کے لیے مستقبل قریب میں مزید نمو حاصل کرنے کے مواقع موجود ہیں۔ کاروباری ماحول منظم محسوس ہوتا ہے جیسا کہ پاک چین معاشی راہداری کے منصوبوں کے زور پکڑنے کے ساتھ اخراجات زور میں سرمایہ کاری کے بل پر معاشی نمو میں اضافہ ہوگا، جو براہ راست غیر ملکی سرمایہ کاری کو راغب کرے گی اور قرض کی مقامی طلب میں بھی اضافہ ہوگا۔

بینکوں کے رسک پروفائل منظم رہنے کی توقع ہے، جیسا کہ ہم نے معاشی اور قانونی ماحول میں عمومی بہتری کی بدولت نئی شعبے کے قرضوں میں بہتر کارکردگی کا مشاہدہ کیا ہے۔ ریاستی (sovereign) بونڈ میں زیادہ اور بڑھتی ہوئی سرمایہ کاری ارتکازی خطرے (Concentration risk) کا ایک اہم ذریعہ ہوگی، جو بینکوں کی کریڈٹ ریٹنگ کو حکومت کی ریٹنگ سے منسلک کر سکتی ہے۔ غیر ملکی ترسیلات زور مارکیٹ میں زیادہ تنوع کو لاگتی ڈپازٹس کو متحرک کر رہے ہیں۔ یہ فنڈنگ اور سیالیت کے حوالے سے بہتر صورت حال ہے، جس سے لیکویڈیٹی کے حوالے سے اہم مدافعتی حدیں منظم ہو رہی ہیں۔

2017 میں مالیاتی کارکردگی کا جائزہ

سال کے دوران کم ترین پالیسی ریٹس، مارکیٹ میں سخت مقابلے اور پاکستان اکنامک کی پہنچ کی طرف سے عشرے کی کم ترین کارکردگی کے باوجود سال 2017 کا اختتام بھی اچھی کارکردگی کے ساتھ ہوا۔ جہاں منافع کمائے کی اہلیت برقرار رکھی گئی، وہاں بینکس شیٹ میں اضافے کے ساتھ نمایاں نمو حاصل کی گئی، جب کہ پہلی بار 2 کھرب روپے کا سبک میل عبور کیا گیا۔

سال کی مالیاتی جھلکیاں

- بعد از ٹیکس منافع گزشتہ سال کے 22,752 ملین روپے کے مقابلے میں 1% اضافہ کے ساتھ 23,028 ملین روپے رہا۔ جس کے نتیجے میں ریٹرن آن ایجو اسٹمنٹ (ROA)، 2016 کے ROA کے 1.2% کے مقابلے میں 1.1% رہا۔
- اوسط مالکانہ سرمایہ پر قبل از ٹیکس اور بعد از ٹیکس منافع با اتر تیب 29.1% اور 18.8% رہا۔
- ممکنہ تاہم بندگیوں اور خساروں کے لیے حویں سے پہلے کا منافع (Preprovisions profit) 2016 میں 37,539 ملین روپے کے مقابلے میں 36,791 ملین روپے اور اس طرح سال بہ سال بنیاد پر 2% کمی کا اندراج کرایا۔
- قبل از ٹیکس منافع 2016 میں 37,141 ملین روپے کے مقابلے میں 35,599 ملین روپے رہا اور اس طرح سال بہ سال بنیاد پر 4.15% کمی کا اندراج کرایا۔
- فی شخص آمدنی گزشتہ سال کے لیے 10.69 روپے کے مقابلے میں 2017 میں 10.82 روپے رہی۔

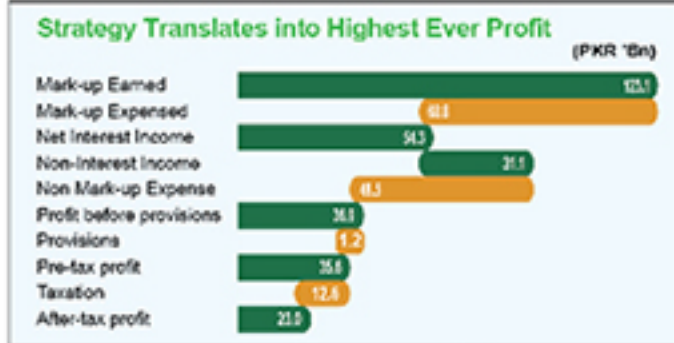
سالانہ جائزہ و احوال

نیشنل بینک آف پاکستان اب پاکستان کے صرف ان کچھ بینکوں میں سے ایک ہے جو 2 کھرب روپے سے زائد سائز کی بنیٹس شیٹ رکھتے ہیں۔ پاکستان میں قرض دینے والے سب سے بڑے ادارے کی حیثیت سے اپنی مارکیٹ پوزیشن برقرار رکھے ہوئے ہے اور خوش حالی لانے کے لیے کم ترقی یافتہ علاقوں پر خصوصی توجہ کے ساتھ مالیاتی شمولیت میں زیادہ سے زیادہ اضافے کے لیے ایک اہم کردار کا حامل ہے۔

چھوٹے اور متوسط اداروں (SMEs) کی سطح پر معاشی ترقی کو فروغ دینے کے لیے بینک نے پاکستان بھر میں مختلف شہروں میں کمرشل اور SME کریڈٹ سروس سینٹرز قائم کیے ہیں۔ یہ کمرشل کریڈٹ سینٹرز چھوٹے اور متوسط کاروباروں کی قرضہ جاتی اور غیر قرضہ جاتی ضروریات پوری کرتے ہیں۔

گزشتہ کچھ سالوں میں 100 ارب روپے سے زائد کی تقسیم کے ذریعے نیشنل بینک آف پاکستان نے اپنے ہم پلہ بینکوں میں سب سے زیادہ زرعی قرضے تقسیم کیے۔

2017 کے دوران ہمارے کارپوریٹ اور انویسٹمنٹ بینک نے متعدد نئی کارپوریٹ ریلیشن شپس کا اضافہ کیا اور بینک کے لیے آمدنی کے خاطر خواہ امکانات کے حامل موجودہ صارفین کے ساتھ اپنی مالیاتی حصہ داری (wallet-share) بھی بڑھائی ہے۔ حکمت عملی کے ایک حصے کے طور پر کارپوریٹ اپنے لون پورٹ فولیو کو نمونہ شہروں اور بہتر معیار کے علاقوں میں متنوع کرنے کا سلسلہ جاری رکھے ہوئے ہے۔



اسلامی بینکاری آپریشنز کو ترجیح دی گئی جس سے اس کا برانچ نیٹ ورک 2016 میں 118 سے بڑھ کر 2017 کے آخر میں 169 تک پہنچ گیا۔ مزید برآں شریعہ سے ہم آہنگ متعدد پروڈکٹس مثلاً سلم، احسان، عمار، کاروبار، اجارہ کار، کرنٹنگ اور بینک کا خالص متعارف کرائی گئیں جن سے 2017 میں ایڈوانسز پورٹ فولیو میں 450% سے زائد اضافہ ہوا۔ ہماری موثر رسک اینڈ کنٹرول ایڈیکٹیوٹی مینجمنٹ اسٹریٹیجی کی بدولت، انویسٹمنٹ پورٹ فولیو کو موثر انداز میں زیر درسک ٹریڈری اسٹریٹجی اور دیگر سو مند مالیاتی ترسکات میں متنوع کیا گیا ہے۔

2017 کے لیے تفویض شدہ کریڈٹ ریٹنگ اور آؤٹ لگ نیشنل بینک آف پاکستان کے مضبوط مالیاتی ڈھانچے، طاقتور مالیاتی رسک پروفاکس، خطرے کو جذب کرنے کی محکمہ صلاحیت، صحت مند سیالیت (liquidity) اور ایک متنوع ایڈوانسز اور ڈپازٹس میں کی عکاسی کرتی ہے۔

نیشنل بینک آف پاکستان اب بڑے کاروباری مواقع سے زیادہ سے زیادہ استفادہ کرنے اور اپنی مارکیٹ لیڈرشپ کی پوزیشن مضبوط بنانے کے لیے صحیح سمت میں سز جاری رکھے گا۔ ہم ملک بھر میں درج ذیل اور اسلامی بینکاری کے شعبے میں مارکیٹ میں اپنی پہلی بڑھانے کا سلسلہ جاری رکھیں گے۔

ہم بھرتیوں اور تربیت کے ذریعے اپنے افرادی سرمائے کے ذخیرے میں مزید ٹینٹس کا اضافہ جاری رکھیں گے۔ ہمارا ای لرننگ ڈویژن ملازمین کو کام کی جگہ چھوڑے بغیر اپنی پیشہ ورانہ مہارت میں اضافہ کرنے میں مدد فراہم کر رہا ہے۔

بینک نے اپنی پیچھا داریت بڑھائی ہے، نیوٹنومی کی تبدیلیوں کو اپنایا ہے اور اپنے کاروباری طرز عمل کا معیار مستحکم بنانے کا سلسلہ جاری رکھا ہے۔ اس کی مالیاتی حیثیت بہت مضبوط ہے اور یہ اہم علاقوں میں اپنا مارکیٹ شیئر بڑھا رہا ہے۔ نیشنل بینک آف پاکستان بینکاری کی صنعت کے بدلتے محرکات کو اپنا رہا ہے اور اپنے کاروباری تصور، منصوبے اور مرکزی ادارے کے پیش نظر اپنے عمل انگیز کردار سے واقف ہے اور معیشت میں زیادہ شراکت، نیوٹنومی میں پیش رفت، جدت آفر پر ڈکشن، مالیاتی شمولیت، خدمت کے بلند تر معیار اور افرادی سرمائے کے فروغ کے ذریعے مارکیٹ میں قائمانہ مقام کے حصول کا قندھاپہ وابستگان تک پہنچا رہا ہے۔

بینک نے نئی قیادت کے تحت فیڈ اور کنٹرولنگ سٹریٹجیوں پر تنظیم نو پر توجہ مرکوز کر رکھی ہے۔ یہ فہم رکھتے ہوئے کہ انڈر مین نیوٹنومی اور افرادی سرمایہ بینک کے لیے اہم ہیں، ان امور کو بہتر بنانے کے لیے لٹاؤں کا میا میا حاصل کی گئی ہیں۔ اس سے عمل درآمد کے انتہائی کم وقت میں پروڈکٹس اور خدمات کی ہموار فراہمی میں مدد ملے گی۔

بینک انڈسٹری میں اپنی قائمانہ حیثیت برقرار رکھتے ہوئے نیشنل بینک آف پاکستان اپنی پروڈکٹ ریٹج میں اضافہ کرنے، اپنے کاروباری ماڈل کی تکمیل نو کرنے اور درجہ بندی ڈیورٹی کی حکمت عملی اختیار کرتے ہوئے مارکیٹ میں پہلی بڑھانے کی رفتار برقرار رکھے ہوئے ہے۔ نیشنل ڈیورٹی مینجمنٹ کے ذریعے خدمات کی فراہمی اور صارفین کی خدمت کا معیار اب بینک کی اولین ترجیحات ہیں۔ یہ ادارہ رکھتے ہوئے کرڈیٹبل بینکنگ ہی مستقبل ہے، ہم اپنی پروڈکٹس کی ریٹج میں اضافہ کر رہے ہیں۔ بینک برانچ نیٹ ورک کے آغاز سے معیاری خدمات کی فراہمی کے لیے انفراسٹرکچر کی تیاری میں سرمایہ کاری کر رہا ہے۔ ہم نے بہتر سروس گنر کو فروغ دینے اور جدت لانے، ای سیٹ اور انویسٹمنٹ اور سٹوریج کاروبار کو فروغ دینے کے لیے سروس کو اپنی گروپ اور سیٹ سروس اور ڈیجیٹل بینکنگ گروپ قائم کیا ہے جو مالیاتی شمولیت کو فروغ دینے کے لیے ڈیجیٹل ٹرانزیشن سروسز کی طرف بینک کی یکسوئی کی حکمت عملی کرتا ہے۔

سال کے دوران نیشنل بینک آف پاکستان کا برانچ نیٹ ورک 1448 شاخوں سے بڑھ کر 1498 شاخوں تک پہنچ گیا جبکہ 100 سے زائد نئے فی ایم مشنر شامل کر کے اسے فی ایم نیٹ ورک کو مزید وسعت دی۔ اسے فی ایم نیٹ ورک میں مزید اضافے سے بینک اب 18 سے فی ایم سینٹرز کے ساتھ 1300+ نیو رسل اسے فی ایم مشنر کا حامل ہے۔ صارفین کی ضروریات پوری کرنے کے لیے مختلف آف سائٹ لوکیشنز پر 130 سے زائد نئے فی ایم مشنر نصب کی گئی ہیں۔ بینک کو اپنے اسے فی ایم نیٹ ورک میں درجہ بڑھانے، پاک چین سرحد پر سٹیمندر سے 4,700 میٹر بلندی پر نصب شدہ دنیا کی سب سے بلندی پر واقع اسے فی ایم مشنر کا حامل ہونے پر فخر ہے۔ بینک سی بینک کے مرکزی روٹ پر، بشمول گوادر میں، موجودگی میں بڑے پیمانے پر اضافے کا حامل ہے اور ضرورت پڑنے پر انکس مزید توسیع دی جائے گی۔

منڈی کی آزمائش سے بھرپور صورت حال کے باوجود، سال 2017 بینک کے لیے ایک خوش گوار باب ہے۔ بینک نے گاہکوں کو درپیش چیلنجز کو کاہنہ کاہنہ اور نئے کاروباری مواقع بے نقاب کرنے میں مدد کے لیے اپنے نیٹ ورک کی طاقت سے استفادہ کیا ہے۔ بینک نے خالص سودی مد میں آمدنی اور مارک اپ کے بغیر آمدنی، ایڈوانسز اور ڈپازٹس میں اضافے کے ذریعے 2017 میں اپنی معیشتی استعداد برقرار رکھی۔

ڈیئر شیئر ہولڈرز،

میں بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2017ء کو ختم ہونے والے مالیاتی سال کے لیے اہم ترین آڈٹ شدہ سالانہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

2017 بینک کے لیے ایک اور کامیاب سال رہا ہے جیسا کہ ہم نے اپنے مضبوط نفاذ اور مارکیٹ کے مواقع سے بہترین فائدہ اٹھایا۔ ہم نے سال کے لیے حکمت عملی کی جو جہتیں طے کی تھیں ان کا نتیجہ مطابقتی انصرام، بروایتی اور اسلامی بینکاری میں زیادہ نفوذ اور صارفین کی خدمت میں بہتری کی صورت میں سامنے آیا۔ یہ حکمت عملی مالیاتی پروڈکٹس اور خدمات میں جدت کے ذریعے معاشی موسموں میں شراکت کے لیے ایک متنازع بینک بننے کی جانب ہماری راہ ہموار کرتی ہے۔ بینشل بینک آف پاکستان پروڈکٹس کی متنوع رینج، مالیاتی جدت طرازی، اعلیٰ معیار خدمت، عالمگیر بینکاری صلاحیت، کثیر تعداد میں ذیوری چینلز، افرادی قوت میں سرمایہ کاری اور حصص ماکان اور دیگر وابستگان کے لیے مسلسل بلند منافع جات کے حصول کے ذریعے قوم کی خدمت کے لیے اپنی کاوشیں جاری رکھے گا۔

ڈیئر شیئر ہولڈرز کو
ڈائریکٹرز کی رپورٹ

Get more from your gold with NBP Cash n Gold

(Get instant cash by securing your gold)

Features

- Flexible repayment terms
- Competitive rates
- Quick & hassle-free processing
- Minimum documentation
- No early payment penalty
- No minimum income requirement
- Available at your nearest NBP Branch

Purpose

- For education, marriage and any other domestic needs

Eligibility

- Anyone aged between 21-65 years can apply





OVERVIEW OF THE BOARD OF DIRECTORS' COMMITTEE

The Board of Directors has constituted the following committees to help in discharging its regulatory responsibilities in an effective manner. Below is the summary of the committees' structure and membership.

Members	Board Audit & Compliance Committee	Board Risk Committee	Board Human Resource & Remuneration Committee
Saeed Ahmed			
Muhammad Naeem			
Mir Balakh Sher Marri			
A. Akbar Sharifzada			
Muhammad Imran Malik			
Farid Malik, CFA			
Asad Munir			
Tariq Kirmani (Retired)			
Farrakh Qayyum (Retired)			
Iftikhar A. Allawala (Retired)			
No. of Meetings Held	09	04	06

Chairman: Member:

Board Audit & Compliance Committee (BACC)

Members	Mr. Muhammad Naeem - Chairman Mr. Tariq Kirmani Mr. Farrakh Qayyum Mir Balakh Sher Marri Mr. Iftikhar A. Allawala Mr. A. Akbar Sharifzada Mr. Muhammad Imran Malik
Meetings held	09
Performance & Achievements	<p>The Board Audit & Compliance Committee ensures that an independent internal audit function exists in the Bank with adequate resources and staffing.</p> <p>The Board Audit & Compliance Committee maintained an effective working relationship with the Board and the Bank's management. The committee also ensured effective coordination between internal & external auditors.</p> <p>During the year BACC reviewed the effectiveness of internal controls of the Bank and recommended various steps for strengthening of the internal controls and Compliance culture within the Bank. The Committee discussed, monitored and reviewed the matters for internal controls, compliance with laws and regulations and code of conduct. The Committee also reviewed and recommended the Bank's financial results to the Board of Directors for approval.</p> <p>In 2017, BACC also reviewed and recommended to the Board, the updated / revised audit policy, A&IG Charter and BACC Charter for approval.</p>



Board Risk Committee (BRC)

Members	Mr. Muhammad Naeem - Chairman Mr. Balakh Sher Marri Mr. Farid Malik
Meetings held	04
Performance & Achievements	<p>BRC is a Board sub-committee that facilitates the BoD in ensuring that the Bank follows risk management guidelines & regulations. BRC played a vital role in improving the risk environment in NBP through active reviews of ICAAP, Risk Appetite, Stress testing, Credit & Investment portfolio, Risk Management Frameworks / Policies, Operational Risk events and other risk management models / tools / MIS, etc. The Head Risk Management serves as the Committee's secretary.</p> <p>BRC is primarily focusing on the creation of sound risk culture across the Bank. BRC continuously updates itself through orientation / training sessions on emerging risks and overlook implementation of remediation plans of the Basel project and BPR project.</p>

Board Human Resource & Remuneration Committee (BHR & RC)

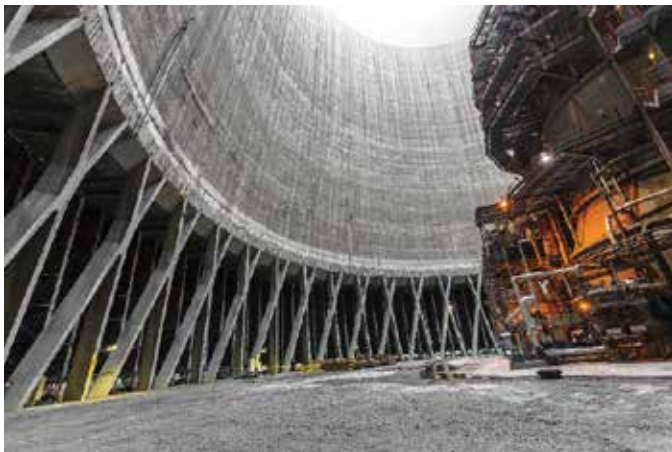
Members	Mr. A. Akbar Sharifzada - Chairman Mir Balakh Sher Marri Mr. Muhammad Naeem Mr. Saeed Ahmed Mr. Asad Munir
Meetings held	06
Performance & Achievements	<p>The Committee is primarily responsible to review, monitor and make recommendations to the Board of Directors on NBP's human resource strategy and policies pertaining to staffing, training & development, remuneration / compensation, benefits and related issues.</p> <p>Six (06) meetings of the Board HR & R Committee were held during 2017. Various HR decisions were taken by the Committee for improvement in Organisational structure including establishment of a separate Group to meet the challenges of digitization & payment services, Skills & morale of employees through training & promotion policy. The Committee also recommended to the BoD about slab wise increase in monthly pension to all NBP pensioners and / or their families.</p> <p>The Committee reviewed and approved the HR Manual thus consolidating all HR Policies. The Committee approved Promotion Policy, Succession Policy & Job Rotation Policy.</p>



GROUP PERFORMANCE REVIEW

Corporate Banking

The Corporate Banking Group at NBP handles one of the largest corporate loans / advances / deposit portfolios amongst all banks in Pakistan. For FY 2017, corporate advances made up more than 50% of the total advances at NBP. With its Regional Corporate Centres in Karachi, Islamabad, Lahore, Faisalabad, and Multan, CBG is well-positioned to cater to the Banking & financial needs of all its local corporate customers, multinationals, and government entities by offering a whole spectrum of financial products & services ranging from plain vanilla loan & trade products to highly tailored/structured financial solutions.



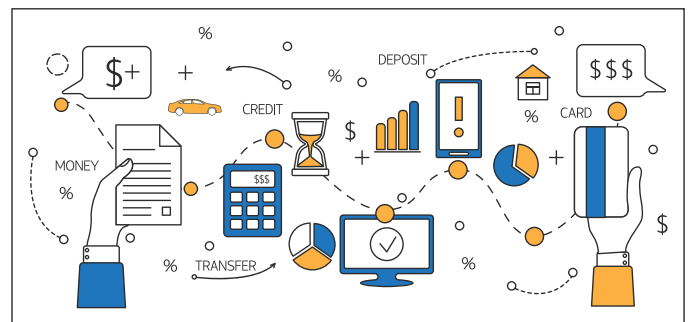
During 2017, the CBG team added several new corporate relationships with sizeable business potential for the Bank. As part of its strategy, the CBG team has continued to diversify its loan portfolio and improve asset quality by booking loans of high quality, diversified into growth sectors, established new relationships, and deepened its wallet share with its existing customers. A priority for the CBG team is to originate and generate more fee-based business with greater emphasis on trade finance, cash management, and other fee income (e.g. advisory business). Corporate Centres & Corporate Branches in Faisalabad, Lahore & Islamabad have been relocated to larger premises in order to cater to the growing business demand. Both Corporate Centres have been refurbished and upgraded to world-class standards. As a result of the above initiatives, CBG significantly exceeded its targets for 2017 as a major contributor to NBP's bottom line.

As a result of the above initiatives, CBG was a major contributor to NBP's bottom line profitability. The Group's operating profit grew to PKR 6.3 Billion in FY-2017 which is 38% higher than the previous year.

Commercial Retail Banking

Commercial Retail Banking Group is the largest group serving almost 80% of NBP's customers. It focuses on segments such as Commercial and Commodity, Small & Medium Enterprise, Agriculture Financing, Prime Minister Youth Business Loans consumer business, Institutional Sales, Deposits & Wealth Management. CRBG markets its products to a cross section of approximately 5 million customers, through a network of around 1400 branches; through its variety of products by managing two aspects of balance sheet Liabilities (deposit) and Commercial, SME, Consumer Asset and Agricultural Advances. NBP holds a market share of 15% of the industry's entire deposits and takes pride in serving various public institutions.

NBP has maintained its leading position with more than 19% share of overall Consumer Finance, industry portfolio and with more than 50% share of personal loan category. In order to meet domestic as well as housing needs of our customers we offer NBP Advance Salary, NBP Cash n Gold and NBP Saibaan. The Bank disbursed more than 107 Billion against target of Rs. 102 billion to more than 275,000 customers. NBP's share in total Industry disbursement was 15%. CRBG also provided running finance facility of Rs. 5.00 billion to different Non-Banking Financial Institutions.



To facilitate the SME sector, Commercial & SME Credit Centers have been established at major business-hubs across Pakistan. These centers cater the Commercial and SME borrowers efficiently and with high service standards. Fund based and Non-Fund based business portfolio has also been significantly increased owing to the efficiency of credit approval process and enhanced quality of delivery channels. Moreover, by adopting focus approach towards New To Bank, sizeable business has been targeted and approached which expected to be matured during current financial year.



Investment Banking

During 2017, the first full year that Investment Banking Group has been formed, it continued to be on the fore-front through its lead role in project finance transactions, syndications, advisory and agency & trustee services. The role played by the Group helps the Bank in maintaining its leadership position in the investment banking domain with contribution of high-quality income generating assets.

The Group was able to effectively achieve major milestones of growth in income, advances and establishing new business relationships with significant business potential in the various sectors of the economy. The Group closed various transactions of PKR 220 billion in the domestic market, most notable of which was the syndicated project financing facility of PKR 144 billion for WAPDA–Dasu Hydro Power Project. The Group also efficiently concluded arrangement of Working Capital transaction for 2,453 MW power projects of PKR 67 billion.

Due to surge in project finance & syndicated transactions under CPEC as well as developing economic spectrum of the country substantive increase is anticipated in fees-based, funded, non-funded and shadow income for the Group followed by incremental increase in advances deployed towards first-rated income generating assets.



The growth in fee-based income on NBP's income statement is a reflection of the Group's performance and its positioning to take lead in numerous investment banking transactions. Moving forward, the Group aims to further strengthen its foothold in structuring transaction in coordination with other business units of the Bank.

Payment Services & Digital Banking

With this long term vision & focus on Digital banking, a new Group was recently formed within the Bank by the name of Payment Services & Digital Banking Group "PSDBG" to ensure that NBP is not only at par with its peer banks but is also capable of leading the industry on the road to digitalization. PSDBG has not only initiated multiple technology deployments but also captured businesses, which also places NBP in a competitive position in this arena, especially in G2P & P2G business.



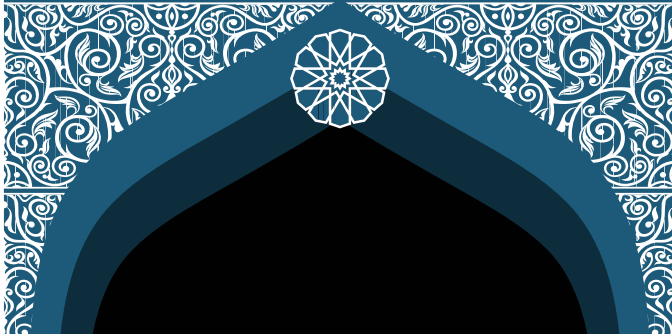
Key initiatives include

- Designing & Strategising the long term Digital Strategy of the Bank.
- Negotiated and signed multiple incentive and technology support funding agreements.
- Technology Deployments, to launch multiple products e.g.
- Prepaid Cards – Launched in January 2017
- Mobile App – Soft Launch in September 2017
- G2P & P2G Aggregators – Launched in November 2017
- Cash Management Solutions – Launching in December 2017
- API Management Platform – Launching in January 2018

In recent times, the Group has successfully delivered many G2P programs of the Government of Pakistan, including Punjab Flood Relief Program, PM Kisan Package, etc. Group's Home Remittance Division is actively involved in various marketing campaigns with some major tie-ups in KSA, UAE and other healthy corridors which attracted excellent feedback from print/electronic media, participating agencies as well as from the customers.



Islamic Banking



During the year under review, NBP Islamic Banking balance sheet increased by 23% over December, 2016 to PKR 43,975 million. The deposit base increased by 12%, reaching PKR 36,908 million from PKR 33,088 million in December 2016 and maintained CASA ratio at over 80%. Current account grew by more than 35% and the ratio of current account to total deposit has now risen to 32% in December 2017 from 26.6% in December 2016. After a period of initial slow growth, financings increased by 464% to reach PKR 19,138 million.

NBP 'Aitemaad' remains committed to financial inclusion for unbanked masses by providing Islamic financial services with presence in 83 cities across the country through its Islamic branch network which has increased from 118 in December, 2016 to 169 as of December, 2017 and is targeting 217 branches by converting 37 conventional branches into Islamic and opening 11 new Islamic branches during 2018. Going forward, the Bank plans to launch new Islamic banking liability and asset products.

In December 2017, NBP Aitemaad launched its first consumer product, NBP Aitemaad Hamsafar Auto Finance facility based on the completely Shariah compliant mode of 'Diminishing Musharakah' (DM) for salaried people. It is a simple and convenient product that gives applicants the opportunity to enjoy the luxury of their own car. NBP Leasing Limited was amalgamated into the Bank during the year. As a result of this, assets of NBP Leasing Ltd. are being added in Aitemaad's balance sheet, bringing value addition through economies of scale and synergies.

International Operations

NBP has one of the largest international franchises amongst Pakistani banks with a presence in Asia, Europe and America. International Operations' focus is on trade finance, syndication, LC confirmation, FI business, correspondent banking and remittances business. International operations of the Bank comprise of branches spread over North America, Europe, Far-East, Asia, Middle-East & the only Pakistani bank having presence in Central Asia along with representative offices in Beijing, Toronto and Tashkent. Despite all the challenges, global slowdown and monetary policy shifts, our international branches have continued to service the Bank's clients as well as facilitate cross-border trade.

International Operations will continue to explore new avenues to ensure increase in deposit base and trade business to reflect improvement in its funded and non-funded income. We have already strengthened our IT systems and will continue to further strengthen IT platforms at international branches to ensure efficiency and improvement through establishing effective compliance controls.





Treasury & Capital Markets

Treasury & Capital Markets (TCMG) play a vital role in managing the Bank's liquidity, foreign exchange and investments for optimal utilization of funds which are consistent with the Bank's strategy vis-à-vis global and domestic market outlook, currency volatility and interest rate movements. Besides optimally managing cash flows, TCMG continues to be a major contributor towards the bottom line profitability of the Bank.

The Group made a sizeable contribution to the Bank's bottom line by posting huge capital gains through transactions in government securities and equities. It continues to be a market maker both in the Foreign Exchange and Fixed Income market and once again posted substantial FX gains in 2017. The fact that TCMG have been persistently rated amongst the top primary dealers in the country by the State Bank of Pakistan bears testament to our expertise in managing and trading government securities and the confidence of our diverse clientele. TCMG have made steady progress in further strengthening our controls and compliance environment by focusing on people, culture and systems.

Some notable initiatives in line with our objectives in 2017:

- Successfully implemented globally recognized treasury system.
- Strengthened the core sales team which is now better equipped to undertake new business and become a one-stop solution for our diverse clientele.
- Initiated FI sales awareness program at branch levels across the country. In line with the SBP objective of financial inclusion, the Treasury has restructured and streamlined its IPS procedures/guidelines to focus on retail clientele.



Service Quality

Envisioning the significance of ensuring satisfactory level of services to NBP's clientele, the NBP President focused on Service Quality and through the reorganization, a Service Quality Group (SQG) has been established. Currently, SQG is looking after the Service Quality of ATM services, complaint management and call centre functions of the Bank. After the strengthening of SQG and implementation of a centralized complaint management set-up, the number of customer complaints has been reduced from 18,000 to 2,500.



The availability of NBP ATMs has improved significantly. This has occurred because of a focus on Service Quality Improvement measures, which include detailed guidelines for branch upkeep and customer-friendly guidelines and checklist/monthly reporting mechanism. Business Continuity Plan of call centre is being planned at Islamabad. Initiatives in multiple dimensions such as bringing structural changes at the branch and regional levels for improving the quality of ATMs and other online services. Various training programs and enhanced/updated SOPs have also been devised by SQG for up-keeping the skill inventory of field staff. In today's age, Service Quality Improvement is a continuous endeavour; the Bank is still striving hard and is adopting the Kaizen approach for continuous improvement.



Risk Management

Risk Management Group “RMG” is proactive in identifying, assessing, monitoring and controlling the risks associated with our Business. RMG functions as an independent group reporting directly to the President with a dotted line reporting to the Board Risk Committee (BRC). The group structure is constituted in a way so as to have a focused approach encompassing all material risks that the Bank may be exposed to. These risks are mainly categorized as Credit Risk, which is managed through a well-defined credit structure including but not limited to credit approval mechanism, tools/models development and its assessment through frameworks; Market & Liquidity Risk, which is managed through the Market Risk Management Framework and regular review and monitoring of the investment portfolio by the Bank’s Asset Liability Management Committee (ALCO); Operational Risk is well-managed through operational risk strategy/framework of the Bank. Apart from the above-mentioned risks, the Pillar-II risks fall under the ambit of ICAAP and are managed accordingly.

Like previous years, RMG has achieved many milestones during the current year, including the preparation of a Bank-wide Recovery Plan to avoid extreme but plausible impact over the financial health or liquidity of the Bank; formulation of the Market Risk Management Framework including Interest Rate Risk Management policy to further strengthen our investment decisions; development of Default Prediction Model based on current macro-economic conditions to evaluate the adverse impact on credit portfolio; standardization of ICAAP; preparation/reporting of country risk outlook & risk rating categorization; enhancements in Internal Risk Rating methodology – Probability of Default (PD) Model; development of draft cash and gold scorecard; revision of credit risk tolerance limit/concentration policy; meeting and reporting Basel-III Liquidity standards for SBP, and setting & approval of Risk Appetite Statement of the Bank.

Credit Management

Credit Management Group is responsible for ensuring booking of quality loan portfolio of all types including the loan rehabilitation & recovery proposals. CMG also performs a range of additional functions, including credit monitoring, policy formulation and conducting industrial and economic research. During 2017, CMG made significant contributions towards improving asset quality by curtailing exposure on high risk assets and increasing exposure on low risk assets which translated in increase in overall earnings.

CMG’s Research Division analyses key sectors of the economy in terms of relative risks and attractiveness, which helps business groups to set their goals and strategies. Another 37 micro-sectors were added to this list during 2017, considering relevance of these sectors to micro-finance customers.

CMG is actively involved in developing and updating credit-related policies and procedures to provide conducive framework within which the entire credit-related activities are performed. During 2017, CMG updated various credit-related policies including the ‘Policy on Acceptable Leverage Ratio’ and ‘Enlistment of Insurance/Takaful Companies’. Furthermore, credit policies on SME and seasonal financing were also reviewed and updated in view of the changing market dynamics and the Bank’s enhanced focus on SME business.

Credit Monitoring function has been further specialized by the formation of separate Wings dedicated to the monitoring of overseas credit, domestic credit, and project financing. Headway has been made in 2017 to streamline the monitoring function through introduction of system-based reports. Initiatives were also taken by the overseas monitoring wing for establishment of an in-house database which has resulted in significant reduction in exceptions.





Compliance

In line with its commitment to the highest standards of AML-CFT and to strengthen its monitoring structure, the Compliance Group has successfully revamped its compliance structure and implemented SafeWatch (Name Filtering Solution) and FCCM, from among the top-ranking systems in the world. SafeWatch is a web-based solution to filter transactions, payments messages and customers against sanctions lists. It helps the Bank to screen cross-border SWIFT and home remittance transactions, new customers being on-boarded, and the existing portfolio of customers against sanction lists such as United Nations Security Council, Office of Foreign Assets Control and Specially Designated Nationals lists, etc. Presently, the SafeWatch application implemented in Pakistan covers Pakistan, Afghanistan and Bangladesh Operations.

Further, to improve the transactions monitoring and Customers Risk rating processes, Compliance Group installed and implemented a world-class Anti-Money Laundering (AML) monitoring system - Oracle Financial Crime and Compliance Management (FCCM). Its KYC module is an essential feature for NBP customer risk profiling rating. The FCCM system also features integration with the Currency Transaction Reporting Platform Go-AML. Compliance Group also achieved compliant status for the Foreign Account Tax Compliance Act and Common Reporting Standards. The Group has also helped the Bank's overseas branches and subsidiaries to comply with the FATCA & CRS regulatory framework.

As part of continued professional development, officers and executives from the AML team have been regularly participating in various in-house and external knowledge platforms. The AML team successfully carried out a bank-wide training sessions at 25 regional locations across the country to upgrade the knowledge base and skill set of the relevant employees of branches and regions in KYC, AML, Sanctions and FATCA.



Information Technology

In the wake of business transformation through Digitalization, Information Technology has been designated as the most critical success factor for the Bank's turn-around. NBP is fully geared up to leverage the use of technology towards achieving its business objectives. Some of the major projects undertaken and in the offing are aimed at transforming the Bank's structure such as Profile System up-gradation, infrastructure development projects, establishment of Disaster Recovery Site and Data-centres; resolution of bugs and procurement of dedicated systems (e.g. Cash Management Solution and Remittance System) on the basis of business needs conveyed by business/support groups. At the same time, the Bank's focus on catching up with the flux of digitalization of the banking sector has been adequately supported by in-house development capabilities of Information Technology as well as procurement of solutions available in the market.



On the front of Branchless Banking and ADCs, the launch of the Mobile App is a major milestone that the Bank has achieved for providing 24/7 financial services to its clientele. Prepaid Cards have been launched and arrangements are in progress for the launch of Debit Cards. Development and enhancement of the system for automation in P2G and G2P business. Major alliances with notable Government institutions such as FBR, Interior Ministry, Provincial Governments, etc. will facilitate the Bank to stay competitive in the market. The Bank's ATM Network has also been expanded. Moreover, Information Technology has been leveraged for strengthening of controls such as deployment of AML solutions and system enhancements at overseas locations.



Audit & Inspection

The Audit & Inspection Group provides independent, objective assurance and consulting services to add value and improve NBP's operations in line with its strategic plan. The Group conducts audit engagements in accordance with the regulatory requirements and international standards. On-job and theoretical trainings are regularly imparted to the audit staff for enhancing their skills and efficiency for performing effective audit role. In addition to this, A&IG is in process of procuring the automated audit tools for effectively auditing the Bank's operations. In order to cater our assurance & consultancy services across the Bank, we have three Audit & Inspection Offices (A&IOs) at Karachi, Lahore & Islamabad besides presence at the Head Office. A&IG conducts audits of branches and controlling offices as per the approved Audit Plans. In addition to this, Special Audits of various operations are conducted as per requirement of the management, Board Audit Committee and SBP. Audit reports are conveyed to the management for corrective action.

Operations

Operations Group in the year 2017 completed various tasks to bring efficiency in the operational environment. The introduction of printed account opening forms, improvement in government receipts/payments settlement process, development and implementation of Cash Processing Centres (CPCs) as per Phase-I of the Currency Management Strategy of SBP are the salient projects completed during 2017.

In addition to the above, the Group, in coordination with all stakeholders, also took initiatives to implement an auto reconciliation solution software, capable of handling transactions emanating from various platforms such as

conventional banking system, Islamic banking, ATM switch and SAP systems etc. The Group is also pursuing the centralized account opening process, which will help the Bank face regulatory as well as service-related challenges in an effective manner. The upgrade of the SWIFT system and capacity building of treasury back-office functions are also among key major initiatives taken by the Operations Group in the year 2017.

Logistics

The Logistics Support Group has played an important role in providing the business a conducive & customer-friendly environment by constructing / designing / renovating the Bank's branches and other work premises in line with standardization policy. LSG Engineering and IT Procurement have played a pivotal role in increasing the Bank's ATM network by procuring and installing 1,000+ ATMs in the year 2016-2017; development of centralised Trade Processing Centres and Cash Processing Centres across Pakistan; procurement of currency sorting & authentication machine; installation of biometric devices etc. To minimise the turnaround in providing robust support to other groups, LSG has created an online helpdesk portal for early resolution of requisitions related to logistic supplies.

LSG remained proactive to ensure proper security of the Bank's assets and its customers by introducing latest technology and gadgets across the network. LSG took the initiative for rationalization of security guards and to convert branches into guard-less ones during the night through Digital Security; up till now, almost 500 branches across the country are equipped with Digital Security equipment. Installation of solar energy systems for ATMs and basic branch operations was yet another important initiative of LSG. While 300 solar energy systems have already been installed to ensure uninterrupted services to the Bank's customers, installation of an additional 200 solar systems is also underway.





Human Resource Management

In the year 2017, the Human Resource Management Group has embarked upon various initiatives to increase efficiency of HR function as well as betterment of its employees. Recently, the organization restructuring at both the Head Office and field level was carried out to enhance institutional efficacy. HRMG also conducted a workload assessment exercise, which is targeted to facilitate the Bank in proper categorisation of branches based on work volumes and business performance. At the same time, this exercise will help the Bank in ensuring the principle of pay-for-performance through revision of Remuneration & Compensation Policy, rationalisation of staffing requirements, streamlining of Internal Placement function, etc. In order to maintain harmony in its Industrial Relations, the Management Executive Team (MET) has been constituted – having representations from the Management and CBA.

HRMG has been proactively working to improve cultural coherence among its internal stakeholders so that they associate themselves with the Bank's core values. For the purpose, town-hall meetings were organized in almost every Region, which were attended by the President as well as senior management. HRMG promoted engagement of staff at various layers during formulation of the Strategic Plan to get their buy-in on future plans and their eagerness towards achieving the same. During the year, HRMG accomplished the task of promotions of staff. A large number of eligible employees were promoted to the next eligible grade as per the Bank's policy. To enrich our human capital pool, HRMG has also completed hiring of trainee officers. HRMG also achieved to implement biometric attendance system to ensure discipline and to inculcate a sense of responsibility among the Bank's employees.

Assets Recovery

In recent years, Assets Recovery Group (ARG) has recorded significant overall reduction in NPLs through cash recoveries and declassification. During the year, the Group made structural adjustments and also segregated its portfolio for more focused recoveries. NPL cases have been prioritized in terms of recovery prospects. Additionally, performance evaluation of legal counsels is being continuously monitored to enable speedy recoveries.

Learning & Management Development Division

LMDD is managing development of the human capital of the Bank. During the year, the number of employees trained increased by 25% as 20,866 employees were trained through 1,247 training programmes as against 16,742 trained in 2016. Training Need Analysis was conducted during 2017 for the year 2018-2019 to set the focus and priorities of training function for the coming two years. Training has been linked with TNA and is being strictly implemented to ensure that only need-based training is imparted to staff. Training has been linked with core competencies and during the coming years, all trainings will be conducted to develop required competencies of the staff of each functional group. Specialized training programmes were conducted on creating service culture in the branches; 3,922 employees from branches were trained through 187 training programmes. Special training sessions were particularly arranged for low-performing employees, wherein 223 employees were trained. Bank-wide training of CBA Profile has also been launched under the supervision of the Senior Management Committee.

Legal

During the year, the Legal Division has taken various initiatives, improving the overall management of legal affairs of the Bank. The Legal Division has been augmenting the Bank's pursuit of the recoveries in the Litigated NPL and other cases by inducting a specialist litigation team across Pakistan. This team has been ensuring the close monitoring of case proceedings in courts for their expedited disposals. Moreover, realizing the quantum of cases, the Legal Division has adopted emerging legal management concepts like Legal Analytics and the procurement of a state-of-the-art Legal Management System (LSM) to essentially build the capability of auto surveillance of cases. The LSM shall also provide electronic interface to all concerned departments for efficient and accountable management of all litigated portfolio of the Bank.

Keeping in view the sensitivity and realizing the importance of Legal Advisory services, the Legal Division has developed in-house capabilities to provide quality, clear and comprehensive advisory services across the Bank (locally and internationally) and has significantly curtailed the outsourcing of legal work. The opinions provided pertains to a diverse range of areas, which are then being stored in an electronic repository for future references and reusability purposes that reduces redundant efforts on the similar nature of work.

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• بہترین ریش

• صرف نئی اور بحال شدہ گاڑیوں کے لئے

• 1 کروڑ روپے تک کی فنانسنگ دستیاب ہے

• تمام سرکاری، مسلح افواج اور معروف اداروں

• میں کام کرنے والے افراد کے لئے

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CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is an integral part of NBP's corporate policy. As a leading financial institution in the country, NBP has taken various initiatives that demonstrate its resolve towards the community at large. The Bank is running a full-fledged CSR Programme to bring positive changes in society by improving the life quality of the underprivileged masses in the Country. In addition to its demarcated and pre-defined areas of Education, Health, Special Persons, Women & Children, the Bank is always there for the relief of affected people in case of any natural disaster or calamity that the country faces.

We believe that looking after underprivileged communities is synonymous to serving the nation. NBP has a well-funded Corporate Social Responsibility Programme focusing on Education, Healthcare, Infrastructure Development, Water Resource Development and enhancing Livelihood Generation skills. During the year, NBP spent around Rs. 58 million on CSR activities.

To ensure progress, quality of work and transparency in utilisation of funds under CSR schemes, NBP regularly monitors project activities. The Bank has initiated a wide range of projects, including provision of free primary healthcare, hospitals, mobile dispensaries, scholarships for local students, infrastructure development and upgradation of academic institutions.





EDUCATION



At NBP, we believe that education plays a vital role in economic development and poverty alleviation in society. With this perspective in mind, the Bank is performing its social duty of uplifting educational standards in the country by financially supporting various educational institutions on a yearly basis. NBP also extends support through educational programmes and other skills to financially constrained students. Key scholarship and adoption carried out by NBP includes:

Scholarships

- NBP adopted TCF School for a lifetime in Nawabshah.
- Scholarships to numerous students through Professional Education Foundation Karachi.
- Scholarships for Sargodhian Spirit Trust.
- Scholarships for IBA Sukkur.
- NBP paid annual educational expenses of students of WISE College Lahore.
- Scholarships for Students of Namal College, Mianwali.
- Scholarship for Sindh Madrassatul Islam University, Karachi.
- Supported High School Tehsil Pazzo, Balochistan.
- NBP adopted a class of 25 underprivileged students of Centre for Development of Social Services (CDSS).
- Supported 88 orphan students at Roshni Homes Trust, Lahore.

Upgradation, Equipment & Educational Events

- Supported Development & Research at Habib University, Karachi.
- Sponsored 1st National Conference on Business Dynamics, Allama Iqbal Open University, Islamabad.
- Constructed waiting area in Women University, Swabi.
- Motivational Volunteer Empowerment Programme, Lahore by Family Educational Services Foundation.
- Supported Celebration of 7th National Book Day.
- Workshop for the young minds at LUMS, Lahore.
- Sponsored Workshop, "Hope Model United Nations" in Bahria University, Karachi.
- Carried out Teacher Support Programme at Minerva Education System, Karachi.
- Supplied Garbage Loader to clean the locality for school-going children to IMKAAN Welfare Organisation, Machar Colony, Karachi.





HEALTHCARE



Realising the importance of providing better health services, NBP, in collaboration with various NGOs and institutions, organise various medical, eye and fistula camps in remote areas all over Pakistan. NBP also upgrades and assists in upgrading the infrastructure by providing financial and in-kind support to many hospitals and organisations. Some of these initiatives include:

Medical Group and Facilities

- 3-day Medical Camp in Pishin, Baluchistan.
- Adopted a Female Patient Ward in Marie Adelaide Leprosy Centre, Karachi.
- Supported Al-Madad Welfare Society (for purchase of medicines) at Saman Goth, Karachi.
- Support to SIUT for Karachi and Sukkur hospitals.
- Dialysis of underprivileged kidney patients, Pak Kidney Institute, Islamabad.
- Healthcare Equipment to Ghulab Devi Chest Hospital, Lahore.
- Medical Equipment to Al Mustafa Trust Medical Centre, Lahore.
- Financial support to Fatimid Foundation Kidney Centre, Quetta.
- Financial support to "Struggle Against Disability International Association, Murree".
- Infrastructure support to The Aga Khan University Hospital, Karachi.

Upgradation, Equipment, Healthcare & Educational Events

- Installation of water purification plant at Koshki Village, Ziarat.
- Medical Camp at Firdous Colony, Karachi.
- Supplied food to 100 deserving patients for 11 months at Koochi Goth Hospital, Suburb Karachi.
- Provided bed sheets, pillow covers and curtains to NICVD, Karachi.
- Supplied wheelchairs & stretchers to Abbas Institute of Medical Sciences, Azad Kashmir.
- Donated Ambulance to Aman Foundation and Lifesaving Kits for emergency patients.
- Donated an Ambulance to Red Crescent Society Islamabad and Non-Food Item Survival Kits for any disaster and calamity.
- Sponsored treatment for Tuberculosis for 6 months, District Tuberculosis Association, Peshawar.
- Sponsored 8 Medical Camps at various locations in KPK.
- Sponsored Medical Camp in Mitthi & Nagarparkar in collaboration with Al Madad Welfare Society.
- Sponsored Patient Safety & Wellbeing Program, Basic Needs Pakistan.





PEOPLE WITH SPECIAL NEEDS



For many years, the organisations that represent people with disabilities have regarded Corporate Social Responsibility and Sustainability as suitable and appropriate arenas to spread awareness about disability. NBP provided independent opportunities, confidence and fitness to the handicapped, which encourages them to take part and become active members of society. Some of the initiatives include:

Infrastructure & Equipments

- Donated 20 Motorcycle Rickshaws to Pakistan Hindu Council in Interior Sindh.
- Scholarship for Deaf Students studying in Deaf Reach School by FESF, Karachi.
- Supplied hearing aids for Deaf Children at multiple locations.
- 5 Children adopted at Ida Rieu Welfare Association for the Blind, Karachi.
- Financial support and equipment were given to Pakistan Association of the Blind, Karachi.
- Financial support to Department of Special Education, Government College of Home Economics, Lahore.
- Sponsored Aaghosh Special Talent Awards for special kids.

Wheelchair, Tricycle and White Cane

- Pakistan Disabled Foundation, Karachi.
- Tricycle to Karachi Independent Living Centre.
- MACH Development Foundation, Ghotki.
- Tricycles and wheelchairs to Gulistan-e-Mazooreen, Mirpurkhas.
- Financial and equipment support to Disabled Welfare Association, Karachi.
- Financial Assistance for Association for the Rehabilitation of Physically Disabled.
- Donated 500 white canes to Pakistan Association of the Blind

Sports Activity for Special Persons:

1. Organised NBP Wheelchair Users Cricket Tournament, Islamabad.
2. Organised NBP T-20 Blind Cricket Tournament at Bahawalpur and Quetta.
3. Organised Punjab Disabled People Power Lifting Championship, Lahore.
4. Sponsored Cricket Tournament, organised by Pakistan Disabled Cricket Association.





WOMEN & CHILD WELFARE



We believe women empowerment in developing countries is essential for poverty reduction and literacy enhancement. In Pakistan, where women lack opportunities for growth and development, it is essential that special facilitation is made available for women to grow and prosper. Economic Inclusion of women can play an important role in the social and economic well-being of the society. Many women and infants in remote, small towns and villages face difficult economic conditions. NBP has actively supported such needs and provided opportunities for women for their social uplifting and respectable living. NBP has taken various initiatives like organising vocational trainings, women sports events and supplying equipment etc.

Women Vocational Programme

Vocational Training Sessions were organised in Abbottabad, Bhukkar, Sheikhpura, Gilgit Baltistan, Multan, Quetta and Skardu, where each Training Session was for two weeks, enrolling 25 women participants. Participants were provided training on stitching, sewing, embroidery, etc. Upon completion of training, all the participants were given embroidery and sewing machines for a regular income stream.

Sports Events Arranged

- Sponsored Pakistan Sepak Takra Team which participated in the 31st King's Cup World Championship, Malaysia.
- Sponsored Fundraising Fashion Show in Islamabad by Pink Ribbon.
- Sponsored NBP-KKO Production & Display Centre in Rawalpindi.
- Sponsored Seminar on "Top Ten Business Opportunities for Women", Organised by WCCI in Lahore.

Event Sponsored Include

- Supporting 20 orphanage students at Minerva Education System, Karachi.
- Supported Meena Bazar by Behbud Association of Pakistan, Islamabad.
- Sponsored British Women Association Charity Bazaar, Karachi.
- Organised Women & Child Medical Camp in Lemo Goth, Karachi.
- Sponsored quilts for destitute families in Rasham Village, Chitral (KPK)
- Sponsored Fundraising Event in Rawalpindi by Behbud Association of Pakistan.
- Donated CTG Machine to Lady Aitchison Hospital, Lahore.
- Sponsored Pakistani women in 29th Asian Dodge Ball Women Championship held in Malaysia.





CULTURE PROMOTION



NBP is also playing a vital role in establishing and promoting the national and regional cultural norms and activities. In this area, we supported and sponsored various events like:

- Sponsored Conference on “Safety of Journalists and Combating Impunity”, Karachi.
- Sponsored KONPAL Child Abuse Prevention Society Charity Drama, Karachi.
- Renovation of National Police Bureau Library, Islamabad.
- Financially supported construction of Hall/Theatre at Jamshaid Memorial Hall, Karachi.
- Sponsored Theatrical Play by Make Believe Production, Karachi.
- Sponsored International Anticorruption Day Seminar & Awareness Walk by NAB, Sukkur.
- Supported Human Rights Society of Pakistan (HRSP) “Lifetime Award”.
- Supported Louis Braille Talent Award Organisation by “Special Children Monthly”.
- Organised Quaid-e-Azam Gold Cup Cycle Race, Karachi.
- Organised 3rd NBP Traffic Rules Awareness Walk in collaboration with Sindh Traffic Police.
- Supported Seminar & Lectures on Anti-Smoking and Addiction.
- Financially supported in upgrading the outlook of Heritage Building NAPA.
- Sponsored Safari Desert Jeep Rally at Skardu by Govt. of Gilgit Baltistan.





SPORTS



NBP has always supported sport activities at all levels in Pakistan. Not only does it sponsor sports events & players, it has been helping clubs and teams to improve their infrastructure. Some of NBP's achievements in sports are as follows.

Hockey

- Junior Hockey Team – Winner of National Hockey Championship 2017
- Senior Hockey Team – Winner of National Hockey Championship 2017
- Senior Hockey Team – Got 3rd Place at 9-A Side Hockey Tournament 2017.

Football

Won NBP Inter-Departmental Football Championship.

Chess

Mehak Gul, Chess player (Qualified for World Chess Olympiad 2017).

Snooker

- Won NBP Ranking Snooker Championship - 2017. Besides that, our players secured 1st or 2nd position in many other National & International Ranking tournaments in the year 2017.

Badminton

- Won Ladies Singles & Doubles Event "PNSC Pakistan National Ranking Tournament in Lahore", 2017
- Won Men Singles, Ladies Doubles Event and Runners up in Ladies singles and Mixed Doubles in "Pakistan National Badminton Championship in Lahore", 2017-2018
- Won Men's Singles & Doubles Event in "International Badminton Tournament", Islamabad.
- NBP's Men Team event Runner-up 54th Future National Badminton Championship-2017
- NBP Women Team Event Runner-up 54th Future National Badminton Championship-2017
- Won 2nd Shuhada-e-Army Ranking Tournament-2017

Conclusion

NBP will continue its CSR activities with further zeal and fervour and by spreading across a wider range of areas within Education, Health, Special Persons, Women & Child Wellbeing, Sports and Culture. NBP is passionate about conducting these activities across Pakistan and will continue to play its due role in improving the lives of the people of Pakistan. We are grateful to each and every person who has supported our mission and values.





Risk Management

The very nature of our business transactions has associated to it, to varying extent, one or more type of risks. Our responsibility is to proactively identify & assess, measure & evaluate and respond to such risks through devising effective policies for the tolerance of each risk category, or combination of risks, at each level of business activity. Maintaining our risk profile at an acceptable and appropriate level is essential to ensure our sustainable performance.

Our mission of maximising stakeholders' value through sustainable growth is achieved through informed risk decision-making and superior risk & capital management supported by a consistent risk-focused culture across the bank. Based on our approach to the risk management, the Board has approved various policy documents that set the parameters to achieve effective risk management.



Our Approach towards Risk Management

The Bank applies the Basel framework as a cornerstone of the NBP's risk management framework and capital strategy. The Bank maintains a strong capital, funding and liquidity position in line with its on going commitment to maintain balance sheet strength. The strength of risk profile management of the Bank stands on the following pillars:

- Identification and assessment of significant material risks to which the Bank is, or, may be exposed to
- Overseeing and managing the risk profile of the Bank within the context of the risk appetite
- Ensure the business profile and plans of the bank are consistent with the risk appetite
- Optimise risk / return decisions by aligning them to the business objective of achieving sustainable optimum growth
- Manage the risk profile of the Bank to ensure that specific financial deliverables remain achievable under a range of emergent business conditions

Risk Appetite / Tolerance	We have developed and implemented risk appetite / tolerance limits / levels for credit, market & operational risk areas. These are regularly analysed and reported to the Board and senior management.
Responsibility and Reward	Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks. Individuals related to risk activity are responsible to ensure compliance with the risk management framework.
Goal Congruence	Risk-taking decisions are in line with the Bank's mission & goals as set by the Board. Risk avoidance does not impair our goal of increasing shareholders' value.
Risk-Return Trade-Off	Business decisions optimise, as far as possible, the risk-return trade-off.
Capital Adequacy	Sufficient capital is always available as a buffer to absorb risks.

Strategic goals, embedded into our approach toward risk management, are to maintain a robust framework, identify and escalate risks and support sustainable business growth through optimum risk-reward decisions. The aim of the risk management strategy is to enable the management to identify & assess the risks, respond through formulating effective mitigating tools and monitor the effectiveness of the response.

Identify & Assess: All business groups are responsible for risk recognition & assessment and development of controls in their respective areas of operation. As part of the risk assessment process, the groups ensure that not only the relevant risks are identified but their implications are considered and basis provided for managing and measuring (as far as possible) the risks.

Respond: The Risk Management Group ensures that effective controls are in place to mitigate each of the identified risks considering its impact and likelihood and such controls are reviewed on a regular basis to appropriately address any new risk or risk not managed well previously. The results of risk assessment are reviewed at various levels within the Bank including Executive Risk Management Committee (ERMC) with summary assessments shared with the Board Risk Committee.



Monitor: Once the principal risks have been identified and measured, and mitigating controls have been put in place, progress towards objectives is tracked continuously. At NBP, risk monitoring is a proactive and ongoing process which may prompt a re-evaluation of the risks and / or changes in mitigating responses. It includes ensuring the risks are maintained within the overall risk appetite, and checking that risk controls are functioning effectively without jeopardising value creation objective of the Bank.

Risk Governance Structure

The Board is responsible to ensure active oversight over implementation of policies and frameworks so as to prevent any significant financial loss or reductions in shareholders' value that may be suffered by the Bank. Therefore, it is the responsibility of the Board to ensure that policies and frameworks are in place to recognise all significant / material risks to which the Bank is / may be exposed and that the required human resource, culture, practices and systems are adequate to address such risks. The Board and its relevant committee, i.e. BRC and the senior management along with its relevant committees i.e. Credit Committee, ERMC, ALCO, etc. are responsible to ensure formulation and implementation of a comprehensive risk management framework through its committees.

Risk Management Group (RMG) operates as an independent Group, i.e. separate from approvals and direct involvement in day-to-day activities. RMG reports directly to the President with a dotted line reporting to the Board Risk Committee (BRC). The Group is responsible to perform the functions pertaining to development and oversight of the risk framework, methodologies and other functions assigned from time to time in line with local / international best practices and under the supervision of SBP's regulations / guidelines.

Board Risk Committee (BRC)	Board Audit & Compliance Committee (BACC)	Executive Risk Management Committee (ERMC)	Risk Management Group (RMG)
It comprises of the President and four non-executive directors with the Chairman being a non-executive director. BRC is essentially a Board level oversight committee to perform the risk management activities on behalf of the Board and is the highest risk related policy-making and supervising body for all types of risks faced by the Bank, notably credit, market, liquidity and operational risks. BRC monitors the Bank's risk profile against the agreed financial appetite.	The BACC receives regular reports on the effectiveness of internal control systems, quarterly reports on material control issues of significance, quarterly papers on accounting judgements.	ERMC is a senior management body mainly covering risks from an overall perspective of strategy, policy / framework development, assessment measurement tools, MIS framework and Basel framework implementation, whereas routine aspects in relation to such risks shall be managed by the RMG. ERMC has representation from various business and support groups.	Risk Management Group exists as an independent group, i.e. separate from approvals, reporting directly to the President with a dotted line reporting to the BRC. The group is responsible to perform the functions pertaining to development and oversight of the risk framework, methodology and other functions assigned from time to time for ensuring compliance with the local regulations.

Risk Management Framework Implementation

The bank implements risk management framework through a 'Three Lines of Defence' model which defines clear responsibilities and accountabilities for various offices and ensures effective & independent oversight and assurance that the activities take place as intended under the risk management framework.

The First Line of Defence: Business groups, jointly with the Credit Management Group have a primary responsibility for identifying, measuring, monitoring and controlling the risks within their areas of accountability. They are required to implement effective procedures and controls to ensure compliance with the related policy requirements, to maintain appropriate risk management skills and to act within defined parameters as set and approved by the Board.



The Second Line of Defence: Board Risk Committees, Risk Management Group and the Compliance Group perform the integrated functions of oversight and independent challenge to the effectiveness of risk management actions taken by business groups.

The Third Line of Defence: Board Audit & Compliance Committee and Audit & Inspection Group provide an independent, objective assurance and consulting activity designed to add value and improve risk management functions of the Bank. A&IG helps the Bank accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our approach to 'Risk-Opportunity Materiality'

For the Bank, risk is both a burden, and an opportunity. The most significant and critical risks that arise out of our transactions, and may materially impact on delivering against our strategic priorities in a sustainable manner broadly relate to Capital, Liquidity, Credit, Market and Operations. A risk and an earning opportunity is considered material if the same is expected to affect the financial position or financial performance of the Bank.

Risk Relevance & Mitigating Approach

With our mission to capitalise on every opportunity to maximise stakeholders' value, our responsibility is to proactively identify, measure and evaluate such principal risks, and to devise mitigating policies for each risk category without losing an earning opportunity. Principal risks that the bank faces, together with their mitigating factors, are outlined below. A detailed disclosure of risk mitigating strategy is given in Note 41 of the financial statements.

Risk	Mitigating Approach
Credit Risk	<ul style="list-style-type: none"> - The Bank has a clear policy to structure the levels of credit risk it undertakes by placing limits on exposures of counterparties. - The Bank also has an Internal Ratings System to provide the insight of borrowers' financial soundness & creditworthiness. - Concentration of exposure / risk in any of counterparty, group, or industry is assessed frequently. - Standardised Approach is used to calculate capital charge for credit risk as per Basel regulatory framework. - Stress testing for credit risk is carried out on a regular basis to estimate the possible impact of impaired portfolio on credit policies.
Capital Adequacy	<ul style="list-style-type: none"> - We keep our Capital Structure strong enough by maintaining capital adequacy ratios far above the minimum national requirements set by the central bank and as required under the Basel framework. - The Bank has devised proprietary stress testing scenarios to assess the impact on capital of the Bank for Internal Capital Adequacy and Assessment Process (ICAAP). - We carry out capital adequacy assessments on a quarterly basis to make sure that a strong capital structure is always maintained. Our capital adequacy is certified by our external auditors. - As of December 31, 2017, our Capital to RWA ratio was 15.95% against the minimum requirement of 11.28%.
Operating Risk	<ul style="list-style-type: none"> - A comprehensive Operational Risk Management framework has been developed as per Basel framework. - Operational Risk Tolerance limits in-line with Basel framework related Loss Event Categories. - ORM framework provides guidance for setting the operational risk strategy and tolerance limits of the Bank. - The Bank has rolled-out an Operational Loss Data Collection Mechanism whereby field functionaries are responsible to report operational losses under their jurisdictions on a certain frequency.



WHISTLE BLOW POLICY

Whistle-Blowing / Speak-Up Policy

Whistle-Blowing covers reporting of incidents of misconduct, involving or affecting an organisation to enable the organisation to take appropriate action. It is a window to obtain feedback on issues bordering on both corporate governance, as well as reputational risk related issues, escalated to the highest levels of the Bank.

Objective and Scope

This policy aims to set up the Bank's written, formal updated whistle blowing policy, covering local operations, global operations as well as all subsidiaries of NBP. This policy consists of responsible and effective procedures for disclosure and/or reporting of misconduct and impropriety observed by any employee, vendor or any stakeholder within the country or in our overseas operations. This policy will ensure implementation of famous saying that no one is above the law.

NBP defines whistle blowing as alerting the Bank authorities that an individual or group of individuals have committed or are going to commit offences that are considered to be unethical, improper and have broken the standard norms and prevailing practices of the Bank. By escalating these potential issues, the Bank will be made aware of these concerns and is alerted that its interests and the interests of stakeholders are being compromised, or at the risk of being harmed.

This policy will be interpreted in conjunction with the Bank's Code of Conduct and it is important that all employees (local, overseas as well as subsidiaries) and all stakeholders to become familiar with both the Global Whistle Blow/Speak-Up Policy and the Bank's Code of Conduct before proceeding with raising a complaint or a concern.

Implementation & Monitoring of Global Whistle Blow / Speak-up Policy

NBP's Board Audit & Compliance Committee (BACC) will review the overall implementation and monitoring of the policy and any recommendations for action resulting from investigations lies with NBP's Board Audit & Compliance Committee (BACC), whereas day-to-day responsibility for overseeing and implementing the policy has been delegated to the Group Chief Compliance Group.

Protection to a Whistle Blower

By setting up the necessary procedures safeguarding confidentiality and offering anonymity, the interests of the whistle blower are protected from possible harassment or victimisation by those accused of misconduct. Any person who makes a disclosure or raises a concern under this policy will be protected if the person:

- Discloses the information in good faith
- Believes it to be substantially true
- Does not act maliciously or make false allegations
- Does not seek any personal or financial gain

Reporting Procedure

The Whistle Blower while ensuring that incident comes within the scope of Whistle blowing / Speak-up and he / she has valid information that some misdoing / misconduct is being done by his / her colleague (including seniors, juniors) in any office of the Bank locally or in any overseas locations will report the same to Group Chief, Compliance Group, Head Office, Karachi using any of the below mentioned channel (s).

The Group Chief

Compliance Group
National Bank of Pakistan
2nd Floor, Head Office
I.I. Chundrigarh Road, Karachi.
Telephone: (92-21) 99220549, Fax: (92-21) 99220650

If allegation is against the Compliance functionaries, the Whistle Blower will report the matter to Group Chief - Audit & Inspection Group using any of the below mentioned channel(s).

The Group Chief

Audit & Inspection Group
National Bank of Pakistan
2nd Floor, Head Office
I.I. Chundrigarh Road, Karachi.
Telephone: (92-21) 99220911-2, Fax: (92-21) 99220713

Allegations of suspected wrongdoings or complaints relating to the Bank's accounting, internal controls, auditing or financial reporting matters involving CEO and / or President or any complaint against any Group Chief are to be reported to The Chairman Board Audit & Compliance Committee (BACC) using any of the below mentioned channel(s).

The Chairman BACC c/o Secretary Board

National Bank of Pakistan
2nd Floor, Head Office
I.I. Chundrigarh Road, Karachi.
Telephone: (92-21) 99212190, Fax: (92-21) 99220192

To make the Policy successful, it will be the responsibility of all at the helm of affairs in the HO, Regions, Branches and overseas operations to ensure that all the direct reports are aware of this policy.



Statement of Internal Control

Reporting of Internal Control System

The Bank's Management has established and is managing an adequate and effective system of Internal Control which encompasses the policies, procedures, processes and tasks as approved by the Board of Directors that facilitate effective and efficient operations. The management and the employees at all levels within the Bank are required to perform as per these approved Internal Control System components. The Internal Control System ensures quality of external and internal reporting, maintenance of proper records and processes, compliance with applicable laws and regulations, and internal policies with respect to conduct of business.

The management ensures that an efficient and effective Internal Control System is in place by identifying control objectives, reviewing existing procedures and policies and ensuring that control procedures and policies are amended from time to time wherever required.

However, the Bank's Internal Control System has been designed to manage rather than eliminate the risk of failure to achieve objectives and can only provide to the bank's management and Board of Directors with reasonable but not absolute assurance against material misstatement or loss, since establishing and bringing improvement in controls are ongoing processes that include identification, evaluation and management of significant risk faced by the Bank.

SBP vide its BSD Circular No. 7 dated 27 May, 2004 has issued guidelines on the internal control for all Banks / DFIs (SBP Internal Control Guidelines) and in order to ensure consistency in the process of compliance with in the internal control guidelines, SBP vide BSD Circular No. 5 dated 24 February, 2009 has provided a roadmap (the SBP roadmap) identifying various activities / stages involved in the internal control program.

The Bank follows the SBP's instructions on Internal Control over Financial Reporting (ICFR) and is complying with the SBP's stage-wise implementation roadmap. As a part of this exercise, the Bank with the assistance of its Consultant has completed various stages of ICFR as set out in the SBP roadmap. Compliance Monitoring Wing has been set up for management testing of key ICFR related controls, thus moving towards completing the prescribed roadmap.

Evaluation of Internal Controls

The Bank has an independent Internal Audit & Inspection function in the name of Audit & Inspection Group with three Regional Audit & Inspection Offices that conduct audit of Branches, Regions, Subsidiaries, Staff Colleges and Groups at Head Office on an on going basis to evaluate the efficiency and effectiveness of the Internal Control System. In addition to that, an independent Compliance Monitoring Wing is being set up under Compliance Group to monitor Compliance with key regulations at branches as well as HO Functions along with monitoring of ICFR.

For the year 2017, the Bank has made its best efforts to ensure that an effective Internal Control System continues to perform in letter and spirit. The observations made by the external / internal auditors and regulators in their respective audits / inspections are promptly reviewed and measures are taken by the Board, Board Audit & Compliance Committee and Management for rectification of such observations to safeguard the Bank's interest.

Based upon the results achieved from reviews and audits conducted during the year, the Management considers that the Bank's existing Internal Control System is adequate and has been effectively implemented and monitored. However, being an ongoing process, as stated earlier, the Management would continuously be evaluating efficacy of its in-built controls to enhance and further strengthen the overall Internal Control System of the Bank.

Based on the above, the Board of Directors has duly endorsed the Management's evaluation of internal controls including ICFR in the attached Directors' Report.

Abdul Wahid Sethi
CFO / Group Chief, FCG

Aamir Sattar
Group Chief, A&IG

Muhammad Faraz Haider
Group Chief, Compliance Group

Karachi
Dated: February 20, 2018



Statement of Compliance with Code of Corporate Governance For the year ended December 31, 2017

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

The Bank has complied with the principles contained in the Code in the following manner:

1. The Board of Directors of the Bank are appointed as per the provisions of the Banks (Nationalization) Act, 1974. The President / CEO is only Executive Director. The remaining Board consists of one Non-Executive Director and five independent Directors including one independent Director representing minority shareholders as required by the Code. As at the year ended December 31, 2017 the Board comprised of the following Directors:

Names		Category
Mr. Muhammad Naeem	Independent Director	Appointed by Federal Government under Section 11(3)(a) of The Banks (Nationalization) Act, 1974
Mir Balakh Sher Marri	Independent Director	
Mr. A. Akbar Sharifzada	Non-Executive Director	
Mr. Asad Munir	Independent Director	
Mr. Muhammad Imran Malik	Independent Director	
Mr. Farid Malik	Independent Director	Director representing Private Shareholders and Minority Interest elected in terms of Section 11(b) of The Banks (Nationalization) Act, 1974
Mr. Saeed Ahmad		President

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

2. The Federal Government in terms of Section 11 (3)(a) of the Banks (Nationalization) Act, 1974 appointed Mr. Saeed Ahmed as President vide GoP, Finance Division, Notification No. F.1(9)Bkg-III/2017-537 dated March 22, 2017 who assumed the charge on March 22, 2017. Mr. Masood Karim Shaikh SEVP/Group Chief, IBG relinquished charge as President (Officiating) NBP on March 22, 2017.
3. During the year, Mr. Iftikhar A. Allawala, Mr. Farrakh Qayyum and Mr. Muhammad Naeem have completed their tenure for three years. Subsequently, Mr. Muhammad Naeem has been re-appointed by GoP, Finance Division, vide Notification No. F-1 (11) Bkg-III/2017-480 dated March 09, 2017.
4. During the year, Mr. Tariq Kirmani representing Private Shareholders and Minority Interest Elected in terms of Section 11 (b) of the Banks (Nationalization) Act, 1974, has completed his tenure on March 27, 2017 and Mr. Farid Malik has been appointed as Director on May 15, 2017 (the date of election representing the private shareholders, in accordance with Section 178 (1) of the Companies Ordinance, 1984).
5. The Federal Government appointed Mr. Muhammad Imran Malik on March 09, 2017 as Director on the Board of National Bank of Pakistan vide GoP, Finance Division, Notification No. F.1(11) Bkg.III/2017-481 dated March 09, 2017 and Mr. Asad Munir on June 14, 2017 as Director on the Board of National Bank of Pakistan vide GoP, Finance Division, Notification No. 1(11) Bkg-III-2017-970 dated June 14, 2017.
6. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank (excluding the listed subsidiaries).
7. All Directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange. The Directors have confirmed that neither they nor their spouses are engaged in the Business of Stock Brokerage.



8. No casual vacancy occurred in the Board of Directors during the year 2017.
 9. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
 10. The Bank has prepared "Statement of Ethics and Business Practice" which is already approved by the Board of Directors.
 11. The Board has approved the Vision, Mission, Core Values, Objectives and NBP Strategic Plan.
 12. The Bank has a comprehensive framework of written policies and procedures on all major areas of Operations such as Credit, Treasury Operations, Finance, Risk, Internal Audit and Compliance etc. Many of these policies have been approved by the Board and are being constantly reviewed.
 13. There exists in the Bank a framework determining the limit of the authority of various management levels. All the powers were exercised by the relevant authorities within the materiality thresholds.
 14. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board / shareholders.
 15. The meetings of the Board of Directors were presided over by the Chairman. The Board met 10 times during the year. Written notices of the Board meetings, along with agenda and working papers were circulated at least 7 days before the meeting except for emergent meetings. The minutes of the meetings were appropriately recorded. The CFO and the Company Secretary attended all meetings of the Board of Directors.
 16. Directors trainings have already been performed by five directors. It is expected that the remaining directors will attend the course by June 30, 2018.
 17. During the year, exercising the best practices of Corporate Governance and for the purpose of job rotation, the Board approved the transfer of the following executives w.e.f. September 01, 2017:
 - i) Mr. Aamir Sattar, SEVP / CFO was designated as Group Chief, Audit & Inspection Group.
 - ii) Mr. Abdul Wahid Sethi, SEVP / Group Chief, Audit & Inspection Group was designated as SEVP / CFO Financial Control Group.
- Further, the Board approved their remuneration and terms and conditions of employment.
18. The Directors' Report for the year has been prepared in compliance with the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
 19. The Financial Statements of the Bank were duly endorsed by the CEO and CFO before approval of the Board.
 20. The Directors, CEO and Executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
 21. The Bank has complied with all the Corporate and Financial Reporting requirements of the Code. The Bank has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation, to the board for review and approval. The definition of related party used is in accordance with the applicable financial reporting framework as the regulations under Section 208 of the Companies Act, 2017 have not yet been issued.
 22. The Board has formed a Board Audit & Compliance Committee comprising of 04 Members including 03 independent Directors and the Chairman of the Committee is an independent Director.
 23. The Board Audit & Compliance Committee held 09 (nine) meetings including meetings prior to the approval of Interim and Final Results as required by the Code. The minutes of each meeting were confirmed in the next meeting prior to circulation of the same to all Members, Directors, Head of Internal Audit and the CFO. The Charter of the Board Audit & Compliance Committee has been duly approved by the Board of Directors and has been advised to the Committee for compliance.
 24. The Board has also constituted a Board HR & Remuneration Committee comprising of 03 independent Directors, 01 Non-Executive Director and one Executive Director (President / CEO). The Chairman of the Committee is a Non-Executive Director. The Board HR & Remuneration Committee met 06 (six) times during the year.



25. The Board has set up an effective Internal Audit Function. All the Internal Audit Reports are accessible to the Board Audit & Compliance Committee and important points arising out of the audit are reviewed by the Board Audit & Compliance Committee and important points requiring the Board's attention are brought into their notice.
26. An effective Internal Audit Group is in place to ensure independence of the Group from the Bank operations. The Head of Internal Audit reports functionally to the Board Audit & Compliance Committee and administratively to the President.
27. The Statutory Auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review Program (QCRP) of the Institute of Chartered Accountants of Pakistan, that they or any partners of the firms, their spouses and minor children do not hold shares of the Bank and that the firms and all of their partners are in compliance with International Federation of Accountants (IFAC) on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
28. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they observed IFAC guidelines in this regard.
29. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, Employees and the Stock Exchange.
30. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
31. The Bank has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officers in a timely manner and maintained proper record including basis for inclusion or exclusion of name of persons from the said list.
32. We confirm that all other material principles contained in the Code have been complied.

For and on behalf of the Board of Directors

Saeed Ahmad
President

Karachi
Dated: February 20, 2018



EY Ford Rhodes

Chartered Accountants
Progressive Plaza
Beaumont Road
Karachi 75530, Pakistan

Grant Thornton Anjum Rahman

Chartered Accountants
1st & 3rd Floor, Modern Motors House
Beaumont Road
Karachi 75530, Pakistan

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

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of National Bank of Pakistan (the Bank) for the year ended 31 December 2017 to comply with the requirements of Listing Regulations of the Pakistan Stock Exchange, where the Bank is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended 31 December 2017.

EY Ford Rhodes

Chartered Accountants

Engagement Partner:
Arslan Khalid

Karachi

Date: **February 20, 2018**

Grant Thornton Anjum Rahman

Chartered Accountants

Engagement Partner:
Khaliq-ur-Rahman



SHARIAH BOARD'S REPORT ON NBP AITEMAAD - 2017

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين وعلى آله وصحبه اجمعين اما بعد

The Board of Directors of NBP have entrusted the Shariah Board with the task to assess the overall Shariah compliance level and environment within the NBP Islamic Banking.

The objective of the report is to present a view about the overall Shariah compliance level and environment within the NBP - Aitemaad.

In the Capacity of Shariah Board, we have reviewed the overall Shariah compliance level and environment within the NBP - Aitemaad as of December 31, 2017.

Shariah Board Opinion:

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of NBP - Aitemaad are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of NBP - Aitemaad.

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

1. **Compliance with Shariah Rules and Principles in the light of Fatawa and Guidelines issued by Shariah Board and SBP**
The Shariah Board is of the opinion that the overall environment, products, agreements and transactions comply with the Shariah principles.
2. **Shariah Compliance Mechanism**
Alhamdulillah, NBP - Aitemaad has a comprehensive Shariah Compliance Manual developed by the Shariah Compliance Department and duly approved by the BOD. The Shariah Compliance Manual is designed to ensure Shariah compliance at all levels and situations. It helps to analyse and identify weak areas and suggest relevant controls. It also helps to assess the staff training needs.
3. **Mechanism ensuring prohibited Income to Charity Account**
NBP - Aitemaad has a well-defined Charity policy approved by NBP Shariah Board and the Board of Directors. Our Shariah Compliance Team conducted review of executed transactions to ensure their compliance in line with the Shariah Board's approved processes and guidelines. In addition, all other income generating sources including investments and treasury transactions are screened by the Shariah Compliance Department.

During the year; Alhamdulillah no income was generated from sources prohibited by Shariah rules and principles.
4. **Profit and Loss Distribution and Pool management**
Alhamdulillah, a dedicated wing for pool management is established in this year and a complete SOP for profit and loss distribution is issued. Due to this, not only transparency in the distribution of profit and loss is achieved, but also it helped enough in the distribution of profit and loss. Further, the Shariah Compliance Department has been reviewing Pool Management & Profit Distribution during the year 2017 in line with new instructions issued by SBP in March 2017. Moreover, internal Shariah audit of pool management has been conducted on quarterly basis, which improved the process of pool management and profit and loss distribution and strengthened the compliance of Shariah guidelines.
5. **Staff understanding of Islamic Banking and Finance**
Alhamdulillah, prior conversion and at the time new staff induction and for refresher, NBP-Aitemaad imparts with collaboration of Shariah Compliance Department 5 days basic Islamic Banking & Finance training sessions along with 2 days refresher courses to abreast them with Islamic Banking basic concepts, Alhamdulillah, 322 staff have been trained in 16 sessions in 2017. NBP had also availed the services of NIBAF to conduct this basic five-day training programme. Moreover, the Shariah Compliance Team and the Shariah Board encourages all staff of Islamic Banking Group to float their queries via Ask-Shariah portal. This provides a platform for on-the-job training for them and supports day-to-day processes and customer management.
6. **Provision of adequate resources to Shariah Compliance Department**
The Board of Directors has approved to hire adequate resource in two phases to Shariah Board; the first phase hiring on various positions has been executed. However, Executive Management is working to finalise the second phase hiring for Shariah Compliance Department. We expect that the formalities will be completed soon, that shall enable to discharge the duties effectively. As the SCD is an organ of Shariah Board that ensures the implementation of the directives issued by SB in its letter and spirit, it is vital that Shariah Board approves all hiring and posting of SCD staff.



Other Developments:

1. Approval of Branch Conversions

Alhamdulillah, NBP - Aitemaad has not only converted 22 branches during the year 2017, but also opened 29 new branches, which led the NBP - Aitemaad branch network to 169 branches. The Shariah Board has reviewed the conversion process and found the same in adherence with the approved process and guidelines. This is a milestone of NBP - Aitemaad as this has been the largest conversion and opening program in Islamic Banking industry.

2. Shariah Compliance Review of Islamic Banking Branches and Departments

The Shariah Compliance teams have conducted Shariah review of one hundred and twenty two (122) Aitemaad Branches, Pool Management, Treasury, Finance, Marketing and Advances in 2017 as required in SBP's Shariah Governance Framework. The Shariah Compliance teams during their visits provided guidance to staff to ensure implementation of Shariah guidelines.

3. Product Development

Alhamdulillah, in the current year five (5) asset-side products are being provided to the customers after completion of all pre-requisites and approval of SBP and BOD of National Bank of Pakistan. These products are namely (i) Aitemaad Salam, (ii) Aitemaad Istisna, (iii) Aitemaad Tijarah, (iv) PMYBF and (v) Aitemaad Hamsafar (Consumer-Car finance). In total, NBP - Aitemaad has nine (9) asset-side approved products out of which eight (8) products are live, while one product is going to be launched shortly. The same will be rolled out after completing due formalities. On the liability side, NBP - Aitemaad has seventeen (17) approved products. However, only seven (7) of these products are live as at closing dates.

4. Internal Shariah Audit

Alhamdulillah, NBP has established its Internal Shariah Audit Wing (ISAW) as instructed in the Shariah Governance Framework. This was informed by the group that dedicated staff has been posted for conducting Shariah audit.

5. Asset Review

NBP - Aitemaad's overall assets have increased by 23% to PKR 43.957 billion as compared to PKR 35.814 billion of previous fiscal year. This is mainly contributed by increase in Islamic Financing by 464% to PKR 19.138 billion, boosting AIBG Finance to Deposit Ratio to 52% from just 10% last year. Investments now stood with an increase of 13.3% at PKR 17.85 billion as compared to PKR 15.76 billion last year and contributed 40.6% in the Total Assets as compared to 44% in the Total Assets last year along with 48.4% IDR.

Main incremental factor for increase in Aitemaad-Financing by 464% is Wakala-tul-Istismar of PKR 8.50 billion, followed by increase in Advance against Islamic Finance from PKR 3.95 billion to PKR 3.97 billion, and with a 90% increase in Diminishing Musharakah (financing) by PKR 5.137 billion respectively.

6. Liability Review

Aitemaad total deposits have increased by 12% to PKR 36.908 billion as on December 31, 2017 as compared to PKR 33.088 billion last year. The growth in CASA measured as 28% from PKR 23.656 billion in 2016 to PKR 30.315 billion as of December 31, 2017. The Term Deposits, however, faced a decline of 30% by PKR 2.84 billion comparing to the previous year's balance of PKR 9.432 billion.

7. Summary of Shariah Board Meetings Conducted During 2017

The Aitemaad Shariah Board had held six meetings during the year 2017 wherein several agendas were discussed and resolved that are summarised as follows:

The Shariah Board had reviewed and approved the following products and policies during 2017:

- a. Review and approval of PMYBL scheme with Islamic option
- b. Musawamah Financing Policy
- c. HR & Staff Financing Policy
- d. Aitemaad Foree Remittance Product
- e. Revised Charity Policy
- f. PMEX Commodity Murabahah
- g. Aitemaad Account Opening Form
- h. NOSTRO SLA
- i. Business Process Flows and Legal Documents
- j. Syndicate Financing Transactions
- k. SOP for Pool Management
- l. SCR Annual Plan-2018, Sampling Criteria for SCR of Branches and SCR Rating Mechanism
- m. Appraisal of Shariah Compliance Department



Recommendations

We recommend the Bank on the following matters:

- i. To improve and strengthen the Pool Management Wing by providing more human resources and to automate the Pool Management and profit and loss distribution mechanism, according to the instructions of SBP, on priority basis.
- ii. Implement the changes in the HR policy as advised by the Shariah Board including employment-related benefits and facilities for the staff.
- iii. To expedite the roll-out of already approved products and services.
- iv. To incorporate the instances of Shariah non-compliance in performance appraisal system of the staff as required by Shariah Governance Framework.
- v. To resolve all outstanding matters as discussed during the NBP - Aitemaad Islamic Banking Committee meeting.

والله سبحانه وتعالى اعلم

ربنا لا تؤاخذنا ان نسينا او اخطانا ربنا ولا تحمل علينا اصرا كما حملته على الذين من قبلنا ربنا ولا تحملنا ما لا طاقة لنا به و اعف عنا
وقفه واغفر لنا وقفه وارحمنا وقفه انت مولنا فاتصرونا على القوم الكافرين

We pray to Almighty ALLAH to provide us guidance to adhere to the Shariah principles in day-to-day operations, to absolve our mistakes and for the success of Islamic banking in Pakistan.

Mufti Muhammad Imran
Resident Shariah Board Member
NBP - Aitemaad

Mufti Ehsan Waquar Ahmed
Chairman Shariah Board
NBP - Aitemaad

Dr. Mufti Khalil Ahmed Aazami
Member Shariah Board
NBP - Aitemaad

Karachi

Dated: February 20, 2018



سفارشات:

بینک کے لئے ہماری سفارشات درج ذیل ہیں:

- 1- پول منجمنٹ کا ونگ افرادی اعتبار سے اور نفع کی تقسیم کے طریقہ کار کو مزید بہتر، خود کار اور مستحکم ہونا چاہئے جیسا کہ شریعہ بورڈ نے وقتاً فوقتاً اس سے متعلق ہدایات دی ہیں۔
- 2- ہیومن ریسورس (ایچ آر) پالیسی میں بشمول ملازمین سے متعلق سہولیات اور فوائد کو شریعہ بورڈ کی ہدایات کے مطابق تبدیل کیا جائے۔
- 3- منظور شدہ مصنوعات (پراڈکٹس) اور خدمات (سروسز) جلد از جلد صارفین کو مہیا کی جائیں۔
- 4- عملے کی کارکردگی کے جائزہ کے نظام (Appraisal system) میں شرعی خلاف ورزیوں کا بھی حصہ رکھا جائے۔
- 5- این بی پی اعتماد اسلامی بینکنگ کمیٹی کے اجلاس کے دوران پیش کیے گئے تمام بقایا معاملات کو حل کرنے کے انتظام کا بھی مشورہ دیا جاتا ہے۔

والله سبحانه وتعالى اعلم

ربنا لا تؤاخذنا ان نسينا او اخطانا ربنا ولا تحمل علينا اصرا كما حملته على الذين من قبلنا ربنا ولا تحملنا ما لا طاقة لنا به و اعف عنا
وقفه واغفر لنا وقفه وارحمنا وقفه انت مولنا فانصرنا على القوم الكافرين

ہم اللہ تعالیٰ کے حضور دعا گو ہیں کہ وہ روزمرہ امور میں ہماری رہنمائی فرمائے تاکہ ہم خطاؤں سے بچ سکیں اور یہ کہ اسلامی بینکاری پاکستان میں مزید مستحکم ہو۔

مفتی احسان وقار احمد
چیرمین شریعہ بورڈ
این بی پی اعتماد

ڈاکٹر مفتی خلیل احمد اعظمی
ممبر شریعہ بورڈ
این بی پی اعتماد

مفتی محمد عمران
ریزیڈنٹ شریعہ بورڈ ممبر
این بی پی اعتماد

کراچی
تاریخ: 20 فروری، 2018



4- انٹرنل شریعہ آڈٹ

الحمد للہ! این بی پی نے شریعہ گورننس فریم ورک کی ہدایات کے مطابق باقاعدہ انٹرنل شریعہ آڈٹ ونگ قائم کر لیا ہے۔ متعلقہ گروپ کی جانب سے دی گئی اطلاع کے مطابق شریعہ آڈٹ کے لئے مناسب عملے کی تقرری کر دی گئی ہے، جو صرف شریعہ آڈٹ کے لئے مخصوص ہے۔

5- فنانشنگ اور سرمایہ کاری کا جائزہ

این بی پی اعتماد کے مجموعی سرمایہ کاری اور فنانشنگ اثاثے، 2017 کے اختتام پر گذشتہ سال کے مقابلے میں 23 فیصد کی شرح سے اضافے کے بعد 43.957 بلین روپے تک پہنچ چکے ہیں، جو کہ گذشتہ سال 35.814 بلین روپے تھے۔ اس کی بنیادی وجہ اعتماد کی فنانشنگ کی شرح میں 464 فیصد کے اضافے کے ساتھ اس کا 19.138 بلین روپے ہونا ہے۔ اسی وجہ سے این بی پی اعتماد کا فنانشنگ سے ڈپازٹ کا تناسب بہتر ہو کر 52 فیصد تک پہنچ گیا ہے، جو کہ گذشتہ سال میں صرف 10 فیصد تھا۔ اعتماد کی سرمایہ کاری گذشتہ سال کے 15.758 بلین کے مقابلے میں 13.3 فیصد کے اضافے کے ساتھ 17.854 بلین روپے رہی، جبکہ اس کا ڈپازٹ سے تناسب 48.4 فیصد ہے۔ سرمایہ کاری کا مجموعی اثاثوں سے تناسب 40.6 فیصد ہے، جبکہ گذشتہ سال یہ تناسب 44 فیصد تھا۔ اعتماد فنانشنگ کے 464 شرح فیصد سے بڑھنے میں 8.50 بلین روپے مالیت کی وکالتہ الاستثمار کا بنیادی کردار ہے، نیز 3.95 بلین روپے سے بڑھ کر 3.972 بلین روپے کی مالیت تک پہنچنے والی اسلامک ایڈوانس فنانشنگ اور 90 فیصد کی شرح سے بڑھ کر 5.137 بلین روپے کی مالیت تک پہنچنے والی شرکت متناقصہ کی فنانشنگ بھی شامل ہیں۔

6- کھاتہ جات (ڈپازٹس) کا جائزہ

این بی پی اعتماد کا ڈپازٹ 31 دسمبر، 2017 تک 36.908 بلین روپے رہا جو پچھلے سال کے 33.088 بلین روپوں میں 12 فیصد کی شرح سے اضافہ ہے۔ بچت اور جاری کھاتہ جات (سیونگ ایونڈ کرنٹ ڈپازٹس) پچھلے سال کے 23.656 بلین روپے کے مقابلے میں 28 فیصد کی شرح سے بڑھ کر 30.315 بلین روپے رہے۔ میعاد کی کھاتہ جات (ٹرم ڈپازٹس) میں پچھلے سال کے مقابلے میں 30 فیصد تک کمی آئی، جو کہ پچھلے سال کے 9.432 بلین روپے سے 2.84 بلین روپے کم ہے۔

7- 2017 کے دوران شرعی بورڈ کے اجلاسوں کا خلاصہ

اعتماد شریعہ بورڈ نے سال 2017 کے دوران چھ اجلاسوں کا انعقاد کیا تھا جن میں کئی ایجنڈوں پر تبادلہ خیال کیا گیا ذیل میں خلاصہ کیا گیا ہے:

شرعی بورڈ نے 2017 کے دوران مندرجہ ذیل مصنوعات اور پالیسیوں کا جائزہ لیا اور منظور کیا تھا۔

- i. اسلامی آپشن کے ساتھ PMYBL سکیم کا جائزہ اور منظوری
- ii. مسامہ فنانشنگ پالیسی
- iii. HR اور اسٹاف فنانشنگ پالیسی
- iv. اعتماد فاری ریمینٹس کی پالیسی
- v. نظر ثانی شدہ چیریٹی پالیسی
- vi. PMEX کموڈوٹی مراعات
- vii. اعتماد اکاؤنٹ کھولنے کا فارم
- viii. NOSTRO سروس لیول ایگریمنٹ
- ix. مین کاروباری پروسس فلوز اور قانونی دستاویزات
- x. سٹڈیکٹ فنانشنگ
- xi. پول مینجمنٹ کے لئے SOP
- xii. شریعہ کمپلائنس کا سالانہ پلان برائے 2018، اعتماد برانچوں کی شریعہ کمپلائنس کی سیمپلنگ کا معیار، اعتماد برانچوں کی درجہ بندی کا طریقہ کار
- xiii. شریعہ کمپلائنس ڈپارٹمنٹ کی سالانہ کارکردگی کا جائزہ (Appraisal)

4- نفع اور نقصان کی تقسیم اور پول مینجمنٹ

الحمد للہ! اس سال پول مینجمنٹ کا باقاعدہ ونگ تشکیل دیا گیا اور اس کے ساتھ ساتھ نفع و نقصان کی تقسیم کے لئے ایک مکمل ایس او پی (SOP) کا اجراء کیا گیا جس سے نہ صرف نفع و نقصان کی تقسیم میں مزید شفافیت حاصل ہوئی بلکہ نفع اور نقصان کی تقسیم کار میں انتہائی مفید و معاون ثابت ہوا، نیز اسٹیٹ بینک کی طرف سے نئی ریگولیٹری احکامات جاری کردہ مارچ 2017 کے مطابق شریعہ کپلائنس ڈپارٹمنٹ سال 2017 کے دوران ماہانہ بنیاد پر پول مینجمنٹ کا نفع و نقصان کی تقسیم سے پہلے جائزہ لیتا رہا ہے اور اسی طرح تقسیم کے بعد سہ ماہی بنیاد پر پول مینجمنٹ کا انٹرنل شریعہ آڈٹ بھی ہوا ہے، جس سے پول مینجمنٹ اور نفع و نقصان کی تقسیم کے عمل میں کافی بہتری آئی ہے اور شریعہ کپلائنس کا نظام مزید مضبوط ہو گیا ہے۔

5- عملے کی تربیت برائے اسلامی بینکاری اور سرمایہ کاری

الحمد للہ! این بی پی اعتماد نے پانچ روزہ تربیتی پروگرام برائے اسلامی بینکاری و سرمایہ کاری ترتیب دیئے، جن میں ہر نئے اور موجودہ عملے کو شرکت کرنا ضروری ہے، تاکہ ان کو اسلامی بینکاری اور سرمایہ کاری کے بنیادی تصورات سے آگاہی فراہم کی جاسکے۔ الحمد للہ! اس سال عملے کے لئے اس نوعیت کے 16 پروگرام منعقد کئے گئے جن کے ذریعے عملے کے 322 افراد کو تربیت فراہم کی گئی۔ این بی پی اعتماد کا شریعہ بورڈ اور شریعہ کپلائنس ڈپارٹمنٹ بطور تربیت کار ان پانچ روزہ تربیتی پروگراموں کا حصہ رہے۔ شریعہ بورڈ اور شریعہ کپلائنس ڈپارٹمنٹ دوران تربیت بینک کے تمام عملے کی اس بارے میں حوصلہ افزائی کرتے رہے کہ وہ شریعہ کے حوالے سے کسی بھی سوال والیجھن کو Ask Shariah portal کے ذریعے پوچھ کر حل کریں۔ اس طریقہ کار سے بینک کے عملے کو ایک پلیٹ فارم مہیا کیا گیا ہے جس کے ذریعے نہ صرف ان کی تربیت ہوتی ہے، بلکہ ان کے روزمرہ کے کاموں اور صارفین کے انتظام (کسٹمر مینجمنٹ) میں بھی معاونت حاصل ہوتی ہے۔

6- شریعہ بورڈ کو مناسب افرادی وسائل مہیا کرنا

بورڈ آف ڈائریکٹرز نے اس بات کی منظوری دی ہے کہ شریعہ بورڈ کی معاونت کے لئے دو مرحلوں میں مناسب افرادی وسائل مہیا کیے جائیں۔ پہلے مرحلے میں مختلف عہدوں کے لئے تقرری ہو چکی ہے، تاہم اعلیٰ انتظامیہ دوسرے مرحلے میں شریعہ کپلائنس ڈپارٹمنٹ کے لئے افراد کی تقرری کے لئے کوشاں ہے۔ ہم امید کرتے ہیں کہ اس بارے میں تمام امور جلد از جلد مکمل ہو جائیں گے تاکہ ذمہ داریاں بہتر انداز میں ادا کی جاسکیں۔ چونکہ شریعہ کپلائنس ڈپارٹمنٹ شریعہ بورڈ کا ایک ذیلی شعبہ ہے جو شریعہ بورڈ کی طرف سے جاری کردہ ہدایات کے نفاذ کو یقینی بناتا ہے، لہذا اس کے جملہ افراد کی تقرری اور تبادلہ باقاعدہ شریعہ بورڈ کی منظوری سے ہونا چاہیے۔

دیگر تعمیری سرگرمیاں

1- این بی پی کی مروجہ (کنونشنل) بینکاری برانچوں کی اسلامی برانچوں میں تبدیلی

الحمد للہ! این بی پی اعتماد نے اس سال نہ صرف 22 مروجہ (کنونشنل) برانچوں کو اسلامی بینکاری برانچوں میں تبدیل کیا ہے، بلکہ 29 نئی برانچوں کا بھی افتتاح کیا ہے جس سے این بی پی اعتماد کی برانچوں کی کل تعداد 169 تک پہنچ گئی۔ شریعہ بورڈ نے تبدیلی کے طریقہ کار کا جائزہ لیا اور اس کو منظور شدہ طریقہ کار اور ہدایات کے مطابق پایا۔ اسلامک بینکنگ انڈسٹری میں اتنے بڑے پیمانے پر کنونشنل برانچوں کی اسلامی بینکاری برانچوں میں تبدیلی اور نئی برانچوں کا افتتاح این بی پی اعتماد کا بڑا سنگ میل ہے۔

2- اسلامی بینکاری برانچوں اور شعبہ جات کا شرعی جائزہ

اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک کے مطابق شریعہ کپلائنس کے عملے نے سال 2017ء میں پورے ملک میں 122 برانچوں اور دیگر شعبہ جات مثلاً پول مینجمنٹ، ٹریڈری، فنانس، تشہیر کاری اور سرمایہ کاری وغیرہ کا شرعی جائزہ لیا۔ شریعہ کپلائنس کے عملے نے اپنے جائزے کے دوران متعلقہ عملے کی رہنمائی کی تاکہ وہ شرعی احکامات پر عمل درآمد کو یقینی بنا سکیں۔

3- مصنوعات سازی (پراڈکٹ ڈیولپمنٹ)

الحمد للہ! اس سال پانچ (5) سرمایہ کاری (Asset side) کی مصنوعات (پراڈکٹس) اپنی جملہ شرائط کے ساتھ اسٹیٹ بینک آف پاکستان اور نیشنل بینک آف پاکستان کے بورڈ سے منظور ہو کر باقاعدہ صارفین کو مہیا کی جارہی ہیں۔ ان مصنوعات کے نام اعتماد سلم، اعتماد استمنع، اعتماد تجارت، پی ایم وائی بی ایف اور اعتماد مسافر (Consumer Car finance) ہیں۔ این بی پی اعتماد کی کل نو (9) سرمایہ کاری مصنوعات منظور شدہ ہیں جن میں سے آٹھ (8) صارفین کو مہیا کی جارہی ہیں، نیز ایک (1) مزید سرمایہ کاری پراڈکٹ عنقریب صارفین کو مہیا کی جائے گی۔ این بی پی اعتماد کی سترہ (17) کھاتہ جات (Liability side) کی مصنوعات منظور شدہ ہیں، تاہم فی الحال ان میں سے صرف سات (7) صارفین کو مہیا کی جارہی ہیں۔



این بی پی اعتماد شریعہ بورڈ رپورٹ-2017

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين وعلى اله وصحبه اجمعينا ما بعد

این بی پی کے بورڈ آف ڈائریکٹرز کی طرف سے شریعہ بورڈ پر اعتماد اور بھروسہ کرتے ہوئے انہیں یہ ذمہ داری سونپی گئی کہ وہ این بی پی اسلامی بینکاری کے ماحول اور شرعی احکام کی تعمیل (شریعی کپلائنس) کے سلسلے میں نگرانی کریں۔

اس رپورٹ کا مقصد یہ ہے کہ این بی پی اعتماد میں شرعی احکام کی تعمیل کے لحاظ سے عمومی صورتحال کے بارے میں شریعہ بورڈ کا نقطہ نظر پیش کیا جائے۔ ہم بحیثیت شریعہ بورڈ 31 دسمبر 2017ء تک بینک میں شرعی احکام کی تعمیل کے لحاظ سے عمومی صورتحال کا جائزہ لے چکے ہیں، جس کا خلاصہ پیش خدمت ہے۔

شریعی بورڈ کی رائے

بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ کی حتمی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائیں کہ این بی پی اعتماد کے جملہ امور مکمل طور پر شرعی اصولوں کے مطابق انجام پا رہے ہیں، جبکہ ہمارے (شریعی بورڈ) ذمہ این بی پی اعتماد کی شرعی احکام کی تعمیل (کپلائنس) کے حوالے سے صورتحال کا ایک مکمل تجزیہ (رپورٹ) پیش کرنا ہے۔

رپورٹ میں ذکر کردہ رائے قائم کرنے کے لئے بینک کے شریعہ کپلائنس ڈپارٹمنٹ نے ہر قسم کے معاہدات، اس سے متعلق دستاویزات اور طریقہ کار میں سے چند بطور نمونے کے منتخب کئے اور ان کا تفصیلی جائزہ لیا ہے۔ مزید یہ کہ ہم نے انٹرفل شریعہ آڈٹ کی رپورٹس کا بھی جائزہ لیا ہے، جس کی بنیاد پر ہماری رائے یہ ہے:

1- شریعہ بورڈ اور اسٹیٹ بینک کی جانب سے جاری کردہ ہدایات اور فتاویٰ پر بینک کی تعمیل (کپلائنس)

شریعی بورڈ کی رائے کے مطابق مجموعی صورت حال، مصنوعات، معاہدات اور معاملات شرعی اصولوں کے مطابق ہیں۔

2- شریعہ کی تعمیل (کپلائنس) کا طریقہ کار

الحمد للہ! این بی پی اعتماد کے پاس شریعہ کی تعمیل (کپلائنس) کروانے کا ایک مکمل دستور العمل (مینول) موجود ہے جو شریعہ کپلائنس ڈپارٹمنٹ کی جانب سے مرتب کیا گیا ہے اور باقاعدہ بورڈ آف ڈائریکٹرز سے منظور شدہ ہے۔ شریعہ کپلائنس مینول اس طور پر مرتب کیا گیا ہے کہ اس کے ذریعے ہر درجہ اور ہر حالت میں شریعہ کپلائنس کو یقینی بنایا جاسکے۔ اس کے ذریعے کمزوریوں کی نشاندہی کرنے اور ان پر قابو پانے، نیز عملے کی تربیت کی ضروریات پورا کرنے کے حوالے سے بھی ہمیں مدد ملتی ہے۔

3- ایسا طریقہ کار کہ جس سے ممنوع آمدن، چیرینی (مدق) اکاؤنٹ میں منتقل کی جائے

این بی پی اعتماد نے ایک واضح اور جامع چیرینی پالیسی تشکیل دی ہے جو شریعہ بورڈ اور بورڈ آف ڈائریکٹرز سے منظور شدہ ہے۔ شریعہ کپلائنس کے عملے نے معاملات کا جائزہ لیا ہے تاکہ اس بات کو یقینی بنایا جائے کہ یہ معاملات شریعہ بورڈ سے منظور شدہ طریقہ کار اور ہدایات کے مطابق انجام دیے گئے ہیں۔ مزید برآں شریعہ کپلائنس ڈپارٹمنٹ کی جانب سے آمدنی کے تمام دوسرے ذرائع بشمول سرمایہ کاری اور ٹریڈری کے معاملات کا جائزہ بھی لیا جا چکا ہے۔

الحمد للہ! دوران سال شرعی اصول و ضوابط کے خلاف کسی قسم کی کوئی ممنوع آمدن وصول نہیں کی گئی۔



NOTICE OF 69TH ANNUAL GENERAL MEETING

Notice is hereby given that 69th Annual General Meeting ("AGM") of National Bank of Pakistan (the "Bank") will be held on Thursday the 29th March, 2018 at 9:15 A.M. (PST), at Grand Ball Room, Pearl Continental Hotel, Karachi.

The following business will be transacted in the meeting:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting of Shareholders held on 15th May, 2017, at Karachi.
2. To receive, consider and adopt the Annual Audited Financial Statements of National Bank of Pakistan and Consolidated Accounts of National Bank of Pakistan and its Subsidiaries for the year ended 31st December, 2017, together with the Directors' & Auditors' Reports thereon.
3. To appoint auditors for the year ending 31st December, 2018 and fix their remuneration. The Board of Directors has recommended re-appointment of Messrs Grant Thornton Anjum Rahman Chartered Accountants and appointment of Messrs Deloitte Yousuf Adil, Chartered Accountants to be the auditors of the Bank for the year ending 31st December, 2018, in place of the retiring auditors namely Messrs Grant Thornton Anjum Rahman, Chartered Accountants and Messrs EY Ford Rhodes, Chartered Accountants at the same fee as paid to the retiring auditors.

Special Business

4. To approve KPIs / criteria for Performance Bonus of the President, NBP.
5. To transact any other business with the permission of the Chairman.

Karachi

Dated: March 07, 2018

By Order of the Board

Sd/-
S.M. Ali Zamin
Secretary (Board)

Notes:

- i) The Share Transfer Books of the Bank shall remain closed from 22-03-2018 to 29-03-2018 (both days inclusive). Transfers received at Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block "B", SMCHS, Main Shahra-e-Faisal, Karachi – 74400, the Bank's Registrar and Share Transfer Agent, at the close of the business on 21-03-2018 will be treated in time for purpose of attending the meeting.
- ii) A member eligible to attend and vote at the AGM is entitled to appoint another member as a proxy to attend and vote on his / her behalf. The Government of Pakistan, State Bank of Pakistan and any Corporation(s), being a member of the Bank, may nominate any person as its representative to attend the AGM under authority of a Power of Attorney or a Board of Directors' Resolution. Proxies or nominations, in order to be effective and valid, must be received at the office of the Bank's Registrar / Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block "B", SMCHS, Main Shahra-e-Faisal, Karachi – 74400, not later than 48 hours before the time of holding the AGM.
- iii) CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:
 - a. For Attending the Meeting:
 - In case of Individuals, the account holder or sub-account holder shall authenticate his / her identity by showing his Original Computerized National Identity Card ("CNIC") or original Passport at the time of attending the meeting,
 - In case of corporate entity, the Original or duly authenticated Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.



- b. For Appointing Proxies:
- In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
 - The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be furnished with the proxy form.
 - The proxy shall produce his /her original CNIC or original passport at the time of the Meeting.
 - In case of corporate entity, the Original or duly authenticated Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with proxy form to Messrs Central Depository Company of Pakistan Limited.
- iv) CDC Account Holders and Sub-account Holders, whose Registration details are available in Share Book Detail Report shall have to produce respective Original Computerized National Identity Cards (CNICs) or Original Passports for the purpose of identification to participate in the Annual General Meeting. Such Account Holders and Sub Account Holders should know the CNIC Numbers and CDC Account Number of the respective partner and should bring the same along with them. In case of Proxy, the person should positively attach the attested copy of the CNIC or Passport. In case of corporate member's representative, usual documents should be accompanied for the same purpose.
- v) Members are requested to immediately notify any change in their addresses to the Bank's Registrar and Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited.
- vi. COLLECTION OF THE UNCLAIMED / UNDELIVERED DIVIDEND WARRANTS/BONUS SHARES CERTIFICATES LYING WITH THE SHARE REGISTRAR:**

As directed by SECP vide letter # SMD/CIW/Misc./14/2009 dated October 11, 2011, shareholders are requested to please contact / coordinate with Bank's Share Registrar for collection of unclaimed / undelivered Dividend Warrants/Bonus Share Certificates.

vii. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email addresses on a standard request form which is available at the Bank's website i.e. www.nbp.com.pk and send the said form duly filled in and signed along with copy of his / her CNIC / Passport to the Bank's Share Registrar. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional. In case you do not wish to avail this facility please ignore this notice and, in such case, Annual Financial Statements will be sent at your registered address on CD as approved in 68th Annual General Meeting held on 30th March, 2017.

STATEMENT OF MATERIAL FACTS.

This statement sets out material facts concerning the special business given in agenda item No.04 of the Notice, to be transacted in the 69th AGM of NBP's shareholders to be held on 29th March, 2018.

Item No.4

TO APPROVE KPIs / CRITERIA FOR PERFORMANCE BONUS OF THE PRESIDENT, NBP

- A. Mr. Saeed Ahmad has taken over the charge as President / CEO of NBP vide Ministry of Finance Notification No. F.1(9)Bkg-III/2017-537 dated March 22, 2017 and the ending date of his term has been defined as January 01, 2019 vide Ministry of Finance Corrigendum No. F.1(9)Bkg-III/2017-561 dated March 27, 2017. Accordingly, his compensation package was recommended by the Board of Directors (BoD) and subsequently approved by shareholders in Extraordinary General Meeting held on May 15, 2017 in terms of Section 11(3) (a) of the Banks (Nationalization) Act, 1974.
- B. In the aforesaid compensation package it was approved that "the performance bonus to the President, based on Key Performance Indicators in comparison with the peer commercial banks, shall be recommended by the Board to the shareholders for approval". Key Performance Indicators of NBP against peer commercial banks for the financial year 2017 are as mentioned herein vide Table-1:



C. It is therefore proposed that the annual performance bonus of the President, may be computed by using the Key Performance Indicators (KPIs) and formulae subject to the entitlement conditions prescribed as follows:

S. No.	Item	Total Points	NBP	HBL	UBL	MCB	ABL	Average	NBP as % of Avg. Peer Banks' Perf.	NBP Multiples
		A	B	C	D	E	F	G=(C+D+E+F)/4	H=B/G	J = A x H
1	After-tax Return on Assets	10								
2	Growth in CASA Deposits	10								
3	Regulatory Penalties as % of Avg. Assets	10								
4	%age change in Loan Infection Ratio	10								
5	Change in Operating Cost-to-Income Ratio	10								
	Total	50								

The entitlement to the performance bonus shall be subject to the following conditions:

- Minimum points achieved under column J of Table-1 must not be less than 30 points.
- The points shall be computed based on the annual audited financials of NBP and its peer banks excluding impact of any one-off item(s).

The amount of annual performance bonus shall be computed as under:

Amount of performance bonus = [No. of days of service during the year /365] X [(points achieved as per column "J" / 50) X (Rs. 30 million)]

The disbursement of annual performance bonus shall be subject to approval of the computation of points and amount of bonus by the Board of Directors.

D. The Board recommended the following resolution to the shareholders for approval:

"RESOLVED THAT proposal contained in Para-C above, as recommended by Board HR & R Committee and the Board of Directors to the shareholders in terms of Section 11(3) (a) of the Banks (Nationalization) Act, 1974, be and is hereby approved."

(The President/CEO of NBP is interested party in Item No. 4 to the extent of criteria for determining the performance bonus for the President/CEO of the Bank.)



اطلاع برائے انہتراں سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ نیشنل بینک آف پاکستان کا 69 واں سالانہ اجلاس عام ("AGM") مورخہ 29 مارچ 2018ء بروز جمعرات (پاکستان کے معیاری وقت کے مطابق) صبح 9:15 بجے گریڈ 11، ریل کانسٹیبل ہوسٹل، کراچی میں منعقد ہوگا۔ اجلاس میں درج ذیل امور سرانجام دیے جائیں گے:

عمومی کارروائی:

- 1- 15 مئی 2017 کو کراچی میں منعقد ہونے والے سالانہ اجلاس عام کی کارروائی کی توثیق۔
- 2- 31 دسمبر 2017 کو ختم ہونے والے سال کے لیے نیشنل بینک آف پاکستان کے سالانہ آڈٹ شدہ مالی گوشواروں اور نیشنل بینک آف پاکستان اور اس کے ذیلی اداروں کے بیچ کاؤنٹس مع ڈائریکٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، ان پر غور و مضموری۔
- 3- 31 دسمبر 2018 کو ختم ہونے والے سال کے لیے آڈیٹرز کی تقرری اور ان کے معاوضوں کا تعین۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2018 کو ختم ہونے والے سال کے لیے میسرز گرانٹ تھارٹن، انجمن چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری اور میسرز ڈیلسٹ یوسف عادل کی تقرری کی رپورٹ ہونے والے آڈیٹرز میسرز گرانٹ تھارٹن چارٹرڈ اکاؤنٹنٹس اور ای وائی فورڈ رپورٹرز چارٹرڈ اکاؤنٹنٹس کی تجویز کرنے ہونے والے آڈیٹرز کو ادا کی جانے والی فیس پر سفارش کی ہے۔

خصوصی کارروائی:

- 4- صدر بینک کے کارکردگی رپورٹس کے لیے کے پی آئی آر معیار کی منظوری۔
- 5- چیئرمین کی اجازت سے کسی دیگر معاملے پر کارروائی۔

کراچی

تاریخ: 8 مارچ، 2018

عظیم پورڈ
دستخط
انس ایف ایم علی صاحب
سیکرٹری (پورڈ)

نوٹس:

- (i) بینک کی شیئرز اسٹاکس 22 مارچ 2018ء سے 29 مارچ 2018ء تک (شمول دونوں ایام) بند رہیں گی۔ تاہم بینک کے رجسٹرار اور شیئرز اسٹاکس رجسٹرار، میسرز سینٹرل ڈیپازٹری کھٹی آف پاکستان لمیٹڈ، سی ڈی ای ہاؤس B-99، بلاک "B"، SMCHS، مین شارع فیصل، کراچی۔ 74400 کو مورخہ 21 مارچ 2018ء تک کاروباری اوقات ختم ہونے سے پہلے وصول ہونے والے ٹرانسفرز کو 29 مارچ 2018ء کو اجلاس میں شرکت کے اختتام کے سلسلے میں بر وقت وصول کرنا چاہئے گا۔
- (ii) سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل کوئی بھی ذمہ دار نہیں ہوگا اور دوسرے ذمہ داروں کو شرکت کرنے اور ووٹ دینے کے لیے اپنا نام تصدیق شدہ مقرر کرنا سکتا ہے۔ حکومت پاکستان، اسٹیٹ بینک آف پاکستان اور کارپوریشن (ز) جو بینک کے ذمہ دار ہیں ان کے ذمہ دار بورڈ آف ڈائریکٹرز کی قرارداد یا حکومت پاکستان کے معاملے میں تحریری احکام کے تحت کسی بھی شخص کو سالانہ اجلاس عام میں شرکت کے لیے مقرر کر سکتے ہیں۔ تمام ذمہ داریاں بینک کے رجسٹرار اور شیئرز اسٹاکس رجسٹرار کے دفتر میسرز سینٹرل ڈیپازٹری کھٹی آف پاکستان لمیٹڈ، سی ڈی ای ہاؤس B-99، بلاک "B"، SMCHS، مین شارع فیصل، کراچی۔ 74400 کو سالانہ اجلاس عام کے مقررہ وقت سے کم از کم 48 گھنٹے پہلے وصول ہوجانی چاہئیں۔
- (iii) مزید برآں سی ڈی ای ہاؤس ہولڈرز کو ایک ریٹیز اینڈ ایکسیجنٹیشن آف پاکستان کے سرکلر 1 مجریہ 26 جنوری 2000ء کی درج ذیل ہدایات کی پیروی کرنا ہوگی:

(الف) سینٹک میں شرکت کے لیے:

- انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو اجلاس میں شرکت کے وقت شناخت کی تصدیق کے لیے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- کاروباری ادارے کی صورت میں سینٹک کے وقت پورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد یا اجلاس عام کے وقت مقررہ شخص کے دستخط کے نمونے کے ساتھ (اگر پہلے فراہم نہ کیے گئے ہوں تو) پیش کرنا ہوگا۔

(ب) نا حاضریاں وصول کرنے کے لیے:

- انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو رجسٹرڈ بالاطور پر شراکت کے مطابق پر کسی فارم جمع کرنا ہونا ہوگا۔
 - پر کسی فارم پر دو افراد کے بطور گواہ دستخط کے ساتھ جمع کرنا چاہئے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں درج ہوں۔
 - تمام کاروباری ادارے کی صورت میں شرکت کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - کاروباری ادارے کی صورت میں پر کسی فارم کے ساتھ پورڈ آف ڈائریکٹرز کی اصل یا تصدیق شدہ قرارداد یا اجلاس عام کے وقت مقررہ شخص کے دستخط کے نمونے کے ساتھ (اگر پہلے فراہم نہ کیے گئے ہوں تو) میسرز سینٹرل ڈیپازٹری کھٹی آف پاکستان لمیٹڈ پیش کرنا ہوگا۔
- (iv) سی ڈی ای ہاؤس ہولڈرز اور سب اکاؤنٹ ہولڈرز جن کی رجسٹریشن کی تفصیلات شیئرز رجسٹریشن کے تحت درج ہیں ان کے ساتھ ساتھ بینک کے لیے شناخت کی غرض سے متعلقہ اصل کمپیوٹرائزڈ قومی شناختی کارڈز (CNICs) یا اصل پاسپورٹ پیش کرنا ہوں گے۔ ایسے اکاؤنٹ ہولڈرز اور سب اکاؤنٹ ہولڈرز کو ان کے متعلقہ شریک کے شناختی کارڈ نمبر اور سی ڈی ای ہاؤس اکاؤنٹ نمبر معلوم ہونا اور اپنے ساتھ لانا چاہیے۔ پر کسی کی صورت میں فراہم ہونے والے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ کی تصدیق شدہ نقل لازماً منسلک کرنی چاہیے۔ کارپوریشن ممبر کے نمونے کی صورت میں اس مقصد کے لیے عمومی دستاویزات لازماً فراہم کرنا چاہئیں۔
 - (v) ممبرز سے درخواست ہے کہ اپنے پتے میں کسی بھی تبدیلی سے بینک کے رجسٹرار اور شیئرز اسٹاکس رجسٹرار، میسرز سینٹرل ڈیپازٹری کھٹی آف پاکستان لمیٹڈ کو فوراً آگاہ کریں۔

(vi) شیئرز رجسٹرار کے پاس موجود غیر معمولی شدہ یا غیر معمولی شدہ ڈیویڈنڈس اور ڈیویڈنڈس کی وصولی

سیکرٹری اینڈ ایکسیجنٹیشن آف پاکستان کی ہدایت کے مطابق بحوالہ لیٹر نمبر SMD/CIW/Misc./14/2009 بتاریخ 11 اکتوبر 2011ء شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ ان کے نام پر غیر معمولی شدہ یا غیر معمولی شدہ ڈیویڈنڈس کی وصولی کے لیے بینک کے شیئرز رجسٹرار سے رابطہ ملاقات کریں۔

(vii) سالانہ مالی گوشواروں کی بذریعہ ای میل ترسیل

سیکرٹری اینڈ ایکسیجنٹیشن آف پاکستان (SECP) کی طرف سے بحوالہ SRO 787 (1)2014 بتاریخ 08 ستمبر 2014ء کے مطابق ان شیئرز ہولڈرز کو جو مستقبل میں مالی گوشوارے ڈاک کے بجائے بذریعہ ای میل وصول کرنے کے خواہشمند ہیں، مشورہ دیا جاتا ہے کہ وہ بینک کی ویب سائٹ www.nbp.com.pk پر موجود معیاری درخواست فارم پر اپنی ہدایت شدہ ضامندی مع اجازت ای میل ایڈریس ظاہر کریں اور مذکورہ فارم کو باقاعدہ طور پر پُر کر کے بینک کے ڈیپازٹرز کے شناختی کارڈ یا پاسپورٹ کی نقل کے ساتھ بینک کے شیئرز رجسٹرار کو ارسال کریں۔ ان کے نام پر ذمہ دارانہ طور پر بینک کے سالانہ مالی گوشوارے ڈاک کے بجائے بذریعہ ای میل وصول کرنا اختیاری ہے۔ اگر آپ اس سہولت سے مستفید نہیں ہونا چاہتے تو اس اطلاع کو نظر انداز نہ کریں۔ سالانہ مالی گوشوارہ آپ کے رجسٹرڈ پتے پر 30 مارچ 2017ء کو ہونے والے سالانہ اجلاس عام میں منظوری کے مطابق بذریعہ ای میل ارسال کیا جائے گا۔

(اطلاع برائے سالانہ اجلاس عام کے ساتھ خصوصی کارروائی سے متعلق مادی تھانہ کی کاپیاں جو کہ سالانہ اجلاس عام میں زیر غور آئے گا ان کو ارسال کیا جا رہا ہے۔)

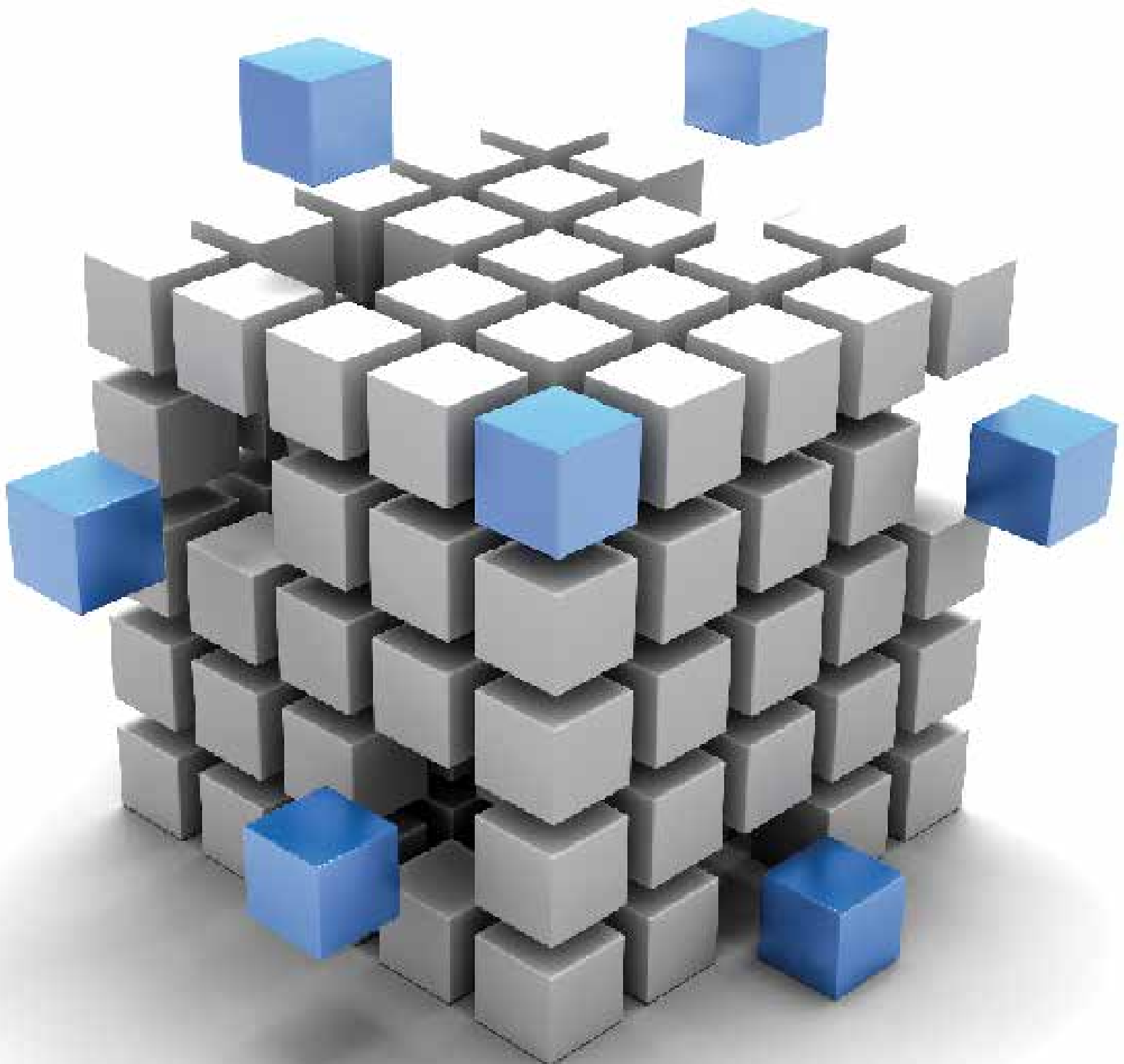
Now avail Advance Salary with enhanced
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FEATURES

- Lowest mark-up rate
- Easy instalments
- Quick processing
- Fast disbursement
- No minimum income & collateral requirement
- No hidden charges
- Concessional mark-up rate for existing and those customers who wish to re-apply for the facility

UNCONSOLIDATED FINANCIAL STATEMENTS





EY Ford Rhodes
Chartered Accountants
Progressive Plaza
Beaumont Road
Karachi 75530, Pakistan

Grant Thornton Anjum Rahman
Chartered Accountants
1st & 3rd Floor, Modern Motors House
Beaumont Road
Karachi 75530, Pakistan

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated statement of financial position of National Bank of Pakistan ("the Bank") as at December 31, 2017 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 80 branches which have been audited by us and 8 branches audited by auditors abroad and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting 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 case of loans and advances covered more than 60% of the total loans and advances of the Bank, we report that:

- (a) in our opinion proper books of account have been kept by the Bank as required by the 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, 2017 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.

Emphasis of Matter

We draw attention to note 21.4.4.1 to the financial statements which explains the contingency in relation to the pension obligations of the Bank. Based on the opinion of the legal counsel, the Bank is confident about the favourable outcome of this matter and hence, no provision against any additional pension obligation is made in the financial statements. Our opinion is not qualified in this respect

EY Ford Rhodes
Chartered Accountants

Engagement Partner:
Arslan Khalid

Karachi
Date: **February 20, 2018**

Grant Thornton Anjum Rahman
Chartered Accountants

Engagement Partner:
Khaliq-ur-Rahman



UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

2016	2017		Note	2017	2016
US Dollars in '000				Rupees in '000	
ASSETS					
1,447,566	1,446,924	Cash and balances with treasury banks	6	159,765,271	159,836,139
125,238	239,129	Balances with other banks	7	26,403,906	13,828,477
1,102,268	243,767	Lendings to financial institutions	8	26,916,113	121,709,399
8,124,918	11,734,762	Investments	9	1,295,719,550	897,130,749
6,044,253	6,699,789	Advances	10	739,771,983	667,389,455
297,968	296,620	Operating fixed assets	11	32,752,003	32,900,778
46,511	66,265	Deferred tax assets	12	7,316,833	5,135,645
704,375	735,753	Other assets	13	81,239,837	77,775,122
17,893,097	21,463,009			2,369,885,496	1,975,705,764
LIABILITIES					
92,261	119,501	Bills payable	14	13,195,054	10,187,250
406,313	3,261,318	Borrowings	15	360,105,674	44,863,930
15,009,546	15,641,603	Deposits and other accounts	16	1,727,102,019	1,657,312,093
-	-	Sub-ordinated loans		-	-
232	131	Liabilities against assets subject to finance lease	17	14,509	25,652
-	-	Deferred tax liabilities		-	-
784,154	852,097	Other liabilities	18	94,086,159	86,584,063
16,292,506	19,874,650			2,194,503,415	1,798,972,988
1,600,591	1,588,359	NET ASSETS		175,382,081	176,732,776
REPRESENTED BY					
192,680	192,680	Share capital	19	21,275,131	21,275,131
423,850	456,060	Reserves	19	50,356,895	46,800,341
470,390	489,604	Unappropriated profit		54,060,653	51,939,151
1,086,920	1,138,344			125,692,679	120,014,623
513,671	450,015	Surplus on revaluation of assets - net	20	49,689,402	56,718,153
1,600,591	1,588,359			175,382,081	176,732,776
CONTINGENCIES AND COMMITMENTS					
21					

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2017

2016	2017		Note	2017	2016
US Dollars in '000				Rupees in '000	
1,036,095	1,114,614	Mark-up / return / interest earned	23	123,072,600	114,402,671
539,573	623,270	Mark-up / return / interest expensed	24	68,819,721	59,578,235
496,522	491,344	Net mark-up / interest income		54,252,879	54,824,436
6,204	9,675	Provision against non-performing advances - net	10.4	1,068,269	685,057
(12,555)	(15,790)	Reversal of provision for diminution in the value of investments - net	9.9	(1,743,534)	(1,386,314)
-	-	Bad debts written off directly		-	-
-	-	Provision against off balance sheet obligations	18.1	-	-
(6,351)	(6,115)			(675,265)	(701,257)
502,873	497,459	Net mark-up / interest income after provisions		54,928,144	55,525,693
NON MARK-UP / INTEREST INCOME					
134,340	151,919	Fee, commission and brokerage income		16,774,473	14,833,449
27,159	34,605	Dividend income		3,820,934	2,998,821
19,737	20,389	Income from dealing in foreign currencies	25	2,251,341	2,179,289
76,740	58,808	Gain on sale and redemption of securities - net	26	6,493,427	8,473,391
(611)	(125)	Unrealized loss on revaluation of investments classified as held-for-trading	9.10	(13,829)	(67,457)
14,030	15,754	Other income	27	1,739,524	1,549,113
271,395	281,350	Total non mark-up / interest income		31,065,870	29,966,606
774,268	778,809			85,994,014	85,492,299
NON MARK-UP / INTEREST EXPENSES					
425,146	436,751	Administrative expenses	28	48,224,847	46,943,418
9,949	16,910	Other provisions / write offs	13.4 / 18.2	1,867,209	1,098,582
2,799	2,741	Other charges	29	302,690	309,084
437,894	456,402	Total non mark-up / interest expenses		50,394,746	48,351,084
336,374	322,407			35,599,268	37,141,215
-	-	Extra ordinary / unusual items		-	-
336,374	322,407	PROFIT BEFORE TAXATION		35,599,268	37,141,215
86,408	76,574	Taxation - Current		8,455,056	9,540,915
12,170	2,460	- Prior year(s)		271,678	1,343,826
31,736	34,818	- Deferred		3,844,547	3,504,189
130,314	113,852		30	12,571,281	14,388,930
206,060	208,555	PROFIT AFTER TAXATION		23,027,987	22,752,285
----- US Dollar -----					
0.10	0.10	Basic and diluted earnings per share	31	10.82	10.69
----- Rupees -----					

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

2016 US Dollars in '000	2017		Note	2017 Rupees in '000	2016
206,060	208,555	Profit after taxation		23,027,987	22,752,285
		Other comprehensive income:			
		<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
(9,560)	8,241	Exchange gain / (loss) on translation of net assets of foreign branches		909,953	(1,055,600)
		<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
(25,791)	(38,394)	Actuarial loss on remeasurements of defined benefit obligation	34.1	(4,239,352)	(2,847,821)
9,027	13,438	Related tax impact	12.1	1,483,773	996,737
(16,765)	(24,956)			(2,755,579)	(1,851,084)
(26,326)	(16,715)	Other comprehensive income / (loss) - net of tax		(1,845,626)	(2,906,684)
179,734	191,840	Comprehensive income transferred to equity		21,182,361	19,845,601
		Components of comprehensive income not reflected in equity:			
		<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
48,500	(113,725)	(Deficit) / surplus on revaluation of available-for-sale securities		(12,557,216)	5,355,181
(18,022)	41,562	Related tax impact		4,589,196	(1,989,989)
30,478	(72,163)			(7,968,020)	3,365,192

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2017

2016	2017		Note	2017	2016
US Dollars in '000				Rupees in '000	
		CASH FLOWS FROM OPERATING ACTIVITIES			
336,374	322,407	Profit before taxation		35,599,268	37,141,215
(27,159)	(34,605)	Less: Dividend income		(3,820,934)	(2,998,821)
309,215	287,802			31,778,334	34,142,394
		Adjustments:			
18,652	19,113	Depreciation		2,110,390	2,059,470
6,692	8,773	Amortization	11.3	968,668	738,943
6,204	9,675	Provision against non-performing advances - net	10.4	1,068,269	685,057
(12,555)	(15,790)	Reversal of provision for diminution in the value of investments - net	9.9	(1,743,534)	(1,386,314)
-	-	Provision against off balance sheet obligations	18.1	-	-
611	125	Unrealized loss on revaluation of investments classified as held-for-trading	9.10	13,829	67,457
(1,503)	(1,092)	Gain on sale of operating fixed assets	27	(120,583)	(165,906)
23	13	Financial charges on leased assets		1,472	2,550
9,948	16,910	Other provisions / write offs		1,867,209	1,098,582
28,072	37,727			4,165,720	3,099,839
337,287	325,529			35,944,054	37,242,233
		(Increase) / decrease in operating assets			
(1,059,752)	871,877	Lendings to financial institutions - gross		96,270,236	(117,014,883)
(78,301)	(6,119,193)	Net investment in trading securities		(675,664,199)	(8,645,827)
(814,659)	(665,212)	Advances - net		(73,450,797)	(89,952,352)
38,644	(4,124)	Other assets (excluding advance tax)		(455,338)	4,267,043
(1,914,068)	(5,916,652)			(653,300,098)	(211,346,019)
		Increase in operating liabilities			
9,198	27,240	Bills payable		3,007,805	1,015,634
(5,590)	2,908,167	Borrowings		321,111,620	(617,180)
2,049,278	632,057	Deposits and other accounts		69,789,926	226,275,495
64,881	42,100	Other liabilities (excluding current taxation)		4,648,528	7,164,030
2,117,767	3,609,564			398,557,879	233,837,979
(130,258)	(124,340)	Income tax paid		(13,729,260)	(14,382,617)
(23)	(13)	Financial charges paid		(1,472)	(2,550)
(130,281)	(124,353)			(13,730,732)	(14,385,167)
410,705	(2,105,912)	Net cash (used in) / generated from operating activities		(232,528,897)	45,349,026
		CASH FLOWS FROM INVESTING ACTIVITIES			
423,501	2,050,256	Net investment in available-for-sale securities		226,383,493	46,761,824
(902,201)	362,502	Net investment in held-to-maturity securities		40,026,494	(99,618,480)
27,159	34,605	Dividend income received		3,820,934	2,998,821
(31,381)	(25,709)	Investment in operating fixed assets (including intangible)		(2,838,702)	(3,464,949)
(9,560)	8,241	Effects of exchange differences on translation of net assets of foreign branches		909,953	(1,055,600)
8,055	(982)	Investment in associates		(108,472)	889,430
1,664	1,329	Sale proceeds of operating fixed assets disposed off		146,783	183,876
(482,763)	2,430,242	Net cash generated from / (used in) investing activities		268,340,483	(53,305,078)
		CASH FLOWS FROM FINANCING ACTIVITIES			
(92)	(101)	Payments of lease obligations		(11,143)	(10,148)
(144,607)	(144,420)	Dividend paid		(15,946,406)	(15,967,155)
(144,699)	(144,521)	Net cash used in financing activities		(15,957,549)	(15,977,303)
(216,757)	179,809	Increase / (decrease) in cash and cash equivalents		19,854,037	(23,933,355)
1,543,118	1,326,361	Cash and cash equivalents at beginning of the year		146,453,389	170,386,744
1,326,361	1,506,170	Cash and cash equivalents at end of the year	32	166,307,426	146,453,389

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

Share capital	Reserves (refer note 19.4)					Unappropriated Profit	Total	
	Capital		Amalgamation Reserve	Revenue				
	Exchange Translation	Statutory		General Loan Loss Reserve	General			
Rupees in '000								
Balance as at December 31, 2015	21,275,131	8,148,085	24,911,289	-	12,000,000	521,338	49,155,590	116,011,433
Total comprehensive income for the year								
Profit after tax for the year ended December 31, 2016	-	-	-	-	-	-	22,752,285	22,752,285
Other comprehensive income / (loss) - net of tax	-	(1,055,600)	-	-	-	-	(1,851,084)	(2,906,684)
	-	(1,055,600)	-	-	-	-	20,901,201	19,845,601
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	-	113,937	113,937
Transfer to statutory reserve	-	-	2,275,229	-	-	-	(2,275,229)	-
Transactions with owners, recorded directly in equity								
Cash dividend paid for the year ended December 31, 2015 (Rs. 7.5 per share)	-	-	-	-	-	-	(15,956,348)	(15,956,348)
Balance as at December 31, 2016	21,275,131	7,092,485	27,186,518	-	12,000,000	521,338	51,939,151	120,014,623
Total comprehensive income for the year								
Profit after tax for the year ended December 31, 2017	-	-	-	-	-	-	23,027,987	23,027,987
Other comprehensive income / (loss) - net of tax	-	909,953	-	-	-	-	(2,755,579)	(1,845,626)
	-	909,953	-	-	-	-	20,272,408	21,182,361
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	-	108,241	108,241
Transfer to statutory reserve	-	-	2,302,799	-	-	-	(2,302,799)	-
Amalgamation reserve upon amalgamation of NBP Leasing Limited	-	-	-	343,802	-	-	-	343,802
Transactions with owners, recorded directly in equity								
Cash dividend paid for the year ended December 31, 2016 (Rs. 7.5 per share)	-	-	-	-	-	-	(15,956,348)	(15,956,348)
Balance as at December 31, 2017	21,275,131	8,002,438	29,489,317	343,802	12,000,000	521,338	54,060,653	125,692,679

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. It's registered and head office is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,498 (2016: 1,448) branches in Pakistan and 21 (2016: 21) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services as trustee to Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

2. BASIS OF PRESENTATION

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

Key financial figures of the Islamic banking branches of the Bank have been disclosed in note 42 of these financial statements.

2.2 These are separate financial statements of the Bank in which the investments in subsidiaries, associates and joint ventures are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in the consolidated financial statements.

2.3 The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 110.4172 to 1 US Dollar has been used for 2016 and 2017 as it was the prevalent rate as on December 31, 2017.

3. STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984 (repealed - note 3.1.1), the provisions of and directives issued under the Companies Ordinance, 1984 (repealed - note 3.1.1), and the Banking Companies Ordinance, 1962 and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 (repealed - note 3.1.1), the Banking Companies Ordinance, 1962 or directives issued by SBP or SECP differ with the requirements of IFRSs or IFASs, the requirements of the Companies Ordinance 1984 (repealed - note 3.1.1), the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.

3.1.1 The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its circular dated October 04, 2017, these unconsolidated financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

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 Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

3.3 Application of new and revised International Financial Reporting Standards (IFRSs)

New Standards, Interpretations and Amendments

The Bank has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

IAS 7 Statement of Cashflows: Disclosures - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 - Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

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

3.4 New and revised approved accounting standards not yet effective

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

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 4 - Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 - Investment Property - Transfers of Investment Property (Amendments)	01 January 2018
IFRS 9 - Financial Instruments - Classification and Measurement	01 July 2018
IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 July 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application. With regard to IFRS-9, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financings, the implementation of IFRS-9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS-9 for the banking sector of Pakistan.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019. The Bank expects that such improvements to the standards will not have any impact on the Bank's financial statements in the period of initial application.

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of land and buildings and non-banking assets acquired in satisfaction of claims which are stated at revalued amount and certain investments and derivative financial instruments that are carried at fair value. In addition, obligations in respect of defined benefit plan are carried at present value.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

5.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts and call money lendings, less call money borrowings and overdrawn nostro accounts.

5.2 Investments

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

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

The Bank has classified its investment portfolio, except for investments in subsidiaries, associates and joint ventures, into 'held-for-trading', 'held-to-maturity' and 'available-for-sale' as follows:

- Held-for-trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days. These are carried at market value, with the related unrealized gain / (loss) on revaluation being taken to profit and loss account.
- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.
- Available-for-sale – These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are carried at market value except in case of unquoted securities where market value is not available, which are carried at cost less provision for diminution in value, if any. Surplus / (deficit) on revaluation is taken to 'surplus / (deficit) on revaluation of assets' account shown below equity. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to book value of the same. On derecognition or impairment in quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of assets' below equity is included in the profit and loss account for the period.
- Provision for diminution in value of investments in unquoted debt securities is calculated as per the SBP's Prudential Regulations.

Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page (PKRV/ PKISRV) or MUFAP or the Stock Exchanges, as the case may be.

Investments in subsidiaries, associates and joint venture companies are stated at cost. Provision is made for impairment in value, if any.

5.3 Repurchase and resale agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position, as the Bank does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.

5.4 Derivative financial instruments

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



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

5.5 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. A financial asset is derecognised where (a) the rights to receive cash flows from the asset have expired; or (b) the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Bank has transferred substantially all the risks and rewards of the asset, or (ii) the Bank has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

5.6 Advances

Advances are stated net of specific and general provisions. Provisions are made in accordance with the requirements of Prudential Regulations issued by the SBP and charged to the profit and loss account. These regulations prescribe an age based criteria (as supplemented by subjective evaluation of advances by the banks) for classification of non-performing loans and advances and computing provision / allowance there against. Such regulations also require the Bank to maintain general provision / allowance against consumer and SME advances at specified percentage of such portfolio. General provision for loan losses of overseas branches is made as per the requirements of the respective central banks. Advances are written off where there are no realistic prospects of recovery.

5.7 Operating fixed assets and depreciation

Property and equipment

Owned assets

Property and equipment except land and buildings are stated at cost less accumulated depreciation and impairment losses, if any. Land is stated at revalued amount. Buildings are stated at revalued amount less accumulated depreciation and impairment, if any. Cost of operating fixed assets of foreign branches include exchange differences arising on translation at year-end rates. Depreciation is charged to profit and loss account applying the straight line method except buildings, which are depreciated on diminishing balance method at the rates stated in note 11.2. Depreciation is charged from the month in which the assets are brought into use and no depreciation is charged for the month the assets are deleted.

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

Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account currently.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Land and buildings' valuations are carried out by professionally qualified valuers with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value.

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Assets account" shown below equity. The Bank has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the requirements of the Companies Ordinance, 1984 (repealed - note 3.1.1) and SECP's SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Leased assets (as lessee)

Assets subject to finance lease are accounted for by recording the asset and the related liability. These are recorded at lower of fair value and the present value of minimum lease payments at the inception of lease and subsequently stated net of accumulated depreciation. Depreciation is charged on the basis similar to the owned assets. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability.

Ijarah (as lessor)

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Assets under Ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-Ijarah, depreciation is charged over the economic life of the asset using straight line basis.

Ijarah income is recognised on a straight line basis over the period of Ijarah contract.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to income applying the straight-line method at the rates stated in note 11.3. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Capital work-in-progress

Capital work-in-progress is stated at cost. These are transferred to specific assets as and when assets are available for use.

Impairment

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, operating fixed assets are written down to their recoverable amounts.

The resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

5.8 Non-banking assets acquired in satisfaction of claims

In accordance with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016, the non-banking assets are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to the profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised.

5.9 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective yield method.

5.10 Taxation

Current

Provision of current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned for local as well as foreign operations, as applicable to the respective jurisdictions. The charge for the current tax also includes adjustments wherever considered necessary relating to prior years, arising from assessments framed during the year.

Deferred

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax is not recognised on differences relating to investment in subsidiaries and branches to the extent the deductible temporary difference probably will not reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or deductible temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to gain / loss recognized on surplus on revaluation of assets is charged / credited to such account.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

5.11 Employee benefits

5.11.1 Defined benefit plans

The Bank operates an approved funded pension scheme, an un-funded post retirement medical benefits scheme and an un-funded benevolent scheme for its eligible employees. The Bank also operates an un-funded gratuity scheme for its eligible contractual employees. An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Remeasurements of the net defined benefit liability / assets which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. Past-service costs are recognized immediately in profit and loss account when the plan amendment occurs.

5.11.2 Other employee benefits

Employees' compensated absences

The Bank also makes provision in the financial statements for its liability towards compensated absences. This liability is estimated on the basis of actuarial advice under the Projected Unit Credit method.

5.12 Revenue recognition

Income on loans and advances and debt security investments are recognized on a time proportion basis that takes into account effective yield on the asset. In case of advances and investments classified under the Prudential Regulations, interest / mark-up is recognized on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Fee, brokerage and commission income other than commission on letter of credit and guarantees and remuneration for trustee services are recognized upon performance of services.

Commission on letters of credit and guarantees is recognized on time proportion basis.

Dividend income on equity investments and mutual funds is recognized when right to receive is established.

Premium or discount on debt securities classified as held-for-trading, available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to profit and loss account.

Gains and losses on disposal of investments and operating fixed assets are dealt with through the profit and loss account in the year in which they arise.

The Bank follows the 'financing method' in accounting for recognition of finance lease. At the commencement of a lease, the total unearned finance income i.e. the excess of aggregate installment contract receivables plus residual value over the cost of the leased asset is amortized over the term of the lease, applying the annuity method, so as to produce a constant periodic rate of return on the net investment in finance leases. Initial direct costs are deferred and amortized over the lease term as a yield adjustment.

5.13 Net investment in lease finance

Leases where the Bank transfers substantially all the risk and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payment including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

5.14 Foreign currencies translation

The Bank's financial statements are presented in Pak Rupees (Rs.) which is the Bank's functional and presentation currency.

Foreign currency transactions are converted into Rupees applying the exchange rate at the date of the respective transactions. Monetary assets and liabilities in foreign currencies and assets / liabilities of foreign branches are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities. All gains or losses on dealing in foreign currencies are taken to profit and loss account currently.

Profit and loss account balances of foreign branches are translated at average exchange rate prevailing during the year. Gains and losses on translation are included in the profit and loss account except gains / losses arising on translation of net assets of foreign branches, which is credited to other comprehensive income.

Items included in the financial statements of the Bank's foreign branches are measured using the currency of the primary economic environment in which the Bank operates (the functional currency).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

5.15 Provision for off balance sheet obligations

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

5.16 Off setting

Financial assets and financial liabilities are only 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 to settle the liabilities simultaneously.

5.17 Fiduciary assets

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

5.18 Dividend and other appropriations

Dividend and appropriation to reserves, except appropriations which are required by the law, are recognised in the Banks' financial statements in the year in which these are approved.

5.19 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. There were no dilutive potential ordinary shares in issue at December 31, 2017.

5.20 Accounting estimates and judgments

The preparation of financial statements in conformity with Approved Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of estimates and judgments in relation to these financial statements are as follows:

a) Provision against non-performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and determine provision required there against on a quarterly basis. While assessing this requirement various factors including the past dues, delinquency in the account, financial position and future business / financial plan of the borrower, value of collateral held and requirements of Prudential Regulations are considered. The Bank also considers the effect of Forced Sale Value of collaterals in determining the amount of provision, however, no benefit of FSV of collateral is taken during the year in determining provisioning amount.

General provision for loan losses of overseas branches is made as per the requirements of the respective central banks.

The amount of general provision against domestic consumer and SME advances is determined in accordance with the relevant Prudential Regulations and SBP directives.

In addition, the Bank has also made general provision in respect of its corporate portfolio on prudent basis. This general provision is in addition to the requirements of Prudential Regulations.

b) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest and exchange rates over the term of the contract.

c) Impairment of available-for-sale investments

The Bank considers that available-for-sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost except for investments where relaxation has been allowed by SBP. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

Further the Bank has developed internal criteria according to which a decline of 30% in the market value of any scrip below its cost shall constitute as a significant decline and where market value remains below the cost for a period of one year shall constitute as a prolonged decline.

d) Held-to-maturity investments

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



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

e) Income taxes

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

f) Operating fixed assets, revaluation, depreciation and amortization

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

The Bank also revalues its properties on a periodic basis. Such revaluations are carried out by independent valuer and involves estimates / assumptions and various market factors and conditions.

g) Employees' benefit plans

The liabilities for employees' benefits plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets, future salary increases, future inflation rates and future pension increases as disclosed in note 34. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

h) Provision against contingencies

Provision against contingencies is determined based on the management judgement regarding the probability of future out flows of resources embodying economic benefits to settle an obligation arising from past events.

5.21 AMALGAMATION OF NBP LEASING LIMITED WITH AND INTO THE BANK

5.21.1 The Bank held 100% shares in NBP Leasing Limited (the Company), a company incorporated in Pakistan as an unlisted public company under the Companies Ordinance, 1984, now Companies Act, 2017.

5.21.2 The SBP has also sanctioned the Scheme of Amalgamation of the NBP Leasing Limited with and into the Bank, under Section 48 of Banking Companies Ordinance 1962 vide its letter No. BPRD (R&P-02)/NBP/2017/16298, dated July 12, 2017.

5.21.3 As per the Scheme of Amalgamation, all the assets, liabilities and obligations of NBP Leasing Limited have, as at the Effective Date i.e. July 31, 2017, been merged with, transferred to, vested in, and assumed by the Bank, and NBP Leasing Limited is dissolved without winding-up. Further as per the Scheme, the surviving entity is National Bank of Pakistan and therefore, the entire undertaking and business of NBP Leasing Limited has vested in and continued under the operations of National Bank of Pakistan.

5.21.4 The International Financial Reporting Standard (IFRS) 3 'Business Combinations' excludes from its scope a combination of entities or businesses under common control in which all the businesses are ultimately controlled by the same party before and after the business combination. Accordingly, pooling of interest method has been used to account for amalgamation of the NBP Leasing Limited with and into the Bank as merger of NBP Leasing Limited and the Bank with each other is effectively a group reorganization from legal perspective which does not involve gaining or losing of control, by the ultimate parent.

5.21.5 Under the pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts. No 'new' goodwill is recognised as a result of the combination.

The Bank has adopted an accounting policy of not to restate financial information in the financial statements for the periods prior to the Amalgamation and hence, the financial position of NBP Leasing Limited is amalgamated with the Bank with effect from 31 July 2017.

5.21.6 The assets and liabilities of NBP Leasing Limited amalgamated in these financial statements as at 31 July 2017 were as follows:

	Rupees in '000
ASSETS	
Balances with other banks	241,195
Discounted negotiable instruments	-
Investments	2,365
Loans and advances	772,407
Operating fixed assets	3,767
Deferred tax asset	6,472
Other assets	20,493
TOTAL ASSETS	1,046,699
Other liabilities	202,897
TOTAL LIABILITIES	202,897
NET ASSETS	843,802
INVESTMENT OF THE BANK IN NBP LEASING	(500,000)
AMALGAMATION RESERVE	343,802



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees in '000	2016
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		29,007,736	27,512,094
Foreign currency		3,654,759	3,654,831
		32,662,495	31,166,925
With State Bank of Pakistan in			
Local currency current accounts	6.1	89,109,444	91,549,667
Local currency deposit accounts		-	-
		89,109,444	91,549,667
Foreign currency current accounts	6.2	4,872,088	3,673,920
Foreign currency deposit accounts	6.2	14,580,863	10,982,843
Foreign currency collection accounts		933,308	697,433
		20,386,259	15,354,196
With other central banks in			
Foreign currency current accounts	6.3	17,019,562	19,659,947
Foreign currency deposit accounts	6.3	587,511	2,105,404
		17,607,073	21,765,351
	32	159,765,271	159,836,139

- 6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 1.5% per annum (2016: 0.15% to 4% per annum).

	Note	2017 Rupees in '000	2016
7. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts		-	-
On deposit accounts	7.1	2,808,878	5,538,299
		2,808,878	5,538,299
Outside Pakistan			
On current accounts		7,644,195	3,184,502
On deposit accounts	7.2	15,950,833	5,105,676
		23,595,028	8,290,178
	32	26,403,906	13,828,477

- 7.1** These include various deposits with correspondent banks and carry interest at rates ranging from 3.16% to 5.9% per annum.
- 7.2** These include various deposits with correspondent banks and carry interest at rates ranging from 0% to 4.1% per annum (2016: 0.56% to 7% per annum).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees in '000	2016
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.3	1,540,800	61,200
Repurchase agreement lendings (Reverse Repo)	8.4	25,373,963	113,960,886
Bai-Muajjal with other banks		-	7,687,313
Letters of placement	8.5	177,500	173,500
	8.1	27,092,263	121,882,899
Less: Provision held against lendings	8.2	(176,150)	(173,500)
		26,916,113	121,709,399
8.1 Particulars of lendings - gross			
In local currency		27,092,263	121,882,899
In foreign currencies		-	-
		27,092,263	121,882,899
8.2 Movement in provision held against lendings is as follows:			
Opening balance		173,500	173,500
Charge for the year		-	-
Transfer upon amalgamation of NBP Leasing Limited		2,650	-
Closing balance		176,150	173,500

8.3 This includes zero rate lending to a financial institution Rs. 40.8 million (2016: zero) which is guaranteed by the SBP.

8.4 These carry mark-up at rates ranging from 5.7% to 6.05% per annum (2016: 5.5% to 5.95% per annum) with maturities ranging from January 2, 2018 to February 28, 2018.

8.4.1 Securities held as collateral against lendings to financial institutions

	2017			2016		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Market Treasury Bills	21,873,963	-	21,873,963	90,023,887	-	90,023,887
Pakistan Investment Bonds	3,500,000	-	3,500,000	23,936,999	-	23,936,999
	25,373,963	-	25,373,963	113,960,886	-	113,960,886

8.4.2 Market value of the securities under repurchase agreement lendings amounts to Rs. 25,401 million (2016: Rs. 115,366 million).

8.5 These are overdue placements and provision has been made against these placements at year-end.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees in '000	2016
9.2 Investments by segments			
Federal Government Securities			
- Market Treasury Bills		821,618,475	397,979,772
- Pakistan Investment Bonds		304,712,513	317,457,859
- GoP Foreign Currency Bonds		19,133,307	20,553,153
- Ijarah Sukuk Bonds		11,193,314	9,123,388
		1,156,657,609	745,114,172
Foreign Government Securities		21,490,967	21,648,257
Fully Paid up Ordinary Shares			
- Listed Companies	9.11 / 9.12	23,202,143	22,519,377
- Unlisted Companies		1,381,912	2,119,982
- Ordinary shares of a bank listed outside Pakistan	9.4	463,295	463,295
		25,047,350	25,102,654
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds			
- Listed		4,270,197	4,172,411
- Unlisted		49,911,995	51,821,496
		54,182,192	55,993,907
Foreign Currency Debt Securities		1,612,528	2,733,348
Other Investments			
- Investments in mutual funds		1,149,646	1,212,740
- Preference Shares		556,944	633,660
Investments in associates	9.5	4,970,863	4,362,391
Investments in joint ventures	9.6	2,362,433	2,362,433
Investments in subsidiaries	9.8	3,906,750	4,406,750
Total investments at cost		1,271,937,282	863,570,312
Provision for diminution in value of investments	9.9	(14,679,565)	(17,404,984)
Investments (cost net of provisions)		1,257,257,717	846,165,328
Unrealized loss on revaluation of investments classified as held-for-trading	9.10	(13,829)	(67,457)
Surplus on revaluation of available-for-sale securities	20.1	38,475,662	51,032,878
Total investments - at carrying value		1,295,719,550	897,130,749

9.2.1 Detailed information relating to investments in shares of listed and unlisted companies, Preference Shares, Mutual Funds, Bonds, Debentures, Term Finance Certificates, Participation Term Certificate, Sukuks etc. including quality of available-for-sale securities is given in Annexure-I to the financial statements.

9.3 Market value of held-to-maturity investments is Rs. 194,981 million (2016: Rs. 247,402 million).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

9.4 Investment in shares of a bank incorporated outside Pakistan - Bank Al-Jazira

The Bank holds 30,333,333 (2016: 23,333,333) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2016: 5.83%) holding in total equity of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006. BAJ's Viability Rating is bb+ with short term and long term IDR at F2 and BBB+ by Fitch Rating Agency.

			Note	2017 Rupees in '000	2016
9.5 Investments in associates					
Unlisted Shares					
	Number of shares	Percentage of holding			
Pakistan Emerging Venture Limited	12,500,000	33.33		50,565	50,565
National Fructose Company Limited	1,300,000	39.50		6,500	6,500
Venture Capital Fund Management	33,333	33.33		-	-
Kamal Enterprises Limited	11,000	20.37		-	-
Mehran Industries Limited	37,500	32.05		-	-
National Assets Insurance Company Limited	4,481,500	8.96		44,815	44,815
Tharparkar Sugar Mills Limited	2,500,000	21.52		-	-
Youth Investment Promotion Society	644,508	25.00		-	-
Dadabhoj Energy Supply Company Limited	9,900,000	23.11		32,105	32,105
K-Agricole Limited	5,000	20.00		-	-
New Pak Limited	200,000	20.00		-	-
Pakistan Mercantile Exchange Limited	10,653,860	33.98		106,539	106,539
Prudential Fund Management Limited	150,000	20.00		-	-
				240,524	240,524
Listed Shares					
First Credit and Investment Bank Limited	20,000,000	30.77		157,429	157,429
National Fibers Limited	17,030,231	20.19		-	-
Land Mark Spinning Mills Limited	3,970,859	32.79		39,710	39,710
S.G. Fibers Limited	3,754,900	25.03		218,535	218,535
Nina Industries Limited	4,906,000	20.27		49,060	49,060
Agritech Limited	106,014,565	27.01	9.5.1	3,665,605	3,657,133
				4,130,339	4,121,867
Listed Mutual Funds					
NAFA Stock Fund	31,347,444	2.98		600,000	-
			9.1/9.2	4,970,863	4,362,391
Less: Provision for diminution in value of investments (including an amount of Rs. 3,149 million (2016: Rs. 2,316 million) against Agritech Limited)			9.9.1 / 9.9.2	(3,771,845)	(2,938,469)
				1,199,018	1,423,922



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

9.5.1 The 94,515,565 shares (2016: 94,273,510) of Agritech Limited were acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA). These shares were acquired at an agreed price of Rs. 35 per share. The market value of these shares at December 31, 2017 amounted to Rs. 4.87 per share resulting in an impairment of Rs. 3,149 million (2016: 2,316 million) which has been fully recorded in these unconsolidated financial statements.

There is a put option available to Azgard Nine Limited, under which Azgard Nine Limited has the right to sell 58.29 million preference shares of Agritech Limited to the Bank at a price of Rs. 5.25 per share subject to the occurrence of certain events under the agreement.

9.5.2 Aggregate market value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs. 888 million (2016: Rs. 1,606 million).

9.5.3 Associates with zero carrying amount, represent the investments acquired from former National Development Finance Corporation (NDFC) which have negative equity or whose operations were closed at the time of amalgamation.

The details of break-up value based on latest available financial statements of unlisted investments in associates are as follows:

	Year / Period ended	Break-up value
	Rupees in '000	
National Assets Insurance Limited	December 31, 2016	55,029
Pakistan Emerging Venture Limited	June 30, 2016	75,082
Mehran Industries Limited	June 30, 2001	5,681
Tharparkar Sugar Mills Limited	September 30, 2001	(83,140)
Prudential Fund Management	June 30, 2007	(2,482)
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2016	(21,832)

	Note	2017	2016
		Rupees in '000	
9.6 Investments in joint venture			
United National Bank Limited (UNBL) (incorporated in United Kingdom)	9.1 / 9.2 / 9.6.1	2,362,433	<u>2,362,433</u>

9.6.1 Under a joint venture agreement, the Bank holds 20.25 million ordinary shares (45%) and United Bank Limited (UBL) holds 23.25 million ordinary shares (55%) in UNBL. In addition to ordinary shares, four preference shares categories as "A", "B", "C" and "D" have been issued and allotted. The "B" and "D" category shares are held by the Bank and category "A" and "C" are held by UBL. Dividends payable on "A" and "B" shares are related to the ability of the venture to utilize tax losses that have been surrendered to it on transfer of business from the Bank or UBL as appropriate. Dividends payable on "C" and "D" shares are related to loans transferred to the venture by the Bank or UBL that have been written-off or provided for at the point of transfer and the ability of the venture to realize in excess of such loan value.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

9.7 Summary of financial information of associates and joint venture

		2017				
Based on the financial statements as on		Assets	Liabilities	Equity	Revenue	Profit / (loss)
		----- Rupees in '000 -----				
United National Bank Limited	December 31, 2017	77,921,388	65,764,683	12,156,705	2,672,165	3,797
First Credit and Investment Bank Limited	June 30, 2017	1,155,308	439,381	715,927	79,945	7,132
Agritech Limited	December 31, 2016	47,904,596	43,497,929	4,406,667	8,238,583	(2,308,925)
NAFA Stock Fund	June 30, 2017	17,309,583	451,831	16,857,752	3,640,330	4,393,179

		2016				
Based on the financial statements as on		Assets	Liabilities	Equity	Revenue	Profit / (loss)
		----- Rupees in '000 -----				
United National Bank Limited	December 31, 2016	67,148,547	56,924,126	10,224,421	2,513,055	565,285
First Credit and Investment Bank Limited	September 30, 2016	1,040,692	322,886	717,806	17,219	5,433
Agritech Limited	September 30, 2016	49,065,040	43,323,242	5,741,798	5,521,280	(1,030,135)

9.8 Investments in subsidiaries

	Note	Percentage of holding	2017	2016
			Rupees in '000	
NBP Leasing Limited	5.20	-	-	500,000
CJSC Subsidiary Bank of NBP in Kazakhstan		100.00	2,185,644	2,185,644
CJSC Subsidiary Bank of NBP in Tajikistan		100.00	953,783	953,783
NBP Exchange Company Limited		100.00	300,000	300,000
NBP Modaraba Management Company Limited		100.00	105,000	105,000
Taurus Securities Limited		58.32	24,725	24,725
Cast-N-Link Products Limited		76.51	1,245	1,245
NBP Fullerton Asset Management Limited		54.00	336,353	336,353
		9.1 / 9.2	3,906,750	4,406,750
Less: Provision for diminution in value of investments	9.9.1 / 9.9.2		(1,010,186)	(1,010,186)
			2,896,564	3,396,564

9.9 Particulars of provision for diminution in value of investments

	Note	2017	2016
		Rupees in '000	
Opening balance		17,404,984	19,432,226
Charge for the year		1,537,553	1,447,000
Reversals for the year		(3,281,087)	(2,833,314)
		(1,743,534)	(1,386,314)
Transfer from advances	10.4	-	214,444
Transfer to advances	10.4	(1,004,153)	(284,000)
Other transfer		22,268	99,769
Adjustment due to settlement of put option in respect of shares of Agritech Limited (an associate)		-	(671,140)
Closing balance	9.9.1 / 9.9.2	14,679,565	17,404,984

9.9.1 Particulars of provision in respect of type

Available-for-sale securities

Ordinary shares of listed companies and mutual funds	2,715,147	2,737,167
Ordinary shares of unlisted companies	398,923	398,923
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	5,925,187	9,281,816
Preference shares	433,444	433,444

Held-to-maturity securities

Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates	424,833	604,979
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Investments in associates

Investments in associates	9.5	3,771,845	2,938,469
Investments in subsidiaries	9.8 / 9.9.2.1	1,010,186	1,010,186
		14,679,565	17,404,984



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

10.2 Net investment in finance lease

	2017				2016			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees in '000 -----							
Lease rentals receivable	336,007	171,107	-	507,114	-	-	-	-
Residual value	82,862	74,347	-	157,209	-	-	-	-
Minimum lease payments	418,869	245,454	-	664,323	-	-	-	-
Financial charges for future periods	64,757	14,997	-	79,754	-	-	-	-
	354,112	230,457	-	584,569	-	-	-	-

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Bank requires the lessees to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 9.16% to 11.64% (2016: Nil) per annum

10.3 Advances include Rs. 120,798 million (2016: Rs. 119,416 million) which have been placed under non-performing status as detailed below:

	2017								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Category of Classification									
Other Assets Especially Mentioned	1,272,524	-	1,272,524	44,589	-	44,589	44,589	-	44,589
Substandard	5,623,565	55,531	5,679,096	1,348,968	13,883	1,362,851	1,348,968	13,883	1,362,851
Doubtful	2,442,003	25,767	2,467,770	1,181,602	12,884	1,194,486	1,181,602	12,884	1,194,486
Loss	79,712,318	31,665,916	111,378,234	77,266,218	30,782,579	108,048,797	77,266,218	30,782,579	108,048,797
	89,050,410	31,747,214	120,797,625	79,841,377	30,809,346	110,650,722	79,841,377	30,809,346	110,650,722
	----- Rupees in '000 -----								
	----- Rupees in '000 -----								
Category of Classification									
Other Assets Especially Mentioned	1,076,998	-	1,076,998	31,804	-	31,804	31,804	-	31,804
Substandard	4,788,734	52,363	4,841,097	1,117,007	13,091	1,130,098	1,117,007	13,091	1,130,098
Doubtful	3,538,789	43,765	3,582,554	1,594,546	21,882	1,616,428	1,594,546	21,882	1,616,428
Loss	79,165,638	30,749,884	109,915,522	77,412,582	29,464,194	106,876,776	77,412,582	29,464,194	106,876,776
	88,570,159	30,846,012	119,416,171	80,155,939	29,499,167	109,655,106	80,155,939	29,499,167	109,655,106

10.4 Particulars of provision against non-performing advances

	Note	2017			2016		
		Specific	General	Total	Specific	General	Total
		----- Rupees in '000 -----					
Opening balance		109,655,106	4,431,206	114,086,312	110,765,591	2,964,361	113,729,952
Foreign exchange adjustments		950,913	15,534	966,446	(286,882)	(11,381)	(298,263)
Charge for the year	10.4.1	2,994,241	2,558,971	5,553,212	8,911,394	1,522,050	10,433,444
Reversal during the year		(3,994,298)	(490,644)	(4,484,943)	(9,704,563)	(43,824)	(9,748,387)
		(1,000,057)	2,068,327	1,068,269	(793,169)	1,478,226	685,057
Transfer to investments	9.9	-	-	-	(214,444)	-	(214,444)
Transfer from investments	9.9	1,004,153	-	1,004,153	284,000	-	284,000
Other transfer		44,487	-	44,487	263,938	-	263,938
Amount charged off	10.5.3	(2,981)	-	(2,981)	(97,256)	-	(97,256)
Amounts written off	10.6	(899)	-	(899)	(266,672)	-	(266,672)
Closing balance		110,650,722	6,515,067	117,165,787	109,655,106	4,431,206	114,086,313

10.4.1 The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

In addition, the Bank has also made general provision of Rs 1,700 million in respect of its corporate portfolio on prudent basis. This general provision is in addition to the requirements of 'Prudential' Regulations.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

10.5 Particulars of provisions against non-performing advances

	2017			2016		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
In local currency	79,839,776	6,065,671	85,905,447	79,708,258	4,269,941	83,978,199
In foreign currencies	30,810,946	449,396	31,260,342	29,946,848	161,265	30,108,113
	110,650,722	6,515,067	117,165,787	109,655,106	4,431,206	114,086,313

- 10.5.1** As of 31 December 2017, the Bank has not availed the benefit of Forced Sale Value (FSV) of collaterals against non-performing advances
- 10.5.2** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2017.
- 10.5.3** These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

10.6 Particulars of write offs	Note	2017	2016
		Rupees in '000	
10.6.1 Against provisions	10.4	899	266,672
10.6.2 Write offs of Rs. 500,000 and above	10.7	875	265,486
Write offs of below Rs. 500,000		24	1,186
		899	266,672

10.7 Details of loans written off of Rs. 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2017 is given in Annexure II.

10.8 Particulars of loans and advances to directors, associated companies, etc.	2017	2016
	Rupees in '000	
Debts due by directors, executives, officers and staff of the Bank or any of them either severally or jointly with any other person:		
Balance at beginning of the year	30,512,769	31,372,520
Loans granted / additions during the year	7,627,118	4,053,881
Repayments	(4,064,887)	(4,913,632)
Balance at end of the year	34,075,000	30,512,769
Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members:		
Balance at beginning of the year	-	6,020,112
Adjustment due to retirement / appointment of directors	-	-
Loans granted / additions during the year	2,000,000	-
Repayments / other adjustments	(2,000,000)	(6,020,112)
Balance at end of the year	-	-
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties:		
Balance at beginning of the year	5,866,344	5,555,674
Loans granted / additions during the year	326,058	378,870
Repayments	(202,109)	(68,200)
Balance at end of the year	5,990,293	5,866,344



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	Note	2017 Rupees in '000	2016
11. OPERATING FIXED ASSETS			
Capital work-in-progress	11.1	1,823,691	1,545,405
Property and equipment	11.2	30,386,388	30,471,432
Intangible assets	11.3	541,924	883,941
		32,752,003	32,900,778

11.1 Capital work-in-progress

Civil works	1,757,201	1,477,219
Equipment	19,468	18,167
Advances to suppliers and contractors	47,022	50,019
	1,823,691	1,545,405

11.2 Property and equipment

	Cost / revalued amount			Accumulated depreciation			Book Value at December 31, 2017	Rate of depreciation	
	At January 1, 2017	Additions / (deletions) (Adjustments)	At December 31, 2017	At January 1, 2017	Charge for the year / (deletions)	At December 31, 2017			
	Rupees in '000								
Owned									
Land									
- freehold	11,209,437	-	11,209,212	-	-	-	11,209,212	Nil	
		(225)							
- leasehold	10,377,666	2,995	10,380,661	-	-	-	10,380,661	Nil	
Buildings on land									
- freehold	3,017,079	19,883	3,036,962	432,315	122,470	554,785	2,482,177	5% on book value	
- leasehold	2,825,623	87,343	2,912,966	345,347	113,472	458,819	2,454,147	5% on book value	
Furniture and fixtures	3,775,899	524,821 (13,458)	4,287,262	2,167,781	562,112 (7,787)	2,722,106	1,565,155	20% on cost	
Computer and peripheral equipment	3,367,457	325,009 (878)	3,691,588	2,914,766	352,876 (832)	3,266,810	424,778	33.33% on cost	
Electrical and office equipment	3,984,702	555,444 (914)	4,539,232	2,915,955	551,375 (536)	3,466,794	1,072,438	20% on cost	
Vehicles	938,545	420,300 (253,724)	1,105,121	274,691	266,230 (233,619)	307,302	797,819	20% on cost	
	39,496,408	1,935,795 (268,974) (225)	41,163,004	9,050,855	1,968,535 (242,774) -	10,776,616	30,386,387		
Assets held under finance lease									
Vehicles	165,253	-	165,253	139,373	25,879	165,252	1	20% on cost	
2017	39,661,661	1,935,795 (268,974) (225)	41,328,257	9,190,228	1,994,414 (242,774) -	10,941,868	30,386,388		



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Cost / revalued amount			Accumulated depreciation			Book Value at December 31, 2016	Rate of depreciation
	At January 1, 2016	Additions / (deletions)	At December 31, 2016	At January 1, 2016	Charge for the year / (deletions)	At December 31, 2016		
----- Rupees in '000 -----								
Owned								
Land								
- freehold	11,214,811	-	11,209,437	-	-	-	11,209,437	Nil
- leasehold	10,372,742	4,924	10,377,666	-	-	-	10,377,666	Nil
Buildings on land								
- freehold	2,904,421	112,658	3,017,079	293,194	139,121	432,315	2,584,764	5% on book value
- leasehold	2,741,365	84,258	2,825,623	228,257	117,090	345,347	2,480,276	5% on book value
Furniture and fixtures								
	2,637,275	1,148,224	3,775,899	1,712,014	460,865	2,167,781	1,608,118	20% on cost
Computer and peripheral equipment								
	3,030,922	336,900	3,367,457	2,541,531	373,552	2,914,766	452,691	33.33% on cost
Electrical and office equipment								
	3,611,999	373,784	3,984,702	2,287,328	629,583	2,915,955	1,068,747	20% on book value
Vehicles								
	536,734	682,392	938,545	337,224	204,756	274,691	663,854	20% on cost
	37,050,269	2,743,140	39,496,408	7,399,548	1,924,967	9,050,855	30,445,552	
		(291,627)			(273,660)			
		(5,374)			-			
Assets held under finance lease								
Vehicles								
	172,983	-	165,253	114,051	33,051	139,373	25,880	20% on cost
		(7,730)			(7,729)			
2016	37,223,252	2,743,140	39,661,661	7,513,599	1,958,018	9,190,228	30,471,432	
		(299,357)			(281,389)			
		(5,374)			-			

11.3 Intangible assets

	Cost			Accumulated amortization			Book value at December 31, 2017	Rate of amortization
	At January 1, 2017	Additions adjustments*	At December 31, 2017	At January 1, 2017	Charge for the year	At December 31, 2017		
----- Rupees in '000 -----								
Core Banking Application								
	2,303,196	608,726	2,913,953	1,770,752	841,950	2,614,324	299,629	33.33 % on cost
		2,031			1,622			
Computer Software								
	371,966	15,895	387,861	20,469	125,096	145,565	242,295	33.33 % on cost
	2,675,162	626,652	3,301,814	1,791,221	968,668	2,759,889	541,924	
----- Rupees in '000 -----								
Core Banking Application								
	1,700,538	524,727	2,303,196	1,052,278	718,474	1,770,752	532,444	33.33 % on cost
		77,931						
Computer Software								
	-	371,966	371,966	-	20,469	20,469	351,497	33.33 % on cost
	1,700,538	974,624	2,675,162	1,052,278	738,943	1,791,221	883,941	



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

11.4 Had there been no revaluation, the carrying amount of revalued assets at December 31, 2017 would have been as follows:

	Rupees in '000
Land	
freehold	1,076,005
leasehold	869,805
Building	
freehold	589,552
leasehold	637,279

11.5 The Ijarah payments receivable from customers for each of the following periods under the terms of the respective agreements are given below:

	2017	2016
	Rupees in '000	
Not later than one year	147,059	82,029
Later than one year but not later than five years	174,391	96,848
	321,450	178,877

The rate of profit is 6 months KIBOR + 2.5% (2016: 6 months KIBOR + 2.5%).

11.6 Details of disposals of property and equipment

Details of disposals of property and equipment made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the Bank or any related party, irrespective of the value, or where original cost or the book value exceeds rupees one million or two hundred fifty thousand rupees respectively, whichever is lower are given in Annexure III.

12. DEFERRED TAX ASSETS - net	Note	2017	2016
		Rupees in '000	
Deductible temporary difference on:			
Provision for diminution in the value of investments		3,278,835	3,613,099
Provision against non-performing advances		622,390	3,310,630
Other provision		2,186,076	2,663,371
Provision against defined benefits plans		13,615,636	12,755,946
Unrealised loss on derivatives		439,026	691,907
Provision against off-balance sheet obligation		116,622	116,622
Excess of accounting book value of leased assets over lease liabilities		5,078	-
Carried forward unabsorbed tax losses of merged subsidiary		10,705	-
		20,274,368	23,151,575
Taxable temporary differences on:			
Excess of accounting book value of leased assets over lease liabilities		-	(80)
Revaluation of securities	20	(12,504,929)	(17,094,125)
Non-banking assets		(89,981)	(36,273)
Operating fixed assets		(362,625)	(885,452)
		(12,957,535)	(18,015,930)
Net deferred tax assets		7,316,833	5,135,645



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

12.1 Reconciliation of deferred tax

	January 1, 2016	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2016	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	Transfer upon amalgamation of NBP Leasing Limited	December 31, 2017
----- Rupees in '000 -----								
Deferred tax assets arising in respect of:								
Provision for diminution in the value of investments	4,098,309	(485,210)	-	3,613,099	(342,607)	-	8,343	3,278,835
Provision against advances	8,000,570	(4,689,940)	-	3,310,630	(2,674,030)	-	(14,210)	622,390
Other provision	2,278,867	384,504	-	2,663,371	(478,905)	-	1,610	2,186,076
Provision against defined benefits plans	10,807,811	951,398	996,737	12,755,946	(624,083)	1,483,773	-	13,615,636
Unrealised loss / (gain) on derivatives	691,907	-	-	691,907	(252,881)	-	-	439,026
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	-	116,622
Carried forward unabsorbed tax losses	-	-	-	-	-	-	10,705	10,705
	25,994,086	(3,839,248)	996,737	23,151,575	(4,372,506)	1,483,773	6,448	20,269,290
Less: Deferred tax (liabilities) arising in respect of:								
Excess of accounting book value of leased assets over lease liabilities	(8,097)	8,017	-	(80)	5,158	-	-	5,078
Revaluation of securities	(15,104,136)	-	(1,989,989)	(17,094,125)	-	4,589,196	-	(12,504,929)
Non-banking assets	-	-	(36,273)	(36,273)	-	(53,708)	-	(89,981)
Operating fixed assets	(1,212,494)	327,042	-	(885,452)	522,802	-	25	(362,625)
	(16,324,727)	335,059	(2,026,262)	(18,015,930)	527,960	4,535,488	25	(12,952,457)
Net deferred tax assets	9,669,359	(3,504,189)	(1,029,525)	5,135,645	(3,844,547)	6,019,261	6,473	7,316,833

13. OTHER ASSETS

	Note	2017 Rupees in '000	2016 Rupees in '000
Income / mark-up accrued in local currencies		22,549,245	23,224,351
Income / mark-up accrued in foreign currencies		1,873,649	1,651,422
Advances, deposits, advance rent and other prepayments	13.1	3,980,630	5,574,352
Advance taxation (payments less provisions)		12,246,193	14,062,947
Income tax refunds receivable		26,214,948	20,144,561
Compensation for delayed tax refunds	13.5	5,626,385	4,126,792
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		228,484	228,484
Branch adjustment account - net		2,208,794	934,495
Unrealized gain on forward foreign exchange contracts		1,276,403	672,274
Commission receivable on Govt. treasury transactions		4,897,834	5,394,496
Stationery and stamps on hand		295,520	310,593
Non-banking assets acquired in satisfaction of claims		3,831,298	2,769,018
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.2	323,172	323,172
Receivable from Government under VHS scheme	13.3	418,834	418,834
Prize bonds in hand		324,348	336,422
Receivable against sale of shares		7,143	514,066
Others		3,514,256	3,334,517
		90,012,535	84,216,195
Less: Provision held against other assets	13.4	8,772,698	6,441,073
Other assets (net of provision)		81,239,837	77,775,122



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 13.1** This includes Rs. 1,650 million (2016: Rs. 2,325 million) advance against Pre-IPO placement of Term Finance Certificates.
- 13.2** This represents amount receivable from GoP on account of encashment of various instruments handled by the Bank for GoP as an agent of the SBP. Due to uncertainty about its recoverability, full amount has been provided for.
- 13.3** This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from GoP. Due to uncertainty about its recoverability, full amount has been provided for.

	Note	2017 Rupees in '000	2016
13.4 Provision against other assets			
Opening balance		6,441,073	6,070,807
Charge for the year - net		1,483,219	370,266
Transfer in		850,000	-
	13.4.1	2,333,219	370,266
Write offs		(1,594)	-
Closing balance		8,772,698	6,441,073
13.4.1 This represents compensation claimed / recovered by SBP due to delay in settlement of government receipts and payments by the Bank.			
13.5 Reconciliation of compensation for delayed tax refunds			
Opening balance		4,126,792	2,793,522
Accrued during the year	27	1,499,593	1,333,270
Closing balance		5,626,385	4,126,792
14. BILLS PAYABLE			
In Pakistan		12,994,409	10,152,968
Outside Pakistan		200,645	34,282
		13,195,054	10,187,250
15. BORROWINGS			
In Pakistan		356,354,012	41,341,143
Outside Pakistan		3,751,662	3,522,787
	15.1 & 15.2	360,105,674	44,863,930
15.1 Particulars of borrowings with respect to currencies			
In local currency		356,354,012	41,341,143
In foreign currencies		3,751,662	3,522,787
	15.2	360,105,674	44,863,930
15.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan:			
Under Export Refinance Scheme		4,355,000	5,018,651
Under Export Refinance Scheme (New Scheme)		10,755,737	6,397,399
Refinance Facility for Modernization of SMEs		4,500	13,000
Financing Facility for storage of Agriculture Produce (FFSAP)		325,649	457,805
Under Long-Term Financing Facility (LTFF)		3,152,418	1,633,848
		18,593,304	13,520,703
Repurchase agreement borrowings		320,039,019	4,000,000
		338,632,323	17,520,703
Unsecured			
Call borrowings	32	14,500,608	27,189,616
Overdrawn nostro accounts	32	6,901,943	82,811
Others		70,800	70,800
		21,473,351	27,343,227
		360,105,674	44,863,930



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

15.3 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up ranging from 3.0% to 6.0% (2016: 4.0 % to 6.0 %).
- Repurchase agreement borrowings carry mark-up ranging from 5.7 to 5.85% per annum (2016: 5.7% per annum) having maturity on January 10, 2018.
- Call borrowings carry interest ranging from 5.75% to 6.0% per annum (2016: 5.6% to 6% per annum).
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2016: 10% per annum).

15.4 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

	Note	2017 Rupees in '000	2016
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		336,226,013	438,982,984
Savings deposits		476,795,758	429,057,844
Current accounts - remunerative		278,684,284	220,938,478
Current accounts - non-remunerative		361,576,224	338,862,834
		1,453,282,279	1,427,842,140
Financial Institutions			
Remunerative deposits		62,381,311	51,762,798
Non - remunerative deposits		211,438,429	177,707,155
		273,819,740	229,469,953
	16.1	1,727,102,019	1,657,312,093
16.1 Particulars of deposits			
In local currency		1,535,167,284	1,498,509,452
In foreign currencies [including deposits of foreign branches of Rs. 93,358 million (2016: Rs. 86,312 million)]		191,934,735	158,802,641
		1,727,102,019	1,657,312,093

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2017			2016		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000			Rupees in '000		
Not later than one year	14,898	389	14,509	12,576	1,427	11,149
Later than one year and but not later than five years	-	-	-	14,886	383	14,503
	14,898	389	14,509	27,462	1,810	25,652

The Bank has entered into lease agreements with First National Bank Modaraba (a related party) for lease of vehicles. Lease rentals are payable in quarterly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 2.95% to KIBOR + 3.30% per annum (2016: KIBOR + 2.95% to KIBOR + 3.3% per annum). At the end of lease term, the Bank has option to acquire the assets, subject to adjustment of security deposits.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees in '000	2016
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		20,692,112	19,156,398
Mark-up / return / interest payable in foreign currencies		321,862	203,769
Unearned commission and income on Bai Muajjal and bills discounted		122,851	278,250
Accrued expenses		5,885,493	6,129,194
Advance payments		246,577	84,849
Unclaimed dividends		163,549	153,607
Unrealized loss on forward foreign exchange contracts		-	1,209,712
Unrealized loss on PUT Option		306,339	306,339
Provision against off balance sheet obligations	18.1	627,494	627,494
Provision against contingencies	18.2	3,634,889	3,546,841
Employee benefits:			
Pension fund	34.1.2	12,985,820	9,855,826
Post retirement medical benefits	34.1.3	14,342,369	13,377,650
Benevolent fund	34.1.4	1,977,230	1,977,230
Gratuity scheme	34.1.5	1,467,310	1,298,782
Compensated absences	34.2.1	6,600,690	6,262,603
Staff welfare fund		371,257	371,257
Liabilities relating to:			
Barter trade agreements		14,826,008	14,261,334
Payable to brokers		824	32,688
Others		9,513,485	7,450,240
		94,086,159	86,584,063
18.1 Provision against off balance sheet obligations			
Opening balance		627,494	627,494
Reversal for the year		-	-
Closing balance		627,494	627,494
18.2 Provision against contingencies			
Opening balance		3,546,841	2,818,525
Charge during the year	18.2.1	380,343	728,316
Reclassification		(292,295)	-
Closing balance		3,634,889	3,546,841
18.2.1 This represents provision made on account of regulatory violations and reported instances of financial improprieties for which investigations are in progress.			

19. SHARE CAPITAL

19.1 Authorized

2016	2017		2017	2016
Number of shares			Rupees in '000	
2,500,000,000	2,500,000,000	Ordinary shares of Rs.10 each	25,000,000	25,000,000

19.2 Issued, subscribed and paid-up

140,388,000	140,388,000	Ordinary shares of Rs.10 each	1,403,880	1,403,880
1,987,125,026	1,987,125,026	Fully paid in cash	19,871,251	19,871,251
2,127,513,026	2,127,513,026	Issued as fully paid bonus shares	21,275,131	21,275,131

The Federal Government and the SBP held 75.60% (2016: 75.60%) shares of the Bank as at December 31, 2017.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	Number of shares	
19.3 Shares of the Bank held by subsidiary and associates		
Following shares were held by subsidiary and associates of the Bank as of year end:		
First Credit & Investment Bank Limited	70,000	40,000
	<u>70,000</u>	<u>40,000</u>
19.4 Reserves		
19.4.1 Exchange translation reserve		
This comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.		
19.4.2 Statutory reserve		
Every bank incorporated in Pakistan is required to transfer 20% of their profits to a statutory reserve until the reserve equals share capital, thereafter 10% of the profits of the Bank are to be transferred to this reserve.		
19.4.3 General loan loss reserve		
The Bank is cognizant of the fact that a part of its credit or loan portfolio (funded and non-funded) which is not currently impaired as per the applicable Prudential Regulations is underperforming and therefore the potential for risk of credit losses on this part of portfolio is higher than the usual risk. Therefore, as a matter of abundant caution and in order to protect the equity base of the Bank from future contingencies in respect of the credit portfolio, the Board of Directors in their meeting held on April 29, 2015 decided to transfer an aggregate amount of Rs. 12 billion from the unappropriated profits to a "General Reserve for potential loan losses". This appropriation has been made on the basis of the management's best estimates and judgment regarding the inherent portfolio risks.		

	2017	2016
	Rupees in '000	
20. SURPLUS ON REVALUATION OF ASSETS - net		
Available-for-sale securities	25,970,733	33,938,753
Operating fixed assets	21,544,303	21,652,544
Non-banking assets	2,174,366	1,126,856
	<u>49,689,402</u>	<u>56,718,153</u>
20.1 Surplus on revaluation of available-for-sale securities - net of tax		
Federal Government Securities	953,651	4,311,723
Term Finance Certificates and Sukuks	128,291	281,349
Shares and mutual funds	26,194,363	37,308,676
GoP Foreign Currency Bonds	292,789	306,362
Foreign Currency Debt Securities	62,855	54,677
Investment outside Pakistan	10,843,713	8,770,091
	9.1 38,475,662	51,032,878
Deferred tax liability	12 (12,504,929)	(17,094,125)
	<u>25,970,733</u>	<u>33,938,753</u>
20.2 Surplus on revaluation of operating fixed assets - net of tax		
Surplus on revaluation on January 1,	22,827,215	23,002,503
Surplus on revaluation of the Bank's properties during the year	-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(108,241)	(113,937)
Related deferred tax liability	(58,283)	(61,351)
	<u>(166,524)</u>	<u>(175,288)</u>
	22,660,691	22,827,215
Less: Related deferred tax liability on:		
Revaluation as at January 1,	1,174,671	1,236,022
Revaluation of Bank's properties during the year	-	-
Incremental depreciation charged during the year transferred to profit and loss account	(58,283)	(61,351)
	12 1,116,388	1,174,671
Surplus on revaluation on December 31,	<u>21,544,303</u>	<u>21,652,544</u>



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

21. CONTINGENCIES AND COMMITMENTS

21.1 Direct credit substitutes

Include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued on behalf of:

	2017	2016
	Rupees in '000	
- Government	18,841,970	12,013,689
- Financial institutions	2,836,911	6,075,143
- Others	27,834,214	21,866,018
	<u>49,513,095</u>	<u>39,954,850</u>

21.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credits related to particular transactions issued on behalf of:

- Government	15,084,426	15,625,100
- Financial institutions	33,247,316	19,015,609
- Others	17,111,631	17,593,612
	<u>65,443,373</u>	<u>52,234,321</u>

21.3 Trade-related contingent liabilities

Letters of credit issued on behalf of:

- Government	326,644,898	330,993,013
- Financial institutions	2,647,619	2,421,680
- Others	89,200,608	47,295,687
	<u>418,493,125</u>	<u>380,710,380</u>

21.4 Other contingencies

21.4.1 Claims against the Bank not acknowledged as debts [including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2016: Rs. 1,597 million)].

	<u>16,747,536</u>	<u>14,238,035</u>
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21.4.2 Taxation

The tax returns of the Bank have been filed upto Tax Year 2017 and amended by the tax authorities up to Tax Year 2016. For Azad Kashmir and Gilgit Baltistan Branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2017.

- a) During the year, the tax authorities finalized amendment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2016 and raised net of rectification demand of Rs. 2.033 billion in its order passed under section 221/ 122(5A)/124(A) of the Ordinance which has been paid and the bank has preferred appeals before the Commissioner Inland Revenue Appeals which is pending.
- b) Against ATIR orders for the Tax Years 2008 to 2010, the Bank has obtained appeal effect orders which has resulted in increase in determined refunds by Rs. 4.036 billion and prior year tax reversal of Rs. 748 million.
- c) The other matters under tax contingencies include interest credited to suspense account, allocation of common expenditure between taxable income and exempt / low tax rate income and reversal of bad debts expense. The aggregate effect of contingencies as on December 31, 2017 amounts to Rs.14.2 billion (December 31, 2016: Rs. 14.7 billion). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- d) Through Finance Act, 2015, for tax year 2015 and onwards, income from Dividend and income from Capital Gains taxed at the rate of thirty five percent. As the chargeability of tax imposed was retrospective from the tax year 2015, therefore, on legal grounds, the bank filed Constitution Petition (CP) before the Honorable High Court of Sindh which is pending. However, last year the Honourable High Court of Sindh has given favourable judgement on the same issue in other case against which the department has filed appeal before Supreme Court of Pakistan. The bank has made the provision on prudent basis.
- e) The Sindh Workers Welfare Fund Act, 2015 (Sindh WWF Act) has been promulgated in the month of May 2015. Earlier as per the Workers Welfare Fund Ordinance, 1971, the Bank in which Government holds more than 51% shareholding remained exempt from levy of WWF. The Sindh WWF Act, 2015 is retrospective in its effect and it attempts to impose levy from the date even prior to its promulgation. As the chargeability of tax imposed is retrospective and the law is defective considering constitutional issues – Fee or Tax including geographical / territorial jurisdiction for bank operating in all the provinces of Pakistan as well as the Bank employees do not fall in the definition of workers, therefore, on legal grounds against the said levy bank has decided to file suit before Honourable High Court of Sindh.
- f) In case of Sales Tax / FED, appeals have been filed before various appellate forums including reference and constitutional petitions before the High Court of Sindh; wherein apart from other legal grounds, the principal ground is levy of duty on service which are not specified in the First Schedule to the Customs Act, 1969 and specially for Tax year 2011 levy of duty by FBR on services provided in province of Sindh after promulgation of Sindh Sales Tax on Services Act, 2011.
- g) The Bank has filed an Appeal before the Commissioner Appeals SRB on the order passed by Assistant Commissioner SRB for levy of Sindh Sales Tax on the services provided to the Federal Government through the State Bank of Pakistan for the tax period July 2011 till March 2015 amounting to Rs.358.28 million based on data provided by SBP. No provision has been made for this amount in these financial statements based on the opinion of Tax Consultants of the Bank who expect favorable outcome upon decision of filed Appeal.

21.4.3 Barter Trade Agreements

In order to reduce pressure on the balance of payment, the GoP had entered into barter trade agreements with various countries and designated the Bank to handle the related transactions on behalf of GoP. Accordingly, the Bank executed banking arrangements with the designated banks of these countries and opened accounts in their names. In one of the barter agreement, repayments made to the Bank by the GoP could not be utilized due to non-finalization of Letter of Exchange for its utilization after 1994 at Government level, which was required under the relevant barter agreement. The concerned bank is now demanding payment of interest on the balances in its accounts with the Bank. Since these balances are maintained in current accounts and there is also no clause for payment of any interest in the relevant banking arrangement, therefore the Bank has strongly refused such claims.

21.4.4 Contingencies in respect of employees benefits and related matters

The following are the detail of the contingencies arising out of the various legal cases pending adjudication in respect of employees' benefits and related matters. The Bank considers that except for Pensionary benefits (note 21.4.4.1) and Restoration of Commuted Pension (note 21.4.4.4), the financial impact of other matters is impracticable to determine with sufficient reliability.

21.4.4.1 Pensionary benefits to retired employees

In 1977 the Federal Govt. vide letter No. 17 (9) 17 XI / 77 dated November 30, 1977 addressed to the Pakistan Banking Council, directed that all executives/ officers of all nationalized banks would be paid pension as calculated @ 70% of average emoluments on completion of 30 years of qualifying service and where qualifying service was less than 30 years but not less than 10 years, proportionate reduction in percentage was to be made. This pension scheme was made applicable with effect from May 01, 1977.

In the year 1997, the Banks Nationalization Act, 1974 ("BNA, 1974") was substantially amended whereby the Pakistan Banking Council was dissolved and the Board of Directors of the nationalized banks were empowered/ mandated respectively to determine personnel policies with the President of the Bank deciding the remuneration and benefits of the employees in accordance with policies determined by the Board. In the year 1999, by virtue of the said amendments in BNA, the Board of Directors of the Bank approved the Revised Pay Structure for the officers/ executives of the bank with effect from January 01, 1999 vide Circular No.37/1999, whereby the Basic salary was increased by 110 % to 140% and besides giving multifarious benefits to its employees, formula for monthly gross pension was revised. However, the amount of gross pension on the basis of existing Basic Pay and existing formula was protected.



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A number of bank's employees, after attaining the age of superannuation filed Writ Petitions before the Lahore High Court and the Peshawar High Court, praying for re-calculation of their pensionary benefits and increases in accordance with the Bank circular No. 228 (C) dated December 26, 1977 and furthermore, for allowing the increases in their pension as per the increases allowed by the Federal Government to its employees. This litigation started in the year 2010 & 2011.

The Peshawar High Court, in terms of judgment dated June 03, 2014, dismissed the petition while observing that the petition was hit by laches and that the Petitioners could not claim the benefits granted to the similarly placed employees of other institutions who were governed through different Statutes and Service Rules.

Lahore High Court, vide its judgment dated January 15, 2016, allowed the Writ Petitions on the same matter and the Bank was directed to release the pensionary benefits of the Petitioners. The said order was assailed by the Bank by filing Intra Court Appeals in January 2016 which were dismissed by Lahore High Court, Lahore, through its judgment dated January 16, 2017. The Bank assailed the said judgment by filing appeals in the Supreme Court of Pakistan.

The Honorable Supreme Court of Pakistan after hearing the arguments of both Parties, vide its judgement dated September 25, 2017 has upheld the decision of a Division Bench of the Lahore High Court on the contention of increase in Bank's employees' pension , thereby instructing the Bank to give pension benefits to its employees in the light of Head Office Instruction Circular No. 228 (c) of 1977. Under this Circular, the pension of employees was to be calculated @ 70% of average emoluments upon completion of minimum qualifying service requirement, besides requiring the Bank to follow subsequent revisions in pension scheme and rates granted by the Federal Government to civil servants from time to time as well.

The Bank has filed Review petitions against the aforesaid judgment of the Honorable Supreme Court of Pakistan and also made an application for constitution of larger bench of the Supreme Court to hear the Review petition, which has been accepted. As advised by our legal counsels, the Bank considers that due to conflicting decision of the other bench of the Supreme Court in a case which, in all material facts and circumstances, is identical to the Bank's case and various other legal infirmities in the judgement as highlighted by the Bank in its Review Petition. the Bank has a reasonably strong case on merits to convince the Supreme Court for reversal of its decision.

In case this matter is decided unfavorably, the bank estimates based on the actuarial advice that the financial impact arising from the additional liability would be approximately Rs. 54.3 billion excluding any penal interest/ profit payment due to delayed payment in case of unfavorable decision. Pension expense for 2018 onward will also increase by Rs 7.5 billion due to this decision. No provision has been made in these financial statements for the above-mentioned amount as the Bank is confident about the favorable outcome of the matter.

21.4.4.2 Encashment of unavailed leave

Some of the employees of the Bank filed Writ Petitions before Lahore High Court after their retirement, in September 2012, praying the Court for issuance of directions to the bank for encashing their entire un-availed leave balance frozen in terms of Bank's Circular 37/1999 and 57/ 1999.

The Bank revised rules of leave encashment with effect from January 1, 1999. As per revised rules, leave balances accumulated under old rules were marked as "Frozen Leave" to differentiate it with subsequent leaves to be accumulated. There was no bar on employees to avail these leaves, which would lapse on retirement.

The Lahore High Court dismissed the petitions of the subject ex-employees in April 2014 while observing that claim of the petitioners was hit by laches as the Petitions were filed in the year 2012 and that all the petitioners filed the petitions after having availed all retirement benefits when all outstanding dues were paid at the time of retirement at which point no claim for any amount was made. The Petitioners have filed Intra Court appeals against the aforesaid judgment which were dismissed by the Lahore High Court, Lahore.

Another Constitution Petition No. D-3445/ 2012 titled as Iffat Aara Hassan & others vs. NBP etc. filed before the High Court, of Sindh, Karachi, on the matter was dismissed by a Division Bench vide order dated January 11, 2017, while concluding that the issue which was subject matter of the Petition was passed and closed transaction, hence, the same could not be agitated through this Constitution Petition.

The Bank has not received so far any notices in respect of appeal(s) (if any) filed by the petitioners.

21.4.4.3 Post retirement medical facilities

On 14 March 1995, on the instructions of Pakistan Banking Council, the Bank issued Circular No. 19/95, in terms of which the Bank was to provide relief to the retired employees by way of increase in medical ceiling on the increase in salary. It was decided that the Bank would re-determine the monetary ceiling of retired officers/executives after every revision of pay scale on the basis of notional re-fixation in revised scale on point to point basis. In 2003 two retired employees moved Federal Service Tribunal for increase of post-retirement medical ceiling in the light of the said Circular. The Bank contested the case but a representative of Establishment Division stated before the FST that Bank had adopted the said Circular and the two appeals were accepted by the FST. The Bank's appeals before the Supreme Court failed and even review petitions were dismissed.

Later on in September, 2011 Ch. Muhammad Qasim and 5 others who had opted for separation from service under GHS/ VHS filed writ petition for availing similar relief of post-retirement medical ceiling while citing the respective judgments of the FST and Supreme Court. The Bank contested the writ petition on the Grounds that the petitioners had opted for



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separation from the service of the Bank under GHS AND VHS after receiving payment of compensation as contemplated under the said Schemes. With regard to medical ceiling for such persons who had opted voluntarily, it was contended by the bank before the Court that option was given to such employees either to accept the present medical ceiling for 10 years in lump sum or to continue with the present payment as if they had retired on attaining the age of superannuation. The petitioners had opted for continuing with the present ceiling as prevalent at the time of the separation scheme therefore they were not entitled for any benefit under the said circular. It was also urged by the Bank that in view of judgment of Apex Court in Naseem Arif Abbasi case, the petitioners, after having signed a disclaimer at the time of receipt of benefits under GHS, were not entitled to any further payment. The high court while disregarding these arguments allowed the Writ Petition. The Bank has filed an ICA against the order of the single bench which is still pending adjudication.

21.4.4.4 Restoration of Commuted Pension

The portion of pension of an employee commuted at the time of retirement is restored after the lapse of period for which the commutation was made. However that restoration is made without applying any increase granted in pension during that period. Some of the retired employees filed writ petitions before Lahore High Court while praying for restoration of the commuted portion of their pension with application of all the increments granted during the period for which the pension was commuted.

In one of such writ petitions, the Honorable Lahore High Court, without issuing notices to the bank disposed of the same vide order dated January 13, 2015 while observing that the Petitioner was also entitled to be treated at par with the pensioners whose cases had already been decided in a case titled as "Additional Accountant General Pakistan Revenue, Lahore vs. A.A.Zuberi" which had attained finality up to the level of Supreme Court of Pakistan

The judgment referred in the case was decided by a Division Bench of Lahore High Court in which restoration of pension after period of commutation was directed to be allowed at the rate prevailing at the time of restoration and not at the rate of pension prevailing at the time of commutation. Against the said order, the bank has filed an Intra Court Appeal as the matter was decided without summoning the bank. Our main argument is that A.A. Zubari's judgment pertains to Civil servants and the Bank employees are not civil servants. The case was remanded back to the single bench for a fresh decision after hearing the Bank. The single bench again decided the matter against the Bank vide order dated April 14, 2017 which has been assailed by the Bank through an Intra Court Appeal. The matter is still pending adjudication.

21.4.4.5 Regularizing of temporary hires/outsourced workers

The Petitioners in these Petitions/ Appeals, filed for regularization of services, were either allegedly engaged by the Bank purely on temporary basis on Borrowers' accounts as Godown keepers or Godown chowkidars for watching the pledged stocks of the Borrowers or they were deployed at various Bank premises by the Service Provider Companies, under outsourcing arrangements, as per the SBP Policy, for non-core jobs. Litigation in respect of temporary Godown keepers/Godown chowkidars was started in the year 2001-2002. Subsequently in terms of President office circular No. 10/2003 dated August 1, 2003 a formula was evolved that if such temporary employees had completed three years' service as on the date of the circular with breaks of not more than 15 days, they would be eligible for the absorption on regular bases (with certain other conditions). Subsequently the FST while accepting the appeals of the temporary hires adopted almost the same criterion as given in the said circular. The honorable Supreme court also upheld the decision of the FST (2005 SCMR 100). The Bank had obtained permission from Government to absorb 1500 godown staff in the Bank. All who fulfilled the criteria were absorbed. Some Petitions are still pending adjudication in terms of which the Petitioners have sought regularization of service in terms of the Ikram Bari judgment.

Under the SBP Guidelines, in terms of a policy decision the bank outsourced certain noncore jobs to various service provider companies after entering into contract with them. The sources deployed by the service provider companies are actually their employees and the said companies have the sole administrative control over those resources. However some of those resources filed writ petitions before various benches of High Courts and NIRC while praying for issuance of directions to the Bank for absorbing them in the regular service of the Bank while alleging that actually they were employees of the Bank. Petitions filed before the Peshawar High Court, Abbotabad and Mardan Bench were allowed. Appeals filed by the Bank before the honorable Supreme Court of Pakistan against the order of the Peshawar High Court, Abbotabad Bench were disposed of on March 3, 2016 and the Bank was directed to decide the cases of the Respondents after engaging them through personal hearings. Subsequently all the Respondents who had been hired through a service provider company (80 in numbers) were heard in person and their cases for regularization in Bank's service were declined through speaking orders duly communicated to them. The Petitioners filed contempt petitions before the honorable Supreme court and the matter was decided in their favor. The Bank's respective Review Petition was also dismissed and services of all those Petitioners were regularized.

Appeal filed by the Bank against the order of Peshawar High Court, Mardan Bench in the matter of Mr. Talimand and 23 others was dismissed by the honorable Supreme Court of Pakistan vide order dated May 25, 2016 and Bank was directed to regularize all the Respondents in Bank's service. The Review Petition was also dismissed and the Bank had to regularize the services of all those Petitioners.



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Moreover in August 2016, some service provider companies terminated the services of some resources deployed at various Bank Branches/offices. Almost all of those employees (around 150 in number) have filed petitions before various benches of NIRC for their absorption in Bank's service.

Vide order dated October 26, 2015, the Honorable Balochistan High Court, Quetta, dismissed CP No.201/12 filed by one Mr. Abdul Ghafoor and 10 others for regularization of their services. The said order was assailed by the Petitioners before the Apex court vide CP No.3724/2015 (CA No.1496/17) which was allowed along with CMA No.7903/16, 3474/17 and 4154/17 filed by 193 other such employees deployed at various premises of NBP in different Regions. Bank has filed Review Petitions against the said judgment which was fixed on January 25, 2018. The honorable Court asked the respondents to file comments to our Review Petitions. The said order is hopefully to be reviewed to the extent of CMAs.

The Peshawar High Court has allowed 12 more Writ Petitions involving 59 Petitioners, with directions to regularize their services. The Bank has assailed the subject orders before the Apex Court through Mr. Naeem Bukhari ASC and Khawaja Muhammad Farooq Mehta Sr. ASC which are yet to be fixed for hearing.

The Bank believes that the financial impact of this matter is not expected to be material.

21.4.4.6 Golden Handshake (GHS)

The Bank had introduced the Golden Shake Hand Schemes in 1997 with a cut-off date however some of the employees who had opted for separation under the said scheme were not relieved on the said date and continued to perform duties. Subsequently some of those employees filed Petitions before various high courts regarding payment of certain pensionary benefits. Most of the cases have been disposed of on the basis of Apex Court judgment in Naseem Arif Abbasi case (2011 SCMR 446). There are still some pending Petitions however keeping in view the said Judgment prima facie the Bank has a good case.

21.5 Foreign Exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporter namely: M/S Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 1,020 million, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgments. The Honorable High Court has granted relief to the Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

21.6 Compliance and risk matters relating to anti-money laundering

The Bank and its New York Branch have entered into a Written Agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators) which inter-alia requires the Bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements and the implementation of the requisite systems and controls and allocation of adequate resources to ensure full compliance with such requirements. Management is in the process of addressing the matters highlighted in the Written Agreement and in the subsequent inspections. While the Bank seeks to comply with all possible laws and regulations and at this stage there is no indication of any financial impact or penal consequences.

	Note	2017 Rupees in '000	2016
21.7 Commitments in respect of forward exchange contracts			
Purchase		202,309,263	145,531,852
Sale		142,915,579	90,986,181
21.8 Commitments in respect of financings			
Undrawn committed facilities (which are not cancellable)		41,261,434	23,871,256
Unconditionally cancellable commitments (which can be cancelled at any time without notice)		116,441,330	98,805,286
21.9 Commitments for the acquisition of operating fixed assets		826,727	1,094,029
21.10 Other commitments			
Professional services to be received		23,115	12,670

22. DERIVATIVE INSTRUMENTS

The Bank enters into foreign exchange forward contracts to manage its foreign currency. The Bank is also party to put option held by Azgard 9 Limited for purchase of its preference shares as disclosed in note 9.5.1 exposure. The accounting policy for derivative is disclosed in note 5.4 to the financial statements.



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	2017	2016
	Rupees in '000	
23. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to:		
Customers	54,707,090	54,002,881
Financial institutions	178,331	184,880
	54,885,421	54,187,761
On investments in:		
Held-for-trading securities	10,905,028	558,036
Available-for-sale securities	37,434,091	40,925,166
Held-to-maturity securities	18,113,978	17,423,234
	66,453,097	58,906,436
On deposits with financial institutions	666,382	632,017
On securities purchased under resale agreements	1,067,700	676,457
	123,072,600	114,402,671
24. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	57,947,481	50,070,280
Securities sold under repurchase agreements	9,918,924	8,250,159
Short-term borrowings	953,316	1,257,796
	68,819,721	59,578,235
25. INCOME FROM DEALING IN FOREIGN CURRENCIES		
This includes Rs. 3,072 million (2016: Rs. 3,377 million) on account of interest on Cross Currency Swap transactions charged by Foreign Exchange department to Treasury Department.		
	2017	2016
	Rupees in '000	
26. GAIN ON SALE AND REDEMPTION OF SECURITIES - net	Note	
Federal government securities:		
Market Treasury Bills		153,795
Pakistan Investment Bonds		3,084,430
GoP Ijarah Sukuks		650
		2,893,460
Shares and mutual funds		5,222,494
Foreign Government / debt securities		919
Associates - mutual funds		11,103
		6,493,427
27. OTHER INCOME		
Rent on property / lockers		31,028
Gain on sale of property and equipment		165,906
Compensation for delayed tax refunds	13.5	1,333,270
Others		18,909
		1,739,524



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	Note	2017 Rupees in '000	2016 Rupees in '000
28. ADMINISTRATIVE EXPENSES			
Salaries and allowances		26,020,306	26,514,424
Charge for defined benefit plans		4,999,470	4,916,058
Non-executive directors' fee, allowances and other expenses	35	24,413	25,863
Rent, taxes, insurance, electricity and other utilities	28.1	3,619,327	3,315,326
Legal and professional charges		789,497	612,038
Communications		1,183,978	1,037,922
Repairs and maintenance		1,309,082	1,124,733
Financial charges on leased assets		1,472	2,550
Books, stationery, printing and other computer accessories		1,207,858	997,018
Advertisement, sponsorship and publicity		435,064	540,158
Donations	28.2	-	450
Contributions for other Corporate and Social Responsibility	28.2	58,288	53,200
Auditors' remuneration	28.3	193,462	171,597
Depreciation	11.2	1,994,414	1,958,018
Depreciation on Ijarah Assets		85,725	67,046
Amortization	11.3	968,668	738,943
Depreciation on Non-banking Assets		30,251	34,406
Conveyance		260,596	247,707
Entertainment		142,998	117,223
Travelling		562,900	512,824
Security services		2,270,034	2,066,618
Outsourcing and janitorial services		1,274,913	1,096,187
Clearing, verification, license fee charges		283,446	273,025
Subscription		23,919	61,370
Brokerage		96,121	94,127
Training		24,470	67,787
Non-banking asset deficit		60,244	111,538
Miscellaneous operating expenses		303,931	185,262
		48,224,847	46,943,418

28.1 This includes Rs. 1.800 million (2016: Rs.1.800 million) insurance premium against directors' liability insurance.

28.2 Donations and Contributions for Corporate & Social Responsibilities exceeding Rs. 0.1 million have been disclosed in Annexure IV.

Note : None of the directors / executives or their spouses have any interest in the donees.

28.3 Auditors' remuneration

	Grant Thornton Anjum Rahman	EY Ford Rhodes	2017 Total	2016 Total
----- Rupees in '000 -----				
Audit fee	6,226	6,226	12,452	12,452
Review of interim financial statements	2,178	2,178	4,356	4,356
Fee for audit of domestic branches	5,060	5,060	10,120	10,120
Fee for special certifications and tax advisory services	25,450	4,336	29,786	18,472
Sales Tax	3,122	1,424	4,546	3,632
Out-of-pocket expenses	4,500	4,500	9,000	9,000
	<u>46,536</u>	<u>23,724</u>	<u>70,260</u>	<u>58,032</u>
Fee for audit of overseas branches including advisory services and out-of-pocket expenses	-	-	123,202	113,565
	<u>46,536</u>	<u>23,724</u>	<u>193,462</u>	<u>171,597</u>



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	Note	2017 Rupees in '000	2016 Rupees in '000
29. OTHER CHARGES			
Penalties imposed by the SBP		214,393	298,719
Penalties imposed by other regulatory authorities		88,297	10,365
		<u>302,690</u>	<u>309,084</u>
30. TAXATION			
For the year			
Current	30.1	8,455,056	9,540,915
Deferred	12.1	3,844,547	3,504,189
		<u>12,299,603</u>	<u>13,045,104</u>
For prior year			
Current	30.3	271,678	1,343,826
Deferred		-	-
		<u>271,678</u>	<u>1,343,826</u>
	30.2	<u>12,571,281</u>	<u>14,388,930</u>
30.1	Current taxation includes Rs. 248 million (2016: Rs. 321 million) of overseas branches.		
30.2 Relationship between tax expense and accounting profit			
Accounting profit before tax		35,599,268	37,141,215
Income tax at statutory rate @ 35% (2016: 35%)		12,459,744	12,999,425
Inadmissible items		105,942	108,179
Prior year tax effects	30.3	271,678	1,343,826
Others		(266,083)	(62,500)
Tax charge for current and prior years		<u>12,571,281</u>	<u>14,388,930</u>
30.3	The Federal Government vide Finance Act 2017 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2016 (Tax Year 2017). Accordingly, provisions of Rs 1,021 million for Super tax has been made for the prior year. Further, a reversal of Rs 748 million has been recorded as described in note 21.4.2 (b) to the financial statements.		
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax for the year	Rupees in '000	23,027,987	22,752,285
Weighted average number of ordinary shares	Numbers in '000	2,127,513	2,127,513
Basic earnings per share	Rupees	10.82	10.69
Basic and diluted earnings per share are same.			
32. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	159,765,271	159,836,139
Balances with other banks	7	26,403,906	13,828,477
Call money lendings	8	1,540,800	61,200
Call borrowings	15.2	(14,500,608)	(27,189,616)
Overdrawn nostros	15.2	(6,901,943)	(82,811)
		<u>166,307,426</u>	<u>146,453,389</u>



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33. STAFF STRENGTH	2017	2016
	Numbers	
Permanent	12,016	12,453
Temporary / on contractual basis	3,600	3,340
Total Staff Strength	15,616	15,793

33.1 In addition to the above, the Bank is utilizing the services of other companies including security services and the number of persons deployed by such companies as at year end are 9,467 (2016: 9,898).

34. EMPLOYEE BENEFITS

34.1 Defined benefit plans

34.1.1 General description

General description of the type of defined benefit plan and accounting policy for remeasurements of the net defined liability / asset is disclosed in note 5.11 to the financial statements.

Principal actuarial assumptions

The financial assumptions used in actuarial valuation at December 31, 2017 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2017	2016
	per annum	
Salary increase rate	9.50%	9.50%
Discount rate	9.50%	9.50%
Expected rate of return on plan assets	9.50%	9.50%
Pension indexation rate	5.00%	5.00%
Rate of inflation in the cost of medical benefits	9.50%	9.50%
Mortality table	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Number of employees covered under retirement benefit plan	11,620	12,048
	2017	2016
	Rupees in '000	
34.1.2 Net defined benefit liability - pension fund	Note	
Present value of defined benefit obligation	57,951,864	54,855,012
Fair value of plan assets	(44,966,044)	(44,999,186)
	18	9,855,826



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34.1.2.1 Reconciliation of net defined benefit liability - pension fund

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability for pension fund and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
	-----Rupees in '000-----					
Balance as at January 01,	54,855,012	46,819,560	44,999,186	38,384,229	9,855,826	8,435,331
Included in profit and loss						
Current service cost	1,239,818	1,456,524	-	-	1,239,818	1,456,524
Interest cost / income	5,020,105	4,544,815	4,136,051	3,753,224	884,054	791,591
	6,259,923	6,001,339	4,136,051	3,753,224	2,123,872	2,248,115
Included in other comprehensive income						
Remeasurement loss / (gain)						
- Actuarial loss / (gain) arising on experience adjustments	860,540	4,776,940	(3,458,593)	3,265,357	4,319,133	1,511,583
- Return on plan assets excluding interest income	-	-	-	-	-	-
	860,540	4,776,940	(3,458,593)	3,265,357	4,319,133	1,511,583
Others						
Benefits paid	(4,023,611)	(2,742,827)	(4,023,611)	(2,742,827)	-	-
Benefits paid on behalf of fund	-	-	2,213,011	1,300,353	(2,213,011)	(1,300,353)
Contributions paid by the employer	-	-	1,100,000	1,038,850	(1,100,000)	(1,038,850)
	(4,023,611)	(2,742,827)	(710,600)	(403,624)	(3,313,011)	(2,339,203)
Balance as at December 31,	57,951,864	54,855,012	44,966,044	44,999,186	12,985,820	9,855,826

34.1.2.2 Plan assets

The composition and the fair value of the plan assets of the fund are as follows:

	Note	2017	2016
		Rupees in '000	
Pakistan Investment Bonds		1,144,751	1,608,503
Term Finance Certificates		101,436	558,259
Mutual Funds / Shares		12,836,495	14,688,924
Term Deposit Receipts		9,892,631	8,912,713
Defence Saving Certificates		6,884,201	6,287,332
Special Saving Certificates		13,583,880	12,406,141
Cash at Bank		522,650	537,315
		44,966,044	44,999,186

34.1.3 Net defined benefit liability - post retirement medical scheme

Present value of defined benefit obligation

Fair value of plan assets

18

	14,342,369	13,377,650
	-	-
	14,342,369	13,377,650



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34.1.3.1 Reconciliation of net defined benefit liability - post retirement medical scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability for post retirement medical scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
-----Rupees in '000-----						
Balance as at January 01,	13,377,650	11,268,022	-	-	13,377,650	11,268,022
Included in profit and loss						
Current service cost	447,264	237,642	-	-	447,264	237,642
Interest cost / (income)	1,235,665	1,104,088	-	-	1,235,665	1,104,088
	1,682,929	1,341,730	-	-	1,682,929	1,341,730
Included in other comprehensive income						
- Actuarial loss / (gain) arising on financial assumptions	-	1,057,432	-	-	-	1,057,432
experience adjustments	23,082	164,747	-	-	23,082	164,747
	23,082	1,222,179	-	-	23,082	1,222,179
Others						
Benefits paid	(741,292)	(454,281)	-	-	(741,292)	(454,281)
Balance as at December 31,	14,342,369	13,377,650	-	-	14,342,369	13,377,650

	Note	2017 Rupees in '000	2016 Rupees in '000
34.1.4 Net defined benefit liability - Benevolent Scheme			
Present value of defined benefit obligation		1,977,230	1,977,230
Fair value of plan assets		-	-
	18	1,977,230	1,977,230

34.1.4.1 Reconciliation of net defined benefit liability - Benevolent Scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability for Benevolent Scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
-----Rupees in '000-----						
Balance as at January 01,	1,977,230	1,830,831	-	-	1,977,230	1,830,831
Included in profit and loss						
Current service cost	61,464	61,464	-	-	61,464	61,464
Interest cost / (income)	176,099	177,759	-	-	176,099	177,759
	237,563	239,223	-	-	237,563	239,223
Included in other comprehensive income						
- Actuarial loss / (gain) arising on financial assumptions	-	18,906	-	-	-	18,906
experience adjustments	9,547	(5,255)	-	-	9,547	(5,255)
	9,547	13,651	-	-	9,547	13,651
Others						
Benefits paid	(247,110)	(106,475)	-	-	(247,110)	(106,475)
Balance as at December 31,	1,977,230	1,977,230	-	-	1,977,230	1,977,230



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	Note	2017	2016
		Rupees in '000	
34.1.5 Net defined benefit liability - Gratuity scheme			
Present value of defined benefit obligation		1,467,310	1,298,782
Fair value of plan assets		-	-
	18	<u>1,467,310</u>	<u>1,298,782</u>

34.1.5.1 Reconciliation of net defined benefit liability - Gratuity scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability for gratuity scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
	-----Rupees in '000-----					
Balance as at January 01,	1,298,782	1,001,423	-	-	1,298,782	1,001,423
Included in profit and loss						
Current service cost	203,122	166,694	-	-	203,122	166,694
Interest cost / (income)	121,318	96,653	-	-	121,318	96,653
	324,440	263,347	-	-	324,440	263,347
Included in other comprehensive income						
- Actuarial loss / (gain) arising on financial assumptions		(2,756)	-	-	-	(2,756)
demographic assumptions		-	-	-	-	-
experience adjustments	(112,409)	106,556	-	-	(112,409)	106,556
	(112,409)	103,800	-	-	(112,409)	103,800
Others						
Benefits paid	(43,503)	(69,788)	-	-	(43,503)	(69,788)
Balance as at December 31,	<u>1,467,310</u>	<u>1,298,782</u>	<u>-</u>	<u>-</u>	<u>1,467,310</u>	<u>1,298,782</u>

34.1.6 Duration

As at December 31, 2017, the weighted average duration of the defined benefit obligations was as follows:

	Years
Pension Fund	11.9
Post retirement medical fund	14.9
Benevolent fund	6.5
Gratuity fund	13.2

34.1.7 Sensitivity Analysis

Reasonably possible changes at the reporting date due to one of the relevant actuarial assumptions, holding other assumptions constant would have effected the defined benefit obligation by the amounts shown below:

Effect of discount rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Discount rate (%)	10.50%	9.50%	8.50%
	----- Rupees in '000 -----		
Pension Fund	51,733,501	57,951,864	65,564,191
Post Retirement Medical Scheme	12,458,108	14,342,369	16,737,800
Benevolent Scheme	1,875,563	1,977,230	2,130,968
Gratuity Scheme	1,291,634	1,467,310	1,678,276



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Effect of salary increase rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Salary increase rate (%)	10.50%	9.50%	8.50%
----- Rupees in '000 -----			
Pension Fund	61,177,981	57,951,864	55,074,944
Post Retirement Medical Scheme	15,065,230	14,342,369	13,719,715
Benevolent Scheme	2,022,028	1,977,230	1,965,204
Gratuity Scheme	1,683,717	1,467,310	1,284,357
Effect of medical inflation rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Medical inflation rate (%)	10.50%	9.50%	8.50%
----- Rupees in '000 -----			
Post Retirement Medical Scheme	12,458,108	14,342,369	16,737,800

34.1.8 Expected contributions for 2017

The expected contributions to be paid to the funds in the next financial year are as follows:

- Pension Fund Rupees in '000
1,253,071

The expected expense to be recognized for the schemes in the next financial year are as follows:

- Pension Fund 2,532,227
 - Post Retirement Medical Scheme 1,763,999
 - Benevolent Scheme 254,142
 - Gratuity Scheme 369,118

	Note	2017 Rupees in '000	2016
34.2 Other employee benefits			
34.2.1 Reconciliation of net liability recognized for compensated absences			
Opening net liability		6,262,603	5,709,230
Charge for the year		630,666	820,252
Benefits paid during the year		(292,579)	(266,879)
Closing net liability	18	6,600,690	6,262,603



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

	2017	2016	2015	2014	2013
	----- Rupees in '000 -----				
Opening net liability	6,262,603	5,709,230	5,364,523	4,341,871	3,795,006
Net charge for the year	338,087	553,373	344,707	1,022,652	546,865
Closing net liability	6,600,690	6,262,603	5,709,230	5,364,523	4,341,871

34.2.1.1 Experience adjustment on obligation

	2017	2016
	----- Rupees in '000 -----	
Present value of defined benefit obligations	6,600,690	6,262,603
Fair value of plan assets	-	-
Deficit	6,600,690	6,262,603

34.2.1.2 Working of sensitivity analysis (Discount rate effect)

	1% Increase	Original Liability	1% Decrease
Discount rate	10.50%	9.50%	8.50%
	----- Rupees in '000 -----		
Present value of defined benefit obligations	6,128,200	6,600,690	7,135,495

34.2.1.3 Working of sensitivity analysis (Salary increase rate effect)

	1% Increase	Original Liability	1% Decrease
Salary increase rate	10.50%	9.50%	8.50%
	----- Rupees in '000 -----		
Present value of defined benefit obligations	7,161,764	6,600,690	6,097,141



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35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2017	2016	2017	2016	2017	2016
----- Rupees in '000 -----						
Fees	-	-	24,413	25,863	-	-
Managerial remuneration	50,631	42,000	-	-	3,143,329	3,214,110
Charge for defined benefit plan	3,500	3,500	-	-	1,387,275	1,418,513
Rent and house maintenance	1,574	-	-	-	1,485,569	1,474,544
Utilities	621	1,421	-	-	488,455	494,335
Medical	199	117	-	-	583,467	550,739
Conveyance	-	-	-	-	786,278	868,404
Bonus	-	-	-	-	1,209,393	635,571
Others	3,074	2,690	-	-	15,114	57,497
	59,599	49,728	24,413	25,863	9,098,880	8,713,713
----- Number -----						
Number of persons	3	1	6	7	2,325	2,396

The President and certain executives are also provided with free use of Bank's cars, household equipment, mobile phones and free membership of clubs.

Executives mean executives, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

Performance Bonus is accounted for on payment / approval basis.

36. FAIR VALUE OF ASSETS AND LIABILITIES

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 9.

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 5.6.

The maturity and re-pricing profile and effective rates are stated in notes 41.4.1, 41.4.3 and 41.3.2 respectively.

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



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36.1 On balance sheet financial instruments

	2017					Fair value			Total
	HFT	Available for Sale	HTM	Loans and Receivables	Other financial liabilities	Level 1	Level 2	Level 3	
Financial assets measured at fair value	(Rupees in '000)								
Investments									
Market Treasury Bills	683,040,159	138,560,516	-	-	-	-	821,600,675	-	821,600,675
Pakistan Investment Bonds	2,643,892	133,549,754	-	-	-	-	136,193,646	-	136,193,646
Ordinary shares of listed companies	-	46,681,359	-	-	-	46,681,359	-	-	46,681,359
Ordinary shares of unlisted companies	-	982,989	-	-	-	982,989	-	982,989	982,989
Preference shares	-	123,500	-	-	-	123,500	-	-	123,500
Term Finance Certificates / Musharika and Sukuk Bonds	-	58,867,897	-	-	-	58,867,897	-	58,867,897	58,867,897
GoP Foreign Currency Bonds	-	17,116,376	-	-	-	17,116,376	-	-	17,116,376
Foreign Government Securities	-	548,752	-	-	-	548,752	-	-	548,752
Foreign Currency Debt Securities	-	1,674,959	-	-	-	1,674,959	-	-	1,674,959
Investments in mutual funds	-	1,149,646	-	-	-	1,149,646	-	1,149,646	1,149,646
Ordinary shares of a bank outside Pakistan	-	11,307,008	-	-	-	11,307,008	11,307,008	-	11,307,008
	685,684,051	410,562,756	-	-	-	1,096,246,807	58,111,867	1,038,134,940	1,096,246,807
Financial assets not measured at fair value									
Cash and bank balances with SBP and NBP	-	-	-	159,765,271	-	159,765,271	-	-	-
Balances with other banks	-	-	-	26,403,906	-	26,403,906	-	-	-
Lending to financial instruments	-	-	-	26,916,113	-	26,916,113	-	-	-
Investments									
- Market Treasury Bills	-	-	169,476,489	-	-	169,476,489	-	-	-
- Pakistan Investment Bonds	-	-	-	-	-	-	-	-	-
- GoP Foreign Currency Bonds	-	-	2,309,720	-	-	2,309,720	-	-	-
- Foreign Government Securities	-	-	20,942,215	-	-	20,942,215	-	-	-
- Foreign Currency Debt Securities	-	-	424	-	-	424	-	-	-
- Debentures, Bonds, Sukuks,									
- Participation Term Certificates and Term Finance Certificates	-	-	285,880	-	-	285,880	-	-	-
Advances	-	-	-	739,771,983	-	739,771,983	-	-	-
Other assets	-	-	-	81,239,837	-	81,239,837	-	-	-
	-	-	193,014,728	1,034,097,110	-	1,227,111,838	-	-	-
	685,684,051	410,562,756	193,014,728	1,034,097,110	-	2,323,358,645	58,111,867	1,038,134,940	1,096,246,807
Financial liabilities not measured at fair value									
Deposits and other accounts	-	-	-	-	1,727,102,019	1,727,102,019	-	-	-
Bills payable	-	-	-	-	13,195,054	13,195,054	-	-	-
Borrowings	-	-	-	-	360,105,674	360,105,674	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	14,509	14,509	-	-	-
Other liabilities (excluding Liabilities against assets subject to finance lease)	-	-	-	-	94,086,159	94,086,159	-	-	-
	-	-	-	-	2,194,503,415	2,194,503,415	-	-	-

On balance sheet financial instruments

	2016					Fair value			Total
	HFT	Available for Sale	HTM	Loans and Receivables	Other financial liabilities	Level 1	Level 2	Level 3	
Financial assets - measured at fair value	(Rupees in '000)								
Investments									
Market Treasury Bills	-	368,807,791	-	-	-	368,807,791	-	368,807,791	368,807,791
Pakistan Investment Bonds	9,916,069	133,496,436	-	-	-	143,412,505	-	143,412,505	143,412,505
Ordinary shares of listed companies	63,984	54,524,341	-	-	-	54,588,325	54,588,325	-	54,588,325
Ordinary shares of unlisted companies	-	1,721,059	-	-	-	1,721,059	-	1,721,059	1,721,059
Preference shares	-	200,216	-	-	-	200,216	200,216	-	200,216
Term Finance Certificates / Musharika and Sukuk Bonds	-	55,323,895	-	-	-	55,323,895	-	55,323,895	55,323,895
GoP Foreign Currency Bonds	-	16,776,305	-	-	-	16,776,305	-	16,776,305	16,776,305
Foreign Currency Debt Securities	-	2,787,620	-	-	-	2,787,620	-	2,787,620	2,787,620
Foreign Government Securities	-	519,287	-	-	-	519,287	-	519,287	519,287
Investments in mutual funds	-	3,716,365	-	-	-	3,716,365	-	3,716,365	3,716,365
Ordinary shares of a bank outside Pakistan	-	9,300,843	-	-	-	9,300,843	9,300,843	-	9,300,843
	9,980,053	647,174,158	-	-	-	657,154,211	64,089,384	593,064,827	657,154,211
Financial assets not measured at fair value									
Cash and bank balances with SBP and NBP	-	-	-	160,172,561	-	160,172,561	-	-	-
Balances with other banks	-	-	-	13,828,477	-	13,828,477	-	-	-
Lending to financial instruments	-	-	-	121,709,399	-	121,709,399	-	-	-
Investments									
- Market Treasury Bills	-	-	29,131,619	-	-	29,131,619	-	-	-
- Pakistan Investment Bonds	-	-	178,328,918	-	-	178,328,918	-	-	-
- GoP Foreign Currency Bonds	-	-	4,083,210	-	-	7,889,583	-	-	-
- Foreign Government Securities	-	-	21,128,970	-	-	25,106,982	-	-	-
- Foreign Currency Debt Securities	-	-	405	-	-	405	-	-	-
- Debentures, Bonds, Sukuks,									
- Participation Term Certificates and Term Finance Certificates	-	-	187,954	-	-	187,954	-	-	-
Advances	-	-	-	667,389,455	-	667,389,455	-	-	-
Other assets	-	-	-	77,438,700	-	77,438,700	-	-	-
	-	-	232,861,076	1,040,538,592	-	1,273,399,668	-	-	-
	9,980,053	647,174,158	232,861,076	1,040,538,592	-	1,930,553,879	64,089,384	593,064,827	657,154,211
Financial liabilities not measured at fair value									
Deposits and other accounts	-	-	-	-	1,657,312,093	1,657,312,093	-	-	-
Bills payable	-	-	-	-	10,187,250	10,187,250	-	-	-
Borrowings	-	-	-	-	44,863,930	44,863,930	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	25,652	25,652	-	-	-
Other liabilities (excluding Liabilities against assets subject to finance lease)	-	-	-	-	-	-	-	-	-
	-	-	-	-	86,584,063	86,584,063	-	-	-
	-	-	-	-	1,738,972,988	1,738,972,988	-	-	-

36.2 The Bank has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.



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37. Segment Details with respect to Business Activities

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
----- Rupees in '000 -----							
2017							
Total income	1,143,468	10,916,153	3,339,745	59,938,433	825,296	9,155,654	85,318,749
Inter segment revenue	-	(9,907,338)	23,308,096	(13,400,758)	-	-	-
Total expenses	269,458	214,319	13,719,460	30,205,466	227,488	5,083,290	49,719,481
Net income	874,010	794,496	12,928,381	16,332,209	597,808	4,072,364	35,599,268
Segment assets	-	685,697,880	184,894,759	1,499,292,857	-	-	2,369,885,496
Segment non-performing loans	-	-	9,275,532	111,522,093	-	-	120,797,625
Segment provision required	-	-	9,486,647	107,679,143	-	-	117,165,790
Segment liabilities	-	-	650,038,899	1,544,464,517	-	-	2,194,503,415
Segment return on net assets (ROA) (%)	0.00%	0.44%	6.97%	0.88%	0.00%	0.00%	1.61%
Segment cost of funds (%)	0.00%	0.00%	3.05%	4.28%	0.00%	0.00%	3.93%
2016							
Total income	887,555	632,382	5,065,232	69,129,224	883,037	8,193,612	84,791,042
Inter segment revenue	-	(451,121)	18,938,209	(18,487,088)	-	-	-
Total expenses	143,326	28,994	13,624,635	28,798,531	231,150	4,823,191	47,649,827
Net income	744,229	152,267	10,378,806	21,843,605	651,887	3,370,421	37,141,215
Segment assets	-	9,984,590	206,788,419	1,758,932,755	-	-	1,975,705,764
Segment non-performing loans	-	-	8,784,593	110,631,578	-	-	119,416,171
Segment provision required	-	-	9,729,755	104,356,557	-	-	114,086,313
Segment liabilities	-	-	495,001,992	1,303,970,996	-	-	1,798,972,988
Segment return on net assets (ROA) (%)	0.00%	1.88%	5.42%	1.33%	0.00%	0.00%	2.01%
Segment cost of funds (%)	0.00%	0.00%	3.10%	4.51%	0.00%	0.00%	4.09%



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37.1 Segment reporting

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

37.1.1 Business segments

Corporate finance

Corporate banking includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, IPO and secondary private placements.

Trading and sales

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

Retail banking

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

Commercial banking

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

Payment and settlement

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

Agency services

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

38. TRUST ACTIVITIES

38.1 Long-Term Credit Fund (LTCF)

Consequent upon the NDFC's amalgamation, the Bank manages on behalf of the GoP, LTCF established from the proceeds of loans disbursed by various international funding agencies for financing private sector energy development projects. Fund assets are accounted for separately from those of the Bank and amounted to Rs. 48,550 million on December 31, 2017 (2016: Rs. 51,907 million).

38.2 Endowment Fund

Students Loan Scheme was launched by Government of Pakistan with collaboration with the major commercial banks with a view to extend financial help by way of mark-up free loan to the meritorious students without sufficient resources for pursuing scientific technical and professional education within Pakistan.

The Scheme is being administered by a high powered committee headed by the Deputy Governor, State Bank of Pakistan and the President's of NBP, HBL, UBL, MCB, ABL and the Deputy Secretary, Ministry of Finance as member and Senior Director of SMEFD (Infra Housing & SME Finance Department) as a secretary of the Committee. The State Bank of Pakistan has assigned National Bank of Pakistan to operate the scheme.

The Committee in its meeting held on August 7, 2001 approved creation of Endowment Fund initially at an amount of Rs. 500 million, Rs.396 million were transferred from the old Qarz-e-Hasna Fund, Rs. 50 million contributed by Government of Pakistan and Rs. 54 million were contributed by participating banks (HBL, NBP and UBL 25% each, MCB 17.5% and ABL 7.5%).

The amount of the endowment fund in investments stands at Rs. 637 million as at December 31, 2017 (2016 Rs. 668 million).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

39. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiary companies and associated undertakings are stated in note 9.

Transactions between the Bank and its related parties are carried out under normal course of business, except employees staff loans, employees sale of assets and provident fund that are as per agreement.

Details of loans and advances to the companies or firms, in which the directors of the Bank are interested as directors, partners or in case of private companies as members, are given in note 10.7. There are no transactions with key management personnel other than under advance salary. Contributions in respect of staff retirement and other benefit plans are disclosed in note 34. Remuneration to the executives and disposal of assets are disclosed in notes 35 and annexure to the financial statements.

39.1	Balances	2017				2016			
		At January 01,	Given during the year	Received during the year	At December 31,	At January 01,	Given during the year	Received during the year	At December 31,
----- Rupees in '000 -----									
	Advances								
	Subsidiaries	494,147	34,299	(129,532)	398,914	230,333	313,814	(50,000)	494,147
	Associates	3,297,168	18,750	(1,833)		3,065,368	250,000	(18,200)	3,297,168
	Key management executives	185,830	11,782	(19,962)	177,650	193,530	49,469	(62,294)	180,705
	*Adjustment	(32,281)	-	-	(32,281)	5,125	-	-	5,125
		153,549	11,782	(19,962)	145,369	198,655	49,469	(62,294)	185,830
	Debts due by company in which Director is interested as Director	-	2,000,000	(2,000,000)	-	-	-	-	-
	*Adjustment	-	-	-	-	-	-	-	-
		-	2,000,000	(2,000,000)	-	-	-	-	-
		3,944,864	2,064,831	(2,151,327)	3,858,368	3,494,356	613,283	(130,494)	3,977,145
----- Rupees in '000 -----									
	Deposits								
	Key management executives	28,838	430,392	(408,116)	62,047	18,554	360,809	(349,287)	30,076
	* Adjustment	10,933	-	-	-	(1,238)	-	-	(1,238)
		39,771	430,392	(408,116)	62,047	17,316	360,809	(349,287)	28,838
	Directors	4,655	37,321	(27,127)	15,614	4,399	33,819	(33,563)	4,655
	* Adjustment	765	-	-	-	-	-	-	-
		5,420	37,321	(27,127)	15,614	4,399	33,819	(33,563)	4,655
	Subsidiaries	1,278,332	7,395	(400,476)	885,251	2,301,513	278,326	(1,301,507)	1,278,332
	Pension Fund (Current)	1,363	3,781,571	(3,781,686)	1,248	3,371	8,715,538	(8,717,546)	1,363
	Pension Fund (Fixed Deposit)	8,800,000	10,300,000	(8,800,000)	10,300,000	2,300,000	8,800,000	(2,300,000)	8,800,000
	Pension Fund (N.I.D.A.A/c)	1,035,959	2,744,580	(3,266,000)	514,539	1,128,437	7,481,029	(7,573,507)	1,035,959
	Provident Fund	13,137,045	1,808,033	(2,195,769)	12,749,309	13,391,708	2,788,345	(3,043,008)	13,137,045
		24,297,890	19,109,292	(18,879,174)	24,528,008	19,146,744	28,457,866	(23,318,418)	24,286,192

* Adjustments due to retirement / appointment of directors and changes in key management executives.



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	2017	2016
	Rupees in '000	
Placements with:		
Joint venture	675,870	49,541
Repo borrowing from:		
Joint venture	87,920	49,649
Mark-up receivables from subsidiaries	194,971	265,715
Mark-up receivables from associates	2,082,323	2,071,751
Other receivables from subsidiaries	78,133	87,810
Other payables to subsidiaries	5,292	8,726
Off Balance Sheet items	-	25,245
39.2 Transactions during the year		
Investment in associates	600,000	-
Lease Finance liabilities paid to subsidiary	7,968	25,652
Income for the year		
On advances / placements with:		
Subsidiaries	21,265	9,280
Joint ventures	57	1,138
Companies in which directors of the Bank are interested as director	349	157
Finance charges paid on lease assets to subsidiary	1,519	1,809
Dividend from Joint Venture	134,870	162,934
Dividend from subsidiary	109,125	38,813
Dividend from Associate	46,109	-
Expenses for the year		
Remuneration to key management executives	448,850	260,172
Charge for defined benefit plan	49,717	29,504
Mark-up on deposits of:		
Subsidiaries	14,664	15,547
Provident fund	1,149,697	1,287,100
Pension fund	682,279	244,115
Transaction Fee paid to company in which directors of the bank are interested as director	7,613	-
Commission paid to subsidiaries	21,246	2,891
Mark-up on Borrowing (Repo / Call):		
Joint venture	1,346	72
Commission paid to subsidiaries	21,246	2,891

39.3 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 8,621 million (2016: Rs. 7,318 million) for the year ended December 31, 2017. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 279,764 million (2016: Rs. 274,135 million), Rs. 644,002 million (2016: Rs. 605,009 million) and Rs. 360,571 million (2016: Rs. 358,632 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 19,620 million (2016: Rs. 12,467 million) and Rs. 25,686 million (2016: Rs. 17,443 million) respectively



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

40. CAPITAL ASSESSMENT AND ADEQUACY

40.1 Statutory minimum capital requirement and management of capital

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the regulators of the banking markets where the Bank operates;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

The SBP has issued instructions for Basel-III Implementation vide BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

Basel-III instructions comprises of the following three capital standards:

i. Minimum Capital Requirement (MCR):

The MCR standard sets the nominal amount of capital banks/ DFIs are required to hold. Currently the MCR for banks and DFIs is Rs. 10 billion as prescribed by SBP.

ii. Capital Adequacy Ratio:

The Capital Adequacy Ratio (CAR) assesses the capital requirement based on the risks faced by the banks/ DFIs. The banks/ DFIs are required to comply with the minimum requirements as specified by the SBP on standalone as well as consolidated basis. Currently the required CAR for banks is 11.275%.

iii. Leverage Ratio:

Tier-1 Leverage Ratio of 3% is introduced in response to Basel III Accord as the third capital standard. Bank level disclosure of the leverage ratio and its components has started from December 31, 2015. The bank has a leverage ratio of 3.42% in the year December 31, 2017 (2016 : 3.84%) and Tier-1 capital of Rs 101,303 Million (2016: Rs 95,539 Million).

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

1. Tier 1 Capital (going-concern capital)

- Common Equity Tier 1
- Additional Tier 1

2. Tier 2 Capital (gone-concern capital)

- Tier I capital, which comprises highest quality capital element and include fully paid up capital, balance in share premium account, reserve for issue of bonus shares, general reserves and un-appropriate profits (net of accumulated losses, if any).
- Tier II capital, which includes general reserve for loan losses, revaluation reserve, exchange translation reserve and subordinated debt.
- "Tier III capital, has been eliminated in Basel III Capital requirements. Also the Basel III capital rules requires bank to make certain deductions from the capital before arriving at the Capital Adequacy Ratio (CAR). These deductions are being done in phased manner starting from 2014, with full deductions in 2018.

Risk weighted assets are measured according to the nature and reflect an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect more contingent nature of potential losses.

The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future development of the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratio under the SBP rules, which ultimately determines the regulatory capital, required to be maintained by Banks and DFIs.

The paid-up capital of the Bank for the year ended December 31, 2017 stood at Rs. 21,275 billion (2016 : Rs. 21,275 billion) and is in compliance with the SBP requirement for the said year. In addition the Bank has maintained minimum Capital Adequacy Ratio (CAR) of 15.95% (2016: 16.54%).

There have been no material changes in the Bank's management of capital during the year.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Note 40.2 Capital Adequacy Ratio (CAR) disclosure template:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2017 STANDALONE		2017	2016
		Rupees in '000	
		Amount	Amount
Rows #	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	21,275,131	21,275,131
2	Balance in Share Premium Account	-	-
3	Reserve for issue of Bonus Shares	-	-
4	Discount on Issue of shares	-	-
5	General/ Statutory Reserves	30,354,457	27,707,856
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	54,060,653	51,939,151
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9	CET 1 before Regulatory Adjustments	105,690,241	100,922,138
10	Total regulatory adjustments applied to CET1 (Note 40.2.1)	4,387,603	5,382,317
11	Common Equity Tier 1	101,302,638	95,539,821
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13	of which: Classified as equity	-	-
14	of which: Classified as liabilities	-	-
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16	of which: instrument issued by subsidiaries subject to phase out	-	-
17	AT1 before regulatory adjustments	-	-
18	Total regulatory adjustment applied to AT1 capital (Note 40.2.2)	-	-
19	Additional Tier 1 capital after regulatory adjustments	-	-
20	Additional Tier 1 capital recognized for capital adequacy	-	-
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	101,302,638	95,539,821
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23	Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules	-	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25	of which: instruments issued by subsidiaries subject to phase out	-	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	8,217,959	7,670,894
27	Revaluation Reserves (net of taxes)	-	-
28	of which: Revaluation reserves on fixed assets	21,109,615	17,767,932
29	of which: Unrealized gains/losses on AFS	23,113,952	26,472,227
30	Foreign Exchange Translation Reserves	8,002,438	7,092,485
31	Undisclosed/Other Reserves (if any)	-	-
32	T2 before regulatory adjustments	60,443,965	59,003,538
33	Total regulatory adjustment applied to T2 capital (Note 40.2.3)	2,581,623	1,741,226
34	Tier 2 capital (T2) after regulatory adjustments	57,862,341	57,262,312
35	Tier 2 capital recognized for capital adequacy	37,582,303	37,627,367
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	37,582,303	37,627,367
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	138,884,941	133,167,188
39	Total Risk Weighted Assets (RWA) {for details refer Note 44.5}	870,967,475	805,252,357
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	11.63%	11.86%
41	Tier-1 capital to total RWA	11.63%	11.86%
42	Total capital to total RWA	15.95%	16.54%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.28%	6.65%
44	of which: capital conservation buffer requirement	1.28%	0.65%
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)	4.35%	5.21%
	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	11.28%	10.65%



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		2017	2016
		Amount	Rupees in '000
			Amounts subject to Pre- Basel III treatment*
Regulatory Adjustments and Additional Information			
Note 40.2.1	Common Equity Tier 1 capital: Regulatory adjustments		
1	Goodwill (net of related deferred tax liability)	-	-
2	All other intangibles (net of any associated deferred tax liability)	541,924	883,941
3	Shortfall in provisions against classified assets	-	955,320
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
5	Defined-benefit pension fund net assets	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	1,264,056	1,743,180
7	Cash flow hedge reserve	-	-
8	Investment in own shares/ CET1 instruments	-	-
9	Securitization gain on sale	-	-
10	Capital shortfall of regulated subsidiaries	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
15	Amount exceeding 15% threshold	-	-
16	of which: significant investments in the common stocks of financial entities	-	-
17	of which: deferred tax assets arising from temporary differences	-	-
18	National specific regulatory adjustments applied to CET1 capital	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit	-	58,650
20	Any other deduction specified by SBP (mention details)	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,581,623	1,741,226
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	4,387,603	5,382,317
Note 40.2.2	Additional Tier-1 & Tier-1 Capital: regulatory adjustments		
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
24	Investment in own AT1 capital instruments	-	-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-
Note 40.2.3	Tier 2 Capital: regulatory adjustments		
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	2,581,623	1,741,226
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)	2,581,623	1,741,226
		2017	2016
		Rupees in '000	Amount
Note 40.2.4	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	-	-
	Amounts below the thresholds for deduction (before risk weighting)		
38	Non-significant investments in the capital of other financial entities	7,825,976	8,165,587
39	Significant investments in the common stock of financial entities	2,481,608	4,019,350
40	Deferred tax assets arising from temporary differences (net of related tax liability)	7,316,833	5,135,645
	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 on inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

Note: Rows which are not applicable for any institution should be left blank



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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NOTE 40.3 Capital Structure Reconciliation

Table: 40.3.1

(in thousand PKR)		Balance sheet of the published financial statements	Under regulatory scope of consolidation
		As at period end (2)	As at period end (3)
Assets	(1)		
Cash and balances with treasury banks		159,765,271	159,765,271
Balanced with other banks		26,403,906	26,403,906
Lending to financial institutions		26,916,113	26,916,113
Investments		1,295,719,550	1,295,719,550
Advances		739,771,983	739,771,983
Operating fixed assets		32,752,003	32,752,003
Deferred tax assets		7,316,833	7,316,833
Other assets		81,239,837	81,239,837
Total assets		2,369,885,496	2,369,885,496
Liabilities & Equity			
Bills payable		13,195,054	13,195,054
Borrowings		360,105,674	360,105,674
Deposits and other accounts		1,727,102,019	1,727,102,019
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		14,509	14,509
Deferred tax liabilities		-	-
Other liabilities		94,086,159	94,086,159
Total liabilities		2,194,503,415	2,194,503,415
Share capital/ Head office capital account		21,275,131	21,275,131
Reserves		50,356,895	50,356,895
Unappropriated/ Unremitted profit/ (losses)		54,060,653	54,060,653
Minority Interest		-	-
Surplus on revaluation of assets		49,689,402	49,689,402
Total liabilities & equity		2,369,885,496	2,369,885,496

Table: 40.3.2

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end (2)	As at period end (3)	(4)
Assets	(1)			
Cash and balances with treasury banks		159,765,271	159,765,271	
Balanced with other banks		26,403,906	26,403,906	
Lending to financial institutions		26,916,113	26,916,113	
Investments		1,295,719,550	1,295,719,550	
<i>of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold</i>		-	-	a
<i>of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold</i>		-	-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>		-	-	c
<i>of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)</i>		4,387,603	4,387,603	d
<i>of which: others (mention details)</i>		-	-	e
Advances		739,771,983	739,771,983	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>		-	-	f
<i>general provisions reflected in Tier 2 capital</i>		8,217,959	8,217,959	g
Fixed Assets		32,752,003	32,752,003	
Deferred Tax Assets		7,316,833	7,316,833	
<i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>		7,316,833	7,316,833	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>		-	-	i
Other assets		81,239,837	81,239,837	
<i>of which: Goodwill</i>		-	-	j
<i>of which: Intangibles</i>		-	-	k
<i>of which: Defined-benefit pension fund net assets</i>		-	-	l
Total assets		2,369,885,496	2,369,885,496	



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Table: 40.3.2	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
(1)	As at period end (2)	As at period end (3)	(4)
Liabilities & Equity			
Bills payable	13,195,054	13,195,054	
Borrowings	360,105,674	360,105,674	
Deposits and other accounts	1,727,102,019	1,727,102,019	
Sub-ordinated loans	-	-	
<i>of which: eligible for inclusion in AT1</i>	-	-	m
<i>of which: eligible for inclusion in Tier 2</i>	-	-	n
Liabilities against assets subject to finance lease	14,509	14,509	
Deferred tax liabilities	-	-	
<i>of which: DTLs related to goodwill</i>	-	-	o
<i>of which: DTLs related to intangible assets</i>	-	-	p
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	q
<i>of which: other deferred tax liabilities</i>	-	-	r
Other liabilities	94,086,159	94,086,159	
Total liabilities	2,194,503,415	2,194,503,415	
Share capital	21,275,131	21,275,131	
<i>of which: amount eligible for CET1</i>	21,275,131	21,275,131	s
<i>of which: amount eligible for AT1</i>	-	-	t
Reserves	50,356,895	50,356,895	
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	30,354,457	30,354,457	u
<i>of which: portion eligible for inclusion in Tier 2</i>	8,002,438	8,002,438	v
Unappropriated profit/ (losses)	54,060,653	54,060,653	w
Minority Interest	-	-	
<i>of which: portion eligible for inclusion in CET1</i>	-	-	x
<i>of which: portion eligible for inclusion in AT1</i>	-	-	y
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	z
Surplus on revaluation of assets	49,689,402	49,689,402	
<i>of which: Revaluation reserves on Fixed Assets</i>	21,109,615	21,109,615	
<i>of which: Unrealized Gains/Losses on AFS</i>	23,113,952	23,113,952	aa
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	ab
Total liabilities & Equity	2,369,885,496	2,369,885,496	

Basel III Disclosure Template

Table: 40.3.3	Component of regulatory capital reported by bank	Source based on reference number from step 2
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	21,275,131	
2 Balance in Share Premium Account	-	(s)
3 Reserve for issue of Bonus Shares	-	
4 General/ Statutory Reserves	30,354,457	
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	(u)
6 Unappropriated/unremitted profits/ (losses)	54,060,653	(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	105,690,241	
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	541,924	(k) - (p)
11 Shortfall of provisions against classified assets	-	(f)
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	1,264,056	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	(ab)
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	-	



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Table: 40.3.3		Component of regulatory capital reported by bank	Source based on reference number from step 2
26	National specific regulatory adjustments applied to CET1 capital	-	
27	of which: Investment in TFCs of other banks exceeding the prescribed limit	-	
28	of which: Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,581,623	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	4,387,603	
31	Common Equity Tier 1	101,302,638	
	Additional Tier 1 (AT 1) Capital		
32	Qualifying Additional Tier-1 instruments plus any related share premium	-	
33	of which: Classified as equity	-	(t)
34	of which: Classified as liabilities	-	(m)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36	of which: instrument issued by subsidiaries subject to phase out	-	
37	AT1 before regulatory adjustments	-	
	Additional Tier 1 Capital: regulatory adjustments		
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39	Investment in own AT1 capital instruments	-	
40	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
44	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45	Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)	-	
46	Additional Tier 1 capital	-	
47	Additional Tier 1 capital recognized for capital adequacy	-	
48	Tier 1 Capital (CET1 + admissible AT1) (31+47)	101,302,638	
	Tier 2 Capital		
49	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	
50	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
51	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52	of which: instruments issued by subsidiaries subject to phase out	-	
53	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	8,217,959	(g)
54	Revaluation Reserves	-	
55	of which: Revaluation reserves on fixed assets	21,109,615	
56	of which: Unrealized Gains/Losses on AFS	23,113,952	portion of (aa)
57	Foreign Exchange Translation Reserves	8,002,438	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	T2 before regulatory adjustments	60,443,965	
	Tier 2 Capital: regulatory adjustments		
60	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	2,581,623	
61	Reciprocal cross holdings in Tier 2 instruments	-	
62	Investment in own Tier 2 capital instrument	-	
63	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)
64	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
65	Amount of Regulatory Adjustment applied to T2 capital (sum of 60 to 64)	2,581,623	
66	Tier 2 capital (T2)	57,862,341	
67	Tier 2 capital recognized for capital adequacy	37,582,303	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
69	Total Tier 2 capital admissible for capital adequacy	37,582,303	
70	TOTAL CAPITAL (T1 + admissible T2) (48+69)	138,884,941	



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40.4 Main Features Template of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

Main Features	Common Shares
1 Issuer	NATIONAL BANK OF PAKISTAN
2 Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	NBP
3 Governing law(s) of the instrument	THROUGH GOVERNMENT ACT
Regulatory treatment	
4 Transitional Basel III rules	Common Equity Tier 1
5 Post-transitional Basel III rules	Common Equity Tier 1
6 Eligible at solo/ group/ group & solo	Group and Standalone
7 Instrument type	Ordinary Shares
8 Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	PKR 21,275,131
9 Par value of instrument	PKR 10
10 Accounting classification	Shareholders Equity
11 Original date of issuance	N/A
12 Perpetual or dated	N/A
13 Original maturity date	N/A
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	N/A
21 Existence of step up or other incentive to redeem	No
22 Noncumulative or cumulative	Not Applicable
23 Convertible or non-convertible	
24 If convertible, conversion trigger (s)	Not Applicable
25 If convertible, fully or partially	Not Applicable
26 If convertible, conversion rate	Not Applicable
27 If convertible, mandatory or optional conversion	Not Applicable
28 If convertible, specify instrument type convertible into	Not Applicable
29 If convertible, specify issuer of instrument it converts into	Not Applicable
30 Write-down feature	
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



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40.5 Risk Weighted Assets

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

	Capital Requirements		Risk Weighted Assets	
	2017	2016	2017	2016
	Rupees in '000		Rupees in '000	
Credit Risk				
On-Balance sheet				
<u>Portfolios subject to standardized approach (Simple or Comprehensive)</u>				
Sovereign	6,458,557	6,180,564	64,585,568	61,805,639
Public Sector entities	885,927	836,089	8,859,266	8,360,894
Banks	917,993	1,887,398	9,179,925	18,873,981
Corporate	20,808,669	18,282,534	208,086,685	182,825,337
Retail	12,972,019	11,778,158	129,720,193	117,781,578
Residential Mortgages	940,753	818,158	9,407,529	8,181,581
Past Due loans	1,235,470	1,250,103	12,354,696	12,501,025
Operating Fixed Assets	3,221,008	3,201,684	32,210,079	32,016,837
Other assets	979,006	1,629,604	9,790,061	16,296,042
	48,419,400	45,864,291	484,194,002	458,642,914
Off-Balance sheet				
Non-market related	8,213,353	4,981,522	82,133,525	49,815,221
Market related	61,548	61,166	615,478	611,655
	8,274,900	5,042,688	82,749,003	50,426,876
Equity Exposure Risk in the Banking Book				
Under simple risk weight method	9,049,371	10,460,174	90,493,709	104,601,737
	65,743,671	61,367,153	657,436,715	613,671,527
Market Risk				
<u>Capital Requirement for portfolios subject to Standardized Approach</u>				
Interest rate risk	2,204,679	799,437	22,046,791	7,994,366
Equity position risk	11,292	42,747	112,919	427,470
Foreign Exchange risk	4,670,320	4,496,696	46,703,202	44,966,959
	6,886,291	5,338,880	68,862,912	53,388,795
Operational Risk	14,466,785	13,819,204	144,667,848	138,192,035
TOTAL	87,096,747	80,525,236	870,967,475	805,252,357

Capital Adequacy Ratios	2017		2016	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	11.63%	6.00%	11.86%
Tier-1 capital to total RWA	7.50%	11.63%	7.50%	11.86%
Total capital to total RWA	11.28%	15.95%	10.65%	16.54%



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41. RISK MANAGEMENT

Risk management is about understanding and managing the potential for volatility of earnings, loss of access to reliable deposits and funding and depletion of capital arising from the business activities, whilst pursuing its strategic objectives. The bank has in place a well-defined risk management strategy/ policy with clear objectives and deliverables through multi-pronged risk management processes.

The Bank applies the Basel framework as a cornerstone of the NBP's risk management framework and capital strategy. The Bank maintains a strong capital, funding and liquidity position in line with its on-going commitment to maintain balance sheet strength. The strength of risk profile management of the Bank stands at the following pillars:

- Identification and assessment of significant material risks.
- Overseeing and managing the risk profile of the Bank within the context of the risk appetite.
- Optimise risk/return decisions by aligning them to business objective of achieving sustainable optimum growth.

In order to support RMG's activities, the strong data management mechanism is also in place to collect and consolidate exposure wise information various risk related analysis and reviews. The mechanism also helps in identification of e-CIB related information, performing periodic review, generates reports and highlights inconsistencies and errors, and issuing instructions to the relevant data entry points for rectification.

As another initiative with the objective of strengthening the existing business activities of Bank, the Business Process Review and COSO implementation project has been conducted. This will optimize utilization of Core Banking Application through streamlining the operating model, improving regulatory compliance, and also improving the customer service and product/ service deployment. This also includes aligning the existing documentation with improved risk based processes, which in turn will act as a tool for effective operations, improve MIS reporting, and efficient risk informed decision making.

41.1 Risk Governance Structure

Risk Management Group (RMG) operates as an independent group, i.e. separate from approvals and direct involvement in day-to-day activities. RMG reports directly to the President with a dotted line reporting to the Board Risk Committee (BRC). The group is responsible to perform the functions pertaining to development and oversight of the risk framework, methodologies and other functions assigned from time to time in line with local/ international best practices and under the supervision of SBP's regulations/ guidelines.

The Bank's Board is responsible to ensure active oversight over implementation of policies and frameworks so as to prevent any significant financial loss or reductions in shareholder value that may be suffered by the Bank. Therefore, it is the responsibility of the Board to ensure that policies and frameworks are in place to recognize all significant/ material risks to which the bank is/ may be exposed and that the required human resource, culture, practices and systems are adequate to address such risks. The Board and its relevant committee, i.e. BRC and the senior management along with its relevant committees i.e. Credit Committee, Executive Risk Management Committee (ERMC), ALCO etc. are responsible to ensure formulation and implementation of risk management framework.

41.2 Risk Management Framework

The bank implements risk management framework through a 'Three Lines of Defence' model which defines clear responsibilities and accountabilities for various offices and ensures effective & independent oversight and also that the activities take place as intended. Risk Management Group together with Compliance Group acts as second line of defense and performs integrated function of oversight and independently challenges the effectiveness of risk management actions taken by business groups, who are the first line of defense. The risk management is further strengthened by the third line of defense, where Board Audit & Compliance Committee and Audit & Inspection Group add value through independent and objective assurance in improving risk management functions of the bank.

Following paragraphs introduces Bank's exposures to material risks associated with its business activities and explain overall strategies and processes to manage those risks:

41.2.1 Credit Risk

Credit risk is the potential that a client or counterparty will fail to meet its contractual obligations to the Bank in accordance with agreed terms. Bank lending activities account for most of the Bank's credit risk, however other sources of credit risk also exist throughout the undertakings of the Bank. The activities include loans and advances, commitments to lend, contingent liabilities such as letter of credit and guarantees, and other types of both on and off balance sheet transactions. The Bank has a separate setup that ensures the effectiveness of the framework for assessment/ measurement, monitoring, and reporting of credit risk.



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Bank has a clear policy to structure the levels of credit risk it undertakes by placing limits on exposures of counterparties, groups of related counterparties, and to various industry segments. This risk is monitored on an ongoing basis and is subject to an annual or more frequent review.

For portfolio analysis of counterparties within various industries and constitutions, Bank also has an Internal Ratings System based on multiple risk factors as per best market practices. The analysis helps to provide the insight of borrowers' current and future financial health along with repaying capabilities, henceforth, creates an integral contribution in decision making by senior management of the Bank. Concentration of exposure/ risk in any of counterparty, group, or industry is assessed frequently and accordingly limit setting is tailored in accordance with the changing socio-economic/ market conditions.

Standardized Approach is used to calculate capital charge for credit risk as per Basel regulatory framework, with simple approach for credit risk mitigation. Moreover, stress testing for credit risk is carried out on regular basis to estimate the possible impact of increase in non-performing loans of the Bank and downward shift in its sub-categories.

41.2.2 Market and Liquidity Risk

Market Risk is the potential for gains or losses to arise from trading activities undertaken by the Bank as a result of movements in market rates or prices such as interest rates, foreign exchange rates, and equity prices.

The Bank's market risk is managed through Market Risk Management (MRM) Framework approved by the Board which is comprised of related Policies/ Procedures with the objective to mitigate market risk through the engagement of various strategies in relation with prices, rates, and spread movements of its earning assets, liabilities and trading activities. Bank has also worked on devising improved criteria for various market risk limits. Under the developed Value-at-Risk (VaR) models and policy framework, VaR limits are being monitored through pilot run with an objective to be used for capital charge calculation under IMA approach in future.

Standardized Approach is used to calculate capital charge for market risk as per Basel regulatory framework. Whereas, Stress testing for various risks related to market and non-market based activities is carried out regularly to estimate the impact over the capital of the Bank.

In addition to the regulatory requirements, Bank has devised proprietary market risk stress testing scenarios which are performed on periodic basis to assess the impact on capital of the Bank for Internal Capital Adequacy and Assessment Process (ICAAP). Limits/ zones and Management Action Triggers & Management Action Plans corresponding to Liquidity Ratio, Balance Sheet Duration Gap, Government Securities PVBP and Duration have also been developed. These triggers are used for proposing/ recommending actions by ALCO of the Bank.

41.2.2.1 Interest Rate Risk (IRR)

Interest rate risk specifically arises due to adverse movements in yield curve of underlying asset which is being monitored by ALCO with an objective to possibly limiting the potential impact over the profitability of the Bank which may result in instability of market based interest rates and mismatching or gaps in the amount of financial assets and financial liabilities in different maturity time bands. Bank assumes that the sources of IRR are based on following sub-risks.

- Re-pricing risk; arising from changes to the overall level of interest rates and inherent mismatches in the re-pricing term of banking book items.
- Yield curve risk; arising from a change in the relative level of interest rates for different tenors and changes in the slope or shape of the yield curve.
- Basis risk; arising from differences between the actual and expected interest margins on banking book items over the implied cost of funds of those items.

The above mentioned risks are not only measured, monitored, and managed from the regulatory purpose, but from the perspective of internal management.

41.2.2.2 Equity Position Risk

The trading activities also raise risk which occurs resulting in negative fluctuations of daily stock prices specifically in those stocks which are held by the Bank, hence, deplete capital. The Bank's equity position is managed through limits imposed by regulator for both, overall investment and exposure in single scrip. Moreover, internal limits are set to possibly manage overall earnings in the form of placing of stop loss limits and/ or through diversification within the structure of overall equity position portfolio.

41.2.2.3 Foreign Exchange Risk

Foreign exchange and translation risk arises from the impact of currency movements on the value of the Bank's cash flows, profits and losses, and assets and liabilities as a result of participation in global financial markets and international operations.



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In order to manage currency risk exposure the Bank enters into ready, spot, forward and swaps transactions with the SBP and in the interbank market, financial institutions and corporate. The Bank's foreign exchange exposure comprises forward contracts, purchases of foreign bills, foreign currencies cash in hand, balances with banks abroad, foreign placements with the SBP and foreign currencies assets and liabilities. Foreign Exchange exposure is managed within the statutory limits, as fixed by the SBP. Appropriate segregation of duties exists between the front, middle and back office functions.

41.2.3 Operational Risk

The Bank may suffer losses due to its exposure to operational risk. To mitigate, a comprehensive Operational Risk Management (ORM) framework has been developed to aligning the Bank's operations with sound practices for operational risk set by Basel framework. ORM framework provides guidance for setting the operational risk strategy of the Bank, selection and adoption of risk and loss measurement tools, reporting, communication, and establishment of operational risk management processes.

Operational risks are a core component of doing business arising from the day-to-day operational activities of the Bank as well as strategic projects and business change initiatives. Bank realizes that operational risks cannot be fully mitigated, it therefore determines an appropriate balance between accepting potential losses and incurring costs of mitigation.

Further, Bank has adopted a comprehensive Operational Risk Strategy approved by the Board including Operational Risk Tolerance limits in-line with Basel framework related Loss Event Categories. Furthermore, Bank has rolled-out Operational Loss Data Collection Mechanism whereby field functionaries are responsible to report operational losses under their jurisdictions on a certain frequency. Operational loss events are reviewed and appropriate corrective measures are taken on an ongoing basis.

As per regulatory framework, Bank calculates capital charge for its operational risk using Basic Indicator Approach.

41.2.4 Information Security Risk

In today's highly technologically depended environment, where most of the business functions are heavily dependent on the information technology for storing, processing and sharing information; the information "assets" that are being used to store, process and transmit the information, face various types of threats. If threats get materialized and are able to exploit the vulnerabilities (weaknesses) present in these information assets, then the Confidentiality, Integrity and Availability of information get compromised. In order to mitigate the risks certain controls and countermeasures need to be assessed and implemented.

The Bank, hence, classifies Information as a critical asset and declares the related information storing, processing and transmitting facilities/systems as Information Assets. Information may exist in many forms across the organization in Digital as well as non-digital (paper based). Henceforth, the Risk Management Group is responsible to provide a framework for information security risk management of information assets to the respective stakeholders. The information security risk management includes risk identification, risk analysis, risk evaluation and risk treatment plans. Currently, Information Security Risk Management Framework v1.0 is ready to be submitted for approval process. The information security setup is also responsible to execute risk assessment exercises in coordination with Business Information Security Officers, Information Asset Owners and Custodians. In this regard, a Risk Register will be maintained covering the scope of approved Information Security Risk Management Framework.

41.2.5 Enterprise-wide Risk

In addition to the above mentioned risks, the Bank has a structure to identify residual material risks through generation of various MIS reports on periodic basis. The source of these reports includes, but not limited to, the Board approved Internal Capital Adequacy and Assessment Process (ICAAP), which commensurate risks over and above those which directly occurs as a result of daily business and operations of the Bank. These risks include Concentration Risk, Interest Rate Risk in Banking Book (IRRBB), Downward Shift in NPL Categories, Reputational Risk, Strategic Risk, etc.

Moreover, all those brewing risks that are material and arise within the Bank or due to inherent behavior of country's market and economic conditions, whether in isolation or in combinations are covered under the bank-wide Recovery Plan. These risks are monitored on certain frequency and corrective actions are taken as and when deemed necessary.

The Bank has also started preparation to implement advanced approaches of risk quantification based on sophisticated modeling techniques; macro-stress testing is, one of the tool recently developed by the Bank, conducted assuming synthetic deterioration in micro and macro-economic factors to possibly measure the impact on capital of the Bank which is based on time series methodology and is validated.

For further strengthening the existing risk management structure, a comprehensive diagnostic exercise has been conducted on a Bank-wide basis and the relevant areas for improvement were identified. This exercise encompassed all possible aspects that impacted the Bank's Risk Management environment including the assessment of its existing risk management structure, policies and procedures, overall system architecture from a risk perspective and data availability and quality required for comprehensive risk management. Based on the areas identified during the diagnostic exercise, corrective measures have been suggested and taken accordingly.



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41.2.6 SEGMENTAL INFORMATION

41.2.6.1 Segment by class of business

	2017					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	6,755,774	0.79	749,563	0.04	13,629,690	2.56
Agriculture	47,578,500	5.55	46,253,803	2.68	21,680	0.00
Textile	93,142,074	10.87	3,579,672	0.21	8,375,084	1.57
Cement	12,298,051	1.44	1,972,499	0.11	12,518,662	2.35
Sugar	34,843,081	4.07	1,591,442	0.09	903,142	0.17
Flour	2,593,108	0.30	789,045	0.05	-	0.00
Rice processing	19,872,642	2.32	1,435,594	0.08	-	0.00
Shoes and leather garments	1,994,575	0.23	532,746	0.03	88	0.00
Automobile and transportation equipment	3,534,328	0.41	1,504,938	0.09	3,042,094	0.57
Financial	6,862,761	0.80	273,819,740	15.85	16,527,903	3.10
Insurance	-	0.00	14,881,424	0.86	3,151	0.00
Transportation	58,637,817	6.84	848,924	0.05	19,028,395	3.57
Real estate construction	10,846,571	1.27	5,918,329	0.34	6,575,800	1.23
Electronics and electrical appliances	6,269,205	0.73	1,068,590	0.06	3,312,059	0.62
Production and transmission of energy	195,999,302	22.87	129,823,134	7.52	146,026,550	27.37
Food and tobacco	5,402,675	0.63	3,512,088	0.20	516,426	0.10
Fertilizer	19,149,874	2.23	1,082,555	0.06	1,159,713	0.22
Metal products	59,324,593	6.92	2,482,786	0.14	4,487,685	0.84
Telecommunication	11,112,418	1.30	36,358,816	2.11	6,769,766	1.27
Hotel and services	13,964,021	1.63	167,539,387	9.70	248,455,068	46.58
Public sector commodity operations	53,414,545	6.23	827,473	0.05	79,100	0.01
Individuals	136,822,734	15.97	595,357,433	34.47	2,509,575	0.47
General traders	26,682,358	3.11	52,965,992	3.07	1,833,733	0.34
Others	29,836,763	3.49	382,206,046	22.14	37,674,229	7.06
	856,937,770	100.00	1,727,102,019	100.00	533,449,593	100.00

	2016					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	3,118,208	0.40	492,249	0.03	10,465,280	2.21
Agriculture	45,363,639	5.80	38,940,905	2.35	25,000	0.01
Textile	81,280,217	10.40	3,422,133	0.21	9,070,681	1.92
Cement	8,623,088	1.10	859,958	0.05	3,974,360	0.84
Sugar	27,734,458	3.55	606,646	0.04	68,897	0.01
Flour	2,784,787	0.36	168,199	0.01	-	0.00
Rice processing	14,322,371	1.83	861,127	0.05	-	0.00
Shoes and leather garments	945,416	0.12	534,266	0.03	60,321	0.01
Automobile and transportation equipment	3,507,925	0.45	4,592,701	0.28	2,447,509	0.52
Financial	4,132,149	0.53	202,737,167	12.23	11,197,645	2.37
Insurance	350,456	0.04	13,653,717	0.82	3,151	0.00
Transportation	61,395,800	7.86	884,188	0.05	35,232,501	7.45
Real estate construction	9,105,300	1.17	5,695,680	0.34	7,184,749	1.52
Electronics and electrical appliances	4,399,537	0.56	702,602	0.04	3,200,474	0.68
Production and transmission of energy	193,265,680	24.73	148,576,904	8.96	200,257,966	42.35
Food and tobacco	2,303,745	0.29	2,331,213	0.14	57,554	0.01
Fertilizer	14,383,791	1.84	2,513,423	0.15	2,588,510	0.55
Metal products	56,780,192	7.27	2,138,978	0.13	2,588,275	0.55
Telecommunication	5,261,061	0.67	69,759,660	4.21	6,618,440	1.40
Hotel and services	10,694,057	1.37	167,083,160	10.08	140,261,331	29.66
Public sector commodity operations	48,508,261	6.21	6,119,684	0.37	770,665	0.16
Individuals	137,559,700	17.60	540,138,643	32.59	3,019,866	0.64
General traders	25,921,557	3.32	59,936,724	3.62	1,114,914	0.24
Others	19,734,373	2.53	384,562,166	23.21	32,691,462	6.90
	781,475,768	100.00	1,657,312,093	100.00	472,899,551	100.00



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41.2.6.2 Segment by sector

	2017					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	279,763,540	32.65	644,002,177	37.29	360,571,294	67.59
Private	577,174,230	67.35	1,083,099,842	62.71	172,878,299	32.41
	856,937,770	100.00	1,727,102,019	100.00	533,449,593	100.00

	2016					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	274,134,886	35.08	605,009,388	36.51	358,631,802	75.84
Private	507,340,882	64.92	1,052,302,705	63.49	114,267,749	24.16
	781,475,768	100.00	1,657,312,093	100.00	472,899,551	100.00

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

	2017		2016	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	Rupees in '000			
Chemical and pharmaceuticals	2,655,620	2,637,831	2,868,968	2,836,607
Agriculture	5,167,640	3,198,036	4,798,659	2,795,310
Textile	35,385,887	33,777,120	32,899,169	32,479,474
Cement	2,525,616	2,525,616	2,535,616	2,535,616
Sugar	3,524,592	3,310,592	3,866,249	3,441,444
Flour	554,963	554,963	595,924	546,546
Rice processing	4,701,462	4,647,737	4,037,375	4,018,215
Shoes and leather garments	732,627	622,141	518,371	514,820
Automobile and transportation equipment	1,075,357	1,072,532	926,390	919,139
Financial	484,943	317,898	334,907	333,657
Transportation	6,009,187	6,009,187	5,367,638	5,362,140
Real estate construction	3,335,818	3,333,923	3,284,937	3,283,960
Electronics and electrical appliances	2,627,475	2,526,225	3,680,489	3,531,944
Production and transmission of energy	3,789,931	3,789,931	4,217,859	3,866,838
Food and tobacco	2,928,285	2,925,672	3,454,113	2,780,165
Fertilizer	3,150,330	3,149,436	3,107,771	3,101,654
Metal products	14,275,578	14,275,578	13,885,080	12,400,807
Hotel and services	6,537,698	3,858,856	5,757,660	3,402,578
Individuals	8,960,278	5,835,417	7,128,715	6,120,959
General traders	8,482,721	8,452,352	10,108,331	10,026,209
Others	3,891,618	3,829,678	6,041,952	5,357,025
	120,797,626	110,650,721	119,416,173	109,655,107

41.2.6.4 Details of non-performing advances and specific provision by sector

Public / Government	3,082,946	3,082,946	3,082,946	3,079,250
Private	117,714,680	107,567,775	116,336,921	106,575,856
	120,797,626	110,650,721	119,416,173	109,655,107

41.2.6.5 Geographical segment analysis

	2017			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	Rupees in '000			
Pakistan	34,891,783	2,245,080,672	149,563,846	488,345,635
Asia Pacific (including South Asia)	229,532	72,834,076	18,933,864	20,476,085
Europe	(391,414)	7,877,779	1,715,626	2,877,045
United States of America	(285,345)	7,755,540	2,657,401	4,574,326
Middle East	1,154,712	36,337,429	2,511,344	17,176,502
	35,599,268	2,369,885,496	175,382,081	533,449,593



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	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	----- Rupees in '000 -----			
Pakistan	35,910,526	1,858,686,380	151,267,012	423,693,925
Asia Pacific (including South Asia)	132,012	67,538,948	18,295,696	26,701,275
Europe	(380,134)	5,320,507	1,564,522	2,044,756
United States of America	(139,158)	9,625,944	2,709,719	5,290,880
Middle East	1,617,969	34,533,985	2,895,827	15,168,715
	<u>37,141,215</u>	<u>1,975,705,764</u>	<u>176,732,776</u>	<u>472,899,551</u>

41.3.1 Foreign Exchange Risk

	2017			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
Pakistan Rupee	2,163,681,162	1,975,602,176	(59,393,683)	128,685,302
United States Dollar	135,275,628	158,607,120	26,459,128	3,127,636
Great Britain Pound	3,587,094	5,819,466	5,166,030	2,933,658
Japanese Yen	5,326,464	21,126,104	17,303,114	1,503,475
Euro	8,606,947	10,922,203	8,069,549	5,754,293
Other currencies	53,408,201	22,426,346	2,395,862	33,377,717
	<u>206,204,334</u>	<u>218,901,239</u>	<u>59,393,683</u>	<u>46,696,779</u>
	<u>2,369,885,496</u>	<u>2,194,503,415</u>	<u>-</u>	<u>175,382,081</u>

	2016			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
Pakistan Rupee	1,803,102,176	1,624,049,894	(54,545,672)	124,506,610
United States Dollar	106,984,885	125,775,008	33,359,565	14,569,442
Great Britain Pound	3,721,128	2,344,061	5,419,102	6,796,169
Japanese Yen	6,607,024	20,215,658	7,773,153	(5,835,480)
Euro	5,925,541	8,688,265	6,295,228	3,532,504
Other currencies	49,365,010	17,900,102	1,698,624	33,163,532
	<u>172,603,588</u>	<u>174,923,094</u>	<u>54,545,672</u>	<u>52,226,167</u>
	<u>1,975,705,764</u>	<u>1,798,972,988</u>	<u>-</u>	<u>176,732,777</u>



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41.3.2 Mismatch of Interest Rate Sensitive Assets and Liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the mark-up / interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in interest / mark-up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching / re-pricing of assets and liabilities. Assets and Liabilities Committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

Management of interest rate risk is one of the critical components of market risk management in banks. The Bank's net interest income or net interest margin is also depends on the movement of interest rates and mismatches in the cash flows or re-pricing dates. Interest rate risk management includes establishing and monitoring various risk mitigating / quantifying limits such as PVB, duration, balance sheet DGAP, and other money market and interest rate sensitivity limits.

As part of the risk reporting, an interest rate sensitivity statement is prepared on a quarterly basis. This statement classifies the interest rate-sensitive assets and liabilities into various maturity groups enabling the management to monitor the impact of interest rate movements on the Statement of Financial Position.

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		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			
2017													
On-balance sheet financial instruments													
Assets													
0.0%	159,765,271	16,101,682	-	-	-	-	-	-	-	-	-	-	143,663,589
3.0%	26,403,906	5,723,152	11,972,068	440,497	-	-	-	-	-	-	-	-	7,645,989
6.0%	26,916,113	26,416,113	500,000	622,200	-	-	-	-	-	-	-	-	-
6.8%	1,295,719,550	485,644,044	313,919,055	31,520,848	33,147,436	84,935,151	85,493,141	97,651,046	86,576,718	9,945,673	-	-	66,884,438
7.0%	739,771,983	266,619,411	211,680,154	95,097,075	34,345,482	19,141,832	27,439,802	56,486,299	17,402,404	11,379,524	-	-	63,517,010
0.0%	63,517,010	-	-	-	-	-	-	-	-	-	-	-	-
	2,312,093,883	800,504,402	538,251,277	127,240,123	67,933,415	104,076,983	112,932,943	154,137,345	103,881,122	21,325,197	-	-	281,711,026
Liabilities													
0.0%	13,195,054	-	-	-	-	-	-	-	-	-	-	-	13,195,054
5.8%	360,105,674	328,677,540	24,762,948	6,234,508	88,683	411,265	19,507	381,394	1,479,829	-	-	-	-
3.7%	1,727,102,019	971,167,699	42,765,009	44,157,222	72,197,777	21,938,690	1,469,643	353,326	20,000	-	-	-	573,014,653
	14,509	-	5,643	5,775	3,091	-	-	-	-	-	-	-	-
7.6%	83,698,603	-	-	-	-	-	-	-	-	-	-	-	83,698,603
0.0%	2,184,115,859	1,297,845,239	67,631,600	50,447,505	72,289,551	22,349,955	1,509,150	734,720	1,499,829	-	-	-	699,908,310
	127,977,974	(497,340,837)	470,719,677	76,792,618	(4,356,136)	81,727,028	111,423,793	153,402,625	102,481,293	21,325,197	-	-	(388,197,284)
Off-balance sheet financial instruments													
Cross currency swaps													
	202,309,263	90,173,108	104,916,466	6,901,736	317,953	-	-	-	-	-	-	-	-
	142,915,579	76,660,945	61,714,649	4,456,316	84,269	-	-	-	-	-	-	-	-
	345,224,842	166,833,453	166,631,115	11,358,052	402,222	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap													
	473,202,816	(330,507,384)	637,350,792	88,150,670	(3,953,914)	81,727,028	111,423,793	153,402,625	102,481,293	21,325,197	-	-	(388,197,284)
Cumulative Yield / Interest Risk Sensitivity Gap													
		(330,507,384)	306,849,408	394,994,078	391,040,164	472,767,192	584,190,995	737,593,610	840,074,903	861,400,100	-	-	473,202,816



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41.3.2 Mismatch of Interest Rate Sensitive Assets and Liabilities - (continued)

Effective Yield / Interest rate	Total	2016 Exposed to Yield / Interest risk							Non-interest bearing financial instruments				
		Rupees in '000											
		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		
On-balance sheet financial instruments													
Assets													
0.00%	159,836,139	13,022,796	-	762,884	-	-	-	-	-	-	-	-	146,050,459
3.90%	13,828,477	8,341,291	1,246,652	785,746	270,286	-	-	-	-	-	-	-	3,184,502
5.80%	121,709,399	114,022,086	-	-	7,687,313	-	-	-	-	-	-	-	-
6.90%	887,130,749	8,638,998	102,447,478	186,776,923	146,089,779	39,676,647	93,478,576	113,067,353	136,477,698	13,837,090	76,641,206	-	76,641,206
7.70%	667,389,455	241,779,823	170,449,119	72,629,052	22,570,477	14,664,846	18,585,357	96,530,170	19,991,223	10,189,588	-	-	-
0.00%	56,811,157	-	-	-	-	-	-	-	-	-	-	-	56,811,157
	1,916,705,375	385,804,894	274,143,249	240,954,605	176,617,855	54,340,293	112,063,933	209,597,523	156,468,921	24,026,676	-	-	282,687,324
Liabilities													
0.00%	10,187,250	-	-	-	-	-	-	-	-	-	-	-	10,187,250
5.80%	44,863,929	16,645,042	16,778,323	9,251,572	54,513	147,490	388,212	163,833	1,434,944	-	-	-	-
3.30%	1,657,312,093	904,633,801	43,240,617	53,399,873	115,521,718	10,806,526	12,373,493	564,597	202,479	-	-	-	516,569,989
	-	-	-	-	-	-	-	-	-	-	-	-	-
8.70%	25,652	-	3,689	3,774	7,808	10,381	-	-	-	-	-	-	-
0.00%	78,421,480	-	-	-	-	-	-	-	-	-	-	-	78,421,480
	1,790,810,404	921,278,843	60,022,529	62,655,219	115,584,039	10,963,397	12,761,705	728,430	1,637,423	-	-	-	605,178,719
	125,884,971	(535,473,849)	214,120,820	178,299,386	61,033,816	43,376,896	99,302,228	208,869,093	154,831,498	24,026,676	-	-	(322,491,395)
Off-balance sheet financial instruments													
Gross currency swaps													
	-	-	-	-	-	-	-	-	-	-	-	-	-
	145,531,852	51,586,056	64,971,717	24,196,414	4,767,665	-	-	-	-	-	-	-	-
	90,986,181	37,281,002	37,189,074	16,457,873	78,233	-	-	-	-	-	-	-	-
	236,518,034	88,867,058	102,160,791	40,654,287	4,845,898	-	-	-	-	-	-	-	-
	362,413,005	(446,616,791)	316,281,411	218,953,673	65,879,714	43,376,896	99,302,228	208,869,093	154,831,498	24,026,676	-	-	(322,491,395)
	(446,616,791)	(130,335,380)	(130,335,380)	88,618,293	154,498,007	197,874,903	297,177,131	506,046,224	660,877,722	684,904,400	-	-	362,413,005
Cumulative Yield / Interest Risk Sensitivity Gap													



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41.4 Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its liability when they fall due. To mitigate this risk, management has arranged diversified funding sources, manages specific assets with liquidity in mind and monitors liquidity on daily basis. In addition, the Bank maintains statutory deposits with central banks inside.

The purpose of liquidity management is to ensure that there are sufficient cash flows to meet all of the Bank's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to the Bank's reputation, as well as to capitalize on opportunities for business expansion and profitability. This includes the Bank's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature and to make new loans and investments as opportunities arise.

ALCO is responsible for ensuring that the Bank has adequate liquidity and monitors liquidity gaps, to execute this responsibility. Regulatory stress as well as proprietary stress testing and ratio based liquidity assessments are performed to proactively identify and manage liquidity position, needs /requirements. Bank has various limits / ratios, triggers and management actions in place to monitor and mitigate liquidity risk.

41.4.1 Maturities of Assets and Liabilities (based on contractual maturity)

	2017						
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 12 to 24 Months	Over 24 to 36 Months	Above 36 Months
Assets							
Cash and balances with treasury banks	159,765,271	-	-	-	-	-	-
Balances with other banks	13,369,141	11,972,068	622,200	440,497	-	-	-
Lending to financial institutions	26,416,113	500,000	-	-	-	-	-
Investments	485,636,501	313,919,055	31,520,848	80,018,258	96,800,149	85,568,532	16,214,857
Advances	739,771,983	49,001,976	61,810,527	67,892,289	73,390,790	128,487,766	20,826,958
Operating fixed assets	32,752,003	-	-	1,009,317	1,009,317	1,374,165	26,526,196
Deferred tax assets	7,316,833	-	-	1,009,317	-	2,846,475	-
Other assets	81,239,837	11,022,404	9,263,131	1,369,541	30,253,583	2,502,705	-
Total	2,369,865,496	390,075,090	103,216,706	150,729,902	191,844,976	165,962,011	63,568,011
Liabilities							
Bills payable	13,195,054	-	-	-	-	-	-
Borrowings	380,105,674	24,762,948	6,284,508	88,682	411,265	19,507	1,479,830
Deposits and other accounts	1,727,102,019	42,062,068	62,353,362	48,205,619	20,284,597	7,144,828	29,646,655
Sub-ordinated loans	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	14,509	5,643	5,775	3,091	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	94,086,159	29,192,138	7,459,665	1,390,923	24,628,659	3,560,319	6,998,363
Total	2,194,503,415	80,813,665	76,103,310	49,888,315	45,321,521	10,724,654	4,917,873
Net assets	175,362,081	309,261,425	27,113,396	101,041,587	146,523,455	155,237,357	60,129,988
Share capital	21,275,131	-	-	-	-	-	-
Reserves	50,356,895	-	-	-	-	-	-
Unappropriated profit	54,060,653	-	-	-	-	-	-
Surplus on revaluation of assets - net	49,689,402	-	-	-	-	-	-
Total	175,362,081	309,261,425	27,113,396	101,041,587	146,523,455	155,237,357	60,129,988



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41.4.1 Maturities of Assets and Liabilities (based on contractual maturity) - (continued)

	2016									
	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	159,836,139	159,073,255	-	762,884	-	-	-	-	-	-
Balances with other banks	13,828,477	11,525,793	1,246,652	785,746	270,286	-	-	-	-	-
Lending to financial institutions	121,709,399	114,022,086	-	-	7,687,313	-	-	-	-	-
Investments	897,130,749	8,808,010	102,445,274	166,776,548	200,514,008	45,309,169	102,711,962	114,492,994	136,476,697	19,586,087
Advances	667,389,455	179,302,672	30,438,008	78,811,474	89,166,434	28,294,756	61,183,873	144,837,515	19,647,321	35,707,402
Operating fixed assets	32,900,778	-	-	-	1,118,864	1,118,864	2,664,269	1,346,638	-	26,652,143
Deferred tax assets	5,135,645	-	-	-	-	-	-	2,302,148	2,833,497	-
Other assets	77,775,122	13,372,415	14,548,813	9,664,393	1,354,744	23,215,098	13,823,876	1,795,783	-	-
	1,975,705,764	486,104,231	148,678,747	256,801,045	300,111,649	97,937,887	180,383,980	264,775,078	158,957,515	81,955,632
Liabilities										
Bills payable	10,187,250	10,187,250	-	-	-	-	-	-	-	-
Borrowings	44,863,930	16,645,042	16,778,323	9,251,572	54,513	147,490	388,213	163,833	1,434,944	-
Deposits and other accounts	1,657,312,093	1,290,766,522	76,985,437	91,535,747	155,961,949	8,363,666	22,246,163	11,452,709	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	25,652	-	3,689	3,774	7,808	10,381	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	86,584,063	27,044,624	11,283,037	6,847,325	1,396,753	23,428,131	3,428,164	6,670,785	3,242,622	3,242,622
	1,798,972,988	1,344,643,438	105,050,466	107,638,418	157,420,923	31,949,668	26,062,540	18,287,327	4,677,566	3,242,622
Net assets	176,732,776	(858,539,207)	43,628,261	149,162,627	142,690,726	65,988,219	154,321,440	246,487,751	154,279,949	78,713,010
Share capital	21,275,131									
Reserves	46,800,341									
Unappropriated profit	51,939,151									
Surplus on revaluation of assets - net	56,718,153									
	176,732,776									



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41.4.2 Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR):

Bank has designed and developed a comprehensive framework which governs the overall activities to be carried out with respect to Liquidity Monitoring. Bank also carries out ICAAP exercise semi-annually which includes specific scenarios designed with the intent to monitor Liquidity (under stress). Bank also prepares on daily basis, bank wide Daily Cashflows/Liquidity Report which covers the broad level inflows and outflows of the bank and compares the same with the excess securities and liquidity available in point in time.

Risk Management also prepares a comprehensive Risk Management MIS which is presented to the Management and Board on regular basis.

Bank has also implemented mechanism for monitoring reliance on few fund providers which is designed using the liquidity stress scenarios being conducted regularly as per the regulator's guidelines. The same is presented to the Asset and Liability Committee on regular basis.

Bank has approved Asset Liability Management Framework which includes robust Contingency Funding Plan / Policy and liquidity assessment is carried out on regular basis, and same is presented to the Management / Board level committees.

LIQUID COVERAGE RATIO

Rupees in '000

(As of December 31, 2017)

Total High Quality Liquid Assets	984,828,182
Total Net Cash Outflow	580,370,735
Liquidity Coverage Ratio	1.7

NET STABLE FUNDING RATIO (NSFR)

Rupees in '000

(As of December 31, 2017)

Total Available Stable Funding	1,531,580,508
Total Required Stable Funding	419,276,880
Net Stable Funding Ratio	365.29%

The composition of High Quality Liquid Assets (HQLA) includes;

- * Cash & treasury balances held
- * Unencumbered investments in government securities
- * Marketable Securities held with 20% risk weights (securities issued or guaranteed by foreign sovereigns / PSEs)
- * Corporate debt securities
- * Non-financial common equity shares

Bank's Treasury and Capital Markets Group (TCMG) centrally manages the liquidity of the bank, however, various business groups coordinate with TCMG for their potential inflows and outflows including the forecasted cashflows for next three months.

The full disclosures on the LIQUIDITY COVERAGE RATIO (LCR) and NET STABLE FUNDING RATIO (NSFR) as per SBP instructions issued vide BPRD Circular No. 08 of 2016, is available on NBP's website. The link to the full disclosure is available at <https://www.nbp.com.pk/blsd>



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

41.4.3 Maturities of Assets and Liabilities (based on behavioural study)

The Bank has assets and liabilities that have contractual and non-contractual maturities. The Bank conducts statistical study to assess the expected maturity of assets and liabilities with non-contractual maturities. The behavioral maturities are determined on the basis of statistical study conducted by the Bank, based on the past eight years of data. The attrition rate of deposits is determined based on historically observed weekly data of all Current and Saving Deposit accounts using VaR based approach. The approach considers the tendency of variation among the respective time bands for selected deposit types and drives the portion of volatility of such time bands based on 99% confidence interval on the variation data so calculated. The remaining portion of the deposit which marked as core is accordingly shifted to higher time bands.

	2017								
	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
Total									
Assets									
Cash and balances with treasury banks	159,765,271	22,362,672	22,362,672	22,362,673	-	-	-	-	-
Balances with other banks	26,403,906	11,972,068	622,200	440,497	-	-	-	-	-
Lending to financial institutions	26,916,113	500,000	-	-	-	-	-	-	-
Investments	1,295,719,550	313,919,055	31,520,848	80,018,258	87,191,286	96,800,149	98,850,064	85,568,532	16,214,857
Advances	739,771,983	93,174,637	47,341,791	64,377,947	73,190,070	54,182,372	128,487,766	51,111,150	20,826,959
Operating fixed assets	32,752,003	-	-	1,009,317	1,009,317	2,833,008	1,374,165	2,846,475	26,526,196
Deferred tax assets	7,316,833	-	-	-	-	-	-	-	-
Other assets	81,239,837	20,484,067	8,259,689	1,369,541	30,253,583	12,146,482	2,502,705	4,470,358	-
	2,369,885,496	845,662,367	110,107,200	169,578,233	191,644,256	165,962,011	234,061,175	141,150,040	63,568,012
Liabilities									
Bills payable	13,195,054	6,119,066	348,042	5,637,243	633,380	-	-	-	-
Borrowings	360,105,674	326,677,540	6,284,508	88,683	411,265	19,507	381,394	1,479,829	-
Deposits and other accounts	1,727,102,019	547,728,539	211,271,825	214,522,379	227,330,059	214,189,550	236,418,244	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	14,509	5,643	5,775	3,091	-	3,560,319	-	-	-
Other liabilities	94,086,159	24,730,919	8,140,435	2,421,390	24,625,659	-	6,988,363	3,438,043	3,438,043
	2,194,503,415	905,256,064	226,050,585	222,672,786	253,000,963	217,769,376	243,798,001	4,917,872	3,438,043
Net assets	175,382,081	(59,593,697)	(115,943,385)	(53,094,553)	(61,356,707)	(51,807,365)	(9,736,826)	136,232,168	60,129,989
Share capital	21,275,131	-	-	-	-	-	-	-	-
Reserves	50,356,895	-	-	-	-	-	-	-	-
Unappropriated profit	54,060,653	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	49,689,402	-	-	-	-	-	-	-	-
	175,382,081	-	-	-	-	-	-	-	-



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

41.4.3 Maturities of Assets and Liabilities (based on behavioural study) - (continued)

	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	
Total										
	Rupees in '000									
Assets										
Cash and balances with treasury banks	159,836,139	99,082,674	4,286,845	28,233,310	28,233,310	-	-	-	-	-
Balances with other banks	13,828,477	11,825,793	1,246,652	785,746	270,286	-	-	-	-	-
Lending to financial institutions	121,709,399	114,022,086	-	-	7,687,313	-	-	-	-	-
Investments	897,130,749	8,808,010	102,445,274	166,776,548	200,514,008	102,711,962	114,492,994	136,476,697	19,596,087	
Advances	667,389,455	221,912,333	26,455,682	22,575,434	94,930,764	66,176,605	156,665,171	21,250,337	26,815,985	
Operating fixed assets	32,900,778	-	-	-	1,118,864	2,664,269	1,346,638	2,302,148	2,833,497	26,652,143
Deferred tax assets	5,135,645	-	-	-	-	-	-	-	-	-
Other assets	77,775,122	20,971,423	8,050,639	8,563,559	1,354,744	13,823,876	1,795,783	-	-	-
	1,975,705,764	476,322,319	142,485,092	226,934,597	334,109,289	185,378,712	276,602,734	160,560,531	73,064,215	
Liabilities										
Bills payable	10,187,250	4,474,175	466,021	309,666	4,937,388	-	-	-	-	-
Borrowings	44,863,930	16,645,042	16,778,323	9,251,572	54,513	388,212	163,833	1,434,945	-	
Deposits and other accounts	1,657,312,093	414,199,039	115,101,387	229,887,811	303,164,007	206,545,266	195,751,813	-	-	
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	25,652	-	3,689	3,774	7,808	-	-	-	-	-
Other liabilities	86,584,063	23,040,937	14,242,700	7,891,349	1,396,753	3,428,163	6,670,785	3,242,623	3,242,622	
	1,798,972,988	458,359,193	146,592,120	247,344,172	309,560,469	210,361,641	202,586,431	4,677,568	3,242,622	
Net assets	176,732,776	17,963,126	(4,107,028)	(20,409,575)	24,548,820	(24,982,929)	74,016,303	155,882,963	69,821,593	
Share capital	21,275,131									
Reserves	46,800,341									
Unappropriated profit	51,939,151									
Surplus on revaluation of assets - net	56,718,153									
	176,732,776									



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

42. ISLAMIC BANKING BUSINESS

The bank is operating 169 Islamic banking branches as at December 31, 2017 (December 31, 2016: 118 branches).

42.1 Profit Distribution Policy for Islamic Banking Division

The profit distribution mechanism during the year complies with the rules and principles of Islamic Shariah and is in the light of guidelines approved by the Shariah Advisor of the Bank's Islamic Banking Division and the SBP guidelines related to Shariah Compliance.

The non-compliant income identified during the year is transferred to the charity account.

42.2 Statement of Financial Position As at December 31, 2017

Note 2017 2016
Rupees in '000

ASSETS

Cash and balances with treasury banks		3,019,664	2,678,218
Balances with other banks		2,809,667	5,538,299
Due from financial institutions		-	7,687,313
Investments	42.2.1	17,854,897	15,758,428
Islamic financing and related assets	42.2.2	18,946,404	3,199,129
Operating fixed assets		195,431	114,611
Other assets		1,149,381	838,032
		43,975,444	35,814,030

LIABILITIES

Bills payable		126,099	58,567
Deposits and other accounts			
-Current accounts		11,935,097	8,812,377
-Saving accounts		18,380,007	14,843,662
-Term deposits		2,593,239	1,982,014
-Deposit from financial institutions-Remunerative		4,000,000	7,450,000
Due to Head Office		5,120,098	732,188
Other liabilities		257,113	411,346
		42,411,653	34,290,154
		1,563,791	1,523,876

NET ASSETS

REPRESENTED BY

Islamic Banking Fund		1,700,000	1,700,000
Unappropriated profit		(228,135)	(381,998)
		1,471,865	1,318,002
Surplus on revaluation of assets - net		91,926	205,874
		1,563,791	1,523,876
Remuneration to Shariah Board		6,323	7,980

CHARITY FUND

Opening balance		-	-
Additions during the period		469	-
Payment / utilisation during the period		-	-
Closing balance		469	-

42.2.1 Investments

Sukuk		15,985,704	13,889,235
Leasing Certificate		2,000,000	2,000,000
Provision for diminution in the value of investments		(130,807)	(130,807)
		17,854,897	15,758,428



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017	2016
		Rupees in '000	
42.2.2 Islamic financing and related assets			
Murabaha		1,221,869	499,314
Diminishing Musharaka		5,429,055	2,697,160
Ijarah assets		307,253	169,383
Advance against Ijarah assets		168,627	25,066
Advance against Murabaha		3,011,394	-
Istasna		500,000	-
Wakala tul Istismaar		8,500,000	-
	10	19,138,198	3,390,923
Provision against non-performing financings		(191,794)	(191,794)
		18,946,404	3,199,129
42.3 Profit and Loss Account for the year ended December 31, 2017			
Profit / return earned on financings, investments and placements		2,108,114	1,207,083
Profit / return expensed on deposit		(954,510)	(466,571)
Net spread earned		1,153,604	740,512
Direct Expenses		(86,642)	(67,046)
		1,066,962	673,466
Provision against advances and investments		-	-
Provision reversed against advances and investments		-	-
Profit after provision		1,066,962	673,466
Other income			
Fee, commission and brokerage income		254,425	167,673
Income from dealing in foreign currencies		1,113	2,739
Other income		36,095	19,423
Total other income		291,633	189,835
		1,358,595	863,301
Other expenses			
Administrative expenses		(1,586,730)	(1,245,299)
Loss for the year		(228,135)	(381,998)
42.4 Unconsolidated Cash Flow Statement For the year ended December 31, 2017			
Cash Flow from Operating Activities			
Loss for the year		(228,135)	(381,998)
Adjustments :			
Depreciation - Own assets		73,561	59,289
Depreciation - Ijarah assets		85,725	67,046
		159,286	126,335
		(68,849)	(255,663)
(Increase) / decrease in operating assets			
Balance with other banks		2,728,632	(1,638,299)
Due from financial institutions		7,687,313	(4,811,946)
Financings		(18,043,417)	(13,873,295)
Other assets		(311,349)	(222,372)
		(7,938,821)	(20,545,912)
(Increase) / decrease in operating liabilities			
Bills payable		67,532	20,979
Deposits and other accounts		3,820,290	20,386,752
Borrowings from Head Office		4,769,908	1,136,569
Other liabilities		(154,233)	60,836
		8,503,497	21,605,136
Net cash generated from operating activities		495,827	803,561



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	Rupees in '000	
Cash Flow from Investing Activities		
Investment in operating fixed assets	(154,381)	(111,954)
Net cash used in investing activities	(154,381)	(111,954)
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	-	900,000
Increase in cash and cash equivalents	341,446	1,591,607
Cash and cash equivalents at beginning of the year	2,678,218	1,086,611
Cash and cash equivalents at end of the year	3,019,664	2,678,218
42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool		
Income from financing activities	718,349	216,375
Income from investments	1,039,236	567,756
Income from placements with Financial Institutions	350,529	424,729
Total Income	2,108,114	1,208,860
Less: Administrative expenses directly attributable to the Pool	(86,642)	(67,046)
Less: Profit distributed to other Special Pools	(750,244)	(121,468)
Gross Distributable Income	1,271,228	1,020,346
Mudarib (Bank) share of profit before Hiba	(493,235)	(288,603)
Less: Hiba from bank's share to depositors	111,737	81,416
Net Mudarib (Bank) share of profit	(381,498)	(207,187)
Rab-ul-Maal Share of Profit	889,730	813,159
Rab-ul-Maal Share of Profit is distributed as follows:		
Remunerative depositors' share in Mudarabah pool	697,489	389,783
Bank's equity in Mudarabah pool	192,241	423,376
	889,730	813,159

Note: Administrative and operating expenses are paid by the Bank and not charged to the depositors' pool as per guidelines of Mudarabah.

42.6 Pools maintained by NBP-IBG

NBP-IBG has managed following pools for profit and loss distribution.

- General depositors pool
- Special depositors pool
- Equity pool

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudaraba (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

Equity pool includes IBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

42.7 Sectors of economy where Mudaraba based deposits have been deployed

Sector	Percentage
Fertilizer	2.00%
Textile	2.30%
Fuel & energy	38.60%
Leasing/Mudarabas	1.00%
Services	3.60%
Sugar	5.70%
Cement	4.10%
Gas	5.00%
Financial	7.30%
Federal Government	27.90%
Others	2.50%
Total	100.00%

42.8 Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Maal by using pre-agreed profit sharing ratios. The share of Rab-ul-Maal's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset. Administrative expense are borne by mudarib and not charged to Modaraba pool.

42.9 Mudarib Share

	Rupees in '000
Gross distributable income	1,825,674
Mudarib (Bank) share of profit before Hiba	598,394
	Percentage
Mudarib Share	33%

42.10 Hiba from Mudarib share

	Rupees in '000
Mudarib (Bank) share of profit before Hiba	598,394
Hiba from bank's share to depositors	142,464
	Percentage
Hiba from bank's share to depositors	24%

42.11 During the year the average profit rate earned by Islamic Banking Group is 6.27% and the profit rate distributed to the depositors is 4.03%.

43. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs. Nil per share (2016: Rs. 7.5 per share) amounting to Rs. Nil (2016: Rs. 15,956 million) at its meeting held on February 20, 2018 for approval of the members at the annual general meeting to be held on March 29, 2018. These financial statements do not reflect this appropriation as explained in note 5.18.

44. GENERAL

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

45. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on February 20, 2018 by the Board of Directors of the Bank.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

**Annexure I as referred to in
Note 9.2.1 to the unconsolidated financial statements**

1.1 Particulars of investments held in listed companies and modarabas

1.1.1 Ordinary shares

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2017	2016	2017	2016
-----Rupees in '000-----						
Held-for-trading						
Habib Bank Limited	AAA/A-1+	Unrated	-	75,000	-	20,494
United Bank Limited	AAA/A-1+	Unrated	-	100,000	-	23,890
Crescent Steel & Allied Product Limited	Unrated	Unrated	-	50,000	-	7,709
MCB Bank Limited	Unrated	AAA/A1+	-	50,000	-	11,891
			-	275,000	-	63,984
Available-for-sale						
Abbott Laboratories (Pakistan) Limited	Unrated	Unrated	-	34,750	-	33,259
Adamjee Insurance Company Limited	Unrated	AA+	5,242,307	5,285,307	272,443	391,853
Adil Textile Mills Limited	Unrated	Unrated	47,696	47,696	-	-
Ados Pakistan Limited	Unrated	Unrated	50,000	575,500	2,750	26,617
Agriauto Industries Limited	Unrated	Unrated	434,400	484,000	138,148	173,267
Akzo Nobel Pakistan Limited	Unrated	Unrated	946,600	881,000	201,626	206,172
Al Abbas Sugar Mills Limited	Unrated	A/A1	727,285	727,285	92,249	239,277
Al Abid Silk Mills Limited	Unrated	Unrated	583,570	583,570	2,935	8,170
Al-Shaheer Corporation Limited	Unrated	Unrated	4,025,000	4,025,000	89,436	231,035
Allied Bank Limited	Unrated	AA+/A1+	4,676,400	4,999,950	397,400	596,044
Amtex Limited	Unrated	Unrated	23,172,472	23,172,472	29,892	74,152
Amreli Steels Limited	Unrated	Unrated	1,150,000	902,000	106,559	60,064
Archroma Pakistan (Formerly Clariant Pakistan Limited)	Unrated	Unrated	252,420	289,720	133,530	232,219
Arif Habib Corporation Limited	AA-/A-1	Unrated	299,500	1,135,500	10,623	49,962
Askari Bank Limited	Unrated	AA+/A1+	671,500	-	12,967	-
Atlas Insurance Limited	Unrated	Unrated	394,000	394,000	30,117	33,372
Attock Petroleum Limited	Unrated	Unrated	1,048,651	1,048,651	548,528	717,927
Attock Refinery Limited	Unrated	AA/A1+	263,600	400,900	61,714	170,503
Ayaz Textile Mills Limited	Unrated	Unrated	107,432	107,432	-	-
Azgard Nine Limited	Unrated	Unrated	1,359,000	22,169,691	19,923	182,678
Baluchistan Wheels Limited	Unrated	Unrated	328,000	328,000	36,162	42,696
Bank Al Habib Limited	Unrated	AA+/A1+	5,516,366	5,516,366	321,935	325,410
Bank Alfalah Limited	Unrated	AA/A1+	2,965,000	3,410,000	126,013	129,444
Bank of Punjab	Unrated	AA/A1+	4,622,479	1,322,479	38,089	23,342
Bolan Casting Limited	Unrated	Unrated	1,100,000	1,100,000	117,711	71,786
Burshane LPG Pakistan Limited	Unrated	Unrated	1,816,238	1,816,238	70,833	122,578
CASS PAK Industries Limited	Unrated	Unrated	27,384	27,384	-	-
Century Insurance Company Limited	A+	Unrated	1,262,250	1,147,500	34,459	34,173
Cherat Packaging Limited	Unrated	Unrated	225,297	31,600	44,834	10,680
Colony Textile Mills Limited	Unrated	Unrated	471,316	471,316	1,932	2,738
Colony Sarhad Textile Mills Limited	Unrated	Unrated	167,677	167,677	-	-
Imperial Sugar Limited (Formerly Colony Sugar Millis Limi	Unrated	Unrated	-	181,491	-	1,608
Crescent Knitwear Limited	Unrated	Unrated	42,130	42,130	-	-
Crescent Steel & Allied Product Limited	Unrated	Unrated	1,691,200	2,599,960	215,307	400,862
Crescent Textile Mills Limited	Unrated	Unrated	300,000	900,000	8,955	24,750
Dadabhoy Construction Technologies Limited	Unrated	Unrated	35,390	35,390	-	-
Dadabhoy Cement Industries Limited	Unrated	Unrated	5,004,500	5,004,500	-	-
Dawood Capital Management Limited	Unrated	Unrated	328,285	328,285	-	-
Dawood Hercules Corporation Limited	Unrated	AA-/A1+	4,132,392	4,183,192	462,332	603,760
Balance carried forward			75,487,737	95,877,932	3,629,404	5,220,397



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2017	2016	2017	2016
-----Rupees in '000-----						
Balance brought forward			75,487,737	95,877,932	3,629,404	5,220,397
DG Khan Cement Company Limited	Unrated	Unrated	669,900	50,000	89,579	11,087
Dolmen City REIT	Unrated	Unrated	51,967,450	40,375,450	571,642	438,881
EFU General Insurance Company Limited	AA+	AA+	595,586	595,586	91,065	89,933
English Leasing Limited	Unrated	Unrated	360,416	360,416	-	-
Engro Corporation Limited	Unrated	AA/A1+	3,035,823	3,035,823	834,092	959,593
Engro Fertilizers Limited	Unrated	AA-/A1+	4,500,000	4,100,000	304,740	278,718
Engro Foods Limited 2	Unrated	Unrated	13,033,021	13,661,421	1,046,682	2,622,173
Engro Foods Limited 1	Unrated	Unrated	4,347,488	4,347,488	349,147	834,457
ESCORTS Investment Bank Limited	Unrated	BB/B	-	1,221,067	-	4,884
Fateh Industries Limited	Unrated	Unrated	11,712	11,712	-	-
Fateh Sports Wear Limited	Unrated	Unrated	23,003	23,003	-	-
Fateh Textile Mills Limited	Unrated	Unrated	11,847	11,847	-	-
Fatima Enterprises Limited	Unrated	Unrated	109	109	-	-
Fatima Fertilizer Company Limited	AA-/A-1	AA-/A1+	4,700,000	4,700,000	145,136	173,383
Fauji Cement Company Limited	Unrated	Unrated	7,900,000	7,986,500	197,579	360,031
Fauji Fertilizer Co Limited	Unrated	Unrated	1,861,500	1,551,500	147,263	161,930
Fauji Fertilize Bin Qasim Limited	Unrated	Unrated	4,358,500	3,969,000	154,901	203,252
First Capital Securities Corporation Limited	Unrated	Unrated	2,048,345	2,048,345	3,482	12,003
First Equity Modarba Limited	Unrated	Unrated	68,435	68,435	274	441
Gadoon Textile Mills Limited	Unrated	Unrated	77,518	67,518	16,098	18,293
General Tyre & Rubber Company Limited	Unrated	Unrated	363,900	363,900	68,522	101,361
Ghani Global Glass Limited	Unrated	Unrated	2,801,000	2,535,500	40,502	59,432
Glaxosmithkline Pakistan Limited	Unrated	Unrated	3,721,808	3,896,808	624,817	909,125
Globe Textile Mills Limited	Unrated	Unrated	33,704	33,704	-	-
Greaves Aircondition Private Limited	Unrated	Unrated	30,080	30,080	-	-
Gulistan Spinning Mills Limited	Unrated	Unrated	148,828	148,828	-	-
Gulistan Textile Mills Limited	Unrated	Unrated	374,355	374,355	-	-
Gulshan Spinning Mills Limited	Unrated	Unrated	313,190	313,190	-	-
GOC (Pak) Limited	Unrated	Unrated	160,985	160,985	9,740	11,591
Habib Bank Limited	AAA/A-1+	Unrated	2,450,000	3,175,000	409,371	867,569
Habib Sugar Mills Limited	Unrated	Unrated	6,546,806	6,546,806	232,870	314,901
Haji Mohammad Ismail Mills Limited	Unrated	Unrated	-	1,089,149	-	6,426
Hakkim Textile Mills Limited	Unrated	Unrated	131,445	131,445	-	-
Hashimi Can Company Limited	Unrated	Unrated	4	82,154	-	-
Hub Power Company Limited	Unrated	AA+/A1+	50,544,300	55,734,200	4,599,531	6,882,059
Ibrahim Fibers Limited	Unrated	AA-/A1+	925,062	1,069,562	54,690	72,730
ICI Pakistan Limited	Unrated	Unrated	125,500	150,000	96,378	149,060
IGI Insurance Limited	Unrated	AA	3,904,200	4,000,000	1,143,501	1,231,560
IGI Life Insurance Limited	Unrated	AA	3,525,910	3,022,900	297,939	259,728
Indus Dyeing & Manufacturing Company Limited	A+/A-1	Unrated	267,362	267,362	117,348	192,958
Innovative Investment.Bank Limited	Unrated	Unrated	17,952	17,952	-	-
International Industries Limited	Unrated	Unrated	2,928,100	4,149,728	703,066	845,424
International Steel Limited	Unrated	Unrated	-	272	-	27
Javed Omer Vohra & Company Limited	Unrated	Unrated	859,960	859,960	-	-
Jehangir Siddiqui & Company Limited	Unrated	AA/A1+	-	317,000	-	8,049
Karim Cotton Mills Limited	Unrated	Unrated	56,285	56,285	-	-
K-Electric Limited	Unrated	AA/A1+	20,000,000	20,000,000	126,200	187,400
Khursheed Spinning Mills Limited	Unrated	Unrated	53,900	53,900	-	-
Kohat Textiles Mills Limited	Unrated	Unrated	2,078,554	2,078,554	32,218	35,959
Kohinoor Energy Limited	Unrated	Unrated	10,135,351	10,135,351	410,482	435,820
Balance carried forward			287,556,931	304,858,082	16,548,259	23,960,636



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2017	2016	2017	2016
			-----Rupees in '000-----			
Balance brought forward			287,556,931	304,858,082	16,548,259	23,960,636
Kot Addu Power Company Limited	AA+/A-1+	Unrated	5,589,000	5,584,500	301,247	440,059
KSB Pumps Company Limited	Unrated	Unrated	550,400	654,400	168,422	267,159
Linde Pakistan Limited (BOC)	Unrated	Unrated	181,585	281,585	40,103	55,013
Maple Leaf Cement Factory Limited	Unrated	A+/A1	1,182,037	125,500	80,899	16,011
Mari Petroleum Company Limited	Unrated	Unrated	1,956,080	2,500,000	2,838,018	3,437,275
Masood Textile Mills Limited	Unrated	Unrated	4,536,019	4,542,262	388,964	733,439
Mcb Bank Limited	Unrated	AAA/A1+	1,286,044	1,000,000	273,053	237,820
Meezan Bank Limited	Unrated	Unrated	2,339,910	2,273,500	157,008	154,848
Mehar Dastgir Textile Limited	Unrated	Unrated	24,856	24,856	-	-
Mehran Jute Limited	Unrated	Unrated	61,931	61,931	-	-
Metropolitan Steel Corporation Limited	Unrated	Unrated	50,204	50,204	-	-
Millat Tractors Limited	Unrated	Unrated	327,250	327,250	383,416	296,050
Mirpurkhas Sugar Mills Limited	Unrated	Unrated	398,000	400,000	51,422	85,580
Moonlite Pakistan Limited	Unrated	Unrated	58,846	58,846	-	-
Moraftco industries Limited	Unrated	Unrated	29,069	29,069	-	-
National Foods Limited	AA-/A-1	Unrated	-	1,016,400	-	381,150
National Over Limited	Unrated	Unrated	12,471	12,471	-	-
National Refinery Limited	Unrated	AA+/A1+	840,054	840,054	361,954	479,772
NIB (NDLC - IFIC Bank) Limited	Unrated	AA-/A1+	-	12,862,190	-	23,281
Nishat Chunian Limited	Unrated	AA-/A1+	2,500,000	2,400,000	114,425	149,832
Nishat Chunian Power Limited	Unrated	Unrated	120,000	120,000	3,949	6,658
Nishat Mills	Unrated	AA/A1+	1,160,000	861,000	173,420	131,104
Oil And Gas Company Limited	Unrated	Unrated	650,000	2,785,481	105,814	460,579
Orix Leasing Pakistan Limited	Unrated	AA+/A1+	1,100,000	1,100,000	45,661	52,008
Packages Limited	Unrated	AA/A1+	959,300	1,000,000	489,080	850,050
Pak Datacom Limited	Unrated	Unrated	705,291	750,791	44,151	72,677
Pak Electron Limited	Unrated	A+/A1	646,000	782,000	30,679	55,741
Pakgen Power Limited	Unrated	AA/A1+	3,406,500	3,406,500	75,386	91,192
Pakistan Engineering Company Limited	Unrated	Unrated	135,242	135,242	29,719	46,118
Pakistan International Airlines Corporation	Unrated	Unrated	5,000,000	5,843,500	20,100	53,526
Pakistan National Shipping Corporation Limited	Unrated	AA-/A1+	608,707	608,707	63,159	98,233
Pakistan Oil Fields Limited	Unrated	Unrated	90,000	180,000	53,483	96,232
Pakistan Petroleum Limited	Unrated	Unrated	1,494,384	1,494,384	307,709	281,213
Pakistan Reinsurance Company Limited	Unrated	Unrated	12,083,770	12,083,770	512,714	502,564
Pakistan Services Limited	Unrated	Unrated	418,460	418,460	414,275	369,709
Pakistan State Oil 1	Unrated	AA/A1+	2,125,216	2,573,547	622,922	1,117,460
Pakistan State Oil 2	Unrated	AA/A1+	26,427,255	22,022,713	7,746,093	9,562,482
Pakistan Telecommunication Company Limited	Unrated	Unrated	34,361,854	34,861,854	448,422	598,927
Pan Islamic Steamship Company Limited	Unrated	Unrated	421	421	-	-
Paramount Spinning Mills Limited	Unrated	Unrated	994,301	994,301	-	-
Premium Textile Mills Limited	Unrated	Unrated	-	27,000	-	3,240
Quetta Textile Mills Limited	Unrated	Unrated	9,686	9,686	96	295
Rupali Polyester Limited	Unrated	Unrated	816,483	816,483	19,342	16,493
S.G.Power Limited	Unrated	Unrated	164,692	164,692	-	-
Sadoon Textile Mills	Unrated	Unrated	421	421	-	-
Samin Textile Mills	Unrated	Unrated	1,604,838	1,604,838	6,740	14,299
Schon Textiles Mills	Unrated	Unrated	131,446	131,446	-	-
The Searle Company Limited	Unrated	Unrated	157,212	119,100	49,500	77,866
Security Papers Limited	Unrated	Unrated	1,346,415	1,346,415	164,370	132,810
Service Industries Limited	Unrated	Unrated	810,976	819,976	608,232	1,227,594
Service Textile Mills	Unrated	Unrated	-	82,575	-	1,032
Balance carried forward			407,009,557	437,048,403	33,742,206	46,638,028



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For the year ended December 31, 2017

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2017	2016	2017	2016
-----Rupees in '000-----						
Balance brought forward			407,009,557	437,048,403	33,742,206	46,638,028
Shabbir Tiles & Ceramics Limited	Unrated	Unrated	1,033,489	1,316,989	15,223	14,698
Shahtaj Sugar Mills Limited	Unrated	Unrated	328,039	328,039	47,933	54,294
Silk Bank Limited	A-/A-2	Unrated	2,751,788	2,751,788	4,348	5,091
Sitara Chemical Limited	A+/A-1	Unrated	164,800	164,800	49,602	95,584
Sitara Energy Limited	Unrated	Unrated	1,550,000	1,550,000	42,935	65,255
SME Leasing Limited	BB+/B	B+/B	910,477	910,477	2,613	3,460
Sui Northern Gas Pipeline Limited 1	Unrated	AA-/A1+	9,525,000	14,300,000	901,160	1,166,451
Sui Northern Gas Pipeline Limited 2	Unrated	AA-/A1+	18,805,318	18,805,318	1,779,171	1,533,950
Sui Southern Gas Pipeline Limited	Unrated	A+/A1	12,649,674	10,277,174	385,689	373,575
Summit Bank Limited	A-/A-1	Unrated	68,228,986	32,308,297	188,994	142,157
Sunshine Cotton Mills Limited	Unrated	Unrated	498,220	498,220	-	-
Suraj Ghee Limited	Unrated	Unrated	27,384	27,384	-	-
Taj Textile Mills Limited	Unrated	Unrated	763,513	763,513	-	-
Thall Limited	Unrated	Unrated	5,161,600	5,307,500	2,637,061	2,699,023
TPL Direct Insurance Limited	Unrated	Unrated	-	816,878	-	15,504
TPL Trakker Limited	Unrated	A-/A2	5,150,000	5,500,000	36,823	96,965
Treet Corporation Limited	AA-/A-1	Unrated	2,900,262	2,144,725	107,455	140,222
TRG Pakistan Limited	Unrated	Unrated	750,000	750,000	22,200	33,195
Twakkal Garments Industries Limited	Unrated	Unrated	172,325	172,325	-	-
United Bank Limited	AAA/A-1+	Unrated	5,594,900	5,314,900	1,051,673	1,269,730
WorldCall Telecom	Unrated	Unrated	47,435,914	47,435,914	133,769	130,923
Wyeth Pakistan Limited	Unrated	Unrated	57,788	57,788	71,760	272,860
Zahur Cotton Mills Limited	Unrated	Unrated	225	225	-	-
Zeal Pak Cement Limited	Unrated	Unrated	247,789	247,789	-	-
First Dawood Investment Bank Limited	Unrated	Unrated	19,914,000	29,000,000	33,456	104,690
Byco Petroleum Pakistan Limited	Unrated	Unrated	247,873,372	-	3,172,779	-
Cherat Cement	A-/A-1	Unrated	431,300	-	47,835	-
Fauji Foods Ltd	Unrated	Unrated	936,000	-	15,407	-
Glaxosmithkline Con. Health Care Pak Ltd	Unrated	Unrated	389,040	-	126,162	-
Gul Ahmed Textile	Unrated	Unrated	240,000	-	8,899	-
Lucky Cement	Unrated	Unrated	420,000	-	217,312	-
Nishat Power Ltd	A+/A-1	Unrated	1,847,000	-	62,798	-
			863,767,760	617,798,446	44,905,263	54,855,654



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.1.2 Particulars of Investments held in un-listed companies

1.1.2.1 Ordinary Shares - Holding 10% and above

Investee	Rating		Percentage of holding	No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA			2017	2016			
----- Rupees in '000 -----									
Digri Sugar Mills Limited	Unrated	Unrated	9.94%	2,000,000	4,063	4,063	135,585	September 30, 2016	Naveed Ahmad Javeri
JDM Textile Mills Limited	Unrated	Unrated	10.00%	478,444	4,784	4,784	308,584	September 30, 2017	LT. Gen (Rtd) Ali Kuli Khan
Gelcaps Pakistan Limited	Unrated	Unrated	14.6%	2,000,000	4,665	4,665	25,340	June 30, 2006	Sadruddin Hashwani
INTECH International Incorporation	Unrated	Unrated	18.6%	275,000	-	-	..... Not Available.....		Hassan Zaidi
Pakistan Agriculture Storage Service Corporation (Face value: Rs.1,000 each)	Unrated	Unrated	18.3%	5,500	5,500	5,500	109,831	March 31, 2003	Maj. General Fahim Akhter Khan
Precision Engineering Complex	Unrated	Unrated	16.8%	15,100	-	-	..... Not Available.....		Zaheer Hussain
Resources and Engineering Management Corporation (Private)	Unrated	Unrated	10.0%	66,125	-	-	(484,696)	June 30, 2005	Shafaat Ahmed
Safa Rice Mills Limited	Unrated	Unrated	15.8%	450,000	-	-	..... Not Available.....		Pervaiz Alam
Sigma Knitting Mills (Private) Limited	Unrated	Unrated	14.1%	500,000	-	-	(6,793)	June 30, 1999	..... Not Available.....
				5,790,169	19,012	19,012			

1.1.2.2 Ordinary Shares - Holding below 10%

Investee	Rating		No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA		2017	2016			
----- Rupees in '000 -----								
Accord Textile Mills Limited	Unrated	Unrated	233,400	-	-	.....	Not Available.....	
Adamjee Floorings Limited	Unrated	Unrated	30,080	-	-	.....	Not Available.....	
Adamjee Papers & Board Mills Limited	Unrated	Unrated	137,597	-	-	.....	Not Available.....	
Adil Polypropylene Limited	Unrated	Unrated	69,093	-	-	.....	Not Available.....	
Afsar Textile Mills Limited	Unrated	Unrated	32,778	-	-	.....	Not Available.....	
Al Ameen Textile	Unrated	Unrated	30,000	328	328	.....	Not Available.....	
Al Zamin Modarba Management (Private) Limited	Unrated	Unrated	140,000	1,000	1,000	2,134	June 30, 2006	Bashir A. Chaudhry
Al-Hussany Industries Limited	Unrated	Unrated	31,514	-	-	.....	Not Available.....	
Alif Textile Mills Limited	Unrated	Unrated	163,464	-	-	.....	Not Available.....	
Amazai Textile Limited	Unrated	Unrated	10,111	-	-	.....	Not Available.....	
AMZ Venture Limited Class A	Unrated	Unrated	200,000	122	122	.....	Not Available.....	
Apex Fabrics Limited	Unrated	Unrated	144,506	-	-	.....	Not Available.....	
Arabian Sea Country Club	Unrated	Unrated	650,000	6,500	6,500	.....	Not Available.....	
Arag Industries Limited	Unrated	Unrated	96,478	-	-	.....	Not Available.....	
Aslo Electronics Limited	Unrated	Unrated	20,054	-	-	.....	Not Available.....	
Aswan Tantage Limited	Unrated	Unrated	86,030	-	-	.....	Not Available.....	
Atlas Power Limited	Unrated	Unrated	37,500,000	375,000	375,000	805,365	June 30, 2017	Maqsood A. Basra
Attock Textile Mills Limited	Unrated	Unrated	100,000	200	200	-1,412	September 30, 1998	Arshad Ali Chaudhry
Awan Textile Mills Limited	Unrated	Unrated	108,696	-	-	.....	Not Available.....	
Bahawalpur Textile Limited	Unrated	Unrated	33,283	-	-	.....	Not Available.....	
Baluchistan Foundry (Tower)	Unrated	Unrated	37,664	-	-	.....	Not Available.....	
Bankers Equity Limited	Unrated	Unrated	1,485,925	-	-	5,646	June 30, 2016	Amjad Aziz Khan
Bankers Equity Limited	Unrated	Unrated	251,022	-	-	5,646	June 30, 2016	Amjad Aziz Khan
Bawany Textile Mills Limited	Unrated	Unrated	42,972	-	-	.....	Not Available.....	
Bela Engineers Limited	Unrated	Unrated	135,658	-	-	.....	Not Available.....	
Brikks Private Limited	Unrated	Unrated	39,050	-	-	.....	Not Available.....	
Byco Oil Pakistan Limited	Unrated	Unrated	148,809,523	-	1,000,000	1,319,332	June 30, 2016	Amir Abbascy
Callmate Telips Telecom Limited	Unrated	Unrated	44	-	-	.....	Not Available.....	
Central Cotton Mills Limited	Unrated	Unrated	17,864	-	-	.....	Not Available.....	
Charsada Sugar Mills Limited	Unrated	Unrated	4,634	-	-	.....	Not Available.....	
Chilya Corrugated Board Limited	Unrated	Unrated	22,076	-	-	.....	Not Available.....	
Crescent Spinning Mills Limited	Unrated	Unrated	370,744	-	-	.....	Not Available.....	Mr. Muhammad Anwar
Crown Textile Mills Limited	Unrated	Unrated	161,948	-	-	.....	Not Available.....	
Dadabhoj Leasing Company Limited	Unrated	Unrated	188,742	-	-	2,327	June 30, 2016	Muhammad Amin Dadabhoj
Dadabhoj Sack Limited	Unrated	Unrated	25,102	-	-	.....	Not Available.....	Muhammad Amin Dadabhoj
Engine System	Unrated	Unrated	788,500	-	-	.....	Not Available.....	
F.T.C. Management Company Private Limited	Unrated	Unrated	50,000	250	250	34,657	June 30, 2012	Engr. Mir Fateh Sultan
Fauji Akbar Portia Marines Terminal Limited	Unrated	Unrated	29,188,739	321,076	321,076	212,867	June 30, 2015	Ahmed Kamal Rana
Fauji Oil Terminals and Distribution Limited	Unrated	Unrated	1,088,600	10,886	10,886	36,519	June 30, 2016	LT. Gen (Rtd) M. Mustafa Khan
Fazal Vegetable Ghee Mills Private Limited	Unrated	Unrated	21,486	-	-	.....	Not Available.....	
First Women Bank Limited	Unrated	A- / A2	7,698,441	21,100	21,100	86,234	March 31, 2017	Tahira Raza
Fortune Securities Limited	Unrated	Unrated	500,000	5,000	5,000	8,334	June 30, 2012	Qasim Lakhani
Frontier Textile Mills Limited	Unrated	Unrated	50,000	500	500	272	September 30, 2002	Not available
Ghafoor Textile Mills Limited	Unrated	Unrated	23,424	-	-	.....	Not Available.....	
Ghulam M.Dadabhoj (Dadabhoj Padube)	Unrated	Unrated	25,278	-	-	.....	Not Available.....	
Gulistan Power Generation Limited	Unrated	Unrated	220,000	2,200	2,200	8,096	June 30, 2000	Abdul Shakoor
Gypsum Corporation	Unrated	Unrated	84,176	-	-	.....	Not Available.....	
H.Shaikh Muhammed Hussain	Unrated	Unrated	57,634	-	-	.....	Not Available.....	
Harum Textile Mills Limited	Unrated	Unrated	29,683	-	-	.....	Not Available.....	
Hazara Woolen Mills Limited	Unrated	Unrated	20,000	200	200	.....	Not Available.....	
Hyderabad Electronic	Unrated	Unrated	50,135	-	-	.....	Not Available.....	
Industrial Development Bank of Pakistan	Unrated	Unrated	1,011	107	107	.....	Not Available.....	
Indus Bank Limited.	Unrated	Unrated	76	-	-	.....	Not Available.....	
Indus Polyester Company Limited	Unrated	Unrated	3	-	-	.....	Not Available.....	
Insecta Pakistan Limited	Unrated	Unrated	50,000	-	-	315	June 30, 1997	Syed Tauqeer Haider
Inter Asia Leasing Company Limited	Unrated	Unrated	50,000	500	500	.....	Not Available.....	
Investec Securities Limited	Unrated	Unrated	50,205	-	-	.....	Not Available.....	
Islamabad Stock Exchange Limited	Unrated	Unrated	3,034,603	30,346	30,346	36,286	March 31, 2017	Mian Ayyaz Afzal
Islamic Investment Bank	Unrated	Unrated	71,339	-	-	.....	Not Available.....	
ITTI Textile Mills Limited	Unrated	Unrated	83,418	-	-	.....	Not Available.....	
Junaid Cotton Mills Limited	Unrated	Unrated	51,759	328	328	.....	Not Available.....	
Kaisar Arts & Krafts Limited	Unrated	Unrated	868,959	8,395	8,395	Not Available.....	
Balance carried forward			235,567,521	784,038	1,784,038			



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For the year ended December 31, 2017

Investee	Rating		No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA		2017	2016			
Balance brought forward			235,567,521	784,038	1,784,038			
Karachi Pipes	Unrated	Unrated	9,690	-	-	-	Not Available	
Karim Silk Mills Limited	Unrated	Unrated	-	-	-	-	Not Available	
Kaytex Mills (Saleem Derim Ind.)	Unrated	Unrated	82,575	-	-	-	Not Available	
Kaytex Mills Limited	Unrated	Unrated	377,800	3,778	3,778	-	Not Available	
Kohinoor Cotton Mills Private Limited	Unrated	Unrated	31,935	-	-	-	Not Available	
Kohinoor Looms Limited	Unrated	Unrated	86,368	-	-	-	Not Available	
Pakistan Stock Exchange	Unrated	Unrated	4,007,383	-	-	-	Not Available	Richard Morin
Lafayette Industries Synrh.	Unrated	Unrated	46,765	-	-	-	Not Available	
Mari Fabrics Limited	Unrated	Unrated	60,246	-	-	-	Not Available	
Medi Glass Limited	Unrated	Unrated	150,404	-	-	-	Not Available	
Mehran Bank Limited	Unrated	Unrated	376,390	-	-	-	Not Available	
Mian Mohammad Sugar Mills Limited	Unrated	Unrated	87,630	15	15	-	Not Available	
Mohib Textile Mills Limited	Unrated	Unrated	507,080	-	-	-	Not Available	
Mubank Dairies Limited	Unrated	Unrated	28,227	-	-	-	Not Available	
Muslim Ghee Mills Limited	Unrated	Unrated	181,000	1,810	1,810	-	Not Available	
Myfip Video Industries Limited	Unrated	Unrated	537,300	5,373	5,373	-	Not Available	
National Asset Leasing Corporation Limited	Unrated	Unrated	135,050	14	14	-	Not Available	
National Construction Limited	Unrated	Unrated	149,999	250	250	597	June 30, 2005	Ali Mohammad Shaikh
National Film Development Corporation Limited	Unrated	Unrated	10,000	-	-	(1,825)	June 30, 2000	Sajjad Haider
National Industry Cooperative Bank of Gujrat	Unrated	Unrated	1	-	-	-	Not Available	
National Institution of Facilitation Technology (Private) Limited	Unrated	Unrated	2,266,607	1,526	1,526	28,030	June 30, 2012	Haider Wahab
National Investment Trust Limited	Unrated	AM2+	79,200	100	100	1,796	June 30, 2010	Tariq Iqbal Khan
National Match Ind.	Unrated	Unrated	13,398	-	-	-	Not Available	
National Woolen Mills Limited	Unrated	Unrated	18,300	183	183	-	Not Available	
Natover Lease & Refinance	Unrated	Unrated	371,674	2,602	2,602	-	Not Available	
Naveed Textile Mills	Unrated	Unrated	35,979	-	-	-	Not Available	
Newyork Poly Clinic of Karachi	Unrated	Unrated	220,133	-	-	-241	June 30, 1998	Akhter Aziz Khan
Norrie Textile Mills	Unrated	Unrated	69,557	-	-	-	Not Available	
Newshehra Engineering Works Limited	Unrated	Unrated	18,179	41	41	-	Not Available	
Nusrat Textile Mills	Unrated	Unrated	156,134	-	-	-	Not Available	
Pak Ghee Limited	Unrated	Unrated	29,491	-	-	-	Not Available	
Pak Paper Corporation	Unrated	Unrated	52,831	-	-	-	Not Available	
Pakistan Export Finance Guarantee Agency Limited	Unrated	Unrated	1,152,938	11,529	11,529	1,152	December 31, 2009	Not available
Pakistan Paper Corporation Limited	Unrated	Unrated	37,250	373	373	-	Not Available	
Pakistan Telephone Cables	Unrated	Unrated	45,969	143	143	-	Not Available	
Pakistan Textile City	Unrated	Unrated	10,000,000	100,000	100,000	21,800	June 30, 2016	Mr. Zaheer A. Hussain
Pakistan Tourism Development Corporation	Unrated	Unrated	10,000	100	100	24,983	June 30, 1996	Not available
Pearl Fabrics Limited	Unrated	Unrated	117,121	-	-	-	Not Available	
People Steel Mills Limited	Unrated	Unrated	1,076,880	3,276	3,276	-	Not Available	
Polyron Limited	Unrated	Unrated	76	-	-	-	Not Available	
Prudential Investment Bank	Unrated	Unrated	166,278	-	-	-	Not Available	
Punjab Building Limited	Unrated	Unrated	226,070	-	-	-	Not Available	
Punjab Cotton	Unrated	Unrated	28,648	-	-	-	Not Available	
Punjab Lamps	Unrated	Unrated	55,274	-	-	-	Not Available	
Qadri Textile Mills Limited	Unrated	Unrated	50,000	500	500	-	Not Available	
Qayyum Spinning	Unrated	Unrated	36,653	-	-	-	Not Available	
Quality Steel Works	Unrated	Unrated	1,685	-	-	-	Not Available	
RCD Ball	Unrated	Unrated	10,027	-	-	-	Not Available	
Refrigerator Manufacturing Company Limited	Unrated	Unrated	45,737	4,589	4,589	-	Not Available	
Regal Ceramics Limited	Unrated	Unrated	45,501	-	-	-	Not Available	
Rehman Cotton Mills Limited	Unrated	Unrated	1,695,800	16,958	16,958	107,895	June 30, 2011	LT. Gen (Rtd) Ali Kuli Khan
Rex Baren Battery	Unrated	Unrated	28,564	-	-	-	Not Available	
Rousch Power Pakistan Limited	Unrated	Unrated	39,729,000	132,888	132,888	1,754,374	June 30, 2017	Mubashar Ahmed Majeed
Ruby Rice and General Mills Limited	Unrated	Unrated	75,000	750	750	-	Not Available	
Sahrish Textile Mills	Unrated	Unrated	10,043	20	20	-	Not Available	
Saitex Spinning Mills	Unrated	Unrated	182,423	-	-	-	Not Available	
Shahpur Textile Mills	Unrated	Unrated	200,527	-	-	-	Not Available	
Shahyar (Oe) Textile Mills	Unrated	Unrated	40,023	-	-	-	Not Available	
Shahyar Textile Mills	Unrated	Unrated	113,161	-	-	-	Not Available	
Shoab Capital	Unrated	Unrated	100,000	271	271	544	June 30, 2000	Not available
Siftaq (International) Textile Mills	Unrated	Unrated	54,769	-	-	-	Not Available	
Sindh Alkalis Limited	Unrated	Unrated	359,369	-	-	-	Not Available	
SME Bank Limited	Unrated	B / B	6,121,095	26,950	26,950	(318)	March 31, 2017	Mr. Ihsan ul Haq Khan
South Asia Regional Fund	Unrated	Unrated	5,000	287	287	-	December 31, 2007	Jean Fondamriere
Star Salica Industries Limited	Unrated	Unrated	26,650	267	267	-	Not Available	
Sunrise Textile Mills	Unrated	Unrated	7,668	-	-	-	Not Available	
Sunshine Cloth Mills	Unrated	Unrated	150,000	-	-	-	Not Available	
Sunshine Cloth Mills	Unrated	Unrated	374,721	-	-	-	Not Available	
Syed Match Ind.	Unrated	Unrated	162	2	2	-	Not Available	
Taga Pakistan Limited	Unrated	Unrated	48,450	-	-	-	Not Available	
Tariq Cotton Mills	Unrated	Unrated	21,907	-	-	-	Not Available	
Tawakkal Limited	Unrated	Unrated	57,297	-	-	-	Not Available	
Tawakkal Modaraba (Ist)	Unrated	Unrated	241,827	-	-	-	Not Available	
Transmobile Limited	Unrated	Unrated	644,508	-	-	(44)	June 30, 1997	Javed Burki
Turbo Tec Limited (Tubes)	Unrated	Unrated	86,788	-	-	-	Not Available	
Union Insurance Company of Pakistan	Unrated	Unrated	156	4	4	-	Not Available	
Unity Modaraba	Unrated	Unrated	1,000,000	28	28	-	Not Available	
Uqab Breeding Farms	Unrated	Unrated	70,778	-	-	-	Not Available	
Zafar Textiles Mills Limited	Unrated	Unrated	281,141	256	256	-	Not Available	S. Nazar Hassan Shah
Zahur Textile Mills	Unrated	Unrated	210,229	-	-	-	Not Available	Mohsin Zahur
Zulsham Engineering Works Limited	Unrated	Unrated	3,300	330	330	-	Not Available	
Information System Associates Limited	Unrated	Unrated	2,300,000	1,719	1,719	-	Not Available	Samir Bajwa
Bunny's	Unrated	Unrated	4,900,000	235,200	-	126,273	September 30, 2017	Haroon Choudary
Pakistan Mortgage Refinance Company Ltd	Unrated	Unrated	2,673,000	26,730	-	400,950	December 31, 2016	N. Kokularupan Narayanasamy
			320,684,308	1,362,900	2,100,970			
			326,474,477	1,381,912	2,119,982			



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.2 Particulars of Investments held in units of mutual funds

	Rating		No. of units held		Market value	
	JCRVIS	PACRA	2017	2016	2017	2016
					..... Rupees in '000	
AKD Cash Fund	Unrated	AA+(f)	-	1,023,413	-	52,470
AKD Aggressive Income Fund	Unrated	BBB+(f)	1,733,915	1,452,715	91,083	77,401
Atlas Money Market Fund	Unrated	AA(f)	-	102,626	-	52,796
BMA Chundrigar Road Saving Fund	Unrated	Unrated	-	6,070,318	-	51,234
Dominion Stock Fund	Unrated	Unrated	80,326	80,326	-	-
First Dawood Mutual Fund	Unrated	Unrated	-	1,157,674	-	-
HBL Money Market Fund	AA(f)	Unrated	-	503,777	-	52,378
Investec Mutual Fund	Unrated	Unrated	87,858	87,858	-	-
Faysal Mts Fund	A+(F)	Unrated	148,794	-	15,309	-
Askari High Yield Scheme	A(F)	Unrated	2,204,378	-	228,550	-
J.S Income Fund	Unrated	Unrated	2,134,707	784,354	210,077	78,090
Lakson Money Market Fund	Unrated	AA(f)	-	485,902	-	49,995
Lakson Income Fund	Unrated	A+(f)	-	494,374	-	51,380
NIT-Equity Market Opportunity Fund	Unrated	Unrated	10,045,493	10,045,493	2,182,685	2,746,337
NIT- Islamic Equity Fund	Unrated	Unrated	-	12,523,541	-	160,677
PICIC Investment Fund	Unrated	Unrated	1,000,000	1,000,000	13,350	13,900
			17,435,471	35,812,371	2,741,053	3,386,658

1.3 Particulars of Investments held in Preference shares

	Rating PACRA	Cumulative/ Non- cumulative	Rate	No. of certificates held		Market Value / Cost	
				2017	2016	2017	2016
						-----Rupees in '000-----	
Listed:							
Agritech Limited	Unrated	Cumulative	9.25%	3,458,756	3,458,756	34,588	34,588
Aisha Steel Mills Limited	Unrated	Cumulative	0.00%	258,699	273,699	5,303	4,434
Chenab Textile Mills Limited	Unrated	Cumulative	9.25%	10,000,000	10,000,000	100,000	100,000
Charsadda Sugar Mills Limited	Unrated	Cumulative	6.00%	105	105	-	-
Summit Bank Limited	Unrated	Non-Cumulative	10.00%	-	14,997,640	-	149,976
Masood Textile Mills Limited	Unrated	Floating	12.65%	5,000,000	5,000,000	50,000	50,000
Pak Elektron Limited	A+/A1	Cumulative	9.50%	10,643,642	10,643,642	106,436	106,436
				29,361,202	44,373,842	296,327	445,434
Unlisted:							
Moro Textile Mills	Unrated	Non-Cumulative	-	19,242,000	19,242,000	192,420	192,420
Al-Arabia Sugar Mills Limited	Unrated	Non-Cumulative	-	7,327,346	-	73,273	-
				26,569,346	19,242,000	265,693	192,420

* Cost of the above investment amounted to Rs. 556.944 million (2016: Rs. 633.660 million)



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1.4 Debentures, Bonds, Participation Term Certificates and Term finance certificates

1.4.1 Term finance certificates

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value / Cost	
					2017	2016	2017	2016
------(Rupees in '000)-----								
Listed								
Bank AL Habib Limited	6 months Kibor + 0.75%	Half yearly	March 17, 2026	AA	107,000	107,000	535,214	541,265
Azgard Nine Limited	6 month Kibor + 2.4%	Half yearly	Overdue	Unrated	20,000	20,000	32,538	32,538
Bank Al-Falah Limited	15% (Fixed)	Half yearly	December 2, 2017	AA	-	10,850	-	38,062
Faysal Bank Limited	6 months Kibor + 2.25%	Half yearly	December 27, 2017	AA-	1,000	1,000	1,248	2,515
MCB Bank Limited	3 months Kibor + 1.15%	Half yearly	June 19, 2022	AAA	70,000	70,000	355,028	353,626
Saudi Pak Leasing Company Limited	6 months Kibor + 1.50%	Half yearly	March 13, 2017	Unrated	10,000	10,000	27,948	27,948
Habib Bank Limited	6 months Kibor + 0.5%	Half yearly	February 19, 2026	AAA	15,500	15,500	1,535,378	1,553,564
Summit Bank Limited	6 months Kibor + 3.25%	Half yearly	October 27, 2018	A-	23,898	23,898	120,119	120,346
Javedan Corporation Limited	6 month Kibor + 2.25%	Half yearly	June 7, 2017	Unrated	14,000	14,000	603,750	776,250
Silk Bank Limited Tier II TFC	6 Month Kibor +1.85%	Half yearly	September 27, 2021	A-	60,000	-	269,220	-
							3,480,443	3,446,114
Unlisted								
Afroze Textile Industries	3 month Kibor-5% + (Floor8.50%)	Quarterly	December 29, 2019	Unrated	-	12	-	-
Agritech Limited	6 month Kibor + 1.75%	Half yearly	January 14, 2019	D	95,273	95,273	336,368	336,368
AKD Securities Limited	6 month Kibor + 2.5%	Half yearly	December 31, 2015	D	4	4	298,217	458,796
Al-Azhar Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	5,168	5,168
Al-Arabia Sugar Mills Limited	6 Month Kibor +1.85%	Half yearly	September 27, 2021	A-	50,000	50,000	438,882	-
Al-Qaim Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	357	357
Apex Fabrics Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,640	2,640
Aqma Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,549	3,549
Aswan Tentage & Canvas Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	3,643	3,643
Azgard Nine Limited	Zero Markup	-	March 31, 2017	D	122,697	122,697	613,485	613,485
Bachani Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	28	28	8,438	15,870
Baluchistan Cotres Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Bankers Equity Limited	22.00%	Overdue	Overdue	Unrated	10	10	20,890	31,335
Bela Chemical Limited	22.00%	Overdue	Overdue	Unrated	24	24	24,595	24,595
Bentonite Pak Limited	22.00%	Overdue	Overdue	Unrated	31	31	3,417	3,417
Blue Star Spinning Mills Limited	22.00%	Overdue	Overdue	Unrated	17	17	2,252	2,252
Brother Steel Limited	22.00%	Overdue	Overdue	Unrated	17	17	-	-
Bunny's Limited	3 months Kibor + 2.5%	Overdue	December 6, 2012	Unrated	6,000	6,000	30,000	30,000
Colony Thal Textile Mills Limited	Fixed 7%	Annually	December 31, 2017	Unrated	240	240	119,536	119,536
Cast-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,549	2,549
Chinot Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,185	1,185
Danneman Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,283	3,283
Fauji Akbar Portia Marine Terminal Limited	Zero Markup	Half yearly	October 15, 2024	Unrated	9	7	499,562	359,170
General Dairies & Food Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,350	1,350
Glorex Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	924	924
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	-	-	900	900
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	-	-	239	239
Independent News Paper Corporation Limited	3 month Kibor	Quarterly	March 30, 2018	B	1	1	244,180	487,474
Balance carried forward							2,665,609	2,508,085



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For the year ended December 31, 2017

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value / Cost	
					2017	2016	2017	2016
					------(Rupees in '000)-----			
Balance brought forward							2,665,609	2,508,085
JDW Sugar Mills Limited	3 month Kibor + 1.25%	Quarterly	June 23, 2014	A+	-	-	-	-
Kamal Ghee & Allied Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	4,238	4,238
Kiran Sugar Mills Limited*	3 month Kibor + 3.00%	Quarterly	July 6, 2016	Unrated	PENDING RECEIPT		-	120,000
Kiran Sugar Mills Limited	3 month Kibor + 3.00%	Quarterly	January 26, 2027	Unrated	144	144	385,227	385,227
Malik Food Industries Limited	22.00%	Overdue	Overdue	Unrated	11	11	1,401	1,401
Minaco Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,640	1,640
Moro Textile Mills Limited	8% for first 3 years and 3 month KIBOR+3%	Quarterly	January 10, 2021	Unrated	20	20	188,613	188,613
Munalisa Fruit Juices	-	-	-	Unrated	2	2	1,500	1,500
Munawar Engineering Company Limited	22.00%	Overdue	Overdue	Unrated	28	28	1,306	1,306
National Sugar Industries Limited	3 month Kibor + 3.00%	Quarterly	September 3, 2016	Unrated	20	20	-	-
National Tiles & Ceramics Limited	22.00%	Overdue	Overdue	Unrated	16	16	-	-
New Allied Electronic Industries Limited.	3 month Kibor + 1.50 %	Quarterly	December 31, 2020	Unrated	1	1	1,308,738	1,308,738
Oil & Gas Investment Limited.	6 month Kibor + 2%	Half yearly	May 14, 2015	Unrated	188,700	188,700	324,783	751,800
Pakistan International Airlines Corp. Limited	6 month Kibor + 1.25%	Half yearly	February 18, 2011	Unrated	594,976	594,976	9,345,735	12,149,456
Pakistan Laminates Limited	22.00%	Overdue	Overdue	Unrated	-	-	95	95
Pak Elektron Limited	3 month Kibor + 2%	Quarterly	February 24, 2020	AA	26	26	-	2,723,614
Pak Libya Holding Company Private Limited	6 month Kibor + 1.6%	Half yearly	February 7, 2016	AA	-	50,000	-	-
Parthenon Private Limited	3 month Kibor + 2%	Quarterly	December 30, 2017	Unrated	10	10	1,631,635	1,631,635
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	401	401
Pak Hy-Oil Limited	6 months Kibor + 2.25%	Overdue	December 6, 2013	Unrated	-	1	-	130,000
Rehman Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	-	11	-	7,511
Qand Ghar Private Limited	22.00%	Outstanding	Overdue	Unrated	22	22	2,092	2,092
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,831	3,831
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	3,404	3,404
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	32	32	5,221	6,033
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	5,422	5,422
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,840	1,840
Sialkot Dairies Limited	22.00%	Overdue	Overdue	Unrated	13	13	1,323	1,323
Silverland Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,035	1,035
Sind Textile Industries Limited	22.00%	Overdue	Overdue	Unrated	15	15	7,445	7,445
Sinsas Enterprises Limited	22.00%	Overdue	Overdue	Unrated	2	2	4,302	4,302
Star Silica International	22.00%	Overdue	Overdue	Unrated	16	16	1,799	1,799
Standard Chartered Bank Limited	6 Month Kibor +0.75%	Half yearly	June 29, 2022	AAA	66,730	86,730	333,650	334,985
Sunflo Juices Limited	22.00%	Overdue	Overdue	Unrated	28	28	748	748
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Tawakkal Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	759	759
Tharparkar Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	5	5	1,957	5,237
Turbo Tubes Limited	22.00%	Overdue	Overdue	Unrated	2	2	67	67
Ultra Engineering Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	1,126	1,126
Water and Power Development Authority	6 months Kibor + 1.75%	Half yearly	September 27, 2021	AAA	385,000	385,000	808,869	999,617
WAPDA Dasu Hydro Power	6 month Kibor + 1.45%	Half yearly	May 8, 2017	AAA	208,333	-	2,083,330	-
Waleed Leather Industries Limited	22.00%	Overdue	Overdue	Unrated	38	38	2,196	2,196
Zamir Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	7,516	7,516
							19,138,853	23,306,037
							22,619,296	26,752,151

All term finance certificates have a face value of Rs. 5,000 each unless otherwise mentioned.

* Certificates of Kiran Sugar Mills have not received yet.



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1.4.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2017	2016
------(Rupees in '000)-----					
Aaj Textile Mills Limited	Outstanding	Outstanding	14%	1,005	1,005
Aaj Textile Mills Limited	Outstanding	Outstanding	12.5%	270	270
Ajax Industries Limited	Overdue	Overdue	11%	1,397	1,397
Ajax Industries Limited	Overdue	Overdue	14%	269	269
Ali Asbestose Industries Limited	Overdue	Overdue	14%	175	175
Ali Asbestose Industries Limited	Overdue	Overdue	11%	1,510	1,510
Allied Marbles Industries	Overdue	Overdue	14%	23	23
Allied Marbles Industries	Overdue	-	Interest free	15	15
Azad Kashmir Mineral & Industrial Development Corporation	Overdue	Overdue	12%	3,286	3,286
Azad Kashmir Mineral & Industrial Development Corporation	Overdue	Overdue	14%	1,998	1,998
Azad Kashmir Mineral & Industrial Development Corporation	Overdue	Overdue	12.5%	2,336	2,336
Carbon Dioxide Limited	Outstanding	Outstanding	11%	495	495
Carbon Dioxide Limited	Outstanding	Outstanding	14%	95	95
Chillya Corrugated Board	Overdue	Overdue	14%	317	317
Consolidated Spinning & Textile Mills Limited	Overdue	Overdue	14%	180	180
Consolidated Sugar Mills	Overdue	Overdue	14%	1,875	1,875
Damaan Oil Mills	Overdue	Overdue	14%	204	204
Effef Industries Limited	Overdue	Overdue	14%	1,799	1,799
Effef Industries Limited	Overdue	-	Interest free	3,828	3,828
Electric Lamp Manufacturing	Outstanding	Outstanding	11%	75	75
Electric Lamp Manufacturing	Overdue	Overdue	14%	150	150
Hassan Tanneries Limited	Outstanding	Outstanding	14%	437	437
Hassan Tanneries Limited	Outstanding	Outstanding	12.5%	58	58
Hazara Woolen Mills	Overdue	Overdue	14%	1,148	1,148
Hydri Gas Limited	Outstanding	Outstanding	11%	47	47
Hydri Gas Limited	Outstanding	Outstanding	14%	50	50
Junaid Cotton Mills Limited	Overdue	Overdue	12.5%	165	165
Junaid Cotton Mills Limited	Overdue	Overdue	14%	470	470
Karachi Development Authority	Overdue	Overdue	12.5%	-	156,034
Khyber Textile Mills Limited	Overdue	Overdue	14%	1,000	1,000
Lahore Dyeing & Printing Mill	Outstanding	Outstanding	11%	1,013	1,013
Mansoor Textile Mills	Outstanding	Outstanding	14%	510	510
Morgah Valley Limited	Overdue	Overdue	11%	400	400
Morgah Valley Limited	Overdue	Overdue	14%	160	160
National Woolen Mills	Overdue	Overdue	14%	66	66
Pakistan Paper Corporation	Overdue	Overdue	11%	506	506
Progressive Tobacco Co.	Overdue	Overdue	14%	144	144
Qadri Textile Mills Limited	Outstanding	Outstanding	14%	489	489
Regal Ceramics Limited	Overdue	Overdue	14%	105	105
Rising Sun Knitwear Industries	Overdue	Overdue	14%	57	57
Rose Textile Mills Limited	Overdue	Overdue	14%	740	740
Sarhad Bricks Limited	Outstanding	Outstanding	11%	543	543
Sarhad Bricks Limited	Outstanding	Outstanding	14%	102	102
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	11%	368	368
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	14%	83	83
Shahdin Limited	Overdue	Overdue	14%	163	163
Shahyar Textile Mills Limited	Overdue	Overdue	14%	280	280
Spinzer Towel Industries Limited	Outstanding	Outstanding	12.5%	200	200
Spinzer Towel Industries Limited	Outstanding	Outstanding	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				31,195	187,229



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1.4.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2017 ------(Rupees in '000)-----	2016
Ali Paper Industries Limited	13	17%	261,000	1,250	3,393
Alipure Jute Mills Limited	53	17%	172,113	7,081	7,081
American Marbals Limited	12	17%	104,167	448	448
Azmat Oil Industries Limited	1	17%	226,000	226	226
Annis Garments Limited	12	17%	32,917	395	395
Bhawalpur Board Mills Limited	14	17%	137,000	1,918	1,918
Bela Chemicals limited	1	17%	10,500,000	10,500	10,500
Calcium Limited	1	17%	300,000	300	300
Dadabhoy Cement Limited	1	17%	11,601,000	7,303	7,303
Delta Tyre & Rubber Company Limited	7	17%	268,714	1,118	1,118
Gypsum Corporation Limited	32	17%	32,594	1,043	1,043
Ittehad Industries Limited	1	17%	600,000	451	451
Jubilee Paper Board Mills	16	17%	431,938	4,415	4,415
Kamal Enterprises Limited	17	17%	64,294	1,093	1,093
Khattak Edible Oil Limited	15	17%	82,467	1,237	1,237
Meditex International Limited	15	17%	87,800	508	508
Morgah Valley Limited	16	17%	29,250	468	468
National Fructose Limited	11	17%	550,818	3,215	3,215
Pak Belt Industries Limited	13	17%	94,692	757	757
Pangrio Sugar Mills Limited	29	17%	442,586	4,433	4,433
Punjab Building Products	12	17%	121,500	1,458	1,458
Punjab Cables Mills Limited	12	17%	388,667	3,833	3,833
Rainbow Packages Limited	23	17%	122,174	2,223	2,223
Sampak Paper Board Mills	11	17%	14,909	165	165
Sarela Cement Limited	35	17%	406,629	14,232	14,232
Shafi Woolen Industries Limited	11	17%	89,455	490	490
Sindh Glass Industries Limited	17	17%	598,765	9,457	9,457
Star Silica Industries Limited	15	17%	137,467	1,803	1,803
United Wood (Veener) Limited	15	17%	51,000	727	727
Waziristan Oil Industries Limited	13	17%	88,385	1,094	1,094
Zafar Oil Industries Limited	11	17%	65,455	720	720
Treet Corporation Limited	7,729,500	6.95 per TCLTC	33	88,636	121,796
				172,997	208,300



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1.4.4 Investment in Sukuk

Investee	Terms of Redemption		Rate of Interest %	Market Value / Cost	
	Principal	Interest		2017	2016
------(Rupees in '000)-----					
Water and Power Development Authr	Bi-Annual	Bi-Annual	6 month Kibor - 0.25%	-	77,637
Quetta Textile Mills Limited	Quaterly	Quaterly	3 month Kibor + 1.75%	193,652	193,652
Pakistan International Airline Corp. Lin	Bi-Annual	Bi-Annual	6 month Kibor + 1.75%	550,000	550,000
K- Electric Limited	Quaterly	Quaterly	3 month Kibor + 1%	1,840,500	2,061,352
Neelum Jhelum Hydropower Ltd	Bi-Annual	Bi-Annual	6 month Kibor + 1.13%	18,500,000	19,500,000
Fatima Fertilizer Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.10%	756,770	-
WAPDA Dasu Hydro Power	Bi-Annual	Bi-Annual	6 month Kibor + 1.45%	2,812,500	-
				24,653,422	22,382,641
Islamic Banking					
Other Islamic Sukuk					
Water and Power Development Autho	Bi-Annual	Bi-Annual	6 Month Kibor - 0.25%	2,083	4,167
Security Leasing Limited	Monthly	Monthly	6 month Kibor + 2.25%	30,807	30,807
Fatima Fertilizer Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.10%	822,000	1,000,000.00
Arzoo Textile Limited	Bi-Annual	Bi-Annual	6 month Kibor + 2.0%	100,000	100,000
Neelum–Jhelum Hydropower Plant	Bi-Annual	Bi-Annual	6 month Kibor + 1.13%	3,250,000	3,250,000
Pakistan International Airline Corp. Lin	On Maturity	Bi-Annual	6 month Kibor + 1.75%	175,000	175,000
Dasu Hydro Power-WAPDA	Bi-Annual	Bi-Annual	6 month Kibor + 1.45%	312,500	-
Al Baraka Bank (Pakistan) Limited	On Maturity	Bi-Annual	6 month Kibor + 0.75%	100,000	-
				4,792,390	4,559,974
Leasing Certificate					
Sui Sothern Gas Company Limited	Bi-Annual	Bi-Annual	6 month Kibor + 0.50%	2,000,000	2,000,000
GoP Ijara Sukuk					
GoP Ijara Sukuk	On Maturity	Bi-Annual	6 M T-bills	11,193,314	9,329,262
Total Islamic Banking				17,985,704	15,889,236
				42,639,126	38,271,877



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.4.5 Foreign Currency Debt Securities

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2017	2016
------(Rupees in '000)-----					
Bank Of America	On Maturity	Bi-Annual	6.88%	124,825	122,353
Goldman Sachs Group	On Maturity	Bi-Annual	7.50%	233,387	231,769
Goldman Sachs Group	On Maturity	Bi-Annual	6.15%	223,158	220,096
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	58,129	55,829
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	24,647	23,672
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	26,855	25,793
Goldman Sachs Group	On Maturity	Quarterly	6.15%	226,665	220,096
Jp Morgan Chase & Co	On Maturity	Bi-Annual	6.00%	113,557	109,222
Bank Of America	On Maturity	Bi-Annual	5.63%	119,323	114,712
Bank Of America	On Maturity	Bi-Annual	6.88%	258,722	255,233
Citigroup Inc	On Maturity	Bi-Annual	1.75%	220,651	208,208
Citigroup Inc	On Maturity	Bi-Annual	1.85%	-	217,314
Citigroup Inc	On Maturity	Bi-Annual	6.13%	-	209,615
Lloyds Tsb Bank	On Maturity	Bi-Annual	2.00%	-	208,779
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	-	107,872
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	-	215,745
Morgan Stanley	On Maturity	Bi-Annual	4.75%	-	200,248
				1,629,919	2,746,556



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

**Annexure II as referred to in
Note 10.7 to the unconsolidated financial statements**

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED FROM JANUARY TO DECEMBER 2017

(Rupees in Millions)

Sr. No.	Name & Address of the borrower	Name of Individuals/Partners/ Directors with NIC No.	Fathers/Husband's name.	Outstanding liabilities at beginning of year			Principal written-Off	Interest/ Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)	
					Principa Interest/ mark-up	Others					Total
1	2	3	4	5	6	7	8	9	10	11	12
1	Harmann Pharmaceutical Lab. (Pvt) Ltd. 16-KM, Multan Road, Lahore	Muhammad Haseeb Khan 35202-9014907-5 Muhammad Zafar Khan 35202-4615722-5 Abida Hafeez 35202-4047487-0	Muhammad Hafeez Khan Muhammad Hafeez Khan Muhammad Hafeez Khan	7.760	4.843	0.427	13.030	-	-	2.515	2.515
2	M/S SHEIKH MEDICOSE	GHULAM JILANI 36103-3356396-7	MUHAMAMD IKHTAYAR KHAN	2.890	1.475	0.150	4.515	0	0	0.737	0.737
3	MUHAMMAD AMJAD	MUHAMMAD AMJAD 36502-6450498-9	MUHAMMAD MUNIR	0.463	5.193	0.220	5.876	0	0	1.666	1.666
4	M/S MALIK CORPORATION	MUHAMMAD JAVAID IQBAL 35302-8273035-1 MUHAMMAD SALEEM 36501-1154823-5 MST. NAHEED IQBAL 36501-9542137-0	HAJI M SHARIF HAJI M SHARIF MUHAMMAD SALEEM	0.432	3.643	0.128	4.203	0	0	1.465	1.465
5	M/s AL-MAKKAH SILK CENTRE	MUHAMMAD IRSHAD 36302-9346727-9 MUHAMMAD MAKKI 36302-78634693-9	MUHAMMAD KHURSHID MUHAMMAD KHURSHID	0	1.403	0.062	1.465	0	0	0.815	0.815
6	Karachi Development Authority KDA Building, Shahra-e-Kamal Attaturk, Karachi.	Govt. of Sindh through Governor of Sindh		156.034	1202.424	0	1358.458	0	0	1197.263	1197.263
7	Arif S/o Ahmed Din R/O Cha Kakay Wala , Daska , Sialkot	Arif S/o Ahmed Din 34601-3692901-9	Ahmed Din	2.624	0.000	1.232	3.856	0.000	0.000	0.565	0.565
8	M/S Al Hamad Filling Station Kot Chaddu , Daska Road , Sialkot	Mirza Muhammad Sabir Mirza Muhammad Bashir 34601-0942002-1 Mirza Muhammad Ashraf 34601-5340283-9	Mirza Muhammad Bashir Mirza Imam Din Haji Imam Din	0.624	0.000	1.029	1.653	0.000	0.000	0.694	0.694
9	M/S BISMILLAH RICE MILLS KUNJAH ROAD BRANCH GUJRAT.	SAJID MEHMOOD. 34201-9060098-3 MALIK MIAN KHAN 34201-4562312-5 INAYAT ULLAH 34201-3087567-7 YASIR AHMED 34201-4570994-7 MALIK TAHIR MEHMOOD 34201-9616961-7	Malik Mian Khan Malik Ali Muhammad Ahmed Khan Malik Mian Khan Inayat Ullah	0.439	0.193	2.075	2.707	0	0	0.684	0.684
10	Zamurad Khan Village Dheri, P.O Dobathar, Abbottabad	Zamurad Khan 13101-0930661-1	Humayun Khan	0.875	0.516	0.028	1.419	0.875	0.000	0.544	1.419
				172.141	1219.690	5.351	1397.182	0.875	0.000	1206.948	1207.823



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Annexure III as referred to in
Note 11.6 to the unconsolidated financial statements

Details of disposals of property and equipment

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
						(Rupees in '000)	
Furniture & Fixtures	608	1	50	49	Auction	Scrap Items	Auctioneer
Furniture & Fixtures	125	29	29	-	As per entitlement	Muhammad Arif Ali , ex Avp	Ex-employee
Furniture & Fixtures	125	43	43	-	As per entitlement	Sher Afzal	Ex-employee
Furniture & Fixtures	125	58	58	-	As per entitlement	Muhammad Aslam	Ex-employee
Furniture & Fixtures	125	69	69	-	As per entitlement	Maqsood Ahmed Khan	Ex-employee
Furniture & Fixtures	125	29	29	-	As per entitlement	Malik Zahid Aleem	Ex-employee
Furniture & Fixtures	125	69	69	-	As per entitlement	Rafi Ahmed	Ex-employee
Furniture & Fixtures	125	44	44	-	As per entitlement	Attiqie Ahmed	Ex-employee
Furniture & Fixtures	125	92	92	-	As per entitlement	Shaheen Akhtar	Ex-employee
Furniture & Fixtures	500	83	83	-	As per entitlement	Nausherwan Adil	Ex-employee
Furniture & Fixtures	125	74	74	-	As per entitlement	Tariq Ameer	Ex-employee
Furniture & Fixtures	150	83	83	-	As per entitlement	Jamil Anwar	Ex-employee
Furniture & Fixtures	125	75	75	-	As per entitlement	Muhammad Aslam	Ex-employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Amanat Ali Khan	Ex-employee
Furniture & Fixtures	150	88	88	-	As per entitlement	Ch. Muhammad Akram	Ex-employee
Furniture & Fixtures	150	33	33	-	As per entitlement	Sharaf Ahmed	Ex-employee
Furniture & Fixtures	125	67	67	-	As per entitlement	Bashir Ahmed	Ex-employee
Furniture & Fixtures	125	67	67	-	As per entitlement	Muhammad Nasir Ali	Ex-employee
Furniture & Fixtures	125	17	17	-	As per entitlement	Muhammad Ashiq	Ex-employee
Furniture & Fixtures	125	79	79	-	As per entitlement	Naeem Afzal	Ex-employee
Furniture & Fixtures	300	145	145	-	As per entitlement	Kamran Amin	Ex-employee
Furniture & Fixtures	125	10	10	-	As per entitlement	Khurshid Anwar	Ex-employee
Furniture & Fixtures	175	138	138	-	As per entitlement	Mirza Ishrat Baig	Ex-employee
Furniture & Fixtures	125	100	100	-	As per entitlement	Baleeghuddin	Ex-employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Khalid Mehmood Bhatti	Ex-employee
Furniture & Fixtures	125	43	43	-	As per entitlement	Ghulam Siddique Buzdar	Ex-employee
Furniture & Fixtures	125	60	60	-	As per entitlement	Muhammad Ejaz Baig	Ex-employee
Furniture & Fixtures	125	18	18	-	As per entitlement	Arshad Farooq	Ex-employee
Furniture & Fixtures	175	35	35	-	As per entitlement	Abid Farooq	Ex-employee
Furniture & Fixtures	125	63	63	-	As per entitlement	Zia Ul Haq	Ex-employee
Furniture & Fixtures	150	47	47	-	As per entitlement	Abdul Hafeez	Ex-employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Aslam Hussain	Ex-employee
Furniture & Fixtures	125	15	15	-	As per entitlement	Mian Khalid	Ex-employee
Furniture & Fixtures	150	52	52	-	As per entitlement	Muhammad Mazhar Ul Haq	Ex-employee
Furniture & Fixtures	125	106	106	-	As per entitlement	Hafiz Mazhar Hussain	Ex-employee
Furniture & Fixtures	175	125	125	-	As per entitlement	Shamsher Hussain	Ex-employee
Furniture & Fixtures	125	69	69	-	As per entitlement	Altaf Hussain	Ex-employee
Furniture & Fixtures	125	8	8	-	As per entitlement	Syed Masood Hussain	Ex-employee
Furniture & Fixtures	125	40	40	-	As per entitlement	Abdul Hafeez Iqbal	Ex-employee
Furniture & Fixtures	125	74	74	-	As per entitlement	Khawaja Muhammad Irsahd	Ex-employee
Furniture & Fixtures	125	29	29	-	As per entitlement	Zafar Iqbal	Ex-employee
Furniture & Fixtures	125	48	48	-	As per entitlement	Inayatullah	Ex-employee
Furniture & Fixtures	125	44	44	-	As per entitlement	Muhammad Iqbal	Ex-employee
Furniture & Fixtures	125	60	60	-	As per entitlement	Inayatullah	Ex-employee
Furniture & Fixtures	150	106	106	-	As per entitlement	Muhammad Ibrahim	Ex-employee
Furniture & Fixtures	125	17	17	-	As per entitlement	Muhammad Bashir Khan	Ex-employee
Furniture & Fixtures	125	83	83	-	As per entitlement	Muhammad Ashraf Khan	Ex-employee
Furniture & Fixtures	125	5	5	-	As per entitlement	Roman Khan	Ex-employee
Furniture & Fixtures	125	15	15	-	As per entitlement	Muhammad Iqbal	Ex-employee
Furniture & Fixtures	125	121	121	-	As per entitlement	Muhammad Kashif Khan	Ex-employee
Furniture & Fixtures	150	73	73	-	As per entitlement	Sarfaraz Khan Jegezal	Ex-employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Sher Dil Khan	Ex-employee
Furniture & Fixtures	125	56	56	-	As per entitlement	Mehmood Ali Khan	Ex-employee
Furniture & Fixtures	175	140	140	-	As per entitlement	Imtiaz Ali Khan	Ex-employee
Furniture & Fixtures	125	81	81	-	As per entitlement	Ghulam Muhammad	Ex-employee
Furniture & Fixtures	125	50	50	-	As per entitlement	Muhammad Zareen Khan	Ex-employee
Furniture & Fixtures	125	5	5	-	As per entitlement	Nasir Lodhi	Ex-employee
Furniture & Fixtures	125	85	85	-	As per entitlement	Manzoor Ahmed Lodhi	Ex-employee
Furniture & Fixtures	125	75	75	-	As per entitlement	Abdul Manan Khan	Ex-employee
Furniture & Fixtures	150	58	58	-	As per entitlement	Sajida Malik	Ex-employee
Furniture & Fixtures	125	77	77	-	As per entitlement	Arshad Munir	Ex-employee
Furniture & Fixtures	125	7	7	-	As per entitlement	Abdul Majeed	Ex-employee
Furniture & Fixtures	125	102	102	-	As per entitlement	Ghulam Rabbani	Ex-employee
Furniture & Fixtures	150	95	95	-	As per entitlement	Sultan Mehmood	Ex-employee
Furniture & Fixtures	125	98	98	-	As per entitlement	Mir Muhammad Mahfooz	Ex-employee
Furniture & Fixtures	150	78	78	-	As per entitlement	Malik Imam Haider	Ex-employee
Furniture & Fixtures	125	69	69	-	As per entitlement	Khalid Masood	Ex-employee
Furniture & Fixtures	125	33	33	-	As per entitlement	Azam Hussain Mirani	Ex-employee
Furniture & Fixtures	300	25	25	-	As per entitlement	Hamid Masood	Ex-employee
Furniture & Fixtures	125	35	35	-	As per entitlement	Late Taj Muhammad	Ex-employee
Furniture & Fixtures	125	124	124	-	As per entitlement	Ghulam Nabi	Ex-employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Farzana Parveen	Ex-employee
Furniture & Fixtures	150	32	32	-	As per entitlement	Ghulam Qasim	Ex-employee
Furniture & Fixtures	125	3	3	-	As per entitlement	Abdul Wajid Qureshi	Ex-employee
Furniture & Fixtures	125	58	58	-	As per entitlement	Shahi Room	Ex-employee
Furniture & Fixtures	125	46	46	-	As per entitlement	Muhammad Rashid	Ex-employee
Furniture & Fixtures	125	94	94	-	As per entitlement	S. Mehfooz Ali Shah	Ex-employee



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For the year ended December 31, 2017

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
						------(Rupees in '000)-----	
Furniture & Fixtures	150	62	62	-	As per entitlement	Muhammad Saleem	Ex-employee
Furniture & Fixtures	125	48	48	-	As per entitlement	Muhammad Saleem	Ex-employee
Furniture & Fixtures	125	33	33	-	As per entitlement	Pervaiz Ahmed Shad	Ex-employee
Furniture & Fixtures	125	25	25	-	As per entitlement	Ali Gohar Shaikh	Ex-employee
Furniture & Fixtures	125	38	38	-	As per entitlement	Sh. Inam Jamil Anjum	Ex-employee
Furniture & Fixtures	125	48	48	-	As per entitlement	Abdul Sattar	Ex-employee
Furniture & Fixtures	125	18	18	-	As per entitlement	Asad Sohail	Ex-employee
Furniture & Fixtures	125	90	90	-	As per entitlement	Muhammad Siddique Soomro	Ex-employee
Furniture & Fixtures	125	3	3	-	As per entitlement	Muhammad Saeed	Ex-employee
Furniture & Fixtures	150	113	113	-	As per entitlement	Shista Sullana	Ex-employee
Furniture & Fixtures	125	50	50	-	As per entitlement	Tehsin Ullah	Ex-employee
Furniture & Fixtures	125	94	94	-	As per entitlement	Abdul Wahab Abro	Ex-employee
Furniture & Fixtures	125	13	13	-	As per entitlement	Muhammad Yousuf	Ex-employee
Furniture & Fixtures	175	166	166	-	As per entitlement	Jahan Zeb	Ex-employee
Furniture & Fixtures	125	7	7	-	As per entitlement	Muhammad Farooq Zulfiqar	Ex-employee
Furniture & Fixtures	175	138	138	-	As per entitlement	Mirza Ishrat Baig	Ex-employee
	13,458	5,672	5,721	49			
Computer Equipment	96	45	45	-	As per entitlement	Mr.Pervez Rahim	Ex-employee
Computer Equipment	644	-	50	50	Auction	Auctioneer	Auctioneer
Computer Equipment	138	-	-	-	As per entitlement	Ms.Banzir Brohi,ex-employee	Ex-employee
	878	45	95	50			
Electrical Installations	680	374	374	-	As per entitlement	Riaz Khokhar	Employee
Office Equipment	15	4	4	-	As per entitlement	Pervez Rahim	Ex-employee
Office Equipment	15	-	-	-	As per entitlement	Nehal Ahmed Jaffri	Ex-employee
Office Equipment	111	-	-	-	As per entitlement	Khalid Mehmood	Ex-employee
Office Equipment	94	-	-	-	As per entitlement	Wajahat A Baqai	Ex-employee
	914	378	378	-			
Motor Vehicles	849	495	495	-	As per entitlement	Tahir Mehmood	Employee
Motor Vehicles	1,658	1,298	1,298	-	As per entitlement	Jahan Zeb	Ex-employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhammad Faud Mohsin	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Kaleemullah Shaikh	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Zubair Mirza	Employee
Motor Vehicles	1,673	335	335	-	As per entitlement	Ehtesham Rashid	Employee
Motor Vehicles	1,357	-	136	136	As per entitlement	Mirza Ishrat Baig	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Nasseruddin	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Zia Ur Rashid Ibrahim	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Zubaid Ali Shaikh	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Manzoor Ahmed	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Imtiaz Ali Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Naeem Ansari	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	K Ahsan Elahi	Employee
Motor Vehicles	1,538	282	282	-	As per entitlement	Ghulam Raza Dehraj	Ex-employee
Motor Vehicles	5,106	3,063	3,063	-	As per entitlement	Wajahat A Baqai	Ex-employee
Motor Vehicles	1,538	308	308	-	As per entitlement	M.Younas	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Aamir Manzoor	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhammad Farooq	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Basharat Ali	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Talial Khurshid	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Nadir Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhammad Irfan Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Abdul Hameed Asim	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Javaid Anwar Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Sohail Akhtar	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Sohail Hassan Butt	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Imtiaz Ahmed	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Haseeb Arshad	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Shahid Majeed	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhaamad Fayyaz	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Ansar Goraha	Employee
Motor Vehicles	2,143	750	750	-	As per entitlement	Nausherawan Adil	Ex-employee
Motor Vehicles	1,673	335	335	-	As per entitlement	Tariq Latif Ansari	Employee
Motor Vehicles	1,673	335	335	-	As per entitlement	Shafique Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Khadija Adnan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Javed Ashraf	Employee
Motor Vehicles	1,507	301	301	-	As per entitlement	Khurram Saeed Naik	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Syed Azhar Ali	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Mujahid Abbas Khan	Employee
Motor Vehicles	1,259	-	126	126	As per entitlement	Abid Farooq	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhammad Naeemullah Jan	Employee
Motor Vehicles	1,658	-	1,525	1,525	As per entitlement	National Insurance Co.ltd	Insurance Claim
Motor Vehicles	863	-	451	451	As per entitlement	National Insurance Co.ltd	Insurance Claim
Motor Vehicles	1,658	-	1,260	1,260	As per entitlement	National Insurance Co.ltd	Insurance Claim
Motor Vehicles	1,538	308	308	-	As per entitlement	Dibur Hussain	Employee
Motor Vehicles	1,354	-	135	135	As per entitlement	Hamid Masood	Ex-employee
Motor Vehicles	1,673	335	335	-	As per entitlement	Khawaja Muhammad Aminul Azam	Employee
Motor Vehicles	1,658	1,077	1,077	-	As per entitlement	Mr.pervez Rahim	Employee
Motor Vehicles	1,604	325	325	-	As per entitlement	Mr.javed Haider	Employee
Motor Vehicles	1,708	342	342	-	As per entitlement	Mr.usman Shahid	Employee
Motor Vehicles	1,858	1,300	1,300	-	As per entitlement	Mr.zaheer Baig	Ex-employee
Motor Vehicles	555	-	360	360	Auction	Zahid Iqbal	Auctioneer



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Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
							(Rupees in '000)
Motor Vehicles	560	-	405	405	Auction	Naeem Akhtar Shujrah	Auctioneer
Motor Vehicles	790	-	500	500	Auction	Ajab Khan	Auctioneer
Motor Vehicles	790	-	455	455	Auction	Basharat Jawad Cheema	Auctioneer
Motor Vehicles	830	-	590	590	Auction	Tabish Haider Shaikh	Auctioneer
Motor Vehicles	830	-	550	550	Auction	Nadeem	Auctioneer
Motor Vehicles	830	-	550	550	Auction	Rana Abdus Samad	Auctioneer
Motor Vehicles	830	-	530	530	Auction	Rashid Ayub Khan	Auctioneer
Motor Vehicles	906	-	600	600	Auction	Muhammad Asif Khan	Auctioneer
Motor Vehicles	906	-	640	640	Auction	Nadeem	Auctioneer
Motor Vehicles	906	-	705	705	Auction	Nayyab	Auctioneer
Motor Vehicles	906	-	655	655	Auction	Rana Abdus Samad	Auctioneer
Motor Vehicles	906	-	625	625	Auction	Amanullah Mughal	Auctioneer
Motor Vehicles	906	-	650	650	Auction	Asad Ejaz	Auctioneer
Motor Vehicles	906	-	670	670	Auction	Gul Daad	Auctioneer
Motor Vehicles	1,359	-	1,055	1,055	Auction	Basharat Jawad Cheema	Auctioneer
Motor Vehicles	1,849	-	1,280	1,280	Auction	Azim Ullah Khan	Auctioneer
Motor Vehicles	1,849	-	1,255	1,255	Auction	Ghulam Haider	Auctioneer
Motor Vehicles	7,185	-	4,075	4,075	Auction	Zeeshan Qazi	Auctioneer
Motor Vehicles	664	-	385	385	Auction	Muhammad Ajmal Khan Ghouri	Auctioneer
Motor Vehicles	715	-	490	490	Auction	Asad Ejaz,	Auctioneer
Motor Vehicles	715	-	585	585	Auction	Rao Muhammadnoman Ashfaq,	Auctioneer
Motor Vehicles	600	-	400	400	Auction	Asif Raza Malik	Auctioneer
Motor Vehicles	555	-	410	410	Auction	Muhammad Javed Malik,	Auctioneer
Motor Vehicles	890	-	410	410	Auction	S,Khalid Hussain Taqvi,	Auctioneer
Motor Vehicles	699	-	500	500	Auction	Asif Raza Malik	Auctioneer
Motor Vehicles	790	-	470	470	Auction	Muhammad Shoaib,	Auctioneer
Motor Vehicles	790	-	455	455	Auction	Salim Khan,	Auctioneer
Motor Vehicles	830	-	595	595	Auction	Nadeem,	Auctioneer
Motor Vehicles	906	-	675	675	Auction	Mirza Shafiq Baig,	Auctioneer
Motor Vehicles	602	-	560	560	Auction	Aurang Zaib,	Auctioneer
Motor Vehicles	1,289	-	955	955	Auction	Muhammad Shafiq,	Auctioneer
Motor Vehicles	1,329	-	1,075	1,075	Auction	Tufail Ahmed Memon,	Auctioneer
Motor Vehicles	1,359	-	1,155	1,155	Auction	Abdul Ghaffar Umrani,	Auctioneer
Motor Vehicles	434	-	365	365	Auction	Muhammad Javed	Auctioneer
Motor Vehicles	434	-	430	430	Auction	Baqar Raza Navaid	Auctioneer
Motor Vehicles	664	-	480	480	Auction	Ghulam Rehman	Auctioneer
Motor Vehicles	709	-	540	540	Auction	Rana Abdus Samad	Auctioneer
Motor Vehicles	709	-	570	570	Auction	Ghulam Rehman	Auctioneer
Motor Vehicles	709	-	590	590	Auction	Rana Abdus Samad	Auctioneer
Motor Vehicles	709	-	525	525	Auction	Azim Ullah	Auctioneer
Motor Vehicles	709	-	530	530	Auction	Muhammad Karim	Auctioneer
Motor Vehicles	709	-	625	625	Auction	Syed Razi Hyder	Auctioneer
Motor Vehicles	709	-	650	650	Auction	Muhammad Arif Jameel	Auctioneer
Motor Vehicles	709	-	625	625	Auction	Muhammad Furrugh	Auctioneer
Motor Vehicles	879	-	815	815	Auction	Muhammad Kalim	Auctioneer
Motor Vehicles	1,239	-	1,030	1,030	Auction	Riaz Ahmed	Auctioneer
Motor Vehicles	1,239	-	1,010	1,010	Auction	Abdul Ghaffar	Auctioneer
Motor Vehicles	709	-	465	465	Auction	Muhammad Javed	Auctioneer
Motor Vehicles	830	-	469	469	Auction	Muhammad Javed	Auctioneer
Motor Vehicles	935	-	405	405	Auction	Muhammad Javed	Auctioneer
Motor Vehicles	790	-	393	393	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	790	-	358	358	Auction	Syed Ali Imran Zaidi	Auctioneer
Motor Vehicles	790	-	567	567	Auction	Muhammad Riaz	Auctioneer
Motor Vehicles	790	-	438	438	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	790	-	453	453	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	790	-	443	443	Auction	Rab Nawaz	Auctioneer
Motor Vehicles	790	-	493	493	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	830	-	493	493	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	830	-	473	473	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	906	-	567	567	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	906	-	543	543	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	906	-	567	567	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	709	-	582	582	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	879	-	762	762	Auction	Ali Abbas	Auctioneer
Motor Vehicles	1,239	-	1,110	1,110	Auction	Zeshan Iftikhar Hussain	Auctioneer
Motor Vehicles	790	-	554	554	Auction	Ijaz Ahmed	Auctioneer
Motor Vehicles	709	-	469	469	Auction	Syed Yasir Hussain Shah	Auctioneer
Motor Vehicles	906	-	524	524	Auction	Mian Muhammad Haroon	Auctioneer
Motor Vehicles	709	-	459	459	Auction	Abid Ansar	Auctioneer
Motor Vehicles	830	-	469	469	Auction	Riaz Mehmood Malik	Auctioneer
Motor Vehicles	709	-	479	479	Auction	Haseeb Ahmed	Auctioneer
Motor Vehicles	709	-	424	424	Auction	Khalid Mehmood	Auctioneer
Motor Vehicles	830	-	614	614	Auction	Gohar Ali	Auctioneer
Motor Vehicles	830	-	504	504	Auction	Muhammad Yousuf Khan	Auctioneer
Motor Vehicles	830	-	559	559	Auction	Muhammad Yousuf Khan	Auctioneer
Motor Vehicles	830	-	459	459	Auction	Shahzad Ahmed	Auctioneer
Motor Vehicles	830	-	469	469	Auction	Syed Anwar Hasnain	Auctioneer
Motor Vehicles	709	-	454	454	Auction	Abid Ansar	Auctioneer
Motor Vehicles	906	-	494	494	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	709	-	544	544	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	709	-	624	624	Auction	Syed Yasir Hussain Shah	Auctioneer
Motor Vehicles	906	-	479	479	Auction	Syed Yasir Hussain Shah	Auctioneer
Motor Vehicles	709	-	404	404	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	935	-	629	629	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	709	-	444	444	Auction	Khurram Ayub	Auctioneer
Motor Vehicles	906	-	679	679	Auction	Amir Shafiq	Auctioneer
Motor Vehicles	906	-	629	629	Auction	Khurram Ayub	Auctioneer
Motor Vehicles	906	-	649	649	Auction	Muhammad Anwar Ch	Auctioneer
Motor Vehicles	906	-	649	649	Auction	Muhammad Siraj	Auctioneer



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser
Motor Vehicles	906	-	674	674	Auction	Agha Mustafa Ali Shah
Motor Vehicles	906	-	574	574	Auction	Haseeb Ahmed
Motor Vehicles	1,877	-	1,484	1,484	Auction	Muhammad Fuad Mohsin
Motor Vehicles	709	-	465	465	Auction	Rana Abdus Samad
Motor Vehicles	709	-	605	605	Auction	Akhtar Hussain Khan
Motor Vehicles	709	-	545	545	Auction	Basharatjaved Cheema
Motor Vehicles	790	-	520	520	Auction	Rana Abdus Samad
Motor Vehicles	906	-	590	590	Auction	Rashid Ayub Khan
Motor Vehicles	1,239	-	925	925	Auction	Muhammad Aqeel
Motor Vehicles	1,239	-	985	985	Auction	Javed Masih
Motor Vehicles	1,854	-	1,080	1,080	Auction	Jamal Hassan Siddiqui
Motor Vehicles	1,939	-	1,200	1,200	Auction	Muhammad Khalid
Motor Vehicles	1,359	-	970	970	Auction	Khalid Azmat
Motor Vehicles	18	-	5	5	Auction	Asad Ali Shah
Motor Vehicles	709	-	294	294	Auction	Gulzar Hussain
Motor Vehicles	709	-	399	399	Auction	Muhammad Tufail Abid
Motor Vehicles	709	-	419	419	Auction	Muhammad Anwar Ch
Motor Vehicles	709	-	434	434	Auction	Sajid Iqbal
Motor Vehicles	709	-	444	444	Auction	Muhammad Ahsan Iqbal
Motor Vehicles	709	-	494	494	Auction	Shaban Ali Khokhar
Motor Vehicles	709	-	419	419	Auction	Shahbaz Ahmed
Motor Vehicles	709	-	454	454	Auction	Manzoor Qadir
Motor Vehicles	709	-	469	469	Auction	Manzoor Qadir
Motor Vehicles	709	-	459	459	Auction	Muhammad Ahsan Iqbal
Motor Vehicles	709	-	544	544	Auction	Allaudin Chohan
Motor Vehicles	709	-	444	444	Auction	Muhammad Arshad
Motor Vehicles	709	-	444	444	Auction	Manzoor Qadir
Motor Vehicles	906	-	564	564	Auction	Muhammad Ishaq
Motor Vehicles	709	-	399	399	Auction	Ghazanfar Ali
Motor Vehicles	709	-	509	509	Auction	Khurram Ayub
Motor Vehicles	709	-	619	619	Auction	Muhammad Aqib Zahoor
Motor Vehicles	709	-	519	519	Auction	Muhammad Iqbal
Motor Vehicles	709	-	699	699	Auction	Talib Hussain Naz
Motor Vehicles	709	-	564	564	Auction	Muhammad Aqib Zahoor
Motor Vehicles	709	-	484	484	Auction	Manzoor Qadir
Motor Vehicles	709	-	644	644	Auction	Zeeshan Ishaq
Motor Vehicles	790	-	395	395	Auction	Rana Abdus Samad
Motor Vehicles	709	-	520	520	Auction	Hasan Shahid
Motor Vehicles	709	-	680	680	Auction	Humayun Shafiq
Motor Vehicles	709	-	560	560	Auction	M.Shabbir Uddin
Motor Vehicles	709	-	590	590	Auction	Muhammad Asif
Motor Vehicles	709	-	630	630	Auction	Mohammad Aurangzeb
Motor Vehicles	709	-	635	635	Auction	Mahmood Habib
Motor Vehicles	709	-	715	715	Auction	Ifikhar Ahmed
Motor Vehicles	709	-	710	710	Auction	Muhammad Sohail Zaman
Motor Vehicles	709	-	610	610	Auction	Shahid Ahmed Abbasi
Motor Vehicles	906	-	720	720	Auction	Naimatullah
Motor Vehicles	1,239	-	1,070	1,070	Auction	Muhammad Dawood
Motor Vehicles	1,239	-	1,090	1,090	Auction	Amil Gul
Motor Vehicles	1,289	-	1,100	1,100	Auction	Muhammad Aslam
Motor Vehicles	1,800	-	1,345	1,345	Auction	Mirza Khurshid Baig
Motor Vehicles	790	-	310	310	Auction	Sultan Zaib
Motor Vehicles	709	-	445	445	Auction	Rafi Ahmed Jafri
Motor Vehicles	709	-	465	465	Auction	Syed Arsalan Sadiq
Motor Vehicles	709	-	535	535	Auction	Shiekh Amir Mehmood
Motor Vehicles	709	-	560	560	Auction	Javed Akhtar Baloch
Motor Vehicles	709	-	575	575	Auction	Syed Arsalan Sadiq
Motor Vehicles	709	-	450	450	Auction	Rashid Ayub Khan
Motor Vehicles	709	-	210	210	Auction	Muhammad Hamid
Motor Vehicles	709	-	640	640	Auction	Rashid Ayub Khan
Motor Vehicles	709	-	605	605	Auction	Muhammad Bilal Khan
Motor Vehicles	906	-	410	410	Auction	Abdul Kaleem
Motor Vehicles	1,239	-	645	645	Auction	Rana Abdus Samad
Motor Vehicles	1,239	-	675	675	Auction	Ifikhar Ahmed
Motor Vehicles	1,289	-	675	675	Auction	Mumtaz Ali
Motor Vehicles	1,800	-	580	580	Auction	Sultan Zaib
Motor Vehicles	407	-	535	535	Auction	Muhammad Asif
Motor Vehicles	709	-	460	460	Auction	Auctioneer
Motor Vehicles	709	-	550	550	Auction	Auctioneer
Motor Vehicles	709	-	555	555	Auction	Auctioneer
Motor Vehicles	709	-	340	340	Auction	Auctioneer
Motor Vehicles	709	-	475	475	Auction	Auctioneer
Motor Vehicles	709	-	575	575	Auction	Auctioneer
Motor Vehicles	709	-	340	340	Auction	Auctioneer
Motor Vehicles	709	-	575	575	Auction	Auctioneer
Motor Vehicles	709	-	405	405	Auction	Auctioneer
Motor Vehicles	709	-	520	520	Auction	Auctioneer
Motor Vehicles	709	-	560	560	Auction	Auctioneer
Motor Vehicles	790	-	470	470	Auction	Auctioneer
Motor Vehicles	790	-	460	460	Auction	Auctioneer
Motor Vehicles	790	-	635	635	Auction	Auctioneer
Motor Vehicles	863	-	670	670	Auction	Auctioneer
Motor Vehicles	709	-	435	435	Auction	Auctioneer
Motor Vehicles	709	-	545	545	Auction	Auctioneer



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
						------(Rupees in '000)-----	
Motor Vehicles	709	-	470	470	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	595	595	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	630	630	Auction	Auctioneer	Auctioneer
Motor Vehicles	790	-	350	350	Auction	Auctioneer	Auctioneer
Motor Vehicles	790	-	520	520	Auction	Auctioneer	Auctioneer
Motor Vehicles	790	-	515	515	Auction	Auctioneer	Auctioneer
Motor Vehicles	367	-	235	235	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	335	335	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	405	405	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	300	300	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	490	490	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	545	545	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	515	515	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	595	595	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	305	305	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	430	430	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	455	455	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	555	555	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	520	520	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	535	535	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	335	335	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	415	415	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	550	550	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	340	340	Auction	Auctioneer	Auctioneer
Motor Vehicles	709	-	530	530	Auction	Auctioneer	Auctioneer
	253,724	20,105	140,589	120,484			
	268,974	26,200	146,783	120,583			



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Annexure IV as referred to in Note 28.2 to the financial statements

	2017	2016
	(Rupees in '000)	
Donations include following amounts exceeding Rs 0.1 million:		
Fatimid Foundation Kidney Centre Quetta.	-	450
	<u>-</u>	<u>450</u>
Contributions for Corporate & Social Responsibilities include following amounts exceeding Rs 0.1 million:		
Marie Adelaide Leprosy Centre, Karachi	-	990
Institute of Business Administration (IBA)	-	2,100
Pakistan Disabled Foundation, Karachi	270	-
Behbud Association of Pakistan, Rawalpindi	160	-
Sundas Foundation, Lahore	250	350
Treatment for Dialysis Patients at Pak Kidney Institute, Islamabad	-	450
Scholarship for 10 students of Sargodhian Spirit Trust Tandoallyar.	3,750	3,750
Help International Welfare Trust-Karachi.	240	-
The Aga Khan University Hospital	-	7,500
SOS Children's Village Islamabad.	400	-
20 Students Scholarship, through Professional Education Foundation, Karachi	1,200	1,200
Orphan Students Educational Expenses Roshni Homes, Lahore	200	-
Sindh Disabled Association, in Khairpur.	159	-
Firdous Ittehad Social Welfare Orgaiz Karachi	-	38
NBP Scholarship Program Namal College Mianwali	-	1,500
NBP Scholarship Program Sindh Madressatul Islam University.	-	720
NBP Female Ward in MALC.	-	495
Patient Welfare Dept at Awn-e-Tijarat-o-Sanat Hospital Trust Karachi.	-	100
Poor Patients Treatment Pakistan Kidney Institute Islamabad	200	-
Jammia Masjid at Distt Kohlu Baluchistan.	-	500
3rd Install 15 non-formal Schools Adopted by NBP in Collab with CCF Lahore	-	3,150
Aman Ambulance to Aman Foundation .	2,000	2,000
Financial Grant to Widoe of Deceased Police Constable Died During On-Duty.	-	500
Prevention of Blindness Trust.	-	183
Support a child Program by Sp-Children School(PNAD) Mauripu.r	230	202
06 Student Studying at Deaf Reach School.	-	432
Thar Relief Appeal 2016 "Installation of Hands Pumps" Tharparkar.	-	260
Medical Equipment at Al Mustafa Trust Medical Centre Lahore.	-	390
NBP Scholarship Programme for the students of Boys&Girls High School Teh Pazzo Balochistan.	-	479
Adaptation of MALC Triple Merger Centre at ,Swabi,KPK.	-	450
06-Girls Students one year Tuition Fee & Uniforms to Kashf Foundation.	150	-
Scholarship of 15 Children for one year by Education fund for Sindh(EFS).	-	126
Rheumatic Diseases for Arthritis/students support Care Foundation Shadman Lahore.	126	-
05 Student Scholarship to Deaf Reach School by Family Education Services Foundation.	-	360
Adoption of 05 Children at Ida Rieu Walfare Association for Blind, Karachi	-	120
Pakistan Association for the Blinds, Karachi.	300	-
NBP Scholarship at Centre for Development Social Services ,Karachi.	-	673
Books for Underprivileged Children Studying in Minerva Education System Khi.	317	180
Wheel Chairs & Stretchers at Abbas Institute of Medical Sciences AJK.	-	239
Govt. Girls Sec-School Gizri Ravians Educational Services Trust.	-	400
Distribution of Ramzan Food Package Packets for Lyari Town, Karachi.	1,000	2,276
Uniform & Shose for students at ABB Gulshan-e-iqbal, Karachi	-	150
Rehabilitation-Street Childrens Program AAS Trust Karachi.	-	400
NBP Women V- Training Programe by Kaus-e-Kazah Bhakkar.	-	250
NBP Women V- Training Programe by Kaus-e-Kazah Abbottabad.	-	250
2nd Inst NBP Scholarship for 17 students-Centre for Devel Social Services Karachi.	1,010	673
Food for 10 Patients for 11 month Koohi Goth Hospital, Sindh.	-	495
Vocation Training in Collaboration with Fatima Ali Joo Welfare Foundation (FAWF).	-	271
Equipment-Gulab Devi Chest Hospital, Lahore.	360	450



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	(Rupees in '000)	
Ghurki Trust Teaching Hospital Jallo Morr,Lahore.	-	150
NBP Scholarship Program,252 Children at High School Pazza,Distt,Kohlu Baluchistan	-	126
Patients Treatment at The Indus Hospital,Karachi.	475	200
01 Class Edu-Expences,One Year at Nowshera KPK,The Citizen Foundation	-	360
Child Aid Association at National Institute of Child Health Karachi.	-	300
Blood Bank run by Sada Welfare Foundation at (NICH) Karachi.	-	300
Donation-Nigahban Welfare Association at Civil Hodpital, Khi.	300	-
Treatment Poor Patients by Transparent Hands ,Lahore.	-	373
Renovation of National Police Bureau Library Islamabad.	-	500
Department of Special Education Govt. College of Home Economics Lahore.	-	300
10 Fowler Bed/Incubator to Hazrat Abbas Hospital at Skardu.	-	272
50 Sewing Machines,Hafizaan Bibi Training Center Bilal Ganj,Sheikhupura Punjab.	-	127
Medical Equipment-Surriya Khaliq Free Medical Center Sheikhupura Punjab.	-	470
Bed of Life at Fatima kidney Care Hospital Karachi.	141	141
15 Water Hand Pump in Villages of Sindh by CH&EWF	-	375
S-Machine to Women Residing in Adara-e-Behbood-e-Umat Rasida Old Age Home Quetta.	-	187
The Kidney Center Institute Islamabad.	-	300
Infusion Pumps for NICVD at Karachi.	473	375
Uniform & Shose for Students Studying at AAB,Karachi.	777	419
Various Equip Association for the Rehabilitation of Physically Disabled.	-	407
Equipment for Patients Welfare Society MAYO Hospital,Lahore.	250	300
Vocation Training + 20 Sewing Machine in Distt Multan By Kaus-e-Kazah.	-	250
Afzaal Memorial Thalassemia Foundation Karachi.	-	400
Equipment Koohi Goth Hospital, Karachi.	-	375
Cancer Care Hospital & Research Centre, Lahore.	-	200
3rd & Final Installment-Taaleem Foundation School in Kila Siafullah & Muslim Bagh.	-	6,000
2nd Instal Habib University Foundation to Faculty Development & Research Fund Karachi.	3,340	3,330
Re-Adaption of Female Ward in Marie Adelaide Leprosy Centre Karachi.	1,980	495
01Ambulance & 50 Non food item kits to Pakistan Red Crescent Society Islamabad.	8,105	-
1st Inst NBP Schlr 10 students-Wise Education Society Lhr.	1,200	-
10 Motocycle Rickshaws,Poor Deserving People of Tharparkar by Pak Hindu Council.	800	-
Shifa International Hospital, Islamabad.	500	-
Waiting Area at Dr. A.Q Khan Hospital Trust Lahore.	495	-
Baby Warmer to Arif Memorial Trust Hospital Lahore.	495	-
One Year Educational Exp of 02 Childrens Fresh Foundation Lhr.	480	-
Cancer Treatment to Underprivileged Patients by Cancer Found Khi.	475	-
Poor Patients of Heart Diseases at PANAHA Trust Hospital Isb.	463	-
Constraction of Classroom for Special Children by Marghzar Welfare Society	660	-
Chemistry Analyzer Thalassemia Patients at Muhammadi Blood Bank & Thalassemia Karachi.	821	-
Re-Adaptation of MALC Triple Merger Centre at Kohistan KPK.	450	-
03 Female Students (Nurses) at Rashid Latif Nursing College Lhr..	450	-
Donation-NBP Technical Training Program for S-Person(Male/Female) Fsd.	445	-
Yearly Scholarship-Deaf Reach School-Supervised by FESF Sukkur.	432	-
Combined Marriages Program by Pakistan Hindu Council Khi	400	-
Donation-Cardiac Monitor/Scanner-Memoona Anwar Nazeer Begum Trust Fsd.	400	-
Donation-Upgrad & Supplied 20 Computers for Lab at Univty of Haripur KPK.	399	-
Donation-Annual Educational Exp Childrens Al-Maisam W-Trust G-Baltistan.	365	-
Women Empowerment Through V-Training by HHWA at Pakora Olding Skardu-Gilgit Baltistan	348	-
Donation-Computer/Laboratory Items to Formal School "Bunyad-e-Fatima School" Lhr.	347	-
Stationary for Various school of Gilgit Baltistan by Al-Meesam Welfare Trust.Skardu.	337	-
Donation-NBP Scholarship 17 Students at CDSS, Korangi Academy by INFAQ Foundation.Khi.	337	-
Donation-CTG Machine/Fetal Monitor to Lady Atchison Hospital Lahore.	325	-
Donation-Brain Surgery Opration at Lahore General Hospital.	317	-
Donation-Afzal Memorial Thalassemia Foundation Karachi.	300	-
Donation-Sir Ganga Ram Hospital at Lahore.	300	-
Donation-chid Aid Association Civil Hospital Karachi..	300	-
Donation-Development Medical Centre within the Premises of University KPK.	300	-



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

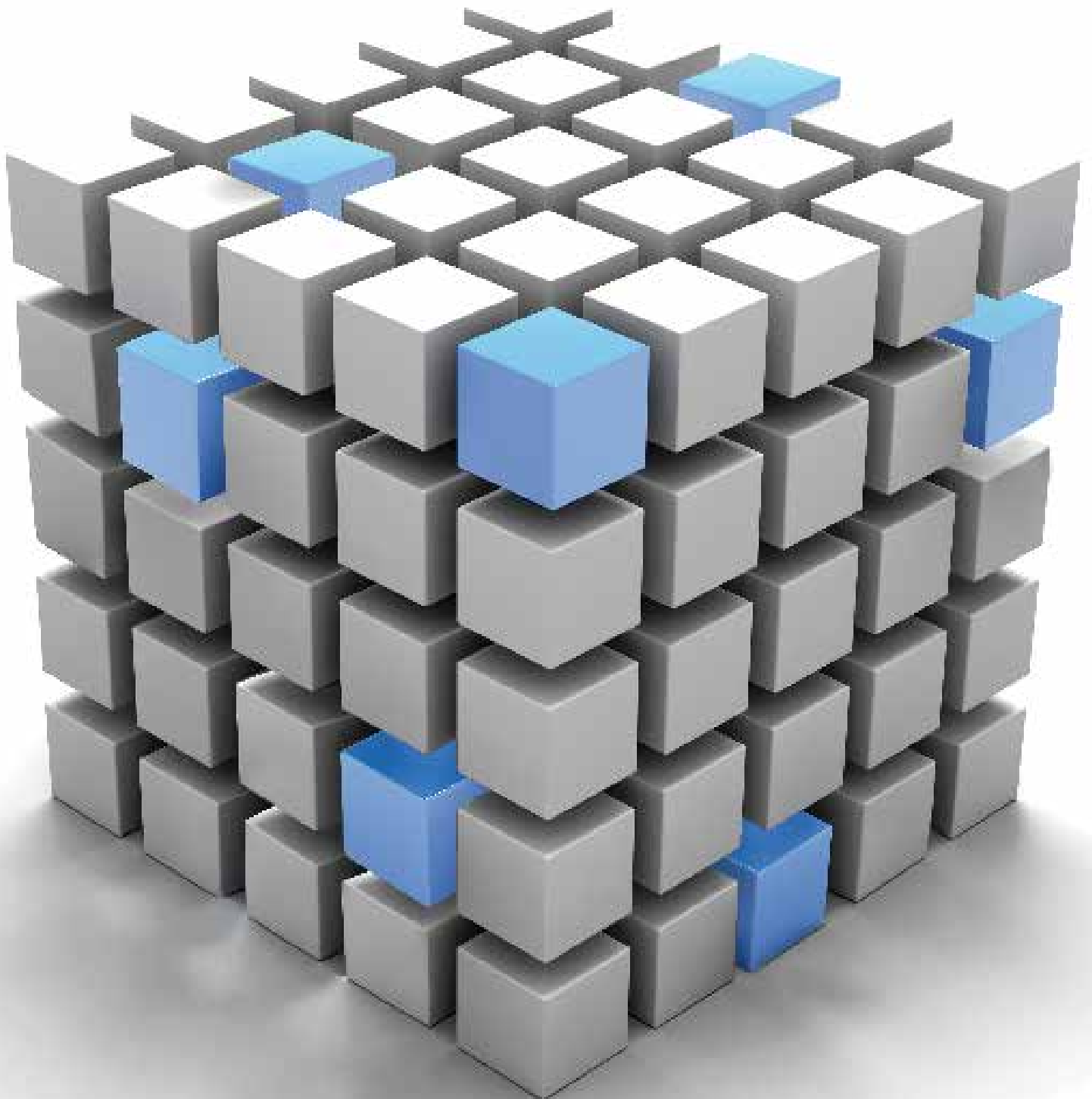
For the year ended December 31, 2017

	2017	2016
	(Rupees in '000)	
Donation-Medical Treatment of Patients Distt Tuberculosis Association KPK.	300	-
Donat-Scholarship,Uniforms,Copies,& Bag to Underprivileged Students Skardu.	300	-
Donat-CTG Machine to Patient Welfare Society at Lady Aitchison Hospital Lhr.	540	-
Donation-Establishment of Computer Lab at Nice Welfare Society.LHR.	278	-
Donation-300 Quilts to the Destitute Families in Rashun Village Chitral, KPK.	255	-
Contribution-Food for Underprivileged Families by Rizq Lahore.	250	-
Donation-Establishment of NBP KKO Production and Display Center at Pindi.	250	-
02 Student,s Yearly Educational Exp,by PRJEES a Project of Wise & Speech,Lahore.	240	-
Donation-Art Room Items Centre of Excellence-Pakistan Associ-of the Deaf.	237	-
Donation-Bait-ul-sakoon Cancer Hospital Fund Raising Dinner/Play Khi.	200	-
Donation-Rising Angels(Centre for Special Children)Govt College of H.Economics, Lhr	200	-
Donation-Mukhtaran Rafiq Foundation for Providing freeTreatment Poor Patients,Lahore.	200	-
Donation-Bone Marrow Transplantation at National Institute of Blood Disease at Khi.	200	-
Water Boring for Two Villages in Tharparkar Sindh.	190	-
Donation-02 Days Poor Patients Dialysis Expenses by Ali Hajvery Free Drug Bank at Lhr.	180	-
06 Orphan Students Edu Expenses by Iqra Foundation(SAWERA) Educational & Welfare Society.Pindi.	176	-
Donation-Medical Equipments to Safia Medical Center Korangi.	155	-
Donation-Construct Waiting Area in Women University Swabi	150	-
Donation-Jamia Ehtashamia & Thanvi Mosque Jacob Lines-Khi	150	-
Donation-Hearing Aids to Islamaic Educational Welfare Society for Special Persons Khi.	147	-
10 Students Exp-Educate a Child Prog, by Ittehad Foundation School at Lhr.	120	-
Donation-02 Multimedia to Shah Abdul Latif University Khairpur Sindh.	114	-
Donation-5 Computers to Govt. Science College Mirpur Azad Kashmir.	106	-
Donation 06 Tricycles 06 Sewing Machines to Gulistan-e-Mazooreen at Mirpurkhas.	106	-
	<u>46,147</u>	<u>52,084</u>



NOTES:

CONSOLIDATED FINANCIAL STATEMENTS





Directors' Report to the Shareholders (Consolidated Financial Statements)

I am pleased to present, on behalf of the Board of Directors, the consolidated financial statements of the Bank and its Subsidiaries for the financial year ended December 31, 2017.

These consolidated financial statements have been prepared in accordance with the applicable International Financial Reporting Standards and Islamic Financial Accounting Standards and such other applicable directives.

After-tax profit for the year amounted to PKR 23,346 million i.e. 1.12% higher against PKR 23,087 million of prior year.. Net income contributed for the year by our group companies amounted to PKR. 318 million, compared to PKR 335 million for the corresponding period last year. Our subsidiaries cumulatively add PKR 6,131 million to Bank's total assets and PKR 4,294 million to Bank's net assets.

The consolidated operating results and appropriations of profit as recommended by the Board of Directors are given below:

	(PKR Million)
Pre-tax profit for the year ended December 31, 2017	36,144
Taxation:	
- Current	8,677
- Prior Year(s)	272
- Deferred	3,849
	<u>12,798</u>
After-tax profit for the year ended December 31, 2017	<u>23,346</u>
Un-appropriated profit brought forward	55,795
Other comprehensive income - net of tax	(2,756)
Transfer from surplus on revaluation of fixed assets	108
Non-controlling interest	(165)
Profit available for appropriations	<u>76,328</u>
Appropriation:	
Transfer to Statutory Reserve	(2,303)
Cash dividend paid – 2016	(15,956)
Un-appropriated profit carried forward	<u>58,069</u>
Basic & diluted earnings per share	Rs. 10.90

For and on behalf of the Board of Directors

Saeed Ahmad

President & Chairman

February 20, 2018



حصص یافتگان کے لیے ڈائریکٹرز کی رپورٹ

میں بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2017ء کو ختم ہونے والے مالیاتی سال کے لیے بینک اور اس کے ذیلی اداروں کے انضمام شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ یہ انضمام شدہ مالیاتی گوشوارے لاگو بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈز اور اسلاک فنانشل اکاؤنٹنگ اسٹینڈرڈز اور دیگر قابل اطلاق رہنما ہدایات کے مطابق تیار کیے گئے ہیں۔ سال کے لیے بعد از محصل منافع کی مالیت 23,346 ملین روپے یعنی گزشتہ سال کے 23,087 ملین روپے کے مقابلے میں 1.12 فی صد زیادہ رہی۔ ہمارے گروپ کی کمپنیوں کی طرف سے سال کے لیے 318 ملین روپے خالص منافع جمع کرایا گیا، اس کے مقابلے میں گزشتہ سال اسی مدت کے لیے منافع کی مالیت 335 ملین روپے تھی۔ ہمارے منسلک اداروں نے مل جل کر ہمارے مجموعی اثاثوں میں 6,131 ملین روپے اور خالص اثاثوں میں 4,294 ملین روپے کا اضافہ کیا ہے۔

کاروباری نتائج اور رقوم کے استعمال کے لیے تجاویز بورڈ کی سفارش کے مطابق درج ذیل ہیں:

(رقم ملین روپوں میں)

31 دسمبر 2017ء کو ختم ہونے والے مالیاتی سال کے لیے قبل از محصل منافع

محصول:

موجودہ

گزشتہ سال (سالوں) کا

مؤخر شدہ

36,144

8,677

272

3,849

12,798

23,346

31 دسمبر 2017ء کو ختم ہونے والے مالیاتی سال کے لیے بعد از محصل منافع

آگے لایا گیا غیر مختص شدہ منافع

دیگر جامع آمدنی محصول کا خالص

اثاثوں کی نظر ثانی پر اضافی ترسیل بیکس کا اصل

نان کنٹریڈنگ انٹرسٹ

مخصصات کے لیے دستیاب منافع

55,795

(2,756)

108

(165)

76,328

دستوری ذخائر میں منتقلی

ادا کردہ نقد منافع منقسمہ - 2016

آگے لایا گیا غیر مختص شدہ منافع

بنیادی اور گھٹی ہوئی کمائی فی حصص

(2,303)

(15,956)

58,069

10.90 روپے

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے

سعید احمد

صدر اور چیئرمین

20 فروری 2018



EY Ford Rhodes

Chartered Accountants
Progressive Plaza
Beaumont Road
Karachi 75530, Pakistan

Grant Thornton Anjum Rahman

Chartered Accountants
1st & 3rd Floor, Modern Motors House
Beaumont Road
Karachi 75530, Pakistan

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of National Bank of Pakistan and its subsidiary companies (the Group) as at December 31, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also audited / reviewed the financial statements of National Bank of Pakistan and its subsidiary companies namely Taurus Securities Limited, NBP Exchange Limited, NBP Fullerton Asset Management Limited and CJSC Subsidiary Bank of NBP in Tajikistan. The subsidiaries CJSC Subsidiary Bank of NBP in Kazakhstan, NBP Modaraba Management Company Limited and First National Bank Modaraba have been consolidated based on un-audited financial information of the subsidiaries. These financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of National Bank of Pakistan and its subsidiary companies as at December 31, 2017 and the results of their operations for the year then ended.

Emphasis of Matter

We draw attention to note 21.4.4.1 to the consolidated financial statements which explains the contingency in relation to the pension obligations of the Bank. Based on the opinion of the legal counsel, the Bank is confident about the favourable outcome of this matter and hence, no provision against any additional pension obligation is made in the financial statements. Our opinion is not qualified in this respect

EY Ford Rhodes

Chartered Accountants

Engagement Partner:
Arslan Khalid

Karachi

Date: **February 20, 2018**

Grant Thornton Anjum Rahman

Chartered Accountants

Engagement Partner:
Khaliq-ur-Rahman



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

2016 US Dollars in '000	2017 US Dollars in '000		Note	2017 Rupees in '000	2016 Rupees in '000
ASSETS					
1,449,825	1,449,781	Cash and balances with treasury banks	6	160,080,735	160,085,598
130,376	244,457	Balances with other banks	7	26,992,279	14,395,805
1,102,268	243,767	Lendings to financial institutions	8	26,916,113	121,709,399
8,117,221	11,742,166	Investments	9	1,296,537,064	896,280,784
6,057,787	6,704,978	Advances	10	740,344,934	668,883,928
308,451	306,313	Operating fixed assets	11	33,822,237	34,058,289
46,845	66,498	Deferred tax assets	12	7,342,482	5,172,496
732,044	760,575	Other assets	13	83,980,565	80,830,263
17,944,817	21,518,535			2,376,016,409	1,981,416,562
LIABILITIES					
92,261	119,502	Bills payable	14	13,195,055	10,187,250
406,313	3,261,319	Borrowings	15	360,105,674	44,863,930
15,007,919	15,641,216	Deposits and other accounts	16	1,727,059,246	1,657,132,405
-	-	Sub-ordinated loans		-	-
752	513	Liabilities against assets subject to finance lease	17	56,799	83,007
-	-	Deferred tax liabilities		-	-
806,136	868,741	Other liabilities	18	95,923,921	89,011,304
16,313,381	19,891,291			2,196,340,695	1,801,277,896
1,631,436	1,627,244	NET ASSETS		179,675,714	180,138,666
REPRESENTED BY					
192,680	192,680	Share capital	19	21,275,131	21,275,131
416,883	451,808	Reserves	19	49,887,328	46,031,075
505,314	525,909	Unappropriated profit		58,069,393	55,795,352
1,114,877	1,170,397			129,231,852	123,101,558
6,683	7,349	Non-controlling interest		811,427	737,972
1,121,560	1,177,746			130,043,279	123,839,530
509,877	449,498	Surplus on revaluation of assets - net	20	49,632,435	56,299,136
1,631,436	1,627,244			179,675,714	180,138,666
CONTINGENCIES AND COMMITMENTS 21					

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these consolidated financial statements.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2017

2016	2017		Note	2017	2016
US Dollars in '000				Rupees in '000	
1,041,765	1,117,716	Mark-up / return / interest earned	23	123,415,023	115,028,828
539,720	623,189	Mark-up / return / interest expensed	24	68,810,743	59,594,350
502,045	494,527	Net mark-up / interest income		54,604,280	55,434,478
6,411	11,272	Provision against non-performing advances - net	10.4	1,244,608	707,870
(15,179)	(23,338)	Reversal of provision for diminution in the value of investments - net	9.9	(2,576,910)	(1,676,066)
-	-	Bad debts written off directly		-	-
-	-	Provision against off balance sheet obligations	18.1	-	-
(8,768)	(12,066)			(1,332,302)	(968,196)
510,813	506,593	Net mark-up / interest income after provisions		55,936,582	56,402,674
NON MARK-UP / INTEREST INCOME					
144,080	166,668	Fee, commission and brokerage income		18,403,001	15,908,884
25,337	31,982	Dividend income		3,531,391	2,797,675
20,965	21,894	Income from dealing in foreign currencies	25	2,417,473	2,314,852
77,211	58,933	Gain on sale and redemption of securities - net	26	6,507,225	8,525,471
(611)	93	Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.10	10,317	(67,457)
2,893	15	Share of profit from joint venture - net of tax	9.7.1	1,709	319,422
(3,018)	(4,641)	Share of loss from associates - net of tax	9.7.1	(512,422)	(333,276)
14,188	15,908	Other income	27	1,756,537	1,566,568
281,045	290,852	Total non-markup / interest income		32,115,231	31,032,139
791,858	797,445			88,051,813	87,434,813
NON MARK-UP / INTEREST EXPENSES					
438,631	450,430	Administrative expenses	28	49,735,202	48,432,410
9,946	16,909	Other provisions / write offs	13.4/18.2	1,867,034	1,098,216
2,803	2,772	Other charges	29	306,057	309,450
451,380	470,111	Total non-markup / interest expenses		51,908,293	49,840,076
340,478	327,334			36,143,520	37,594,737
-	-	Extra ordinary / unusual items		-	-
340,478	327,334			36,143,520	37,594,737
PROFIT BEFORE TAXATION					
87,729	78,581	Taxation – Current		8,676,731	9,686,755
12,172	2,460	– Prior year(s)		271,652	1,344,024
31,487	34,861	– Deferred		3,849,275	3,476,698
131,388	115,902		30	12,797,658	14,507,477
209,090	211,432	PROFIT AFTER TAXATION		23,345,862	23,087,260
Attributable to:					
208,658	209,935	Shareholders of the bank		23,180,529	23,039,550
432	1,497	Non-controlling interest		165,333	47,710
209,090	211,432			23,345,862	23,087,260
..... US Dollar .....		..... Rupees.....			
0.10	0.10	Basic and diluted earnings per share	31	10.90	10.83

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these consolidated financial statements.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

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Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

2016 US Dollars in '000	2017 US Dollars in '000		Note	2017 Rupees in '000	2016 Rupees in '000
209,090	211,432	Profit after taxation		23,345,862	23,087,260
		Other comprehensive income:			
		<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
(13,100)	14,069	Exchange loss on translation of net assets of foreign branches, subsidiaries and joint venture		1,553,454	(1,446,496)
		<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
(25,791)	(38,394)	Actuarial loss on remeasurements of defined benefit Obligation	34.1	(4,239,352)	(2,847,821)
9,027	13,438	Related tax impact	12.1	1,483,773	996,737
(16,764)	(24,956)			(2,755,579)	(1,851,084)
(29,865)	(10,887)	Other comprehensive income / (loss) - net of tax		(1,202,125)	(3,297,580)
179,228	200,546	Comprehensive income transferred to equity		22,143,737	19,789,680
		Total comprehensive income attributable to:			
178,796	199,049	Shareholders of the bank		21,978,403	19,741,969
432	1,497	Non-controlling interest		165,333	47,710
179,228	200,546			22,143,737	19,789,680
		Components of comprehensive income not reflected in equity:			
		<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
48,527	(113,376)			(12,518,633)	5,358,227
(18,022)	41,562	Related tax impact		4,589,196	(1,989,989)
30,505	(71,814)			(7,929,436)	3,368,238

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these consolidated financial statements.

Saeed Ahmad
President & Chairman

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Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2017

2016	2017		Note	2017	2016
US Dollars in '000				Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES					
340,478	327,334	Profit before taxation		36,143,520	37,594,737
(25,337)	(31,982)	Less: Dividend income		(3,531,391)	(2,797,675)
315,141	295,352			32,612,129	34,797,062
Adjustments:					
20,703	20,339	Depreciation		2,245,768	2,285,940
6,709	8,807	Amortization	11.3	972,466	740,763
6,411	11,272	Provision against non-performing advances - net	10.4	1,244,608	707,870
(15,179)	(23,338)	Reversal of provision for diminution in the value of investments - net	9.9	(2,576,910)	(1,676,066)
-	-	Provision against off balance sheet obligations	18.1	-	-
611	(93)	Unrealized (gain) / loss on revaluation of investments classified as held-for-trading	9.10	(10,317)	67,457
(491)	-	Gain on sale of associates		-	(54,187)
(2,893)	(15)	Share of profit from joint venture - net of tax	9.7.1	(1,709)	(319,422)
3,018	4,641	Share of loss from associates - net of tax	9.7.1	512,422	333,276
(1,536)	(1,139)	Gain on sale of operating fixed assets	27	(125,760)	(169,553)
61	50	Financial charges on leased assets		5,540	6,719
9,946	16,909	Other provisions / write offs		1,867,034	1,098,216
27,360	37,433			4,133,142	3,021,013
342,501	332,785			36,745,271	37,818,075
(Increase) / decrease in operating assets					
(1,059,752)	871,877	Lendings to financial institutions - gross		96,270,236	(117,014,884)
(79,798)	(6,118,035)	Net investment in trading securities		(675,536,251)	(8,811,113)
(808,463)	(658,463)	Advances - net		(72,705,614)	(89,268,262)
17,506	(9,967)	Other assets (excluding advance tax)		(1,100,512)	1,932,919
(1,930,507)	(5,914,588)			(653,072,142)	(213,161,340)
Increase / (decrease) in operating liabilities					
9,198	27,240	Bills payable		3,007,805	1,015,634
(9,879)	2,908,167	Borrowings		321,111,620	(1,090,843)
2,043,133	633,297	Deposits and other accounts		69,926,841	225,597,009
97,996	23,323	Other liabilities (excluding current taxation)		2,575,273	10,820,433
2,140,448	3,592,027			396,621,539	236,342,233
(132,977)	(122,094)	Income tax paid		(13,481,233)	(14,682,961)
(61)	(50)	Financial charges paid		(5,540)	(6,719)
(133,038)	(122,144)			(13,486,773)	(14,689,680)
419,404	(2,111,920)	Net cash generated from operating activities		(233,192,105)	46,309,287
CASH FLOWS FROM INVESTING ACTIVITIES					
422,516	2,052,464	Net investments in available-for-sale securities		226,627,322	46,653,061
(899,173)	360,395	Net investment in held-to-maturity securities		39,793,816	(99,284,218)
25,337	31,982	Dividend income received		3,531,391	2,797,675
(35,491)	(22,048)	Investment in operating fixed assets (including intangible)		(2,434,523)	(3,918,797)
-	-	Effects of exchange differences on translation of net assets of foreign branches		1,553,454	(1,446,496)
(13,100)	14,069	Investment in associates and joint venture		(145,033)	734,367
6,651	(1,313)	Sale proceeds of operating fixed assets disposed off		294,671	255,229
2,311	2,669	Net cash generated from / (used in) investing activities		269,221,097	(54,209,178)
(490,949)	2,438,218				
CASH FLOWS FROM FINANCING ACTIVITIES					
(183)	(449)	Payments of lease obligations		(49,619)	(20,181)
(144,893)	(145,252)	Dividend paid		(16,038,286)	(15,998,709)
(145,076)	(145,701)	Net cash used in financing activities		(16,087,905)	(16,018,890)
(216,621)	180,598	(Decrease) / increase in cash and cash equivalents		19,941,087	(23,918,783)
1,550,383	1,333,762	Cash and cash equivalents at beginning of the year		147,270,176	171,188,959
1,333,762	1,514,358	Cash and cash equivalents at end of the year	32	167,211,263	147,270,176

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these consolidated financial statements.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

Share capital	Attributable to the shareholders of the bank				Unappropriated profit	Sub Total	Non Controlling Interest	Total	
	Reserves (refer note 19.4)								
	Exchange Translation	Statutory	General Loan Loss Reserve	General					
(Rupees in '000)									
Balance as at December 31, 2015	21,275,131	7,672,670	25,008,334	12,000,000	521,338	52,724,525	119,201,998	721,816	
Total Comprehensive income for the year									
Profit after tax for the year ended December 31, 2016	-	-	-	-	-	23,039,550	23,039,550	47,710	23,087,260
Other comprehensive income - net of tax	-	(1,446,496)	-	-	-	(1,851,084)	(3,297,580)	-	(3,297,580)
	-	(1,446,496)	-	-	-	21,188,466	19,741,969	47,710	19,789,680
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	113,937	113,937	-	113,937
Transfer to statutory reserve	-	-	2,275,229	-	-	(2,275,229)	-	-	-
Transactions with owners, recorded directly in equity									
Cash dividend paid for the year ended December 31, 2015 (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)	-	(15,956,348)
Cash dividend paid / profit distribution by Subsidiaries	-	-	-	-	-	-	-	(31,554)	(31,554)
Balance as at December 31, 2016	21,275,131	6,226,174	27,283,563	12,000,000	521,338	55,795,352	123,101,558	737,972	123,839,530
Total Comprehensive income for the year									
Profit after tax for the year ended December 31, 2017	-	-	-	-	-	23,180,529	23,180,529	165,333	23,345,862
Other comprehensive income / (loss) - net of tax	-	1,553,454	-	-	-	(2,755,579)	(1,202,125)	-	(1,202,125)
	-	1,553,454	-	-	-	20,424,950	21,978,403	165,333	22,143,737
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	108,241	108,241	-	108,241
Transfer to statutory reserve	-	-	2,302,799	-	-	(2,302,799)	-	-	-
Transactions with owners, recorded directly in equity									
Cash dividend paid for the year ended December 31, 2016 (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)	-	(15,956,348)
Cash dividend paid / profit distribution by Subsidiaries	-	-	-	-	-	-	-	(91,878)	(91,878)
Balance as at December 31, 2017	21,275,131	7,779,628	29,586,362	12,000,000	521,338	58,069,393	129,231,852	811,427	130,043,279

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these consolidated financial statements.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

	Percentage Holding	
	2017	2016
	%	%
- CJSC Subsidiary Bank of NBP in Kazakhstan	100.00	100.00
- CJSC Subsidiary Bank of NBP in Tajikistan	100.00	100.00
- NBP Exchange Company Limited, Pakistan	100.00	100.00
- National Bank Modaraba Management Company Limited, Pakistan	100.00	100.00
- First National Bank Modaraba, Pakistan	30.00	30.00
- Taurus Securities Limited, Pakistan	58.32	58.32
- NBP Fullerton Asset Management Limited, Pakistan	54.00	54.00
- Cast-N-Link Products Limited (Note 9.8)	76.51	76.51
- NBP Leasing Limited	-	100.00

The subsidiary company of the Group, NBP Modaraba Management Company Limited, Pakistan exercises control over First National Bank Modaraba, Pakistan as its management company and also has a direct economic interest in it. The Group has consolidated the financial statements of the modaraba as the ultimate holding company.

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances, asset management, exchange transactions and investment advisory asset. Brief profile of the holding company and subsidiaries is as follows:

National Bank of Pakistan

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. It's registered and head office is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,498 (2016: 1,448) branches in Pakistan and 21 (2016: 21) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services as trustee to Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

CJSC Subsidiary Bank of NBP in Kazakhstan

CJSC Subsidiary Bank of NBP in Kazakhstan (JSCK) is a joint-stock bank, which was incorporated in the Republic of Kazakhstan in 2001. JSC conducts its business under license number 25 dated October 29, 2005 (initial license was dated December 14, 2001) and is engaged in providing commercial banking services. The registered office of JSCK is located at 105, Dostyk Ave, 050051, Almaty.

CJSC Subsidiary Bank of NBP in Tajikistan

CJSC Subsidiary Bank of NBP in Tajikistan (JSCT) is a joint-stock bank, which was incorporated in the Republic of Tajikistan in 2012. JSCT obtained its license on March 20, 2012 and is engaged in providing commercial banking services. The registered office of JSCT is located at 48 Ainy Street, Dushanbe, Republic of Tajikistan.

NBP Exchange Company Limited, Pakistan

NBP Exchange Company Limited (NBPECL) is a public unlisted company, incorporated in Pakistan on September 24, 2002 under the Companies Ordinance, 1984. NBPECL obtained license for commencement of operations from State Bank of Pakistan (SBP) on November 25, 2002 and commencement of business certificate on December 26, 2003 from the Securities and Exchange Commission of Pakistan (SECP). The registered office of NBPECL is situated at Shaheen Complex, M.R. Kiryani Road, Karachi. NBPECL is engaged in foreign currency remittances and exchange transactions. NBPECL has 15 branches (2016: 18 branches).

National Bank Modaraba Management Company Limited, Pakistan

National Bank Modaraba Management Company Limited (NBMMCL) is a public unlisted company, incorporated in Pakistan on August 6, 1992. The purpose of the NBMMCL is to float and manage modaraba funds. NBMMCL at present is managing First National Bank Modaraba. Its registered office is situated at National Bank of Pakistan, Regional Headquarters Building, 26 - Mc Lagon Road, Lahore.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

First National Bank Modaraba, Pakistan

First National Bank Modaraba (the Modaraba) is a multi-purpose, perpetual and multi-dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed thereunder. The Modaraba is managed by National Bank Modaraba Management Company Limited (a wholly owned subsidiary of National Bank of Pakistan), incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 5th Floor, National Bank of Pakistan, Regional Headquarters Building, 26-Mc Lagon Road, Lahore. The Modaraba is listed at Pakistan Stock Exchange Limited. It commenced its operations on December 04, 2003 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharaka and murabaha arrangements.

Taurus Securities Limited, Pakistan

Taurus Securities Limited (TSL) is a public unquoted company, incorporated in Pakistan on June 27, 1993 under the Companies Ordinance, 1984. The registered office of TSL is situated at 6th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi. It is engaged in the business of stock brokerage, investment counselling, and fund placements. TSL holds a Trading Right Entitlement (TRE) Certificate from Pakistan Stock Exchange Limited.

NBP Fullerton Asset Management Limited, Pakistan

NBP Fullerton Asset Management Limited, (NBP Fullerton), was incorporated in Pakistan as public limited company on August 24, 2005 under the Companies Ordinance, 1984 and obtained certificate for commencement of business on December 19, 2005. The main sponsors of NBP Fullerton are National Bank of Pakistan and Alexandra Fund Management Private Limited (a member of Fullerton Fund Management Group, Singapore). NBP Fullerton is mainly involved in the business of asset management and investment advisory services. NBP Fullerton has been issued license by the Securities and Exchange Commission of Pakistan (SECP) to carry on business of asset management services and investment advisory services as a Non-Banking Finance Company (NBFC) under section of 282(C) of the Companies Ordinance, 1984 and under the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The registered / principal office of the company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

As at December 31, 2017 NBP Fullerton is managing the following funds and discretionary portfolio;

	Type of Fund
- NAFA Income Opportunity Fund	Open end Fund
- NAFA Income Fund	Open end Fund
- NAFA Islamic Income Fund, formerly NAFA Islamic Aggressive Income Fund	Open end Fund
- NAFA Islamic Asset Allocation Fund	Open end Fund
- NAFA Multi Asset Fund	Open end Fund
- NAFA Stock Fund	Open end Fund
- NAFA Financial Sector Income Fund	Open end Fund
- NAFA Government Securities Liquid Fund	Open end Fund
- NAFA Savings Plus Fund	Open end Fund
- NAFA Riba Free Savings Fund	Open end Fund
- NAFA Asset Allocation Fund	Open end Fund
- NAFA Money Market Fund	Open end Fund
- NAFA Pension Fund	Open end Fund
- NAFA Islamic Pension Fund	Open end Fund
- NAFA Islamic Principal Protected Fund	Open end Fund
- NAFA Government Securities Savings Fund	Open end Fund
- NAFA Islamic Principal Preservation Fund	Open end Fund
- NAFA Islamic Stock Fund	Open end Fund
- NAFA Active Allocation Riba Free Savings Fund	Open end Fund
- NAFA Islamic Active Allocation Equity Fund	Open end Fund
- NAFA Islamic Active Allocation Fund	Open end Fund
- NAFA Islamic Energy Fund	Open end Fund
- Discretionary Portfolio	Open end Fund

NBP Leasing Limited

During the year, the SBP sanctioned the Scheme of Amalgamation of the NBP Leasing Limited with and into the Bank, under Section 48 of Banking Companies Ordinance 1962 vide its letter No. BPRD (R&P-02)/NBP/2017/16298, dated July 12, 2017.

As per the Scheme of Amalgamation, all the assets, liabilities and obligations of NBP Leasing Limited have, as at the Effective Date i.e. July 31, 2017, been merged with, transferred to, vested in, and assumed by the Bank, and NBP Leasing Limited is dissolved without winding-up. Further as per the Scheme, the surviving entity is National Bank of Pakistan and therefore, the entire undertaking and business of NBP Leasing Limited has vested in and continued under the operations of National Bank of Pakistan. Accordingly, these financial statement include standalone results of operations of NBP Leasing Limited till 31 July 2017.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.2 BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Bank (holding company) and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Income and expenses of subsidiaries acquired during the year are included in the consolidated statement of the comprehensive income from the effective date of acquisition.
- Non-Controlling interest / (minority interest) in equity of the subsidiary companies are measured at fair value for all the subsidiaries acquired from period beginning on or after January 1, 2010 whereas minority interest of previously acquired subsidiaries are measured at the proportionate net assets of subsidiary companies attributable to interest which is not owned by holding company.
- Material intra-group balances and transactions have been eliminated.

2. BASIS OF PRESENTATION

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

Key financial figures of the Islamic banking branches of the Bank have been disclosed in note 42 of these financial statements.

- 2.2 The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 110.4172 to 1 US Dollar has been used for 2016 and 2017 as it was the prevalent rate as on December 31, 2017.

3. STATEMENT OF COMPLIANCE

- 3.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984 (repealed - note 3.1.1), the provisions of and directives issued under the Companies Ordinance, 1984 (repealed - note 3.1.1), and the Banking Companies Ordinance, 1962 and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 (repealed - note 3.1.1), the Banking Companies Ordinance, 1962 or directives issued by SBP or SECP differ with the requirements of IFRSs or IFASs, the requirements of the Companies Ordinance 1984 (repealed - note 3.1.1), the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.

3.1.1 The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its circular dated October 04, 2017, these unconsolidated financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

- 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 Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

3.3 Application of new and revised International Financial Reporting Standards (IFRSs)

New Standards, Interpretations and Amendments

The Group has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Standard or Interpretation

IAS 7 - Statement of Cashflows: Disclosures - Disclosure Initiative - (Amendment)

IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 - Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

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

3.4 New and revised approved accounting standards not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRS 9 – Financial Instruments: Classification and Measurement	01 July 2018
IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 July 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

The above standards, amendments and interpretations are not expected to have any material impact on the Group's financial statements in the period of initial application. With regard to IFRS -9, the Group considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financings, the implementation of IFRS-9 may require changes in the regulatory regime. Therefore, the Group expects that the SBP would issue suitable guidance and instruction on the application of IFRS-9 for the banking sector of Pakistan.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019. The Group expects that such improvements to the standards will not have any impact on the Bank's financial statements in the period of initial application.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of land and buildings and non-banking assets acquired in satisfaction of claims which are stated at revalued amount and certain investments and derivative financial instruments that are carried at fair value. In addition, obligations in respect of defined benefit plan are carried at present value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

5.1 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the bank, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the bank in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at fair value at the date of the acquisition.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss account.

5.2 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the subsidiary company.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or entities of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit and loss account. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts and call money lendings, less call money borrowings and overdrawn nostro accounts.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

5.4 Investments

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

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

The Group has classified its investment portfolio, except for investment in subsidiaries, associates and joint venture, into held-for-trading, held-to maturity and available-for-sale as follows:

- Held-for-trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days. These are carried at market value, with the related unrealized gain / (loss) on revaluation being taken to profit and loss account.
- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.
- Available-for-sale – These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are carried at market value except in case of unquoted securities where market value is not available, which are carried at cost less provision for diminution in value, if any. Surplus / (deficit) on revaluation is taken to 'surplus / (deficit) on revaluation of assets' account shown below equity. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to book value of the same. On derecognition or impairment in quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of assets' below equity is included in the profit and loss account for the period.

Provision for diminution in value of investments in unquoted debt securities is calculated as per the SBP's Prudential Regulations.

Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page (PKRV / PKISRV) or MUFAP or the Stock Exchanges, as the case may be.

Associates – Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting. However, in case where associates are considered as fully impaired and financial statements are not available these investments are stated at cost less provision.

Under the equity method, the Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit and loss account, its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Joint venture – The Group has interests in joint venture which is jointly controlled entity. A joint venture is contractual arrangement whereby two or more parties undertake in economic activity that is subject to a joint control and includes a jointly controlled entity that involves the establishment of separate entity in which each venturer has an interest. The Group accounts for its interest in joint venture using the equity method of accounting.

The carrying values of investments are reviewed for impairment when indications exist that the carrying value may exceed the estimated recoverable amount. Provision is made for impairment in value, if any.

5.5 Repurchase and resale agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position, as the Bank does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

5.6 Derivative financial instruments

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

5.7 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. A financial asset is derecognised where (a) the rights to receive cash flows from the asset have expired; or (b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

5.8 Advances

Advances are stated net of specific and general provisions. Provisions are made in accordance with the requirements of Prudential Regulations issued by the SBP and charged to the profit and loss account. These regulations prescribe an age based criteria (as supplemented by subjective evaluation of advances by the banks) for classification of non-performing loans and advances and computing provision / allowance there against. Such regulations also require the Group to maintain general provision / allowance against consumer and SME advances at specified percentage of such portfolio. General provision for loan losses of overseas branches is made as per the requirements of the respective central banks. Advances are written off where there are no realistic prospects of recovery.

5.9 Operating fixed assets and depreciation

Property and equipment

Owned assets

Property and equipment except land and buildings are stated at cost less accumulated depreciation and impairment losses, if any. Land is stated at revalued amount. Buildings are stated at revalued amount less accumulated depreciation and impairment, if any. Cost of operating fixed assets of foreign branches include exchange differences arising on translation at year-end rates. Depreciation is charged to profit and loss account applying the straight line method except buildings, which are depreciated on diminishing balance method at the rates stated in note 11.2. Depreciation is charged from the month in which the assets are brought into use and no depreciation is charged for the month the assets are deleted.

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

Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account currently.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Land and buildings' valuations are carried out by professionally qualified valuers with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value.

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Assets account" shown below equity. The Bank has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the requirements of the Companies Ordinance, 1984 and SECP's SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.



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Leased assets (as lessee)

Assets subject to finance lease are accounted for by recording the asset and the related liability. These are recorded at lower of fair value and the present value of minimum lease payments at the inception of lease and subsequently stated net of accumulated depreciation. Depreciation is charged on the basis similar to the owned assets. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability.

Ijarah (as lessor)

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Assets under Ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-Ijarah, depreciation is charged over the economic life of the asset using straight line basis.

Ijarah income is recognised on a straight line basis over the period of Ijarah contract.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to income applying the straight-line method at the rates stated in note 11.3. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful life are carried at cost less impairment losses, if any.

Capital work-in-progress

Capital work-in-progress is stated at cost. These are transferred to specific assets as and when assets are available for use.

Impairment

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, operating fixed assets are written down to their recoverable amounts.

The resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

5.10 Non-banking assets acquired in satisfaction of claims

In accordance with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016, the non-banking assets are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to the profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised.

5.11 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective yield method.

5.12 Taxation

Current

Provision of current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned for local as well as foreign operations, as applicable to the respective jurisdictions. The charge for the current tax also includes adjustments wherever considered necessary relating to prior years, arising from assessments framed during the year.



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Deferred

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax is not recognised on differences relating to investment in subsidiaries, branches and associates and interest in joint arrangements to the extent the deductible temporary difference probably will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or deductible temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to gain / loss recognized in surplus on revaluation of assets is charged / credited to such account.

5.13 Employee benefits

5.13.1 Defined benefit plans

The Group operates an approved funded pension scheme, an un-funded post retirement medical benefits scheme and an un-funded benevolent scheme for its eligible employees. The Group also operates an un-funded gratuity scheme for its eligible contractual employees. An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Remeasurements of the net defined benefit liability / assets which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. Past-service costs are recognized immediately in profit and loss account when the plan amendment occurs.

5.13.2 Other employee benefits

Employees' compensated absences

The Group also makes provision in the financial statements for its liability towards compensated absences. This liability is estimated on the basis of actuarial advice under the Projected Unit Credit method.

5.13.3 Defined contribution plan

The Group also operates an approved funded provident fund scheme covering all its employees. Equal monthly contributions are made by the Group and employees to the fund in accordance with the fund rules.

5.13.4 Retirement and other benefit obligations - In respect of CJSC Subsidiary Bank of NBP in Kazakhstan (CJSC)

The CJSC withholds amounts of pension contributions from employee salaries and pays them to state pension fund. The requirements of the Kazakhstan's legislation state pension system provides for the calculation of current payments by the employer as a percentage of current total payments to staff. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees.

5.14 Revenue recognition

Income on loans and advances and debt security investments are recognized on a time proportion basis that takes into account effective yield on the asset. In case of advances and investments classified under the Prudential Regulations, interest / mark-up is recognized on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Fee, brokerage and commission income other than commission on letter of credit and guarantees and remuneration for trustee services are recognized upon performance of services.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Commission on letters of credit and guarantees is recognized on time proportion basis.

Dividend income on equity investments and mutual funds is recognized when right to receive is established.

Premium or discount on debt securities classified as held-for-trading, available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to profit and loss account.

Gains and losses on disposal of investments and operating fixed assets are dealt with through the profit and loss account in the year in which they arise.

The Group follows the 'financing method' in accounting for recognition of finance lease. At the commencement of a lease, the total unearned finance income i.e. the excess of aggregate installment contract receivables plus residual value over the cost of the leased asset is amortized over the term of the lease, applying the annuity method, so as to produce a constant periodic rate of return on the net investment in finance leases. Initial direct costs are deferred and amortized over the lease term as a yield adjustment.

Processing, front end and commitment fees and commission are recognized as income when received.

Rental income from operating leases / Ijarah is recognized on a straight-line basis over the term of the relevant lease.

Profit on trading and revaluation of financial instruments is recognised on trade date basis and is taken to profit and loss account.

5.15 Net investment in lease finance

Leases where the Group transfers substantially all the risk and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payment including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

5.16 Foreign currencies translation

The Group's financial statements are presented in Pak Rupees (Rs.) which is the Group's functional and presentation currency.

Foreign currency transactions are converted into Rupees applying the exchange rate at the date of the respective transactions. Monetary assets and liabilities in foreign currencies and assets / liabilities of foreign branches are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities. All gains or losses on dealing in foreign currencies are taken to profit and loss account currently.

Profit and loss account balances of foreign branches and subsidiaries are translated at average exchange rate prevailing during the year. Gains and losses on translation are included in the profit and loss account except gain / losses arising on translation of net assets of foreign branches and subsidiaries, which is credited to other comprehensive income.

Items included in the consolidated financial statements of the Group's foreign branches and subsidiaries are measured using the currency of the primary economic environment in which the Group operates (the functional currency).

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange ruling on the consolidated financial position date.

5.17 Provision for off balance sheet obligations

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

5.18 Off setting

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



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For the year ended December 31, 2017

5.19 Fiduciary assets

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

5.20 Dividend and other appropriations

Dividend and appropriation to reserves, except appropriation which are required by the law, are recognised as liability in the Group's consolidated financial statements in the year in which these are approved.

5.21 Earnings per share

The Group 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 Group 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. There were no dilutive potential ordinary shares in issue at December 31, 2017.

5.22 Related party transactions

Transactions between the Group and its related parties are carried out on an arm's length basis other than pension fund and other staff loans.

5.23 Accounting estimates and judgments

The preparation of consolidated financial statements in conformity with Approved Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of estimates and judgments in relation to these financial statements are as follows:

a) Provision against non-performing advances

The Group reviews its loan portfolio to assess amount of non-performing loans and determine provision required there against on a quarterly basis. While assessing this requirement various factors including the past dues, delinquency in the account, financial position and future business / financial plan of the borrower, value of collateral held and requirements of Prudential Regulations are considered. The Group also considers the effect of Forced Sale Value of collaterals in determining the amount of provision, however, no benefit of FSV of collateral is taken during the year in determining provisioning amount against non-performing advances of the Bank.

General provision for loan losses of overseas branches is made as per the requirements of the respective central banks.

The amount of general provision against domestic consumer and SME advances is determined in accordance with the relevant Prudential Regulations and SBP directives.

In addition, the Bank has also made general provision in respect of its corporate portfolio on prudent basis. This general provision is in addition to the requirements of 'Prudential' Regulations.

b) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest and exchange rates over the term of the contract.

c) Impairment of Available-for-sale investments

The Group considers that available-for-sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost except for investments where relaxation has been allowed by SBP. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

Further the Group has developed internal criteria according to which a decline of 30% in the market value of any scrip below its cost shall constitute as a significant decline and where market value remains below the cost for a period of one year shall constitute as a prolonged decline.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

d) Held-to-maturity investments

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

e) Income taxes

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Group's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

f) Operating fixed assets, depreciation and amortization

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

The Group also revalues its properties on a periodic basis. Such revaluations are carried out by independent valuer and involves estimates / assumptions and various market factors and conditions.

g) Employee benefit plans

The liabilities for employees' benefits plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets, future salary increases, future inflation rates and future pension increases as disclosed in note 34. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

h) Provision against contingencies

Provision against contingencies is determined based on the management judgement regarding the probability of future out flows of resources embodying economic benefits to settle an obligation arising from past events.

i) Determination of control over investees

The Group's management applies its judgement to determine whether the control exists over the investee entities.

	Note	2017 Rupees in '000	2016
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		29,201,212	27,656,843
Foreign currency		3,775,134	3,759,429
		32,976,346	31,416,272
With State Bank of Pakistan in			
Local currency current accounts	6.1	89,111,057	91,549,779
Local currency deposit account		-	-
		89,111,057	91,549,779
Foreign currency current account	6.2	4,872,088	3,673,920
Foreign currency deposit account	6.2	14,580,863	10,982,843
Foreign currency collection account		933,308	697,433
		20,386,259	15,354,196
With other central banks in			
Foreign currency current accounts	6.3	17,019,562	19,659,947
Foreign currency deposit accounts	6.3	587,511	2,105,404
		17,607,073	21,765,351
	32	160,080,735	160,085,598



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 1.5% per annum (2016: 0.15% to 4% per annum).

7. BALANCES WITH OTHER BANKS

In Pakistan

On current account		7,444	58,103
On deposit account	7.1	3,195,723	6,038,732
		3,203,167	6,096,835

Outside Pakistan

On current accounts		7,838,280	3,193,293
On deposit accounts	7.2	15,950,832	5,105,676
		23,789,112	8,298,969
	32	26,992,279	14,395,805

- 7.1** These include various deposits with correspondent banks and carry interest at rates ranging from 3.16% to 5.9% per annum.
- 7.2** These include various deposits with correspondent banks and carry interest at rates ranging from 0% to 4.1% per annum (2016: 0.56% to 7% per annum).

Note

2017
Rupees in '000

2016

8. LENDINGS TO FINANCIAL INSTITUTIONS - net

Call money lendings	8.3	1,540,800	61,200
Repurchase agreement lendings (Reverse Repo)	8.4	25,373,963	113,960,886
Bai-Muajjal with other banks		-	7,687,313
Letters of placement	8.6	177,500	173,500
Lendings to financial institutions - gross	8.1	27,092,263	121,882,899
Less: Provision held against lendings	8.2	(176,150)	(173,500)
lendings to financial institutions - net		26,916,113	121,709,399

8.1 Particulars of lendings - gross

In local currency	27,092,263	121,882,899
In foreign currencies	-	-
	27,092,263	121,882,899

8.2 Movement in provision for held against lendings is as follows:

Opening balance	173,500	173,500
Charge for the year	-	-
Others	2,650	-
Closing balance	176,150	173,500

- 8.3** This includes zero rate lending to a financial institution Rs. 40.8 million (2016: zero) which is guaranteed by the SBP.
- 8.4** These carry mark-up at rates ranging from 5.7% to 6.05% per annum (2016: 5.5% to 5.95% per annum) with maturities ranging from January 2, 2018 to February 28, 2018.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8.4.1 Securities held as collateral against lendings to financial institutions

	2017			2016		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Market Treasury Bills	21,873,963	-	21,873,963	90,023,887	-	90,023,887
Pakistan Investment Bonds	3,500,000	-	3,500,000	23,936,999	-	23,936,999
	25,373,963	-	25,373,963	113,960,886	-	113,960,886

8.4.2 Market value of the securities under repurchase agreement lendings amounts to Rs. 25,401 million (2016: Rs. 115,366 million).

8.5 These are overdue placements and full provision has been made against these placements at year-end.

9. INVESTMENTS - net

Note	2017			2016		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	----- Rupees in '000' -----					
9.1 Investments by type:						
Held-for-trading securities						
Market Treasury Bills	372,602,079	311,339,019	683,941,098	902,307	-	902,307
Pakistan Investment Bonds	2,638,247	-	2,638,247	9,984,590	-	9,984,590
Investment In mutual funds	316,131	-	316,131	338,731	-	338,731
Ordinary shares of listed companies	67,244	-	67,244	211,157	-	211,157
Total Held-for-trading securities	375,623,701	311,339,019	686,962,720	11,436,785	-	11,436,785
Available- for- sale securities						
Ordinary shares of listed companies	23,238,801	-	23,238,801	22,465,681	-	22,465,681
Ordinary shares of unlisted companies	1,381,912	-	1,381,912	2,130,982	-	2,130,982
Investments in mutual funds	1,149,646	-	1,149,646	1,212,740	-	1,212,740
Ordinary shares of a bank outside Pakistan	463,295	-	463,295	463,295	-	463,295
Preference shares	556,944	-	556,944	633,660	-	633,660
Market Treasury Bills	138,558,842	-	138,558,842	369,114,625	-	369,114,625
Pakistan Investment Bonds	124,897,777	7,700,000	132,597,777	125,111,867	4,032,484	129,144,351
GoP Foreign Currency Bonds	16,823,587	-	16,823,587	16,469,943	-	16,469,943
Foreign Currency Debt Securities	1,612,104	-	1,612,104	2,732,943	-	2,732,943
Foreign Government Securities	548,752	-	548,752	519,287	-	519,287
Term Finance Certificates / Musharika and Sukuk Bonds	64,664,793	-	64,664,793	64,346,064	-	64,346,064
Total Available- for- sale securities	373,896,453	7,700,000	381,596,453	605,201,087	4,032,484	609,233,571
Held-to-maturity securities						
Pakistan Investment Bonds	169,476,489	-	169,476,489	178,328,918	-	178,328,918
Market Treasury Bills	148,246	-	148,246	29,278,178	-	29,278,178
GoP Foreign Currency Bonds	2,309,720	-	2,309,720	4,083,210	-	4,083,210
Other Federal Government Securities	-	-	-	-	-	-
Foreign Government Securities	21,173,206	-	21,173,206	21,128,970	-	21,128,970
Foreign Government Debt Securities	424	-	424	405	-	405
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	710,713	-	710,713	792,933	-	792,933
Total Held to maturity securities	193,818,798	-	193,818,798	233,612,614	-	233,612,614



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For the year ended December 31, 2017

Note	2017			2016			
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total	
	Rupees in '000'						
Investments in associates	9.5	1,227,086	-	1,227,086	1,231,806	-	1,231,806
Investments in joint venture	9.6	4,966,604	-	4,966,604	4,306,138	-	4,306,138
Investments in subsidiaries	9.8	1,245	-	1,245	1,245	-	1,245
Investments at cost		949,533,887	319,039,019	1,268,572,906	855,789,676	4,032,484	859,822,160
Less: Provision for diminution in value of investments	9.9	(10,521,310)	-	(10,521,310)	(14,467,703)	-	(14,467,703)
Investments (cost net of provisions)		939,012,577	319,039,019	1,258,051,596	841,321,973	4,032,484	845,354,457
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.10	10,317	-	10,317	(67,457)	-	(67,457)
Surplus on revaluation of available-for-sale securities	20.1	38,431,646	43,505	38,475,151	50,632,745	361,039	50,993,784
Total investments - at carrying value		977,454,540	319,082,524	1,296,537,064	891,887,261	4,393,523	896,280,784

9.2 Investments by segments

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GoP Foreign Currency Bonds
- Ijarah Sukuk bonds

Foreign Government Securities

Fully Paid up ordinary shares

- Listed companies
- Unlisted companies
- Ordinary shares of a bank listed outside Pakistan

Debentures, Bonds, Participation

Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds

- Listed
- Unlisted

Foreign Currency Debt Securities

Other Investments

- Investments in mutual funds
- Preference Shares

Investments in associates

Investments in joint ventures

Investments in subsidiaries

Total investments at cost

Less: Provision for diminution in value of investments

Investments (cost net of provisions)

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

Surplus on revaluation of available-for-sale securities

Total investments - at carrying value

Note	2017	2016
	Rupees in '000	
	822,648,186	399,295,110
	304,712,513	317,457,859
	19,133,307	20,553,153
	11,193,314	9,123,388
	1,157,687,320	746,429,510
	21,721,958	21,648,257
9.11/9.12	23,306,045	22,676,838
	1,381,912	2,130,982
9.4	463,295	463,295
	25,151,252	25,271,115
	4,270,197	3,213,061
	49,911,995	52,802,548
	54,182,192	56,015,609
	1,612,528	2,733,348
	1,465,777	1,551,471
	556,944	633,660
9.5	1,227,086	1,231,806
9.6	4,966,604	4,306,138
9.8	1,245	1,245
	1,268,572,906	859,822,160
9.9	(10,521,310)	(14,467,703)
	1,258,051,596	845,354,457
9.10	10,317	(67,457)
20.1	38,475,151	50,993,784
	1,296,537,064	896,280,784



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9.2.1 Detailed information relating to investments in shares of listed and unlisted companies, Preference Shares, Mutual Funds, Bonds, Debentures, Term Finance Certificates, Participation Term Certificate, Sukuks etc. including quality of available-for-sale securities is given in Annexure-I to the financial statements.

9.3 Market value of held-to-maturity investments is Rs. 195,360 million (2016: Rs. 247,549 million).

9.4 Investment in shares of company incorporated outside Pakistan - Bank Al-Jazira

The Group holds 30,333,333 (2016: 23,333,333) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2016: 5.83%) holding in total equity of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006. BAJ's Viability Rating is bb+ with short term and long term IDR at F2 and BBB+ by Fitch Rating Agency.

9.5 Investments in associates

	Number of shares / units	Percentage of holding	Note	2017 Rupees in '000	2016
Unlisted					
Pakistan Emerging Venture Limited	12,500,000	33.33		50,565	50,565
National Fructose Company Limited	1,300,000	39.50		6,500	6,500
Venture Capital Fund Management	33,333	33.33		-	-
Kamal Enterprises Limited	11,000	20.37		-	-
Mehran Industries Limited	37,500	32.05		-	-
National Assets Insurance Company Limited	4,481,500	8.96		44,815	44,815
Tharparkar Sugar Mills Limited	2,500,000	21.52		-	-
Youth Investment Promotion Society	644,508	25.00		-	-
Dadabhoj Energy Supply Company Limited	9,900,000	23.11		32,105	32,105
K-Agricole Limited	5,000	20.00		-	-
New Pak Limited	200,000	20.00		-	-
Pakistan Mercantile Exchange Limited	10,653,860	33.98		106,539	106,539
Prudential Fund Management	150,000	20.00		-	-
				240,524	240,524
Listed					
First Credit and Investment Bank Limited	20,000,000	30.77		205,974	206,172
National Fibres Limited	17,030,231	20.19		-	-
Land Mark Spinning Mills Limited	3,970,859	32.79		39,710	39,710
S.G. Fibres Limited	3,754,900	25.03		218,534	218,535
Nina Industries Limited	4,906,000	20.27		49,060	49,060
Agritech Limited	106,014,565	27.01	9.5.1	-	477,806
				513,278	991,283
Listed Mutual Funds					
NAFA Stock Fund	31,347,444	2.98		473,284	-
			9.1/9.2	1,227,086	1,231,806
Less: Provision for diminution in value of investments			9.9.1/9.9.2	(622,531)	(981,730)
				604,555	250,076

9.5.1 The 94,515,565 shares (2016: 94,273,510) of Agritech Limited were acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA). These shares were acquired at an agreed price of Rs. 35 per share. The market value of these shares at December 31, 2017 amounted to Rs. 4.87 per share resulting in an impairment of Rs. 3,149 million (2016: 2,316 million) which has been fully recorded in these consolidated financial statements.

There is a put option available to Azgard Nine Limited, under which Azgard Nine Limited has the right to sell 58.29 million preference shares of Agritech Limited to the Group at a price of Rs. 5.25 per share subject to the occurrence of certain events under the agreement.

9.5.2 Aggregate market value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs. 888 million (2016: Rs. 1,606 million).

9.5.3 Associates with zero carrying amount other than Agritech Limited, represent the investments acquired from former National Development Finance Corporation (NDFC) which have negative equity or whose operations were closed at the time of amalgamation.



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9.5.4 The details of break-up value based on latest available financial statements of unlisted investments in associates are as follows:

	Year / Period ended	Break-up value of bank's share Rs. In '000
National Assets Insurance Limited	December 31, 2016	55,029
Pakistan Emerging Venture Limited	June 30, 2016	75,082
Mehran Industries Limited	June 30, 2001	5,681
Tharparkar Sugar Mills Limited	September 30, 2001	(83,140)
Prudential Fund Management	June 30, 2007	(2,482)
Dadabhoj Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2016	(21,832)

9.6 Investment in joint ventures	Note	2017 Rupees in '000	2016 Rupees in '000
United National Bank Limited (UNBL)	9.6.1	4,966,604	4,306,138
		4,966,604	4,306,138

9.6.1 Under a joint venture agreement, the Group holds 20.25 million ordinary shares (45%) and United Bank Limited (UBL) holds 23.25 million ordinary shares (55%) in UNBL. In addition to ordinary shares, four preference shares categories as "A", "B", "C" and "D" have been issued and allotted. The "B" and "D" category shares are held by the Group and category "A" and "C" are held by UBL. Dividends payable on "A" and "B" shares are related to the ability of the venture to utilize tax losses that have been surrendered to it on transfer of business from the Bank or UBL as appropriate. Dividends payable on "C" and "D" shares are related to loans transferred to the venture by the Group or UBL that have been written-off or provided for at the point of transfer and the ability of the venture to realize in excess of such loan value.

9.7 Summary of financial information of associates and joint venture

	2017					
	Based on the financial statements as on	Assets	Liabilities	Equity	Revenue	Profit / (loss)
United National Bank Limited	December 31, 2017	77,921,388	65,764,683	12,156,705	2,672,165	3,797
First Credit and Investment Bank Limited	June 30, 2017	1,155,308	439,381	715,927	79,945	7,132
AgriTech Limited	December 31, 2016	47,904,596	43,497,929	4,406,667	8,238,583	(2,308,925)
NAFA Stock Fund	June 30, 2017	17,309,583	451,831	16,857,752	3,640,330	4,393,179
		Rupees in '000'				
	2016					
	Based on the financial statements as on	Assets	Liabilities	Equity	Revenue	Profit / (loss)
United National Bank Limited	December 31, 2016	67,148,547	56,924,126	10,224,421	2,513,055	565,285
First Credit and Investment Bank Limited	September 30, 2016	1,040,692	322,886	717,806	17,219	5,433
AgriTech Limited	September 30, 2016	49,065,040	43,323,242	5,741,798	5,521,280	(1,030,135)

9.7.1 Movement schedule for associates and joint venture

	2017								
	Opening Balance	Addition	Disposal	Dividend paid	Share of profit / (loss) for the year - net of tax	Exchange Translation Reserve	Surplus (Deficit) on Revaluation Properties	Surplus (Deficit) on Revaluation Securities	Closing Balance
	Rupees in '000'								
Joint Venture									
United National Bank Limited	4,306,138	-	-	(134,870)	1,709	415,500	-	378,128	4,966,604
	4,306,138	-	-	(134,870)	1,709	415,500	-	378,128	4,966,604
Associates									
Unlisted									
Pakistan Emerging Venture Limited	50,565	-	-	-	-	-	-	-	50,565
National Fructose Company Limited	6,500	-	-	-	-	-	-	-	6,500
National Assets Insurance Company	44,815	-	-	-	-	-	-	-	44,815
Dadabhoj Energy Supply Company Limited	32,105	-	-	-	-	-	-	-	32,105
Pakistan Mercantile Exchange Limited	106,539	-	-	-	-	-	-	-	106,539
Listed									
First Credit and Investment Bank Limited	206,172	-	-	-	2,727	-	-	(2,925)	205,974
Land Mark Spinning Mills Limited	39,710	-	-	-	-	-	-	-	39,710
S.G. Fibres Limited	218,534	-	-	-	-	-	-	-	218,534
Nina Industries Limited	49,060	-	-	-	-	-	-	-	49,060
AgriTech Limited	477,806	8,472	-	-	(486,278)	-	-	-	-
NAFA Stock Fund	-	600,000	-	(46,109)	(28,870)	-	-	(51,737)	473,284
	1,231,806	608,472	-	(46,109)	(512,422)	-	-	(54,662)	1,227,086



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2016									
Opening Balance	Addition	Disposal	Dividend paid	Share of profit / (loss) for the year - net of tax	Exchange Translation Reserve	Surplus (deficit) on Revaluation Properties	Surplus (deficit) on Revaluation Securities	Closing Balance	
Rupees in '000'									
Joint Venture									
United National Bank Limited	4,507,135	-	-	(162,934)	319,422	(544,186)	-	186,701	4,306,138
	4,507,135	-	-	(162,934)	319,422	(544,186)	-	186,701	4,306,138
Associates									
Unlisted									
Pakistan Emerging Venture Limited	50,565	-	-	-	-	-	-	-	50,565
Information System Associates Limited	1,719	-	(1,719)	-	-	-	-	-	-
National Fructose Company Limited	6,500	-	-	-	-	-	-	-	6,500
National Assets Insurance Company	44,815	-	-	-	-	-	-	-	44,815
Dadabhoj Energy Supply Company Limited	32,105	-	-	-	-	-	-	-	32,105
Pakistan Mercantile Exchange Limited	90,000	16,539	-	-	-	-	-	-	106,539
Listed									
First Credit and Investment Bank Limited	204,086	-	-	-	2,086	-	-	-	206,172
Land Mark Spinning Mills Limited	39,710	-	-	-	-	-	-	-	39,710
S.G. Fibres Limited	218,535	-	-	-	-	-	-	-	218,535
Nina Industries Limited	49,060	-	-	-	-	-	-	-	49,060
Agritech Limited	1,014,228	-	(201,060)	-	(335,362)	-	-	-	477,806
	1,751,323	16,539	(202,779)	-	(333,276)	-	-	-	1,231,806

9.8	Investments in subsidiaries	Note	Percentage holding	2017	2016
				Rupees in '000	
	Cast-N-Link Products Limited	9.8.1	76.51	1,245	1,245
	Less: Provision for diminution in value of investments			(1,245)	(1,245)
				-	-

9.8.1 The consolidated financial statements of Cast-N-Link Products Limited (CNL) are not available since the year 1997. Accordingly, the management of the Group had applied to the Securities and Exchange Commission of Pakistan (SECP) for the exemption from the requirements of section 228 of the Companies Act, 2017 (the Act) in respect of consolidating its subsidiary CNL. The SECP, vide its letter EMD/233/627/2002-419 dated November 7, 2017, based on the fact that investments of the Group in CNL are not material and comprise of 0.000056% of the total assets of the Group and the investment have been fully provided for, granted the exemption from consolidation of CNL in its consolidated financial statements for the year ended December 31, 2017.

9.9	Particulars of provision for diminution in value of investments	Note	2017	2016
			Rupees in '000	
	Opening balance		14,467,703	15,453,451
	Charge for the year		704,177	1,447,014
	Reversals for the year		(3,281,087)	(3,123,080)
			(2,576,910)	(1,676,066)
	Transfer from advances	10.4	-	214,444
	Transfer to advances	10.4	(1,004,153)	(284,000)
	Other transfers		(5,643)	99,769
	Others		(359,687)	660,104
	Closing Balance	9.9.1/9.9.2	10,521,310	14,467,703
9.9.1	Particulars of provision in respect of type			
	Available-for-sale securities			
	Ordinary shares of listed companies and mutual funds		2,715,147	2,743,863
	Ordinary shares of unlisted companies		398,923	398,923
	Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		5,925,187	9,303,518
	Preference shares		433,444	433,444
	Held-to-maturity securities			
	Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		424,833	604,979
	Investments in associates	9.5	622,531	981,730
	Investments in subsidiaries	9.8	1,245	1,245
			10,521,310	14,467,703



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	Note	2017 Rupees in '000	2016						
9.9.2 Particulars of provision in respect of segments									
Fully Paid up Ordinary Shares		3,078,069	3,096,777						
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		6,350,020	9,908,497						
Other investments		469,445	479,454						
Investments in associates	9.5	622,531	981,730						
Investments in subsidiaries	9.8	1,245	1,245						
		10,521,310	14,467,703						
9.10 Unrealized gain / (loss) on revaluation of investments classified as Held-for-trading									
Ordinary shares of listed companies and mutual funds		24,146	1,064						
Federal Government securities		(13,829)	(68,521)						
	9.1 / 9.2	10,317	(67,457)						
9.11 The investments in shares include shares of Pakistan State Oil Company Limited, Sui Northern Gas Pipeline Limited and Pakistan Engineering Company with cost of Rs. 4,603 million (2016: Rs: 4,603 million) that have been frozen by the Government of Pakistan for sale in the equity market due to their proposed privatization.									
9.12 The investments also include shares acquired under tri-partite consent agreement dated June 29, 2011. These strategic investments comprise of the shares of Pakistan State Oil Limited (26,427,255 shares) and shares of Sui Northern Gas Pipeline Limited (18,805,318 shares). The cost of these shares amounts to Rs. 4,603 million and market value as at December 31, 2017 amounts to Rs. 9,525 million. These shares can not be sold without concurrence of privatization commission.									
10. ADVANCES - net	Note	2017 Rupees in '000	2016						
Loans, cash credits, running finances, etc.									
In Pakistan		746,315,569	709,574,542						
Outside Pakistan		66,851,860	52,266,377						
		813,167,429	761,840,919						
Islamic financing and related assets	42.2.2	19,138,198	3,390,923						
Net investment in finance lease	10.2	616,254	1,030,538						
Bills discounted and purchased (excluding Government treasury bills)									
Payable in Pakistan		12,901,944	8,855,145						
Payable outside Pakistan		12,383,952	8,437,549						
		25,285,896	17,292,694						
Advances - gross	10.1	858,207,777	783,555,074						
Less: Provision against non-performing advances	10.4	117,862,843	114,671,146						
Advances - net of provision		740,344,934	668,883,928						
10.1 Particulars of advances - gross									
10.1.1 In local currency		778,971,965	722,851,148						
In foreign currencies		79,235,812	60,703,926						
		858,207,777	783,555,074						
10.1.2 Short-term (for upto one year)		412,420,009	378,754,941						
Long-term (for over one year)		445,787,768	404,800,132						
		858,207,777	783,555,074						
10.2 Net investment in finance lease									
		2017	2016						
		Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
		Rupees in '000							
Lease rentals receivable		386,793	171,107	-	557,900	525,510	375,069	-	900,579
Residual value		87,997	74,347	-	162,344	140,838	142,125	-	282,963
Minimum lease payments		474,789	245,454	-	720,243	666,348	517,194	-	1,183,542
Financial charges for future periods		88,992	14,997	-	103,989	107,536	45,468	-	153,004
		385,797	230,457	-	616,254	558,812	471,726	-	1,030,538



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The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Bank requires the lessees to insure the leased assets in favour of the Group. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 9.16% to 11.64% (2016: 9.06% to 13.65%) per annum

10.3 Advances include Rs. 121,941 million (2016: Rs. 120,562 million) which have been placed under non-performing status as detailed below:

Category of Classification	2017								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000' -----								
Other Assets Especially									
Mentioned	1,279,934	-	1,279,934	44,589	-	44,589	44,589	-	44,589
Substandard	5,623,565	67,479	5,691,044	1,348,968	13,883	1,362,851	1,348,968	13,883	1,362,851
Doubtful	2,494,799	477,229	2,972,028	1,181,602	143,759	1,325,361	1,181,602	143,759	1,325,361
Loss	80,102,779	31,895,539	111,998,318	77,602,772	31,012,202	108,614,974	77,602,772	31,012,202	108,614,974
	89,501,077	32,440,247	121,941,324	80,177,931	31,169,844	111,347,775	80,177,931	31,169,844	111,347,775
	----- Rupees in '000' -----								
	2016								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000' -----								
Other Assets Especially									
Mentioned	1,082,036	-	1,082,036	31,804	-	31,804	31,804	-	31,804
Substandard	4,843,374	52,363	4,895,737	1,128,619	13,091	1,141,710	1,128,619	13,091	1,141,710
Doubtful	3,561,908	43,765	3,605,673	1,614,012	21,882	1,635,894	1,614,012	21,882	1,635,894
Loss	79,531,756	31,446,649	110,978,405	77,723,512	29,707,018	107,430,530	77,723,512	29,707,018	107,430,530
	89,019,074	31,542,777	120,561,851	80,497,947	29,741,991	110,239,938	80,497,947	29,741,991	110,239,938

10.4 Particulars of provision against non-performing advances:

Note	2017						2016					
	Specific	General	Total	Specific	General	Total	Specific	General	Total	Specific	General	Total
	----- Rupees in '000' -----											
Opening balance	110,239,938	4,431,207	114,671,145	111,326,647	2,964,361	114,291,008						
Foreign exchange adjustments	952,122	15,534	967,656	(287,596)	(11,380)	(298,976)						
Charge for the year	3,177,831	2,558,971	5,736,802	8,984,211	1,522,050	10,506,261						
Reversal during the year	(4,001,550)	(490,644)	(4,492,194)	(9,754,567)	(43,824)	(9,798,391)						
	(823,719)	2,068,327	1,244,608	(770,356)	1,478,226	707,870						
Transfer to investments	9.9	-	-	(214,444)	-	(214,444)						
Transfer from investments	9.9	1,004,153	1,004,153	284,000	-	284,000						
Other transfer		(44,875)	(44,875)	263,938	-	263,938						
Amount charged off	10.4.3	(2,981)	(2,981)	(97,256)	-	(97,256)						
Amounts written off	10.5	(899)	(899)	(266,672)	-	(266,672)						
Other adjustments		24,036	24,036	1,677	-	1,677						
Closing balance	111,347,775	6,515,068	117,862,843	110,239,938	4,431,207	114,671,146						

10.4.1 The Group maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

In addition, the Group has also made general provision of Rs 1,700 million in respect of its corporate portfolio on prudent basis. This general provision is in addition to the requirements of 'Prudential Regulations'.

10.5 Particulars of provision against non-performing advances:

	2017			2016		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000' -----					
In local currency	80,176,331	6,065,672	86,242,003	80,050,265	4,269,942	84,320,207
In foreign currencies	31,171,444	449,396	31,620,840	30,189,673	161,265	30,350,939
	111,347,775	6,515,068	117,862,843	110,239,938	4,431,207	114,671,146



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- 10.5.1** As of 31 December 2017, the Group has not availed the benefit of Forced Sale Value (FSV) of collaterals against non-performing advances.
- 10.5.2** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2017.
- 10.5.3** These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

	Note	2017	2016
		Rupees in '000	
10.6 Particulars of write offs:			
10.6.1 Against provisions	10.4	899	266,672
		<u>899</u>	<u>266,672</u>
10.6.2 Write offs of Rs. 500,000 and above	10.7	875	265,486
Write offs of below Rs. 500,000		24	1,186
		<u>899</u>	<u>266,672</u>

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

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2017 is given in Annexure II.

	Note	2017	2016
		Rupees in '000	
10.8 Particulars of loans and advances to directors, associated companies, etc. :			
Debts due by directors, executives or officers & staff of the bank or any of them either severally or jointly with any other persons			
Balance at beginning of the year		30,512,769	31,372,520
Loans granted / additions during the year		7,627,118	4,053,881
Repayments		(4,064,887)	(4,913,632)
Balance at end of the year		<u>34,075,000</u>	<u>30,512,769</u>
Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members:			
Balance at beginning of the year		-	6,020,112
Adjustment due to retirement / appointment of directors		-	-
Loans granted / additions during the year		2,000,000	-
Repayments / other adjustments		(2,000,000)	(6,020,112)
Balance at end of the year		<u>-</u>	<u>-</u>
Debts due by controlled firms, managed modarabas and other related parties:			
Balance at beginning of the year		5,866,344	5,555,674
Loans granted / additions during the year		326,058	378,870
Repayments		(202,109)	(68,200)
Balance at end of the year		<u>5,990,293</u>	<u>5,866,344</u>

11. OPERATING FIXED ASSETS

Capital work-in-progress	11.1	1,823,691	1,545,405
Property and equipment	11.2	30,848,109	31,062,696
Intangible assets	11.3	1,150,437	1,450,188
		<u>33,822,237</u>	<u>34,058,289</u>

11.1 Capital work-in-progress

Civil works		1,757,201	1,477,219
Equipments		19,468	18,167
Advances to suppliers and contractors		47,022	50,019
		<u>1,823,691</u>	<u>1,545,405</u>



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For the year ended December 31, 2017

11.2 Property and equipment

	Cost / revalued amount			Accumulated depreciation			Book Value at December 31, 2017	Rate of depreciation
	At January 1, 2017	Additions/ (deletions)/ (adjustments)	At December 31, 2017	At January 1, 2017	Charge for the year/ (deletions)	At December 31, 2017		
Rupees in '000								
Owned								
Land								
- freehold	11,209,437	-	11,209,212	-	-	-	11,209,212	Nil
		(225)			-			
- leasehold	10,377,666	2,995	10,380,661	-	-	-	10,380,661	Nil
Buildings on land:								
- freehold	3,018,670	19,883	3,038,553	432,873	122,550	555,423	2,483,130	5% on book value
- leasehold	2,843,073	87,455 (6,195)	2,924,333	354,383	114,368 (1,623)	467,128	2,457,205	5% on book value
Furniture and fixtures	3,889,350	581,618 (15,238) (710)	4,455,020	2,216,427	574,383 (8,822) (453)	2,781,535	1,673,485	20% on cost
Computer & peripheral equipments	3,437,667	358,691 (1,852) (4,218)	3,790,288	2,962,389	368,607 (1,796) (2,906)	3,326,294	463,994	33.33% on cost
Electrical & office equipments	4,037,468	576,150 (3,289) (3,647)	4,606,682	2,946,292	556,452 (1,322) (3,026)	3,498,396	1,108,286	20% on cost
Vehicles	1,010,247	445,470 (264,389) (10,710)	1,180,618	300,377	278,797 (242,640) (3,371)	333,163	847,455	20% on cost
	39,823,577	2,072,262 (290,963) (19,510)	41,585,367	9,212,740	2,015,157 (256,203) (9,756)	10,961,939	30,623,428	
Assets held under finance lease								
Vehicles	249,881	23,411 (22,610) (411)	250,271	175,018	44,327 (15,257) -	204,088	46,183	20% on cost
Office equipment	1,850	- (900)	950	1,375	168 (722)	821	129	20% on book value
Assets held under Ijarah								
Machinery	465,926	- (287,502) 81,154	259,578	284,600	11,748 (203,000) 81,154	174,502	85,076	25% to 33% on cost
Vehicles	600,027	- (97,425) (9,989)	492,613	404,832	58,391 (55,307) (8,597)	399,320	93,293	20% on book value
2017	41,141,261	2,095,673 (699,400) 51,244	42,588,778	10,078,565	2,129,792 (530,489) 62,802	11,740,669	30,848,109	



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	Cost / revalued amount			Accumulated depreciation			Book Value at December 31, 2016	Rate of depreciation
	At January 1, 2016	Additions/ (deletions)/ (adjustments)	At December 31, 2016	At January 1, 2016	Charge for the year/ (deletions) (adjustments)	At December 31, 2016		
----- Rupees in '000 -----								
Owned								
Land								
- freehold	11,214,811	- (5,374)	11,209,437	-	-	-	11,209,437	Nil
- leasehold	10,372,742	4,924	10,377,666	-	-	-	10,377,666	Nil
Buildings on land:								
- freehold	2,904,419	112,658 - 1,593	3,018,670	293,514	139,201 - 158	432,873	2,585,797	5% on book value
- leasehold	2,747,943	84,333 - 10,797	2,843,073	230,471	118,440 - 5,472	354,383	2,488,690	5% on book value
Furniture and fixtures	2,724,075	1,181,459 (25,843) 9,658	3,889,350	1,771,658	469,441 (16,144) (8,528)	2,216,427	1,672,924	20% on cost
Computer & peripheral equipments	3,025,025	359,679 (19,087) 72,051	3,437,667	2,651,403	382,804 (14,215) (57,603)	2,962,389	475,278	33.33% on cost
Electrical & office equipments	3,667,546	384,629 (7,920) (6,787)	4,037,468	2,320,797	634,477 (5,797) (3,186)	2,946,292	1,091,176	20% on cost
Vehicles	963,330	701,245 (296,115) (358,213)	1,010,247	290,286	216,342 (280,305) 74,054	300,377	709,870	20% on cost
	37,619,891	2,828,927 (348,965) (276,275)	39,823,577	7,558,129	1,960,704 (316,461) 10,367	9,212,740	30,610,838	
Assets held under finance lease								
Vehicles	342,657	12,000 (16,256) (88,520)	249,881	213,552	49,921 (12,385) (76,070)	175,018	74,863	20% on cost
Office equipment	13,304	- (1,200) (10,254)	1,850	12,436	250 (836) (10,475)	1,375	475	20% on book value
Assets held under Ijarah								
Machinery	1,395,154	- (141,857) (787,371)	465,926	1,096,327	83,291 (125,923) (769,095)	284,600	181,326	25% to 33% on cost
Vehicles	714,594	6 (197,126) 82,554	600,027	714,593	90,322 (153,976) (246,107)	404,832	195,195	20% on book value
2016	40,085,599	2,840,932 (705,404) (1,079,866)	41,141,261	9,595,037	2,184,488 (609,580) (1,091,380)	10,078,565	31,062,696	



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11.3 Intangible assets

	Cost		Accumulated amortisation			Book Value at December 31, 2017	Rate of amortisation	
	At January 1, 2017	Additions / Adjustments	At December 31, 2017	At January 1, 2017	Charge for the year			At December 31, 2017
	----- Rupees in '000 -----							
Computer software	526,039	60,565	595,616	172,879	128,894	309,392	286,224	33.33% on cost
		9,533			7,619			
		(521)						
Core Banking Application	2,303,196	608,726	2,913,953	1,770,753	843,572	2,614,325	299,628	33.33% on cost
		-						
		2,031						
Website	1,041	-	1,041	1,041	-	1,041	-	33.33% on cost
Room and Membership Card	-	-	-	-	-	-	-	
Room and Membership Card	-	-	-	-	-	-	-	
Trading right entitlement certificate (TREC) - (11.7)	-	-	-	-	-	-	-	
Goodwill on NAFA Acquisition	655,146	-	655,146	92,593	-	92,593	562,553	
Others	4,774	-	4,774	2,742	-	2,742	2,032	
	3,490,196	669,291	4,170,530	2,040,008	972,466	3,020,093	1,150,437	
		9,533			7,619			
		1,510			-			

	Cost		Accumulated amortisation			Book Value at December 31, 2016	Rate of amortisation	
	At January 1, 2016	Additions / (Disposal)	At December 31, 2016	At January 1, 2016	Charge for the year			At December 31, 2016
	----- Rupees in '000 -----							
Computer software	153,883	372,156	526,039	150,652	22,227	172,879	353,160	33.33% on cost
Core Banking Application	1,700,538	524,727	2,303,196	1,052,278	718,475	1,770,753	532,443	33.33% on cost
		77,931						
Website	1,041	-	1,041	1,041	-	1,041	-	33.33% on cost
Room and Membership Card	-	-	-	-	-	-	-	
Room and Membership Card	-	-	-	-	-	-	-	
Trading right entitlement certificate (TREC) - (11.7)	-	-	-	-	-	-	-	
Goodwill on NAFA Acquisition	655,146	-	655,146	92,593	-	92,593	562,553	
Others	4,192	582	4,774	2,681	61	2,742	2,032	
	2,514,800	975,396	3,490,196	1,299,245	740,763	2,040,008	1,450,188	

11.4 Revaluation of properties

Had there been no revaluation, the carrying amount of revalued assets at December 31, 2017 would have been as follows:

	Rupees in '000
Land	
freehold	1,076,005
leasehold	869,805
Building	
freehold	589,552
leasehold	637,279



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11.5 The Ijarah payments receivable from customers for each of the following periods under the terms of the respective agreements are given below:

	2017	2016
	Rupees in '000	
Not later than one year	147,059	82,029
Later than one year but not later than five years	174,391	96,848
	<u>321,450</u>	<u>178,877</u>

The rate of profit is 6 months KIBOR + 2.5% (2016: 6 months KIBOR + 2.5%).

11.6 Details of disposals of property and equipment

Details of disposals of property and equipment made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the Group or any related party, irrespective of the value, or where original cost or the book value exceeds rupees one million or two hundred fifty thousand rupees respectively, whichever is lower are given in Annexure III.

11.7 The TRE Certificate acquired on surrender of Stock Exchange Membership Card is stated at Nil value.

According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto December 31, 2019, a Stock Exchange shall offer for issuance of 15 TRE Certificate each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate.

12. DEFERRED TAX ASSETS - net

Deductible temporary differences on :

	2017	2016
	Rupees in '000	
Provision for diminution in the value of investments	3,278,835	3,642,117
Provision against non-performing advances	622,390	3,312,021
Other provision	2,187,036	2,666,050
Provision against defined benefits plans	13,649,979	12,755,946
Unrealised loss on derivatives	439,026	691,907
Provision against off-balance sheet obligation	116,622	116,622
Excess of accounting book value of leased assets over lease liabilities	3,872	-
Carried forward unabsorbed tax losses	10,705	-
Others	3,584	4,358
	<u>20,312,049</u>	<u>23,189,021</u>

Taxable temporary differences on :

Excess of accounting book value of leased assets over lease liabilities	-	(85)
Revaluation of securities	(12,504,929)	(17,094,125)
Non-banking assets	(89,981)	(36,273)
Operating fixed assets	(374,657)	(886,042)
	<u>(12,969,567)</u>	<u>(18,016,525)</u>
Net deferred tax assets	<u>7,342,482</u>	<u>5,172,496</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

12.1 Reconciliation of deferred tax

	January 1, 2016	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2016	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2017
----- Rupees in '000 -----							
Deferred tax assets arising in respect of:							
Provision for diminution in the value of investments	4,117,499	(475,382)	-	3,642,117	(363,282)	-	3,278,835
Provision against advances	8,000,570	(4,688,549)	-	3,312,021	(2,689,631)	-	622,390
Other provision	2,262,569	403,481	-	2,666,050	(479,014)	-	2,187,036
Charge against defined benefits plans	10,807,811	944,930	996,737	12,755,946	(589,740)	1,483,773	13,649,979
Unrealised gain / loss on derivatives	691,907	-	-	691,907	(252,881)	-	439,026
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	116,622
Carried forward unabsorbed tax losses	-	-	-	-	10,705	-	10,705
Others	-	4,358	-	4,358	(774)	-	3,584
	25,996,978	(3,811,162)	996,737	23,189,021	(4,364,617)	1,483,773	20,308,177
Less: Deferred tax (liabilities) arising in respect of:							
Excess of accounting book value of leased assets over lease liabilities	(8,097)	8,012	-	(85)	3,957	-	3,872
Revaluation of securities	(15,104,136)	-	(1,989,989)	(17,094,125)	-	4,589,196	(12,504,929)
Non-banking assets	-	-	(36,273)	(36,273)	-	(53,708)	(89,981)
Revaluation of fixed assets	(1,212,494)	326,452	-	(886,042)	511,385	-	(374,657)
	(16,324,727)	334,464	(2,026,262)	(18,016,525)	515,342	4,535,488	(12,965,695)
Net deferred tax assets	9,672,251	(3,476,698)	(1,029,525)	5,172,496	(3,849,275)	6,019,261	7,342,482

	Note	2017 Rupees in '000	2016 Rupees in '000
13. OTHER ASSETS			
Income / mark-up accrued in local currencies		22,557,080	23,234,508
Income / mark-up accrued in foreign currencies		1,877,582	1,651,422
Advances, deposits, advance rent and other prepayments	13.1	4,123,761	5,707,385
Advance taxation (payments less provisions)		12,346,521	14,632,950
Income tax refunds receivable		26,214,948	20,144,561
Compensation for delayed tax refunds	13.5	5,626,385	4,126,792
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		228,484	228,484
Branch adjustment account - net		2,208,794	934,495
Unrealized gain on forward foreign exchange contracts		1,276,403	672,274
Commission receivable on Govt. treasury transactions		4,897,834	5,394,496
Stationery and stamps on hand		295,520	310,593
Non-banking assets acquired in satisfaction of claims		3,831,298	2,769,018
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.2	323,172	323,172
Receivable from Government under VHS scheme	13.3	418,834	418,834
Prize bonds on hand		324,348	336,422
Receivable against sale / purchase of shares		737,405	695,511
Others		5,269,495	5,500,386
		92,753,263	87,276,702
Less: Provision held against other assets	13.4	8,772,698	6,446,438
Other assets (net of provision)		83,980,565	80,830,263



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For the year ended December 31, 2017

- 13.1** This includes Rs. 1,650 million (2016: Rs. 2,325 million) advance against Pre-IPO placement of Term Finance Certificates.
- 13.2** This represents amount receivable from GoP on account of encashment of various instruments handled by the Group for GoP as an agent of the SBP. Due to uncertainty about its recoverability, full amount has been provided for.
- 13.3** This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from GoP. Due to uncertainty about its recoverability, full amount has been provided for.

	Note	2017 Rupees in '000	2016
13.4 Provisions against other assets			
Opening balance		6,446,438	6,077,158
Charge for the year - net		1,483,220	369,900
Transfer in		850,000	-
	13.4.1	2,333,220	369,900
Write offs		(1,594)	(620)
Others		(5,366)	-
Closing balance		8,772,698	6,446,438
13.4.1			
This represents compensation claimed / recovered by SBP due to delay in settlement of government receipts and payments by the Group.			
13.5 Movement in compensation for delayed refund			
Opening balance		4,126,792	2,793,522
Accrued during the year	27	1,499,593	1,333,270
Closing balance		5,626,385	4,126,792
14. BILLS PAYABLE			
In Pakistan		12,994,410	10,152,968
Outside Pakistan		200,645	34,282
		13,195,055	10,187,250
15. BORROWINGS			
In Pakistan		356,354,012	41,341,143
Outside Pakistan		3,751,662	3,522,787
	15.1 & 15.2	360,105,674	44,863,930
15.1 Particulars of borrowings with respect to currencies			
In local currency		356,354,012	41,341,143
In foreign currencies		3,751,662	3,522,787
	15.2	360,105,674	44,863,930



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

15.2 Details of borrowings	Note	2017 Rupees in '000	2016
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme		4,355,000	5,018,651
Under Export Refinance Scheme (New Scheme)		10,755,737	6,397,399
Refinance Facility for Modernization of SMEs		4,500	13,000
Financing Facility for storage of Agriculture Produce (FFSAP)		325,649	457,805
Under Long-Term Financing Facility (LTFF)		3,152,418	1,633,848
		18,593,304	13,520,703
Repurchase agreement borrowings		320,039,019	4,000,000
		338,632,323	17,520,703
Unsecured			
Call borrowings	32	14,500,608	27,189,616
Overdrawn nostro accounts	32	6,901,943	82,811
Others		70,800	70,800
		21,473,351	27,343,227
		360,105,674	44,863,930

15.3 Mark-up / interest rates and other terms are as follows:

- The Group has entered into agreements with the SBP for extending export finance to customers. As per the terms of the agreement, the Group has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up ranging from 3.0% to 6.0% (2016: 4.0 % to 6.0 %).
- Repurchase agreement borrowings carry mark-up ranging from 5.7% to 5.85% per annum (2016: 5.7% per annum) having maturity on January 10, 2018.
- Call borrowings carry interest ranging from 5.75% to 6.0% per annum (2016: 5.6% to 6% per annum).
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2016: 10% per annum).

15.4 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Group's cash and security balances held by the SBP.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees in '000	2016
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		336,280,253	439,084,115
Savings deposits		476,860,650	429,137,018
Current accounts - remunerative		278,684,284	220,938,478
Current accounts - non-remunerative		362,299,286	339,780,993
		1,454,124,473	1,428,940,605
Financial Institutions			
Remunerative deposits		61,988,674	51,136,252
Non - remunerative deposits		210,946,099	177,055,548
		272,934,773	228,191,800
	16.1	1,727,059,246	1,657,132,405
16.1 Particulars of deposits			
In local currency		1,535,010,956	1,498,329,764
In foreign currencies [including deposits of foreign branches of Rs. 93,358 million (2016: Rs. 86,312 million)]		192,048,290	158,802,641
		1,727,059,246	1,657,132,405

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2017			2016		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- Rupees in '000 -----					
Not later than one year	40,114	2,679	37,435	36,708	4,864	31,844
Later than one year and not later than five years	20,758	1,394	19,364	54,183	3,020	51,163
Over five years	-	-	-	-	-	-
	60,872	4,073	56,799	90,891	7,884	83,007

The Group has entered into lease agreement with First National Bank Modaraba (a related party) for lease of vehicle. Lease rentals are payable in quarterly installments. Financial charges included in lease rental are determined on the basis of discount factors applied at the rates ranging from KIBOR + 2.95% to KIBOR + 3.30% per annum (2016: KIBOR + 2.95% to KIBOR + 3.3% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees in '000	2016
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		20,693,083	19,163,528
Mark-up / return / interest payable in foreign currencies		321,862	203,769
Unearned commission and income on Bai Muajjal and bills discounted		132,755	310,604
Accrued expenses		5,961,879	6,217,050
Advance payments		279,509	117,361
Unclaimed dividends		163,549	153,607
Un-realized loss on forward foreign exchange contracts		-	1,209,712
Un-realized loss on PUT Option		306,339	306,339
Provision against off-balance sheet obligations	18.1	627,494	627,494
Provision against contingencies	18.2	3,634,889	3,546,841
Employment benefits:			
Pension fund	34.1.2	12,985,820	9,855,826
Post retirement medical benefits	34.1.3	14,342,369	13,377,650
Benevolent fund	34.1.4	1,977,230	1,977,230
Gratuity scheme	34.1.5	1,581,200	1,385,322
Compensated absences	34.2.1	6,600,690	6,262,603
Staff welfare fund		371,257	389,343
Liabilities relating to:			
Barter trade agreements		14,826,010	14,261,334
Payable to brokers		824	32,688
Others		11,117,162	9,613,003
		95,923,921	89,011,304
18.1 Provision against off balance sheet obligations			
Opening balance		627,494	627,494
Provision for the year		-	-
Closing balance		627,494	627,494
18.2 Provision against contingencies			
Opening balance		3,546,841	2,818,525
Charge during the year	18.2.1	380,343	728,316
Reclassification		(292,295)	-
Closing balance		3,634,889	3,546,841

18.2.1 This represents provision made on account of regulatory violations and reported instances of financial improprieties for which investigations are in progress.

19. SHARE CAPITAL

19.1 Authorized Capital

2016	2017		2017	2016
Number of shares			Rupees in '000	
2,500,000,000	2,500,000,000	Ordinary shares of Rs.10 each	25,000,000	25,000,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19.2 Issued, subscribed and paid-up capital

2016	2017		2017	2016
Number			Rupees in '000	
140,388,000	140,388,000	Ordinary shares of Rs.10 each	1,403,880	1,403,880
1,987,125,026	1,987,125,026	Fully paid in cash	19,871,251	19,871,251
2,127,513,026	2,127,513,026	Issued as fully paid bonus shares	21,275,131	21,275,131

The Federal Government and the SBP held 75.60% (2016: 75.60%) shares of the Bank as at December 31, 2017.

19.3 Shares of the Bank held by subsidiary and associates

Following shares were held by the associates of the Bank as of year end:

	2017	2016
	Number of shares	
First Credit & Investment Bank Limited	70,000	40,000
	70,000	40,000

19.4 Reserves

19.4.1 Exchange translation reserve

This comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19.4.2 Statutory reserve

Every bank incorporated in Pakistan is required to transfer 20% of their profits to a statutory reserve until the reserve equals share capital, thereafter 10% of the profits of the Group are to be transferred to this reserve.

19.4.3 General loan loss reserve

The Group is cognizant of the fact that a part of its credit or loan portfolio (funded and non-funded) which is not currently impaired as per the applicable Prudential Regulations is underperforming and therefore the potential for risk of credit losses on this part of portfolio is higher than the usual risk. Therefore, as a matter of abundant caution and in order to protect the equity base of the Group from future contingencies in respect of the credit portfolio, the Board of Directors in their meeting held on April 29, 2015 decided to transfer an aggregate amount of Rs. 12 billion from the unappropriated profits to a "General Reserve for potential loan losses". This appropriation has been made on the basis of the management's best estimates and judgment regarding the inherent portfolio risks.

	Note	2017	2016
		Rupees in '000	
20. SURPLUS ON REVALUATION OF ASSETS - net			
Available-for-sale securities	20.1	25,511,866	33,117,837
Operating fixed assets	20.2	21,946,202	22,054,443
Non-banking assets		2,174,367	1,126,856
		49,632,435	56,299,136
20.1 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax			
Federal Government Securities		953,651	4,311,723
Term Finance Certificates and Sukuks		128,291	281,349
Shares and mutual funds		26,193,852	37,269,582
GoP Foreign Currency Bonds		292,789	306,362
Foreign Currency Debt Securities		62,855	54,677
Investment outside Pakistan		10,843,713	8,770,091
	9.1	38,475,151	50,993,784
Deferred tax liability	12	(12,504,929)	(17,094,125)
Share of revaluation loss on securities of associates		(458,356)	(781,822)
		25,511,866	33,117,837



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 Rupees in '000	2016
20.2 Movement in surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation on January 1,		22,827,215	23,002,503
Surplus on revaluation of the Group's properties during the year		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(108,241)	(113,937)
Related deferred tax liability		(58,283)	(61,351)
		(166,524)	(175,288)
		22,660,691	22,827,215
Less: Related deferred tax liability on:			
Revaluation as at January 1,		1,174,671	1,236,022
Revaluation of Group's properties during the year		-	-
Incremental depreciation charged during the year transferred to profit and loss account		(58,283)	(61,351)
	12	1,116,388	1,174,671
Share of surplus on revaluation of fixed assets of associates and joint venture		401,899	401,899
Surplus on revaluation on December 31,		21,946,202	22,054,443

21. CONTINGENCIES AND COMMITMENTS

21.1 Direct credit substitutes

Include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued on behalf of:

	2017 Rupees in '000	2016
- Government	18,841,970	12,013,689
- Financial institutions	2,836,911	6,075,143
- Others	27,834,214	21,866,018
	49,513,095	39,954,850

21.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credits related to particular transactions issued on behalf of:

	2017	2016
- Government	15,084,426	15,625,100
- Financial institutions	33,247,316	19,015,609
- Others	17,111,631	17,593,612
	65,443,373	52,234,321

21.3 Trade-related contingent liabilities

Letters of credit issued on behalf of:

	2017	2016
- Government	326,644,898	330,993,013
- Financial institutions	2,647,619	2,421,680
- Others	89,200,608	47,295,687
	418,493,125	380,710,380

21.4 Other contingencies

21.4.1 Claims against the Bank not acknowledged as debts [including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2016: Rs. 1,597 million)].

	16,747,536	14,238,035
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

21.4.2 Taxation

The tax returns of the Group have been filed upto Tax Year 2017 and amended by the tax authorities up to Tax Year 2016. For Azad Kashmir and Gilgit Baltistan Branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2017.

- a) During the year, the tax authorities finalized amendment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2016 and raised net of rectification demand of Rs. 2.033 billion in its order passed under section 221/122(5A)/124(A) of the Ordinance which has been paid and the bank has preferred appeals before the Commissioner Inland Revenue Appeals which is pending.
- b) Against ATIR orders for the Tax Years 2008 to 2010, the Group has obtained appeal effect orders which has resulted in increase in determined refunds by Rs 4.036 billion and prior year tax reversal of Rs 748 million.
- c) The other matters under tax contingencies include interest credited to suspense account, allocation of common expenditure between taxable income and exempt / low tax rate income and reversal of bad debts expense. The aggregate effect of contingencies as on December 31, 2017 amounts to Rs.14.2 billion (December 31, 2016: Rs. 14.7 billion). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.
- d) Through Finance Act, 2015, for tax year 2015 and onwards, income from Dividend and income from Capital Gains taxed at the rate of thirty five percent. As the chargeability of tax imposed was retrospective from the tax year 2015, therefore, on legal grounds, the Group filed Constitution Petition (CP) before the Honourable High Court of Sindh which is pending. However, last year the Honourable High Court of Sindh has given favourable judgement on the same issue in other case against which the department has filed appeal before Supreme Court of Pakistan. The Group has made the provision on prudent basis.
- e) The Sindh Workers Welfare Fund Act, 2015 (Sindh WWF Act) has been promulgated in the month of May 2015. Earlier as per the Workers Welfare Fund Ordinance, 1971, the Bank in which Government holds more than 51% shareholding remained exempt from levy of WWF. The Sindh WWF Act, 2015 is retrospective in its effect and it attempts to impose levy from the date even prior to its promulgation. As the chargeability of tax imposed is retrospective and the law is defective considering constitutional issues – Fee or Tax including geographical / territorial jurisdiction for bank operating in all the provinces of Pakistan as well as the Bank employees do not fall in the definition of workers, therefore, on legal grounds against the said levy bank has decided to file suit before Honourable High Court of Sindh.
- f) In case of Sales Tax / FED, appeals have been filed before various appellate forums including reference and constitutional petitions before the High Court of Sindh; wherein apart from other legal grounds, the principal ground is levy of duty on service which are not specified in the First Schedule to the Customs Act, 1969 and specially for Tax year 2011 levy of duty by FBR on services provided in province of Sindh after promulgation of Sindh Sales Tax on Services Act, 2011.
- g) The Group has filed an Appeal before the Commissioner Appeals SRB on the order passed by Assistant Commissioner SRB for levy of Sindh Sales Tax on the services provided to the Federal Government through the State Bank of Pakistan for the tax period July 2011 till March 2015 amounting to Rs.358.28 million based on data provided by SBP. No provision has been made for this amount in these financial statements based on the opinion of Tax Consultants of the Group who expect favorable outcome upon decision of filed Appeal.

21.4.3 Barter Trade Agreements

In order to reduce pressure on the balance of payment, the GoP had entered into barter trade agreements with various countries and designated the Group to handle the related transactions on behalf of GoP. Accordingly, the Group executed banking arrangements with the designated banks of these countries and opened accounts in their names. In one of the barter agreement, repayments made to the Group by the GoP could not be utilized due to non-finalization of Letter of Exchange for its utilization after 1994 at Government level, which was required under the relevant barter agreement. The concerned bank is now demanding payment of interest on the balances in its accounts with the Group. Since these balances are maintained in current accounts and there is also no clause for payment of any interest in the relevant banking arrangement, therefore the Group has strongly refused such claims.

21.4.4 Contingencies in respect of employees benefits and related matters

The following are the detail of the contingencies arising out of the various legal cases pending adjudication in respect of employees' benefits and related matters. The Group considers that except for Pensionary benefits (note 21.4.4.1) and Restoration of Commuted Pension (note 21.4.4.4), the financial impact of other matters is impracticable to determine with sufficient reliability.



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For the year ended December 31, 2017

21.4.4.1 Pensionary benefits to retired employees

In 1977 the Federal Govt. vide letter No. 17 (9) 17 XI / 77 dated November 30, 1977 addressed to the Pakistan Banking Council, directed that all executives/ officers of all nationalized banks would be paid pension as calculated @ 70% of average emoluments on completion of 30 years of qualifying service and where qualifying service was less than 30 years but not less than 10 years, proportionate reduction in percentage was to be made. This pension scheme was made applicable with effect from May 01, 1977.

In the year 1997, the Banks Nationalization Act, 1974 ("BNA, 1974") was substantially amended whereby the Pakistan Banking Council was dissolved and the Board of Directors of the nationalized banks were empowered / mandated respectively to determine personnel policies with the President of the Group deciding the remuneration and benefits of the employees in accordance with policies determined by the Board. In the year 1999, by virtue of the said amendments in BNA, the Board of Directors of the Group approved the Revised Pay Structure for the officers / executives of the bank with effect from January 01, 1999 vide Circular No.37/1999, whereby the Basic salary was increased by 110% to 140% and besides giving multifarious benefits to its employees, formula for monthly gross pension was revised. However, the amount of gross pension on the basis of existing Basic Pay and existing formula was protected.

A number of bank's employees, after attaining the age of superannuation filed Writ Petitions before the Lahore High Court and the Peshawar High Court, praying for re-calculation of their pensionary benefits and increases in accordance with the Bank circular No. 228 (C) dated December 26, 1977 and furthermore, for allowing the increases in their pension as per the increases allowed by the Federal Government to its employees. This litigation started in the year 2010 & 2011.

The Peshawar High Court, in terms of judgment dated June 03, 2014, dismissed the petition while observing that the petition was hit by laches and that the Petitioners could not claim the benefits granted to the similarly placed employees of other institutions who were governed through different Statutes and Service Rules.

Lahore High Court, vide its judgment dated January 15, 2016, allowed the Writ Petitions on the same matter and the Group was directed to release the pensionary benefits of the Petitioners. The said order was assailed by the Bank by filing Intra Court Appeals in January 2016 which were dismissed by Lahore High Court, Lahore, through its judgment dated January 16, 2017. The Group assailed the said judgment by filing appeals in the Supreme Court of Pakistan.

The Honorable Supreme Court of Pakistan after hearing the arguments of both Parties, vide its judgement dated September 25, 2017 has upheld the decision of a Division Bench of the Lahore High Court on the contention of increase in Bank's employees' pension , thereby instructing the Bank to give pension benefits to its employees in the light of Head Office Instruction Circular No. 228 (c) of 1977. Under this Circular, the pension of employees was to be calculated @ 70% of average emoluments upon completion of minimum qualifying service requirement, besides requiring the Bank to follow subsequent revisions in pension scheme and rates granted by the Federal Government to civil servants from time to time as well.

The Group has filed Review petitions against the aforesaid judgment of the Honorable Supreme Court of Pakistan and also made an application for constitution of larger bench of the Supreme Court to hear the Review petition, which has been accepted. As advised by our legal counsels, the Group considers that due to conflicting decision of the other bench of the Supreme Court in a case which, in all material facts and circumstances, is identical to the Group's case and various other legal infirmities in the judgement as highlighted by the Group in its Review Petition. The Group has a reasonably strong case on merits to convince the Supreme Court for reversal of its decision.

In case this matter is decided unfavorably, the bank estimates based on the actuarial advice that the financial impact arising from the additional liability would be approximately Rs. 54.3 billion excluding any penal interest/ profit payment due to delayed payment in case of unfavorable decision. Pension expense for 2018 onward will also increase by Rs 7.5 billion due to this decision. No provision has been made in these financial statements for the above-mentioned amount as the Bank is confident about the favorable outcome of the matter.

21.4.4.2 Encashment of unavailed leave

Some of the employees of the Group filed Writ Petitions before Lahore High Court after their retirement, in September 2012, praying the Court for issuance of directions to the bank for encashing their entire un-availed leave balance frozen in terms of Bank's Circular 37/1999 and 57/ 1999.

The Group revised rules of leave encashment with effect from January 1, 1999. As per revised rules, leave balances accumulated under old rules were marked as "Frozen Leave" to differentiate it with subsequent leaves to be accumulated. There was no bar on employees to avail these leaves, which would lapse on retirement.

The Lahore High Court dismissed the petitions of the subject ex-employees in April 2014 while observing that claim of the petitioners was hit by laches as the Petitions were filed in the year 2012 and that all the petitioners filed the petitions after having availed all retirement benefits when all outstanding dues were paid at the time of retirement at which point no claim for any amount was made. The Petitioners have filed Intra Court appeals against the aforesaid judgment which were dismissed by the Lahore High Court, Lahore.



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Another Constitution Petition No. D-3445/ 2012 titled as Iffat Aara Hassan & others vs. NBP etc. filed before the High Court, of Sindh, Karachi, on the matter was dismissed by a Division Bench vide order dated January 11, 2017, while concluding that the issue which was subject matter of the Petition was passed and closed transaction, hence, the same could not be agitated through this Constitution Petition.

The Group has not received so far any notices in respect of appeal(s) (if any) filed by the petitioners.

21.4.4.3 Post retirement medical facilities

On 14 March 1995, on the instructions of Pakistan Banking Council, the Bank issued Circular No. 19/95, in terms of which the Bank was to provide relief to the retired employees by way of increase in medical ceiling on the increase in salary. It was decided that the Bank would re-determine the monetary ceiling of retired officers/executives after every revision of pay scale on the basis of notional re-fixation in revised scale on point to point basis. In 2003 two retired employees moved Federal Service Tribunal for increase of post-retirement medical ceiling in the light of the said Circular. The Bank contested the case but a representative of Establishment Division stated before the FST that Bank had adopted the said Circular and the two appeals were accepted by the FST. The Bank's appeals before the Supreme Court failed and even review petitions were dismissed.

Later on in September, 2011 Ch. Muhammad Qasim and 5 others who had opted for separation from service under GHS / VHS filed writ petition for availing similar relief of post-retirement medical ceiling while citing the respective judgments of the FST and Supreme Court. The Group contested the writ petition on the Grounds that the petitioners had opted for separation from the service of the Group under GHS AND VHS after receiving payment of compensation as contemplated under the said Schemes. With regard to medical ceiling for such persons who had opted voluntarily, it was contended by the Group before the Court that option was given to such employees either to accept the present medical ceiling for 10 years in lump sum or to continue with the present payment as if they had retired on attaining the age of superannuation. The petitioners had opted for continuing with the present ceiling as prevalent at the time of the separation scheme therefore they were not entitled for any benefit under the said circular. It was also urged by the Group that in view of judgment of Apex Court in Naseem Arif Abbasi case, the petitioners, after having signed a disclaimer at the time of receipt of benefits under GHS, were not entitled to any further payment. The high court while disregarding these arguments allowed the Writ Petition. The Group has filed an ICA against the order of the single bench which is still pending adjudication.

21.4.4.4 Restoration of Commuted Pension

The portion of pension of an employee commuted at the time of retirement is restored after the lapse of period for which the commutation was made. However that restoration is made without applying any increase granted in pension during that period. Some of the retired employees filed writ petitions before Lahore High Court while praying for restoration of the commuted portion of their pension with application of all the increments granted during the period for which the pension was commuted.

In one of such writ petitions, the Honorable Lahore High Court, without issuing notices to the Group disposed of the same vide order dated January 13, 2015 while observing that the Petitioner was also entitled to be treated at par with the pensioners whose cases had already been decided in a case titled as "Additional Accountant General Pakistan Revenue, Lahore vs. A.A.Zuberi" which had attained finality up to the level of Supreme Court of Pakistan

The judgment referred in the case was decided by a Division Bench of Lahore High Court in which restoration of pension after period of commutation was directed to be allowed at the rate prevailing at the time of restoration and not at the rate of pension prevailing at the time of commutation. Against the said order, the bank has filed an Intra Court Appeal as the matter was decided without summoning the bank. Our main argument is that A.A. Zubari's judgment pertains to Civil servants and the Bank employees are not civil servants. The case was remanded back to the single bench for a fresh decision after hearing the Bank. The single bench again decided the matter against the Bank vide order dated April 14, 2017 which has been assailed by the Bank through an Intra Court Appeal. The matter is still pending adjudication.

21.4.4.5 Regularizing of temporary hires/outsourced workers

The Petitioners in these Petitions/ Appeals, filed for regularization of services, were either allegedly engaged by the Group purely on temporary basis on Borrowers' accounts as Godown keepers or Godown chowkidars for watching the pledged stocks of the Borrowers or they were deployed at various Bank premises by the Service Provider Companies, under outsourcing arrangements, as per the SBP Policy, for non-core jobs. Litigation in respect of temporary Godown keepers/Godown chowkidars was started in the year 2001-2002. Subsequently in terms of President office circular No. 10/2003 dated August 1, 2003 a formula was evolved that if such temporary employees had completed three years' service as on the date of the circular with breaks of not more than 15 days, they would be eligible for the absorption on regular bases (with certain other conditions). Subsequently the FST while accepting the appeals of the temporary hires adopted almost the same criterion as given in the said circular. The honorable Supreme court also upheld the decision of the FST (2005 SCMR 100). The Group had obtained permission from Government to absorb 1500 godown staff in the Group. All who fulfilled the criteria were absorbed.



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Some Petitions are still pending adjudication in terms of which the Petitioners have sought regularization of service in terms of the Ikram Bari judgment.

Under the SBP Guidelines, in terms of a policy decision the Group outsourced certain noncore jobs to various service provider companies after entering into contract with them. The sources deployed by the service provider companies are actually their employees and the said companies have the sole administrative control over those resources. However some of those resources filed writ petitions before various benches of High Courts and NIRC while praying for issuance of directions to the Group for absorbing them in the regular service of the Group while alleging that actually they were employees of the Group. Petitions filed before the Peshawar High Court, Abbotabad and Mardan Bench were allowed. Appeals filed by the Bank before the honorable Supreme Court of Pakistan against the order of the Peshawar High Court, Abbotabad Bench were disposed of on March 3, 2016 and the Group was directed to decide the cases of the Respondents after engaging them through personal hearings. Subsequently all the Respondents who had been hired through a service provider company (80 in numbers) were heard in person and their cases for regularization in Group's service were declined through speaking orders duly communicated to them. The Petitioners filed contempt petitions before the honorable Supreme court and the matter was decided in their favor. The Group's respective Review Petition was also dismissed and services of all those Petitioners were regularized.

Appeal filed by the Group against the order of Peshawar High Court, Mardan Bench in the matter of Mr. Talimand and 23 others was dismissed by the honorable Supreme Court of Pakistan vide order dated May 25, 2016 and Bank was directed to regularize all the Respondents in Group's service. The Review Petition was also dismissed and the Bank had to regularize the services of all those Petitioners.

Moreover in August 2016, some service provider companies terminated the services of some resources deployed at various Bank Branches/offices. Almost all of those employees (around 150 in number) have filed petitions before various benches of NIRC for their absorption in Bank's service.

Vide order dated October 26, 2015, the Honorable Balochistan High Court, Quetta, dismissed CP No.201/12 filed by one Mr. Abdul Ghafoor and 10 others for regularization of their services. The said order was assailed by the Petitioners before the Apex court vide CP No.3724/2015 (CA No.1496/17) which was allowed along with CMA No.7903/16, 3474/17 and 4154/17 filed by 193 other such employees deployed at various premises of NBP in different Regions. The Group has filed Review Petitions against the said judgment which was fixed on January 25, 2018. The honorable Court asked the respondents to file comments to our Review Petitions. The said order is hopefully to be reviewed to the extent of CMAs.

The Peshawar High Court has allowed 12 more Writ Petitions involving 59 Petitioners, with directions to regularize their services. The Group has assailed the subject orders before the Apex Court through Mr. Naeem Bukhari ASC and Khawaja Muhammad Farooq Mehta Sr. ASC which are yet to be fixed for hearing.

The Group believes that the financial impact of this matter is not expected to be material.



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21.4.4.6 Golden Handshake (GHS)

The Group had introduced the Golden Shake Hand Schemes in 1997 with a cut-off date however some of the employees who had opted for separation under the said scheme were not relieved on the said date and continued to perform duties. Subsequently some of those employees filed Petitions before various high courts regarding payment of certain pensionary benefits. Most of the cases have been disposed of on the basis of Apex Court judgment in Naseem Arif Abbasi case (2011 SCMR 446). There are still some pending Petitions however keeping in view the said Judgment prima facie the Group has a good case.

21.5 Foreign Exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporter namely: M/S Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 1,020 million, arbitrarily on the Group. The Group has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgments. The Honorable High Court has granted relief to the Group by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Group and therefore no provision has been made against the impugned penalty.

21.6 Compliance and risk matters relating to anti-money laundering

The Group and its New York Branch have entered into a Written Agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators) which inter-alia requires the Group to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements and the implementation of the requisite systems and controls and allocation of adequate resources to ensure full compliance with such requirements. Management is in the process of addressing the matters highlighted in the Written Agreement and in the subsequent inspections. While the Group seeks to comply with all possible laws and regulations and at this stage there is no indication of any financial impact or penal consequences.

	2017	2016
	Rupees in '000	
21.7 Commitments in respect of forward exchange contracts		
Purchase	202,309,263	145,531,852
Sale	142,915,579	90,986,181
21.8 Commitments in respect of financing		
Undrawn committed facilities (which are not cancellable)	41,261,434	23,871,256
Unconditionally cancellable commitments (which can be cancelled at any time without notice)	116,441,330	98,805,286
21.9 Commitments for the acquisition of operating fixed assets	826,727	1,094,029
21.10 Other commitments		
Professional services to be received	23,115	12,670



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22. DERIVATIVE INSTRUMENTS

The Group enters into foreign exchange forward contracts to manage its foreign currency exposure. The Group is also party to put option held by Agritech Limited for purchase of its shares. The accounting policy for derivative is disclosed in note 5.6 to the financial statements.

	2017	2016
	Rupees in '000	
23. MARK-UP / RETURN / INTEREST EARNED		
On Loans and advances to:		
Customers	54,903,252	54,374,349
Financial institutions	175,833	159,555
	55,079,085	54,533,904
On Investments in:		
Held-for-trading securities	10,905,028	667,347
Available-for-sale securities	37,434,091	40,937,305
Held-to-maturity securities	18,145,815	17,445,504
	66,484,934	59,050,156
On deposits with financial institutions	697,539	659,478
On securities purchased under resale agreements	1,153,465	785,290
	123,415,023	115,028,828
24. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	57,917,304	50,051,476
Securities sold under repurchase agreements	9,918,924	8,250,159
Short-term borrowings	974,515	1,292,715
	68,810,743	59,594,350
25. INCOME FROM DEALING IN FOREIGN CURRENCIES		
This includes Rs. 3,072 million (2016: Rs. 3,377 million) on account of interest on Cross Currency Swap transactions charged by Foreign Exchange department to Treasury Department.		
26. GAIN ON SALE & REDEMPTION OF SECURITIES - net		
Federal Government Securities		
Market Treasury Bills	96,099	153,795
Pakistan Investment Bonds	2,781,600	3,084,430
GoP Ijarah Sukuks	15,761	650
	2,893,460	3,238,875
Shares and mutual funds	3,613,765	5,231,490
Foreign Government / debt securities	-	919
Associates	-	54,187
	6,507,225	8,525,471



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	Note	2017 Rupees in '000	2016
27. OTHER INCOME			
Rent on property / lockers		101,631	31,028
Gain on sale of property and equipment		125,760	169,553
Compensation for delayed tax refunds	13.5	1,499,593	1,333,270
Others		29,553	32,717
		<u>1,756,537</u>	<u>1,566,568</u>
28. ADMINISTRATIVE EXPENSES			
Salaries and allowances		26,949,319	27,234,174
Charge for defined benefit plans		4,999,470	4,916,058
Charge for defined benefit plans - Subsidiaries		47,217	58,919
Non-executive directors' fees, allowances and other expenses	35	24,413	25,863
Non-executive directors' fees, allowances and other expenses - Subsidiaries		6,588	3,690
Rent, taxes, insurance, electricity and other utilities	28.1	3,828,464	3,461,073
Legal and professional charges		826,049	645,202
Communications		1,231,022	1,070,678
Repairs and maintenance		1,328,614	1,140,537
Financial charges on leased assets		5,540	6,719
Books, stationery, printing and other computer accessories		1,250,254	1,027,852
Advertisement, sponsorship and publicity		480,188	585,618
Donations	28.2	3,660	950
Contributions for other Corporate and Social Responsibility	28.2	58,288	54,317
Auditors' remuneration	28.3	198,400	177,277
Depreciation	11.2	2,129,792	2,184,488
Depreciation on Ijarah Assets		85,725	67,046
Amortization	11.3	972,466	740,763
Depreciation on Non-banking Assets		30,251	34,406
Conveyance		272,057	275,030
Entertainment		161,632	129,649
Travelling		576,505	534,696
Security services		2,296,590	2,090,662
Outsourcing and janitorial services		1,279,985	1,096,187
Clearing, verification, licence fee charges		293,029	273,025
Subscription		26,414	61,370
Brokerage		169,827	181,706
Training		25,015	67,985
Non-banking asset revaluation deficit		60,244	111,538
Miscellaneous operating expenses		118,184	174,932
		<u>49,735,202</u>	<u>48,432,410</u>



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28.1 This includes Rs. 1.800 million (2016: Rs.1.800 million) insurance premium against directors' liability insurance.

28.2 Donations and Contributions for Corporate & Social Responsibilities exceeding Rs. 0.1 million have been disclosed in Annexure IV.

Note : None of the directors / executives or their spouses have any interest in the donees.

28.3 Auditors' remuneration

	Grant Thornton Anjum Rahman	EY Ford Rhodes	2017 Total	2016 Total
-----Rs. in '000-----				
Audit fee - Annual	6,226	6,226	12,452	12,452
Review of interim financial statements	2,178	2,178	4,356	4,356
Fee for audit of domestic branches	5,060	5,060	10,120	10,120
Fee for taxation, special certifications and sundry advisory services	25,450	4,336	29,786	18,472
Sales tax	3,122	1,424	4,546	3,632
Out-of-pocket expenses	4,500	4,500	9,000	9,000
	46,536	23,724	70,260	58,032
Fee for audit of overseas branches including advisory services and out-of-pocket expenses			123,202	113,565
Fee for audit of subsidiaries including out-of-pocket expenses			4,938	5,680
	46,536	23,724	198,400	177,277

	Note	2017 Rupees in '000	2016
29. OTHER CHARGES			
Penalties imposed by the SBP		214,393	298,719
Penalties imposed by other regulatory authorities		91,664	10,731
		306,057	309,450
30. TAXATION			
For the year			
Current	30.1	8,676,731	9,686,755
Deferred		3,849,275	3,476,698
		12,526,006	13,163,453
For prior years			
Current	30.1 & 30.3	271,652	1,344,024
Deferred		-	-
		271,652	1,344,024
	30.2	12,797,658	14,507,477
30.1 Current taxation includes Rs. 248 million (2016: Rs. 321 million) of overseas branches.			
30.2 Relationship between tax expense and accounting profit			
Accounting profit before tax		36,143,520	37,594,737
Income tax at statutory rate @ 35% (2016: 35%)		12,650,232	13,158,158
Increase / (decrease) in taxes resulting from:			
Prior year tax effects	30.3	271,652	1,344,024
Others		(124,226)	5,295
Tax charge for current year		12,797,658	14,507,477

30.3 The Federal Government vide Finance Act 2017 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2016 (Tax Year 2017). Accordingly, provisions of Rs 1,021 million for Super tax has been made for the prior year. Further, a reversal of Rs 748 million has been recorded as described in note 21.4.2 (b) to the financial statements.



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		2017	2016
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax for the year	Rupees in '000	23,180,529	23,039,550
Weighted average number of ordinary shares	Numbers '000	2,127,513	2,127,513
Basic earnings per share	Rupees	10.90	10.83
Basic and diluted earnings per share are same.			
32. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	160,080,735	160,085,598
Balance with other banks	7	26,992,279	14,395,805
Call money lendings	8	1,540,800	61,200
Call borrowings	15.2	(14,500,608)	(27,189,616)
Overdrawn nostros	15.2	(6,901,943)	(82,811)
		167,211,263	147,270,176
33. STAFF STRENGTH			
Permanent		12,419	12,751
Temporary / on contractual basis		4,171	3,723
Total Staff Strength		16,590	16,474

33.1 In addition to the above, the Group is utilizing the services of other companies including security services and the number of persons deployed by such companies as at year end are 9,497 (2016: 9,898).

34. EMPLOYEE BENEFITS

34.1 Defined benefit plans

34.1.1 General description

General description of the type of defined benefit plan and accounting policy for recognising actuarial gains and losses is disclosed in note 5.13 to the consolidated financial statements.

Principal actuarial assumptions

The financial assumptions used in actuarial valuation at December 31, 2017 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2017	2016
Salary increase rate	9.50%	9.50%
Discount rate	9.50%	9.50%
Expected rate of return on plan assets	9.50%	9.50%
Pension indexation rate	5.00%	5.00%
Rate of inflation in the cost of medical benefits	9.50%	9.50%
Mortality table	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Number of employees covered under retirement benefit plan	11,620	12,048

34.1.2 Net defined benefit liability - pension fund

	Note	2017 Rupees in '000	2016
Present value of defined benefit obligations		57,951,864	54,855,012
Fair value of plan assets		(44,966,044)	(44,999,186)
	18	12,985,820	9,855,826



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34.1.2.1 Reconciliation of net defined benefit liability - pension fund

The following table shows a reconciliation from the opening balances to the closing balances for net defined liability for pension fund and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
	-----Rupees in '000-----					
Balance as at January 01,	54,855,012	46,819,560	44,999,186	38,384,229	9,855,826	8,435,331
Included in profit and loss						
Current service cost	1,239,818	1,456,524	-	-	1,239,818	1,456,524
Interest cost / income	5,020,105	4,544,815	4,136,051	3,753,224	884,054	791,591
	6,259,923	6,001,339	4,136,051	3,753,224	2,123,872	2,248,115
Included in other comprehensive income						
Remeasurement loss / (gain)						
- Actuarial loss / (gain) arising on						
financial assumptions	-	-	-	-	-	-
demographic assumptions	-	-	-	-	-	-
experience adjustments	860,540	4,776,940	(3,458,593)	3,265,357	4,319,133	1,511,583
- Return on plan assets excluding interest income	-	-	-	-	-	-
	860,540	4,776,940	(3,458,593)	3,265,357	4,319,133	1,511,583
Others						
Benefits paid	(4,023,611)	(2,742,827)	(4,023,611)	(2,742,827)	-	-
Benefits paid on behalf of fund	-	-	2,213,011	1,300,353	(2,213,011)	(1,300,353)
Contributions paid by the employer	-	-	1,100,000	1,038,850	(1,100,000)	(1,038,850)
	(4,023,611)	(2,742,827)	(710,600)	(403,624)	(3,313,011)	(2,339,203)
Balance as at December 31,	57,951,864	54,855,012	44,966,044	44,999,186	12,985,820	9,855,826

Note

34.1.2.2 Plan assets

The composition and the fair value of the plan assets of the fund are as follows:

	2017	2016
Pakistan Investment Bonds	1,144,751	1,608,503
Term Finance Certificates	101,436	558,259
Mutual Funds / Shares	12,836,495	14,688,924
Term Deposit Receipts	9,892,631	8,912,713
Defence Saving Certificates	6,884,201	6,287,332
Special Saving Certificates	13,583,880	12,406,140
Cash at Bank	522,650	537,315
	44,966,044	44,999,186

34.1.3 Net defined benefit liability - post retirement medical scheme

Present value of defined benefit obligations

Fair value of plan assets

18

	2017	2016
Present value of defined benefit obligations	14,342,369	13,377,650
Fair value of plan assets	-	-
	14,342,369	13,377,650

34.1.3.1 Reconciliation of net defined benefit liability - post retirement medical scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined liability for post retirement medical scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
	-----Rupees in '000-----					
Balance as at January 01,	13,377,650	11,268,022	-	-	13,377,650	11,268,022
Included in profit and loss						
Current service cost	447,264	237,642	-	-	447,264	237,642
Interest cost / (income)	1,235,665	1,104,088	-	-	1,235,665	1,104,088
	1,682,929	1,341,730	-	-	1,682,929	1,341,730
Included in other comprehensive income						
- Actuarial loss / (gain) arising on						
financial assumptions	-	1,057,432	-	-	-	1,057,432
demographic assumptions	-	-	-	-	-	-
experience adjustments	23,082	164,747	-	-	23,082	164,747
	23,082	1,222,179	-	-	23,082	1,222,179
Others						
Benefits paid	(741,292)	(454,281)	-	-	(741,292)	(454,281)
Balance as at December 31,	14,342,369	13,377,650	-	-	14,342,369	13,377,650



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34.1.4 Net defined benefit liability - Benevolent Scheme	Note	2017	2016
		Rupees in '000	
Present value of defined benefit obligations		1,977,230	1,977,230
Fair value of plan assets		-	-
	18	<u>1,977,230</u>	<u>1,977,230</u>

34.1.4.1 Reconciliation of net defined benefit liability - Benevolent Scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined liability for Benevolent Scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
	-----Rupees in '000-----					
Balance as at January 01,	1,977,230	1,830,831	-	-	1,977,230	1,830,831
Included in profit and loss						
Current service cost	61,464	61,464	-	-	61,464	61,464
Interest cost / (income)	176,099	177,759	-	-	176,099	177,759
	237,563	239,223	-	-	237,563	239,223
Included in other comprehensive income						
- Actuarial loss / (gain) arising on						
financial assumptions	-	18,906	-	-	-	18,906
demographic assumptions	-	-	-	-	-	-
experience adjustments	9,547	(5,255)	-	-	9,547	(5,255)
	9,547	13,651	-	-	9,547	13,651
Others						
Benefits paid	(247,110)	(106,475)	-	-	(247,110)	(106,475)
Balance as at December 31,	<u>1,977,230</u>	<u>1,977,230</u>	<u>-</u>	<u>-</u>	<u>1,977,230</u>	<u>1,977,230</u>

34.1.5 Net defined benefit liability - Gratuity Fund	Note	2017	2016
		Rupees in '000	
Present value of defined benefit obligations		1,467,310	1,298,782
Fair value of plan assets		-	-
Holding Company	18	1,467,310	1,298,782
Subsidiaries		113,890	86,540
		<u>1,581,200</u>	<u>1,385,322</u>

34.1.5.1 Reconciliation of net defined benefit liability - Gratuity fund

The following table shows a reconciliation from the opening balances to the closing balances for net defined liability for gratuity fund and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
	-----Rupees in '000-----					
Balance as at January 01,	1,298,782	1,001,423	-	-	1,298,782	1,001,423
Included in profit and loss						
Current service cost	203,122	166,694	-	-	203,122	166,694
Interest cost / (income)	121,318	96,653	-	-	121,318	96,653
	324,440	263,347	-	-	324,440	263,347
Included in other comprehensive income						
- Actuarial loss / (gain) arising on						
financial assumptions	-	(2,756)	-	-	-	(2,756)
demographic assumptions	-	-	-	-	-	-
experience adjustments	(112,409)	106,556	-	-	(112,409)	106,556
	(112,409)	103,800	-	-	(112,409)	103,800
Others						
Benefits paid	(43,503)	(69,788)	-	-	(43,503)	(69,788)
Balance as at December 31,	<u>1,467,310</u>	<u>1,298,782</u>	<u>-</u>	<u>-</u>	<u>1,467,310</u>	<u>1,298,782</u>



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34.1.6 Duration

As at December 31, 2017, the weighted average duration of the defined benefit obligations was as follows:

	Years
Pension Fund	11.9
Post retirement medical fund	14.9
Benevolent fund	6.5
Gratuity fund	13.2

34.1.7 Sensitivity Analysis

Reasonably possible changes at the reporting date due to one of the relevant actuarial assumptions, holding other assumptions constant would have effected the defined benefit obligation by the amounts shown below:

Effect of discount rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Discount rate (%)	10.50%	9.50%	8.50%
----- Rupees in '000 -----			
Pension Fund	51,733,501	57,951,864	65,564,191
Post Retirement Medical Scheme	12,458,108	14,342,369	16,737,800
Benevolent Scheme	1,875,563	1,977,230	2,130,968
Gratuity Scheme	1,291,634	1,467,310	1,678,276
Effect of salary increase rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Salary increase rate (%)	10.50%	9.50%	8.50%
----- Rupees in '000 -----			
Pension Fund	61,177,981	57,951,864	55,074,944
Post Retirement Medical Scheme	15,065,230	14,342,369	13,719,715
Benevolent Scheme	2,022,028	1,977,230	1,965,204
Gratuity Scheme	1,683,717	1,467,310	1,284,357
Effect of medical inflation rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Medical inflation rate (%)	10.50%	9.50%	8.50%
----- Rupees in '000 -----			
Post Retirement Medical Scheme	12,458,108	14,342,369	16,737,800

34.1.8 Expected contributions for 2018

The expected contributions to be paid to the funds in the next financial year are as follows:

	Rupees in '000
- Pension Fund	1,253,071
The expected expense to be recognized for the schemes in the next financial year are as follows:	
- Pension Fund	2,532,227
- Post Retirement Medical Scheme	1,763,999
- Benevolent Scheme	254,142
- Gratuity Scheme	369,118



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	Note	2017 Rupees in '000	2016 Rupees in '000
34.2 Other employee benefits			
34.2.1 Reconciliation of net liability recognized for compensated absences			
Opening net liability		6,262,603	5,709,230
Charge for the year		630,666	820,252
Benefits paid during the year		(292,579)	(266,879)
Closing net liability	18	<u>6,600,690</u>	<u>6,262,603</u>

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

	2017	2016	2015	2014	2013
	----- Rupees in '000 -----				
Opening net liability	6,262,603	5,709,230	5,364,523	4,341,871	3,795,006
Net charge for the year	338,087	553,373	344,707	1,022,652	546,865
Closing net liability	<u>6,600,690</u>	<u>6,262,603</u>	<u>5,709,230</u>	<u>5,364,523</u>	<u>4,341,871</u>

34.2.1.1 Experience adjustment on obligation

	2017 Rupees in '000	2016 Rupees in '000
Present value of defined benefit obligations	6,600,690	6,262,603
Fair value of plan assets	-	-
Deficit	<u>6,600,690</u>	<u>6,262,603</u>

34.2.1.2 Working of sensitivity analysis (Discount rate effect)

	1% Increase	Original Liability	1% Decrease
Discount rate	10.50%	9.50%	8.50%
	----- Rupees in '000 -----		
Present value of defined benefit obligations	<u>6,128,200</u>	<u>6,600,690</u>	<u>7,135,495</u>

34.2.1.3 Working of sensitivity analysis (Salary increase rate effect)

	1% Increase	Original Liability	1% Decrease
Salary increase rate	10.50%	9.50%	8.50%
	----- Rupees in '000 -----		
Present value of defined benefit obligations	<u>7,161,764</u>	<u>6,600,690</u>	<u>6,097,141</u>



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35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2017	2016	2017	2016	2017	2016
----- Rupees in '000 -----						
Fees		-	24,413	25,863	-	-
Managerial remuneration	50,631	42,000	-	-	3,143,329	3,214,110
Charge for defined benefit plan	3,500	3,500	-	-	1,387,275	1,418,513
Rent and house maintenance	1,574	-	-	-	1,485,569	1,474,544
Utilities	621	1,421	-	-	488,455	494,335
Medical	199	117	-	-	583,467	550,739
Conveyance	-	-	-	-	786,278	868,404
Bonus	-	-	-	-	1,209,393	635,571
Others	3,074	2,690	-	-	15,114	57,497
	59,599	49,728	24,413	25,863	9,098,880	8,713,713
----- Number -----						
Number of persons	3	1	6	7	2,325	2,396

The President and certain executives are also provided with free use of Bank's cars, household equipment, mobile phones and free membership of clubs.

Executives mean executives, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

Performance Bonus is accounted for on payment / approval basis.

The above information does not include particulars of directors, chief executives and executives of subsidiaries.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 9.

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 Group's accounting policy as stated in note 5.8

The maturity and re-pricing profile and effective rates are stated in notes 41.4.1, 41.4.3 and 41.3.2 respectively.

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



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For the year ended December 31, 2017

36.1 On balance sheet financial instruments

	2017					2017				
	Carrying Amount					Fair value				
	HFT	Available for Sale	HTM	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets measured at fair value										
Investments										
- Market Treasury Bills	683,921,624	138,560,516	-	-	-	822,482,140	-	822,482,140	-	822,482,140
- Pakistan Investment Bonds	2,843,892	133,549,754	-	-	-	136,193,646	-	136,193,646	-	136,193,646
- GoP Foreign Currency Bonds	-	17,116,376	-	-	-	17,116,376	-	17,116,376	-	17,116,376
- Ordinary shares of listed companies	67,399	46,717,506	-	-	-	46,784,905	46,784,905	-	-	46,784,905
- Ordinary shares of unlisted companies	-	982,989	-	-	-	982,989	-	982,989	-	982,989
- Investments in mutual funds	340,121	1,149,646	-	-	-	1,489,767	-	1,489,767	-	1,489,767
- Ordinary shares of a bank outside Pakistan	-	11,307,008	-	-	-	11,307,008	-	-	-	11,307,008
- Preference shares	-	123,500	-	-	-	123,500	123,500	-	-	123,500
- Foreign Currency Debt Securities	-	1,674,959	-	-	-	1,674,959	-	1,674,959	-	1,674,959
- Foreign Government Securities	-	548,752	-	-	-	548,752	-	548,752	-	548,752
- Term Finance Certificates / Musharika and Sukuk Bonds	-	58,867,897	-	-	-	58,867,897	-	58,867,897	-	58,867,897
	686,973,036	410,598,903	-	-	-	1,097,571,939	58,215,413	1,039,356,526	-	1,097,571,939
Financial assets not measured at fair value (refer note 36.2)										
Cash and bank balances with SBP	-	-	-	160,080,735	-	160,080,735	-	-	-	-
Balances with other banks	-	-	-	26,992,279	-	26,992,279	-	-	-	-
Lending to financial instruments	-	-	-	26,916,113	-	26,916,113	-	-	-	-
Investments										
- Market Treasury Bills	-	-	148,246	-	-	148,246	-	-	-	-
- Pakistan Investment Bonds	-	-	169,476,489	-	-	169,476,489	-	-	-	-
- GoP Foreign Currency Bonds	-	-	2,309,720	-	-	2,309,720	-	-	-	-
- Foreign Government Securities	-	-	21,173,206	-	-	21,173,206	-	-	-	-
- Foreign Currency Debt Securities	-	-	424	-	-	424	-	-	-	-
- Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	-	-	285,880	-	-	285,880	-	-	-	-
Advances	-	-	-	740,344,934	-	740,344,934	-	-	-	-
Other assets	-	-	-	83,980,565	-	83,980,565	-	-	-	-
	-	-	193,393,965	1,038,314,626	-	1,231,708,591	-	-	-	-
	686,973,036	410,598,903	193,393,965	1,038,314,626	-	2,329,280,530	58,215,413	1,039,356,526	-	1,097,571,939
Financial liabilities not measured at fair value										
Deposits and other accounts	-	-	-	-	1,727,059,246	1,727,059,246	-	-	-	-
Bills payable	-	-	-	-	13,195,055	13,195,055	-	-	-	-
Borrowings	-	-	-	-	360,105,674	360,105,674	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	56,799	56,799	-	-	-	-
Other liabilities (excluding Liabilities against assets subject to finance lease)	-	-	-	-	95,923,921	95,923,921	-	-	-	-
	-	-	-	-	2,196,340,695	2,196,340,695	-	-	-	-
2016										
	Carrying Amount					Fair value				
	HFT	Available for Sale	HTM	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets measured at fair value										
Investments										
- Market Treasury Bills	902,307	369,074,263	-	-	-	369,976,570	-	369,976,570	-	369,976,570
- Pakistan Investment Bonds	9,916,069	133,496,436	-	-	-	143,412,505	-	143,412,505	-	143,412,505
- GoP Foreign Currency Bonds	-	16,776,305	-	-	-	16,776,305	-	16,776,305	-	16,776,305
- Ordinary shares of listed companies	212,221	54,487,775	-	-	-	54,699,996	54,699,996	-	-	54,699,996
- Ordinary shares of unlisted companies	-	1,732,059	-	-	-	1,732,059	-	1,732,059	-	1,732,059
- Investments in mutual funds	338,731	3,716,365	-	-	-	4,055,096	-	4,055,096	-	4,055,096
- Ordinary shares of a bank outside Pakistan	-	9,233,386	-	-	-	9,233,386	9,233,386	-	-	9,233,386
- Preference shares	-	200,216	-	-	-	200,216	200,216	-	-	200,216
- Foreign Government Securities	-	573,964	-	-	-	573,964	-	573,964	-	573,964
- Foreign Currency Debt Securities	-	2,732,943	-	-	-	2,732,943	-	2,732,943	-	2,732,943
- Term Finance Certificates / Musharika and Sukuk Bor	-	55,323,895	-	-	-	55,323,895	-	55,323,895	-	55,323,895
	11,369,328	647,347,607	-	-	-	658,716,935	64,133,598	594,583,337	-	658,716,935
Financial assets not measured at fair value										
Cash and bank balances with SBP	-	-	-	160,085,598	-	160,085,598	-	-	-	-
Balances with other banks	-	-	-	14,395,805	-	14,395,805	-	-	-	-
Lending to financial instruments	-	-	-	121,709,399	-	121,709,399	-	-	-	-
Investments										
- Market Treasury Bills	-	-	29,278,178	-	-	29,278,178	-	-	-	-
- Pakistan Investment Bonds	-	-	178,328,918	-	-	178,328,918	-	-	-	-
- GoP Foreign Currency Bonds	-	-	4,083,210	-	-	4,083,210	-	-	-	-
- Foreign Government Securities	-	-	21,128,970	-	-	21,128,970	-	-	-	-
- Foreign Currency Debt Securities	-	-	405	-	-	405	-	-	-	-
- Debentures, Bonds, Sukuks, Participation Term Certif	-	-	187,954	-	-	187,954	-	-	-	-
Advances	-	-	-	668,883,928	-	668,883,928	-	-	-	-
Other assets	-	-	-	80,830,263	-	80,830,263	-	-	-	-
	-	-	233,007,635	1,045,904,993	-	1,278,912,628	-	-	-	-
	11,369,328	647,347,607	233,007,635	1,045,904,993	-	1,937,629,563	64,133,598	594,583,337	-	658,716,935
Financial liabilities not measured at fair value										
Deposits and other accounts	-	-	-	-	1,657,132,405	1,657,132,405	-	-	-	-
Bills payable	-	-	-	-	10,187,250	10,187,250	-	-	-	-
Borrowings	-	-	-	-	44,863,930	44,863,930	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	83,007	83,007	-	-	-	-
Other liabilities (excluding Liabilities against assets subject to finance lease)	-	-	-	-	89,011,304	89,011,304	-	-	-	-
	-	-	-	-	1,801,277,896	1,801,277,896	-	-	-	-

36.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.



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37. Segment Details with respect to Business Activities

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Assets Management	Retail Brokerage	Total
	Rupees in '000								
2017									
Total income	1,143,468	10,916,153	3,339,745	59,547,743	825,296	9,155,654	1,625,277	166,175	86,719,510
Inter segment revenue	-	(9,907,338)	23,308,096	(13,400,758)	-	-	-	-	-
Total expenses	269,458	214,319	13,719,460	29,842,495	227,488	5,083,290	1,100,030	119,452	50,575,991
Net income	874,010	794,496	12,928,381	16,304,490	597,808	4,072,364	525,247	46,723	36,143,519
Segment assets (Gross)	-	685,697,880	184,894,759	1,502,047,972	-	-	2,154,537	1,221,261	2,376,016,409
Segment non-performing loans	-	-	9,275,532	112,215,125	-	-	450,666	-	121,941,323
Segment provision required	-	-	9,486,647	108,039,641	-	-	336,555	-	117,862,843
Segment liabilities (Gross)	-	-	650,038,899	1,544,170,220	-	-	1,229,152	902,424	2,196,340,695
Segment Return on net Assets (ROA) (%)	0.00%	0.44%	6.97%	0.88%	0.00%	0.00%	56.76%	14.65%	1.61%
Segment cost of funds (%)	0.00%	0.00%	3.05%	4.28%	0.00%	0.00%	16.68%	16.00%	3.93%
2016									
Total income	887,555	632,382	5,065,232	69,455,376	883,037	8,193,612	1,236,361	113,062	86,466,617
Inter segment revenue	-	(451,121)	18,938,209	(18,487,058)	-	-	-	-	-
Total expenses	143,326	28,994	13,624,635	28,881,949	231,150	4,823,191	1,027,514	111,121	48,871,880
Net income	744,229	152,267	10,378,806	22,086,339	651,887	3,370,421	208,847	1,941	37,594,737
Segment assets (Gross)	-	9,984,590	206,788,419	1,760,890,970	-	-	2,578,001	1,174,582	1,981,416,562
Segment non-performing loans	-	-	8,784,593	111,459,293	-	-	317,965	-	120,561,851
Segment provision required	-	-	9,729,755	104,688,745	-	-	252,646	-	114,671,146
Segment liabilities (Gross)	-	-	495,001,992	1,303,591,113	-	-	1,807,737	877,054	1,801,277,896
Segment Return on net Assets (ROA) (%)	0.00%	1.88%	5.42%	1.33%	0.00%	0.00%	27.11%	0.65%	2.01%
Segment cost of funds (%)	0.00%	0.00%	3.10%	4.51%	0.00%	0.00%	16.68%	16.00%	4.09%

37.1 Segment reporting

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

37.1.1 Business segments

Corporate finance

Corporate banking includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, IPO and secondary private placements.

Trading and sales

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

Retail banking

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

Commercial banking

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

Payment and settlement

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

Agency services

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

Assets management

It includes asset and modaraba management and investment advisory services.

Retail brokerage

It includes business of stock brokerage, investment counselling and fund placements.

38. TRUST ACTIVITIES

38.1 Long Term Credit Fund (LTCF)

Consequent upon the NDFC's amalgamation, the Group manages on behalf of the GoP, LTCF established from the proceeds of loans disbursed by various international funding agencies for financing private sector energy development projects. Fund assets are accounted for separately from those of the Bank and amounted to Rs. 48,550 million on December 31, 2017 (2016: Rs. 51,907 million).



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38.2 Endowment Fund

Students Loan Scheme was launched by Government of Pakistan with collaboration with the major commercial banks with a view to extend financial help by way of mark-up free loan to the meritorious students without sufficient resources for pursuing scientific technical and professional education within Pakistan.

The Scheme is being administered by a high powered committee headed by the Deputy Governor, State Bank of Pakistan and the President's of NBP, HBL, UBL, MCB, ABL and the Deputy Secretary, Ministry of Finance as member and Senior Director of SMEFD (Infra Housing & SME Finance Department) as a secretary of the Committee. The State Bank of Pakistan has assigned National Bank of Pakistan to operate the scheme.

The Committee in its meeting held on August 7, 2001 approved creation of Endowment Fund initially at an amount of Rs. 500 million, Rs.396 million were transferred from the old Qarz-e-Hasna Fund, Rs. 50 million contributed by Government of Pakistan and Rs. 54 million were contributed by participating banks (HBL, NBP and UBL 25% each, MCB 17.5% and ABL 7.5%).

The amount of the endowment fund in investments stands at Rs. 637 million as at December 31, 2017 (2016 Rs. 668 million).

39. RELATED PARTY TRANSACTIONS AND BALANCES

The Group has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiary companies and associated undertakings are stated in note 9.

Transactions between the Group and its related parties are carried out under normal course of business, except employees staff loans, employees sale of assets, and provident fund that are as per agreement.

Details of loans and advances to the companies or firms, in which the directors of the Group are interested as directors, partners or in case of private companies as members, are given in note 10.8. There are no transactions with key management personnel other than under advance salary. Contributions in respect of staff retirement and other benefit plans are disclosed in note 34. Remuneration to the executives and disposal of assets are disclosed in notes 35 and annexure to the consolidated financial statements.

39.1 Balances	2017				2016			
	At January 01,	Given during the year	Received during the year	At December 31,	At January 01,	Given during the year	Received during the year	At December 31,
Rupees in '000								
Advances								
Associates	3,297,168	18,750	(1,833)	3,314,085	3,065,368	250,000	(18,200)	3,297,168
Key management executives	185,830	11,782	(19,962)	177,650	193,530	49,469	(62,294)	180,705
*Adjustment	(32,281)	-	-	(32,281)	5,125	-	-	5,125
Debts due by company in which director is interested as Director	153,549	11,782	(19,962)	145,369	198,655	49,469	(62,294)	185,830
*Adjustment	-	2,000,000	(2,000,000)	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	2,000,000	(2,000,000)	-	-	-	-	-
	3,450,717	2,030,532	(2,021,795)	3,459,454	3,264,023	299,469	(80,494)	3,482,998
	2017				2016			
	At January 01,	Received during the year	Withdrawals during the year	At December 31,	At January 01,	Received during the year	Withdrawals during the year	At December 31,
Rupees in '000								
Deposits								
Key management executives	28,838	430,392	(408,116)	62,047	18,554	360,809	(349,287)	30,076
*Adjustment	10,933	-	-	10,933	(1,238)	-	-	(1,238)
	39,771	430,392	(408,116)	62,047	17,316	360,809	(349,287)	28,838
Directors executives	4,655	37,321	(27,127)	15,614	4,399	33,819	(33,563)	4,655
*Adjustment	765	-	-	765	-	-	-	-
	5,420	37,321	(27,127)	15,614	4,399	33,819	(33,563)	4,655
Pension Fund (Current)	1,363	3,781,571	(3,781,686)	1,248	3,371	8,715,538	(8,717,546)	1,363
Pension Fund (Fixed Deposit)	8,800,000	10,300,000	(8,800,000)	10,300,000	2,300,000	8,800,000	(2,300,000)	8,800,000
Pension Fund (N.I.D.A. A/c)	1,035,959	2,744,580	(3,266,000)	514,539	1,128,437	7,481,029	(7,573,507)	1,035,959
Provident Fund	13,137,045	1,808,033	(2,195,769)	12,749,309	13,391,708	2,788,345	(3,043,008)	13,137,045
	23,019,558	19,101,897	(18,478,698)	23,642,757	16,845,231	28,179,540	(22,016,911)	23,007,860

Adjustments due to retirement / appointment of directors and changes in key management executives.



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	2017	2016
	Rupees in '000	
Placements with:		
Joint venture	675,870	49,541
Repo borrowing from:		
Joint venture	87,920	49,649
Mark-up receivables from associates	2,082,323	2,071,751
Off Balance Sheet items	-	25,245
39.2 Transactions during the year		
Investment in associates	600,000	-
Income for the year		
On advances / placements with:		
Joint ventures	57	1,138
Companies in which directors of the Group are interested as director	349	157
Dividend from Joint Venture	134,870	162,934
Dividend from Associate	46,109	-
Expenses for the year		
Remuneration to key management executives	448,850	260,172
Charge for defined benefit plan	49,717	29,504
Mark-up on deposits of:		
Provident fund	1,149,697	1,287,100
Pension fund	682,279	244,115
Transaction fee paid to company in which directors of the bank are interested as director	7,613	-
Mark-up on Borrowing (Repo / Call):		
Joint venture	1,346	72
39.3 Transactions with Government-related entities		

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Group.

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

The Group also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 8,621 million (2016: Rs. 7,318 million) for the year ended December 31, 2017. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 279,764 million (2016: Rs. 274,135 million), Rs. 644,002 million (2016: 605,009 million) and Rs. 360,571 million (2016: Rs. 358,632 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 19,620 million (2016: Rs. 12,467 million) and Rs. 25,686 million (2016: Rs. 17,443 million) respectively.

40. CAPITAL ASSESSMENT AND ADEQUACY

40.1 Statutory minimum capital requirement and management of capital

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the regulators of the Grouping markets where the Group operates;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

The SBP has issued instructions for Basel-III Implementation vide BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.



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Basel-III instructions comprises of the following three capital standards:

i. Minimum Capital Requirement (MCR):

The MCR standard sets the nominal amount of capital banks/ DFIs are required to hold. Currently the MCR for banks and DFIs is Rs. 10 billion as prescribed by SBP.

ii. Capital Adequacy Ratio:

The Capital Adequacy Ratio (CAR) assesses the capital requirement based on the risks faced by the banks/ DFIs. The banks/ DFIs are required to comply with the minimum requirements as specified by the SBP on standalone as well as consolidated basis. Currently the required CAR for banks is 11.275%.

iii. Leverage Ratio:

Tier-1 Leverage Ratio of 3% is introduced in response to Basel III Accord as the third capital standard. Bank level disclosure of the leverage ratio and its components has started from December 31, 2015. The bank has a leverage ratio of 3.54% in the year December 31, 2017 (2016 : 4.00%) and Tier-1 capital of Rs 105,085 Million (2016: Rs 99,721 Million).

The SBP's regulatory capital as managed by the Group is analysed into following tiers:

1. Tier 1 Capital (going-concern capital)

- Common Equity Tier 1
- Additional Tier 1

2. Tier 2 Capital (gone-concern capital)

- Tier I capital, which comprises highest quality capital element and include fully paid up capital, balance in share premium account, reserve for issue of bonus shares, general reserves and un-appropriate profits (net of accumulated losses, if any).
- Tier II capital, which includes general reserve for loan losses, revaluation reserve, exchange translation reserve and subordinated debt.
- "Tier III capital, has been eliminated in Basel III Capital requirements. Also the Basel III capital rules requires bank to make certain deductions from the capital before arriving at the Capital Adequacy Ratio (CAR). These deductions are being done in phased manner starting from 2014, with full deductions in 2018.

Risk weighted assets are measured according to the nature and reflect an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect more contingent nature of potential losses.

The Group's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future development of the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Group monitors and reports its capital ratio under the SBP rules, which ultimately determines the regulatory capital, required to be maintained by Banks and DFIs.

The paid-up capital of the Group for the year ended December 31, 2017 stood at Rs. 21,275 billion (2016 : Rs. 21,275 billion) and is in compliance with the SBP requirement for the said year. In addition the Group has maintained minimum Capital Adequacy Ratio (CAR) of 16.48% (2016: 17.15%).

There have been no material changes in the Group's management of capital during the year.



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Note 40.2 Capital Adequacy Ratio (CAR) disclosure template:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2017 CONSOLIDATED		2017	2016
		Rupees in '000	
Rows #		Amount	Amount
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	21,275,131	21,275,131
2	Balance in Share Premium Account	-	-
3	Reserve for issue of Bonus Shares	-	-
4	Discount on Issue of shares	-	-
5	General/ Statutory Reserves	30,107,700	27,833,627
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	58,069,393	55,766,625
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	272,522	374,250
9	CET 1 before Regulatory Adjustments	109,724,746	105,249,633
10	Total regulatory adjustments applied to CET1 (Note 40.2.1)	4,641,597	5,528,709
11	Common Equity Tier 1	105,083,149	99,720,924
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13	of which: Classified as equity	-	-
14	of which: Classified as liabilities	-	-
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16	of which: instrument issued by subsidiaries subject to phase out	-	-
17	AT1 before regulatory adjustments	-	-
18	Total regulatory adjustment applied to AT1 capital (Note 40.2.2)	-	-
19	Additional Tier 1 capital after regulatory adjustments	-	-
20	Additional Tier 1 capital recognized for capital adequacy	-	-
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	105,083,149	99,720,924
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25	of which: instruments issued by subsidiaries subject to phase out	-	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	8,228,143	7,712,655
27	Revaluation Reserves (net of taxes)	-	-
28	of which: Revaluation reserves on fixed assets	21,467,306	18,081,413
29	of which: Unrealized gains/losses on AFS	22,705,560	25,831,913
30	Foreign Exchange Translation Reserves	7,779,628	6,226,174
31	Undisclosed/Other Reserves (if any)	-	-
32	T2 before regulatory adjustments	60,180,637	57,852,156
33	Total regulatory adjustment applied to T2 capital (Note 40.2.3)	2,227,104	1,321,372
34	Tier 2 capital (T2) after regulatory adjustments	57,953,533	56,530,784
35	Tier 2 capital recognized for capital adequacy	39,135,659	39,353,680
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	39,135,659	39,353,680
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	144,218,808	139,074,604
39	Total Risk Weighted Assets (RWA) {for details refer Note 40.5}	875,103,362	811,091,256
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	12.01%	12.29%
41	Tier-1 capital to total RWA	12.01%	12.29%
42	Total capital to total RWA	16.48%	17.15%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.28%	6.65%
44	of which: capital conservation buffer requirement	1.28%	0.65%
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)	4.73%	5.64%
	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	11.28%	10.65%



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		2017	2016
		Amount	Amounts
		Rupees in '000	
		subject to Pre- Basel III treatment*	
Regulatory Adjustments and Additional Information			
Note 40.2.1	Common Equity Tier 1 capital: Regulatory adjustments		
1	Goodwill (net of related deferred tax liability)	-	-
2	All other intangibles (net of any associated deferred tax liability)	1,150,437	1,450,188
3	Shortfall in provisions against classified assets	-	955,320
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
5	Defined-benefit pension fund net assets	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	1,264,056	1,743,179
7	Cash flow hedge reserve	-	-
8	Investment in own shares/ CET1 instruments	-	-
9	Securitization gain on sale	-	-
10	Capital shortfall of regulated subsidiaries	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
15	Amount exceeding 15% threshold	-	-
16	of which: significant investments in the common stocks of financial entities	-	-
17	of which: deferred tax assets arising from temporary differences	-	-
18	National specific regulatory adjustments applied to CET1 capital	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit	-	58,650
20	Any other deduction specified by SBP (mention details)	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,227,104	1,321,372
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	4,641,597	5,528,709
Note 40.2.2	Additional Tier-1 & Tier-1 Capital: regulatory adjustments		
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
24	Investment in own AT1 capital instruments	-	-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-
Note 40.2.3	Tier 2 Capital: regulatory adjustments		
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	2,227,104	1,321,372
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)	2,227,104	1,321,372
Note 40.2.4	Additional Information	2017	2016
		Amount	Amount
	Risk Weighted Assets subject to pre-Basel III treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
(i)	of which: deferred tax assets	-	-
(ii)	of which: Defined-benefit pension fund net assets	-	-
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
	Amounts below the thresholds for deduction (before risk weighting)		
38	Non-significant investments in the capital of other financial entities	7,825,976	8,165,587
39	Significant investments in the common stock of financial entities	2,481,608	4,019,350
40	Deferred tax assets arising from temporary differences (net of related tax liability)	7,342,482	5,172,496
	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	-	-
	<i>Note: Rows which are not applicable for any institution should be left blank</i>		



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NOTE 40.3 Capital Structure Reconciliation

Table: 40.3.1

(in thousand PKR)		Balance sheet of the	Under regulatory scope of
		published financial	consolidation
		statements	
		As at period end	As at period end
	(1)	(2)	(3)
Assets			
Cash and balances with treasury banks		160,080,735	160,080,735
Balanced with other banks		26,992,279	26,992,279
Lending to financial institutions		26,916,113	26,916,113
Investments		1,296,537,064	1,296,537,064
Advances		740,344,934	740,344,934
Operating fixed assets		33,822,237	33,822,237
Deferred tax assets		7,342,482	7,342,482
Other assets		83,980,565	83,980,565
Total assets		2,376,016,409	2,376,016,409
Liabilities & Equity			
Bills payable		13,195,055	13,195,055
Borrowings		360,105,674	360,105,674
Deposits and other accounts		1,727,059,246	1,727,059,246
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		56,799	56,799
Deferred tax liabilities		-	-
Other liabilities		95,923,921	95,923,921
Total liabilities		2,196,340,695	2,196,340,695
Share capital/ Head office capital account		21,275,131	21,275,131
Reserves		49,887,328	49,887,328
Unappropriated/ Unremitted profit/ (losses)		58,069,393	58,069,393
Minority Interest		811,427	811,427
Surplus on revaluation of assets		49,632,435	49,632,435
Total liabilities & equity		2,376,016,409	2,376,016,409

Table: 40.3.2

	(1)	Balance sheet as in	Under regulatory scope of	Reference
		published financial	consolidation	
		statements		
		As at period end	As at period end	
		(2)	(3)	(4)
Assets				
Cash and balances with treasury banks		160,080,735	160,080,735	
Balanced with other banks		26,992,279	26,992,279	
Lending to financial institutions		26,916,113	26,916,113	
Investments		1,296,537,064	1,296,537,064	
<i>of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold</i>		-	-	a
<i>of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold</i>		-	-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>		-	-	c
<i>of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)</i>		4,641,597	4,641,597	d
<i>of which: others (mention details)</i>		-	-	e
Advances		740,344,934	740,344,934	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>		-	-	f
<i>general provisions reflected in Tier 2 capital</i>		8,228,143	8,228,143	g
Fixed Assets		33,822,237	33,822,237	
Deferred Tax Assets		7,342,482	7,342,482	
<i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>		7,342,482	7,342,482	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>		-	-	i
Other assets		83,890,565	83,890,565	
<i>of which: Goodwill</i>		-	-	j
<i>of which: Intangibles</i>		-	-	k
<i>of which: Defined-benefit pension fund net assets</i>		-	-	l
Total assets		2,376,016,409	2,376,016,409	



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Table: 40.3.2	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
(1)	As at period end (2)	As at period end (3)	(4)
Liabilities & Equity			
Bills payable	13,195,055	13,195,055	
Borrowings	360,105,674	360,105,674	
Deposits and other accounts	1,727,059,246	1,727,059,246	
Sub-ordinated loans	-	-	
<i>of which: eligible for inclusion in AT1</i>	-	-	m
<i>of which: eligible for inclusion in Tier 2</i>	-	-	n
Liabilities against assets subject to finance lease	56,799	56,799	
Deferred tax liabilities	-	-	
<i>of which: DTLs related to goodwill</i>	-	-	o
<i>of which: DTLs related to intangible assets</i>	-	-	p
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	q
<i>of which: other deferred tax liabilities</i>	-	-	r
Other liabilities	95,923,921	95,923,921	
Total liabilities	2,196,340,695	2,196,340,695	
Share capital	21,275,131	21,275,131	
<i>of which: amount eligible for CET1</i>	21,275,131	21,275,131	s
<i>of which: amount eligible for AT1</i>	-	-	t
Reserves	49,887,328	49,887,328	
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	30,107,700	30,107,700	u
<i>of which: portion eligible for inclusion in Tier 2</i>	7,779,628	7,779,628	v
Unappropriated profit/ (losses)	58,069,393	58,069,393	w
Minority Interest	811,427	811,427	
<i>of which: portion eligible for inclusion in CET1</i>	272,522	272,522	x
<i>of which: portion eligible for inclusion in AT1</i>	-	-	y
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	z
Surplus on revaluation of assets	49,632,435	49,632,435	
<i>of which: Revaluation reserves on Fixed Assets</i>	21,467,306	21,467,306	
<i>of which: Unrealized Gains/Losses on AFS</i>	22,705,560	22,705,560	aa
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	ab
Total liabilities & Equity	2,376,016,409	2,376,016,409	

Basel III Disclosure Template

Table: 40.3.3	Component of regulatory capital reported by bank	Source based on reference number from step 2
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	21,275,131	
2 Balance in Share Premium Account	-	(s)
3 Reserve for issue of Bonus Shares	-	
4 General/ Statutory Reserves	30,107,700	(u)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated/unremitted profits/ (losses)	58,069,393	(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)	272,522	(x)
8 CET 1 before Regulatory Adjustments	109,724,746	
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	1,150,437	(k) - (p)
11 Shortfall of provisions against classified assets	-	(f)
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	1,264,056	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	(ab)
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	-	



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		Basel III Disclosure Template (with added column)	
Table: 40.3.3		Component of regulatory capital reported by bank	Source based on reference number from step 2
26	National specific regulatory adjustments applied to CET1 capital	-	
27	of which: Investment in TFCs of other banks exceeding the prescribed limit	-	
28	of which: Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,227,104	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	4,641,597	
31	Common Equity Tier 1	105,083,149	
	Additional Tier 1 (AT 1) Capital		
32	Qualifying Additional Tier-1 instruments plus any related share premium	-	
33	of which: Classified as equity	-	(t)
34	of which: Classified as liabilities	-	(m)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36	of which: instrument issued by subsidiaries subject to phase out	-	
37	AT1 before regulatory adjustments	-	
	Additional Tier 1 Capital: regulatory adjustments		
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39	Investment in own AT1 capital instruments	-	
40	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
44	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45	Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)	-	
46	Additional Tier 1 capital	-	
47	Additional Tier 1 capital recognized for capital adequacy	-	
48	Tier 1 Capital (CET1 + admissible AT1) (31+47)	105,083,149	
	Tier 2 Capital		
49	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	
50	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
51	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52	of which: instruments issued by subsidiaries subject to phase out	-	
53	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	8,228,143	(g)
54	Revaluation Reserves	-	
55	of which: Revaluation reserves on fixed assets	21,467,306	
56	of which: Unrealized Gains/Losses on AFS	22,705,560	portion of (aa)
57	Foreign Exchange Translation Reserves	7,779,628	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	T2 before regulatory adjustments	60,180,637	
	Tier 2 Capital: regulatory adjustments		
60	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	2,227,104	
61	Reciprocal cross holdings in Tier 2 instruments	-	
62	Investment in own Tier 2 capital instrument	-	
63	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)
64	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
65	Amount of Regulatory Adjustment applied to T2 capital (sum of 60 to 64)	2,227,104	
66	Tier 2 capital (T2)	57,953,553	
67	Tier 2 capital recognized for capital adequacy	39,135,659	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
69	Total Tier 2 capital admissible for capital adequacy	39,135,659	
70	TOTAL CAPITAL (T1 + admissible T2) (48+69)	144,218,808	



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Note 40.4 Main Features Template of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

Main Features		Common Shares
1	Issuer	NATIONAL BANK OF PAKISTAN
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	NBP
3	Governing law(s) of the instrument	THROUGH GOVERNMENT ACT
Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo/ group/ group&solo	Group and Standalone
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	PKR 21,275,131
9	Par value of instrument	PKR 10
10	Accounting classification	Shareholders Equity
11	Original date of issuance	N/A
12	Perpetual or dated	N/A
13	Original maturity date	N/A
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	N/A
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Not Applicable
23	Convertible or non-convertible	
24	If convertible, conversion trigger (s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down feature	
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



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40.5 Risk Weighted Assets

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

	Capital Requirements		Risk Weighted Assets	
	2017	2016	2017	2016
	Rupees in '000		Rupees in '000	
Credit Risk				
On-Balance sheet				
<u>Portfolios subject to standardized approach (Simple or Comprehensive)</u>				
Sovereign	6,481,656	6,180,564	64,816,559	61,805,639
Public Sector entities	1,221,505	836,089	12,215,052	8,360,894
Banks	941,365	1,913,758	9,413,653	19,137,576
Corporate	20,151,319	18,379,082	201,513,190	183,790,821
Retail	12,972,019	11,778,158	129,720,193	117,781,578
Residential Mortgages	940,753	818,158	9,407,529	8,181,581
Past Due loans	1,262,633	1,306,187	12,626,331	13,061,873
Operating Fixed Assets	3,267,180	3,260,810	32,671,800	32,608,101
Other assets	1,311,859	1,855,511	13,118,592	18,555,112
	48,550,290	46,328,317	485,502,898	463,283,174
Off-Balance sheet				
Non-market related	8,213,353	4,981,522	82,133,525	49,815,221
Market related	61,548	61,166	615,478	611,655
	8,274,900	5,042,688	82,749,004	50,426,876
Equity Exposure Risk in the Banking Book				
Under simple risk weight method	8,999,952	10,330,235	89,999,516	103,302,354
	65,825,142	61,701,240	658,251,418	617,012,405
Market Risk				
<u>Capital Requirement for portfolios subject to Standardized Approach</u>				
Interest rate risk	2,260,154	823,216	22,601,538	8,232,162
Equity position risk	51,219	127,655	512,187	1,276,549
Foreign Exchange risk	4,670,320	4,496,696	46,703,202	44,966,959
	6,981,693	5,447,567	69,816,926	54,475,670
Operational Risk				
	14,703,502	13,960,318	147,035,017	139,603,181
TOTAL	87,510,336	81,109,126	875,103,362	811,091,256

Capital Adequacy Ratios	2017		2016	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	12.01%	6.00%	12.29%
Tier-1 capital to total RWA	7.50%	12.01%	7.50%	12.29%
Total capital to total RWA	11.28%	16.48%	10.65%	17.15%



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41. RISK MANAGEMENT

Risk management is about understanding and managing the potential for volatility of earnings, loss of access to reliable deposits and funding and depletion of capital arising from the business activities, whilst pursuing its strategic objectives. The Group has in place a well-defined risk management strategy/ policy with clear objectives and deliverables through multi-pronged risk management processes.

The Group applies the Basel framework as a cornerstone of the NBP's risk management framework and capital strategy. The Group maintains a strong capital, funding and liquidity position in line with its on-going commitment to maintain balance sheet strength. The strength of risk profile management of the The Group stands at the following pillars:

- Identification and assessment of significant material risks.
- Overseeing and managing the risk profile of the Group within the context of the risk appetite.
- Optimise risk/return decisions by aligning them to business objective of achieving sustainable optimum growth.

In order to support RMG's activities, the strong data management mechanism is also in place to collect and consolidate exposure wise information various risk related analysis and reviews. The mechanism also helps in identification of e-CIB related information, performing periodic review, generates reports and highlights inconsistencies and errors, and issuing instructions to the relevant data entry points for rectification.

As another initiative with the objective of strengthening the existing business activities of The Group, the Business Process Review and COSO implementation project has been conducted. This will optimize utilization of Core Banking Application through streamlining the operating model, improving regulatory compliance, and also improving the customer service and product/ service deployment. This also includes aligning the existing documentation with improved risk based processes, which in turn will act as a tool for effective operations, improve MIS reporting, and efficient risk informed decision making.

41.1 Risk Governance Structure

Risk Management Group (RMG) operates as an independent group, i.e. separate from approvals and direct involvement in day-to-day activities. RMG reports directly to the President with a dotted line reporting to the Board Risk Committee (BRC). The group is responsible to perform the functions pertaining to development and oversight of the risk framework, methodologies and other functions assigned from time to time in line with local/ international best practices and under the supervision of SBP's regulations/ guidelines.

The Group's Board is responsible to ensure active oversight over implementation of policies and frameworks so as to prevent any significant financial loss or reductions in shareholder value that may be suffered by the Group. Therefore, it is the responsibility of the Board to ensure that policies and frameworks are in place to recognize all significant/ material risks to which the Group is/ may be exposed and that the required human resource, culture, practices and systems are adequate to address such risks. The Board and its relevant committee, i.e. BRC and the senior management along with its relevant committees i.e. Credit Committee, Executive Risk Management Committee (ERMC), ALCO etc. are responsible to ensure formulation and implementation of risk management framework.

41.2 Risk Management Framework

The Group implements risk management framework through a 'Three Lines of Defence' model which defines clear responsibilities and accountabilities for various offices and ensures effective & independent oversight and also that the activities take place as intended. Risk Management Group together with Compliance Group acts as second line of defense and performs integrated function of oversight and independently challenges the effectiveness of risk management actions taken by business groups, who are the first line of defense. The risk management is further strengthened by the third line of defense, where Board Audit & Compliance Committee and Audit & Inspection Group add value through independent and objective assurance in improving risk management functions of the The Group.

Following paragraphs introduces The Group exposures to material risks associated with its business activities and explain overall strategies and processes to manage those risks:

41.2.1 Credit Risk

Credit risk is the potential that a client or counterparty will fail to meet its contractual obligations to the Group in accordance with agreed terms. Group lending activities account for most of the Group's credit risk, however other sources of credit risk also exist throughout the undertakings of the Group. The activities include loans and advances, commitments to lend, contingent liabilities such as letter of credit and guarantees, and other types of both on and off balance sheet transactions. The Group has a separate setup that ensures the effectiveness of the framework for assessment/ measurement, monitoring, and reporting of credit risk.

The Group has a clear policy to structure the levels of credit risk it undertakes by placing limits on exposures of counterparties, groups of related counterparties, and to various industry segments. This risk is monitored on an ongoing basis and is subject to an annual or more frequent review.



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For portfolio analysis of counterparties within various industries and constitutions, the Group also has an Internal Ratings System based on multiple risk factors as per best market practices. The analysis helps to provide the insight of borrowers' current and future financial health along with repaying capabilities, henceforth, creates an integral contribution in decision making by senior management of the Group. Concentration of exposure/ risk in any of counterparty, group, or industry is assessed frequently and accordingly limit setting is tailored in accordance with the changing socio-economic/ market conditions.

Standardized Approach is used to calculate capital charge for credit risk as per Basel regulatory framework, with simple approach for credit risk mitigation. Moreover, stress testing for credit risk is carried out on regular basis to estimate the possible impact of increase in non-performing loans of the Group and downward shift in its sub-categories.

41.2.2 Market and Liquidity Risk

Market Risk is the potential for gains or losses to arise from trading activities undertaken by the Group as a result of movements in market rates or prices such as interest rates, foreign exchange rates, and equity prices.

The Group's market risk is managed through Market Risk Management (MRM) Framework approved by the Board which is comprised of related Policies/ Procedures with the objective to mitigate market risk through the engagement of various strategies in relation with prices, rates, and spread movements of its earning assets, liabilities and trading activities. Group has also worked on devising improved criteria for various market risk limits. Under the developed Value-at-Risk (VaR) models and policy framework, VaR limits are being monitored through pilot run with an objective to be used for capital charge calculation under IMA approach in future.

Standardized Approach is used to calculate capital charge for market risk as per Basel regulatory framework. Whereas, Stress testing for various risks related to market and non-market based activities is carried out regularly to estimate the impact over the capital of the Group.

In addition to the regulatory requirements, Group has devised proprietary market risk stress testing scenarios which are performed on periodic basis to assess the impact on capital of the Bank for Internal Capital Adequacy and Assessment Process (ICAAP). Limits/ zones and Management Action Triggers & Management Action Plans corresponding to Liquidity Ratio, Balance Sheet Duration Gap, Government Securities PVBP and Duration have also been developed. These triggers are used for proposing/ recommending actions by ALCO of the Group.

41.2.2.1 Interest Rate Risk (IRR)

Interest rate risk specifically arises due to adverse movements in yield curve of underlying asset which is being monitored by ALCO with an objective to possibly limiting the potential impact over the profitability of the Group which may result in instability of market based interest rates and mismatching or gaps in the amount of financial assets and financial liabilities in different maturity time bands. Group assumes that the sources of IRR are based on following sub-risks.

- Re-pricing risk; arising from changes to the overall level of interest rates and inherent mismatches in the re-pricing term of banking book items.
- Yield curve risk; arising from a change in the relative level of interest rates for different tenors and changes in the slope or shape of the yield curve.
- Basis risk; arising from differences between the actual and expected interest margins on banking book items over the implied cost of funds of those items.

The above mentioned risks are not only measured, monitored, and managed from the regulatory purpose, but from the perspective of internal management.

41.2.2.2 Equity Position Risk

The trading activities also raise risk which occurs resulting in negative fluctuations of daily stock prices specifically in those stocks which are held by the Group, hence, deplete capital. The Group's equity position is managed through limits imposed by regulator for both, overall investment and exposure in single scrip. Moreover, internal limits are set to possibly manage overall earnings in the form of placing of stop loss limits and/ or through diversification within the structure of overall equity position portfolio.

41.2.2.3 Foreign Exchange Risk

Foreign exchange and translation risk arises from the impact of currency movements on the value of the Group's cash flows, profits and losses, and assets and liabilities as a result of participation in global financial markets and international operations.

In order to manage currency risk exposure the Group enters into ready, spot, forward and swaps transactions with the SBP and in the interbank market, financial institutions and corporate. The Group's foreign exchange exposure



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comprises forward contracts, purchases of foreign bills, foreign currencies cash in hand, balances with banks abroad, foreign placements with the SBP and foreign currencies assets and liabilities. Foreign Exchange exposure is managed within the statutory limits, as fixed by the SBP. Appropriate segregation of duties exists between the front, middle and back office functions.

41.2.3 Operational Risk

The Group may suffer losses due to its exposure to operational risk. To mitigate, a comprehensive Operational Risk Management (ORM) framework has been developed to aligning the Group's operations with sound practices for operational risk set by Basel framework. ORM framework provides guidance for setting the operational risk strategy of the Group, selection and adoption of risk and loss measurement tools, reporting, communication, and establishment of operational risk management processes.

Operational risks are a core component of doing business arising from the day-to-day operational activities of the Group as well as strategic projects and business change initiatives. The Group realizes that operational risks cannot be fully mitigated, it therefore determines an appropriate balance between accepting potential losses and incurring costs of mitigation.

Further, Bank has adopted a comprehensive Operational Risk Strategy approved by the Board including Operational Risk Tolerance limits in-line with Basel framework related Loss Event Categories. Furthermore, Bank has rolled-out Operational Loss Data Collection Mechanism whereby field functionaries are responsible to report operational losses under their jurisdictions on a certain frequency. Operational loss events are reviewed and appropriate corrective measures are taken on an ongoing basis.

As per regulatory framework, Bank calculates capital charge for its operational risk using Basic Indicator Approach.

41.2.4 Information Security Risk

In today's highly technologically depended environment, where most of the business functions are heavily dependent on the information technology for storing, processing and sharing information; the information "assets" that are being used to store, process and transmit the information, face various types of threats. If threats get materialized and are able to exploit the vulnerabilities (weaknesses) present in these information assets, then the Confidentiality, Integrity and Availability of information get compromised. In order to mitigate the risks certain controls and countermeasures need to be assessed and implemented.

The Group, hence, classifies Information as a critical asset and declares the related information storing, processing and transmitting facilities/systems as Information Assets. Information may exist in many forms across the organization in Digital as well as non-digital (paper based). Henceforth, the Risk Management Group is responsible to provide a framework for information security risk management of information assets to the respective stakeholders. The information security risk management includes risk identification, risk analysis, risk evaluation and risk treatment plans. Currently, Information Security Risk Management Framework v1.0 is ready to be submitted for approval process. The information security setup is also responsible to execute risk assessment exercises in coordination with Business Information Security Officers, Information Asset Owners and Custodians. In this regard, a Risk Register will be maintained covering the scope of approved Information Security Risk Management Framework.

41.2.5 Enterprise-wide Risk

In addition to the above mentioned risks, the Group has a structure to identify residual material risks through generation of various MIS reports on periodic basis. The source of these reports includes, but not limited to, the Board approved Internal Capital Adequacy and Assessment Process (ICAAP), which commensurate risks over and above those which directly occurs as a result of daily business and operations of the Bank. These risks include Concentration Risk, Interest Rate Risk in Banking Book (IRRBB), Downward Shift in NPL Categories, Reputational Risk, Strategic Risk, etc.

Moreover, all those brewing risks that are material and arise within the Group or due to inherent behavior of country's market and economic conditions, whether in isolation or in combinations are covered under the bank-wide Recovery Plan. These risks are monitored on certain frequency and corrective actions are taken as and when deemed necessary.

The Group has also started preparation to implement advanced approaches of risk quantification based on sophisticated modeling techniques; macro-stress testing is, one of the tool recently developed by the Group, conducted assuming synthetic deterioration in micro and macro-economic factors to possibly measure the impact on capital of the Group which is based on time series methodology and is validated.

For further strengthening the existing risk management structure, a comprehensive diagnostic exercise has been conducted on a Group-wide basis and the relevant areas for improvement were identified. This exercise encompassed all possible aspects that impacted the Group's Risk Management environment including the assessment of its existing risk management structure, policies and procedures, overall system architecture from a risk perspective and data availability and quality required for comprehensive risk management. Based on the areas identified during the diagnostic exercise, corrective measures have been suggested and taken accordingly.



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41.2.6 SEGMENTAL INFORMATION

41.2.6.1 Segments by class of business

	2017					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	6,755,774	0.79	750,773	0.04	13,629,690	2.56
Agribusiness	47,585,647	5.54	46,255,516	2.68	21,680	0.00
Textile	93,495,262	10.89	3,579,672	0.21	8,375,084	1.57
Cement	12,361,594	1.44	1,972,508	0.11	12,518,662	2.35
Sugar	34,891,297	4.07	1,591,442	0.09	903,142	0.17
Flour	2,686,389	0.31	789,045	0.05	-	-
Rice processing	19,872,642	2.32	1,435,594	0.08	-	-
Shoes & leather garments	1,994,575	0.23	532,746	0.03	88	0.00
Automobile and transportation equipment	3,564,106	0.42	1,505,421	0.09	3,042,094	0.57
Financial	6,903,793	0.80	273,256,889	15.82	16,527,903	3.10
Insurance	-	-	14,881,425	0.86	3,151	0.00
Transportation	58,650,290	6.83	878,278	0.05	19,028,395	3.57
Real estate construction	10,856,194	1.26	6,002,887	0.35	6,575,800	1.23
Electronics and electrical appliances	6,269,205	0.73	1,068,590	0.06	3,312,059	0.62
Production and transmission of energy	195,999,302	22.84	129,842,995	7.52	146,026,550	27.37
Food and tobacco	5,448,975	0.63	3,512,369	0.20	516,426	0.10
Fertilizer	19,149,874	2.23	1,082,555	0.06	1,159,713	0.22
Metal products	59,324,593	6.91	2,482,790	0.14	4,487,685	0.84
Telecommunication	11,112,418	1.29	36,358,816	2.11	6,769,766	1.27
Hotel and services	13,968,856	1.63	167,540,322	9.70	248,455,068	46.58
Public sector commodity operations	53,414,545	6.22	827,473	0.05	79,100	0.01
Individuals	136,959,497	15.96	595,482,209	34.48	2,509,575	0.47
General traders	26,682,358	3.11	52,997,778	3.07	1,833,733	0.34
Others	30,260,589	3.53	382,431,152	22.14	37,674,229	7.06
	858,207,777	100.00	1,727,059,246	100.00	533,449,593	100.00

	2016					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	3,175,190	0.41	492,249	0.03	10,465,280	2.21
Agribusiness	45,363,639	5.79	38,940,923	2.35	25,000	0.01
Textile	81,728,135	10.43	3,685,882	0.22	9,070,681	1.92
Cement	8,699,220	1.11	863,003	0.05	3,974,360	0.84
Sugar	27,871,009	3.56	627,018	0.04	68,897	0.01
Flour	2,878,362	0.37	168,199	0.01	-	-
Rice processing	14,322,371	1.83	861,127	0.05	-	-
Shoes & leather garments	945,416	0.12	534,266	0.03	60,321	0.01
Automobile and transportation equipment	3,596,855	0.46	4,592,786	0.28	2,447,509	0.52
Financial	4,016,134	0.51	201,771,304	12.18	11,197,645	2.37
Insurance	353,086	0.05	13,653,719	0.82	3,151	0.00
Transportation	61,430,992	7.84	891,407	0.05	35,232,501	7.45
Real estate construction	9,129,532	1.17	5,703,144	0.34	7,184,749	1.52
Electronics and electrical appliances	4,402,480	0.56	702,602	0.04	3,200,474	0.68
Production and transmission of energy	193,337,654	24.67	148,577,079	8.97	200,257,966	42.35
Food and tobacco	2,396,690	0.31	2,331,674	0.14	57,554	0.01
Fertilizer	14,383,791	1.84	2,513,423	0.15	2,588,510	0.55
Metal products	56,791,982	7.25	2,138,982	0.13	2,588,275	0.55
Telecommunication	5,261,061	0.67	69,774,078	4.21	6,618,440	1.40
Hotel and services	10,721,890	1.37	167,083,190	10.08	140,261,331	29.66
Public sector commodity operations	48,508,261	6.19	6,119,684	0.37	770,665	0.16
Individuals	137,732,168	17.58	540,354,826	32.61	3,019,866	0.64
General traders	25,998,228	3.32	59,957,169	3.62	1,114,914	0.24
Others	20,510,929	2.62	384,794,670	23.22	32,691,462	6.91
	783,555,074	100.00	1,657,132,405	100.00	472,899,551	100.00



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41.2.6.2 Segment by sector

	2017					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public/ Government	279,763,540	32.60	644,002,177	37.29	360,571,294	67.59
Private	578,444,237	67.40	1,083,057,069	62.71	172,878,299	32.41
	858,207,777	100.00	1,727,059,246	100.00	533,449,593	100.00
	2016					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public/ Government	274,492,545	35.03	605,009,388	36.51	358,631,802	75.84
Private	509,062,528	64.97	1,052,123,017	63.49	114,267,749	24.16
	783,555,074	100.00	1,657,132,405	100.00	472,899,551	100.00

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

	2017		2016	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	----- Rupees in '000 -----			
Chemical and pharmaceuticals	2,655,620	2,637,831	2,872,287	2,836,607
Agri business	5,167,640	3,198,036	4,798,659	2,795,310
Textile	35,712,448	34,071,844	33,209,545	32,720,589
Cement	2,589,159	2,545,654	2,611,748	2,537,808
Sugar	3,572,808	3,310,592	3,886,621	3,460,209
Flour	648,244	569,410	689,499	546,546
Rice processing	4,701,462	4,647,737	4,037,375	4,018,215
Shoes & leather garments	732,627	622,141	518,371	514,820
Automobile and transportation equipment	1,105,135	1,089,974	954,519	925,147
Financial	562,986	317,898	334,907	333,657
Transportation	6,021,660	6,014,890	5,397,702	5,381,958
Real estate construction	3,338,252	3,336,357	3,287,519	3,286,542
Electronics and electrical appliances	2,627,475	2,526,225	3,682,097	3,533,552
Production & Transmission of Energy	3,789,931	3,789,931	4,217,859	3,866,838
Food and tobacco	2,974,585	2,933,189	3,503,041	2,787,549
Fertilizer	3,150,330	3,149,436	3,107,771	3,101,654
Metal products	14,275,578	14,275,578	13,885,080	12,400,807
Hotel and services	6,542,533	3,859,787	5,757,660	3,402,578
Individuals	9,061,369	5,865,663	7,201,793	6,126,029
General traders	8,482,721	8,452,352	10,131,127	10,028,622
Others	4,228,757	4,133,251	6,476,672	5,634,901
	121,941,322	111,347,775	120,561,851	110,239,938

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

Public/ Government	3,082,946	3,082,946	3,152,118	3,152,118
Private	118,858,376	108,264,828	117,409,733	107,087,820
	121,941,322	111,347,775	120,561,851	110,239,938



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41.2.6.5 Geographical Segment Analysis

	2017			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
	----- Rupees in '000 -----			
Pakistan	35,574,523	2,247,906,943	151,543,907	488,345,635
Asia Pacific (including South Asia)	91,044	76,138,719	21,247,436	20,476,085
Europe	(391,414)	7,877,779	1,715,626	2,877,045
United States of America and Canada	(285,345)	7,755,540	2,657,401	4,574,326
Middle East	1,154,712	36,337,429	2,511,344	17,176,502
	36,143,520	2,376,016,409	179,675,714	533,449,593

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
	----- Rupees in '000 -----			
Pakistan	36,362,154	1,861,103,162	152,448,624	423,693,925
Asia Pacific (including South Asia)	133,906	70,832,963	20,519,974	26,701,275
Europe	(380,134)	5,320,507	1,564,522	2,044,756
United States of America and Canada	(139,158)	9,625,944	2,709,719	5,290,880
Middle East	1,617,969	34,533,985	2,895,827	15,168,715
	37,594,737	1,981,416,562	180,138,666	472,899,551

41.3.1 Foreign Exchange Risk

	2017			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
Pakistan Rupee	2,166,264,074	1,976,437,864	(59,393,683)	130,432,527
United States Dollar	136,265,160	159,371,569	26,459,128	3,352,719
Great Britain Pound	3,595,811	5,819,466	5,166,030	2,942,375
Japanese Yen	5,326,929	21,126,104	17,303,114	1,503,939
Euro	8,619,182	10,930,019	8,069,549	5,758,712
Other currencies	55,945,254	22,655,672	2,395,862	35,685,444
	209,752,336	219,902,831	59,393,683	49,243,188
	2,376,016,409	2,196,340,695	-	179,675,714

	2016			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
Pakistan Rupee	1,805,441,422	1,625,274,778	(54,545,672)	125,620,973
United States Dollar	107,660,998	126,422,863	33,359,565	14,597,700
Great Britain Pound	3,724,592	2,344,061	5,419,102	6,799,633
Japanese Yen	6,607,372	20,215,658	7,773,153	(5,835,133)
Euro	5,927,829	8,688,265	6,295,228	3,534,792
Other currencies	52,054,348	18,332,271	1,698,624	35,420,701
	175,975,139	176,003,118	54,545,672	54,517,693
	1,981,416,562	1,801,277,896	-	180,138,666



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41.3.2 Mismatch of Interest Rate Sensitive Assets and Liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the mark-up / interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in interest / mark-up based assets and liabilities that mature or re-price in a given period. The Group manages this risk by matching / re-pricing of assets and liabilities. Assets and Liabilities Committee (ALCO) / Executive Risk Management Committee (ERMC) of the Group monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

Management of interest rate risk is one of the critical components of market risk management in banks. The Group's net interest income or net interest margin is also dependent on the movement of interest rates and mismatches in the cash flows or re-pricing dates. Interest rate risk management includes establishing and monitoring various risk mitigating / quantifying limits such as PVPB, duration, balance sheet DGAP, and other money market and interest rate sensitivity limits.

As part of the risk reporting, an interest rate sensitivity statement is prepared on a quarterly basis. This statement classifies the interest rate-sensitive assets and liabilities into various maturity groups enabling the management to monitor the impact of interest rate movements on the Statement of Financial Position.

Effective Yield / Interest rate	2017										Non-interest bearing financial instruments	
	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											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	160,080,735	16,173,317	-	-	-	-	-	-	-	-	-	143,907,418
Balances with other banks	26,892,279	6,110,844	11,972,068	622,200	440,497	50,000	-	-	-	-	-	7,753,671
Lending to financial institutions	26,916,113	26,416,113	500,000	-	-	-	-	-	-	-	-	-
Investments	1,296,537,064	488,910,046	314,067,301	31,520,848	33,674,183	83,795,544	85,493,141	97,651,046	86,578,718	9,961,798	-	66,884,438
Advances	740,344,934	267,150,525	211,888,525	95,100,423	34,412,660	19,190,306	27,465,744	56,517,916	17,402,404	11,196,395	-	-
Other assets	64,571,596	892,549	-	-	162,037	-	-	-	-	-	-	63,517,010
	2,315,442,721	803,663,394	538,427,894	127,243,477	68,689,407	103,035,850	112,978,885	154,168,861	104,024,122	21,158,193	-	282,062,537
Liabilities												
Bills payable	13,195,055	-	-	-	-	-	-	-	-	-	-	13,195,055
Borrowings	360,105,674	326,677,540	24,762,948	6,284,508	88,683	411,285	19,507	381,394	1,479,829	-	-	-
Deposits and other accounts	1,727,059,246	971,150,612	42,773,832	44,182,631	72,215,630	21,938,691	1,489,643	353,326	20,000	-	-	572,934,881
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	56,799	-	5,643	5,775	26,017	19,364	-	-	-	-	-	-
Other liabilities	84,607,419	799,197	-	-	-	-	-	-	-	-	-	83,806,222
	2,185,024,183	1,298,627,349	67,542,423	50,472,914	72,830,330	22,369,320	1,509,150	794,720	1,499,829	-	-	669,938,158
On-balance sheet gap	1,304,161,528	(494,973,955)	470,885,471	76,770,563	(3,640,923)	80,666,530	(11,469,735)	153,484,241	102,524,293	21,158,193	-	(387,876,621)
Off-balance sheet financial instruments												
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
Forward purchase of foreign exchange	202,309,263	90,173,108	104,916,466	6,901,736	317,953	-	-	-	-	-	-	-
Forward sale of foreign exchange	142,915,579	76,660,345	61,714,649	4,456,316	84,269	-	-	-	-	-	-	-
Off-balance sheet gap	345,224,842	166,833,453	166,631,115	11,358,052	402,222	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	475,643,370	(328,140,502)	637,516,586	88,128,615	(3,238,701)	80,666,530	(11,469,735)	153,484,241	102,524,293	21,158,193	-	(387,876,621)
Cumulative Yield / Interest Risk Sensitivity Gap												
		(328,140,502)	309,376,085	397,504,699	384,265,968	474,932,528	566,402,263	739,836,505	842,360,798	863,518,990	-	475,643,370



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41.3.2 Mismatch of Interest Rate Sensitive Assets and Liabilities - (continued)

Assets / Interest rate	2016										Non-interest bearing financial instruments		
	Total	Exposed to Yield / interest risk					Over 5 to 10 Years	Above 10 Years					
		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	
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	160,085,598	13,109,211	-	762,884	-	-	-	-	-	-	-	-	146,213,502
Balances with other banks	14,395,805	8,902,074	1,246,652	785,746	270,286	-	-	-	-	-	-	-	3,191,047
Lending to financial institutions	121,709,399	114,022,086	-	-	7,687,313	-	-	-	-	-	-	-	-
Investments	896,280,784	9,411,120	102,538,016	166,599,992	146,089,779	39,675,647	93,478,576	113,067,353	134,744,334	13,837,090	10,203,438	76,838,877	2,393
Advances	668,883,928	241,801,014	170,564,463	73,075,312	22,781,657	14,996,656	18,787,887	96,666,650	20,004,458	-	-	-	57,481,416
Other assets	58,574,798	1,073,139	12,460	7,783	-	-	-	-	-	-	-	-	-
	1,919,930,311	388,318,644	274,361,591	241,231,718	176,829,035	54,672,303	112,266,463	209,734,003	154,748,792	24,040,528	283,727,235		
Liabilities													
Bills payable	10,187,250	-	-	-	-	-	-	-	-	-	-	-	10,187,250
Borrowings	44,863,930	16,645,040	16,778,323	9,251,572	54,513	147,490	388,212	163,833	1,434,947	-	-	-	-
Deposits and other accounts	1,657,132,405	903,632,872	43,291,064	53,317,405	115,596,897	10,882,506	12,439,924	597,024	202,479	-	-	-	517,172,432
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	83,007	394	3,689	3,774	28,201	10,381	-	36,568	-	-	-	-	-
Other liabilities	80,620,954	1,223,003	20,372	32,435	3,097	40,460	2,094	1,467	-	-	-	-	79,298,027
	1,792,887,547	921,501,109	60,093,448	62,605,186	115,682,709	11,080,837	12,830,230	798,892	1,637,426	-	-	-	606,657,709
On-balance sheet gap	127,042,764	(533,182,466)	214,268,143	(178,626,531)	61,146,326	43,591,466	99,436,233	208,935,112	153,111,366	24,040,528	(322,930,474)		
Off-balance sheet financial instruments													
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-	-	-
Forward purchase of foreign exchange	145,531,852	51,596,056	64,971,717	24,196,414	4,767,665	-	-	-	-	-	-	-	-
Forward sale of foreign exchange	90,986,181	37,261,002	37,189,074	16,457,873	78,233	-	-	-	-	-	-	-	-
Off-balance sheet gap	236,518,033	88,857,056	102,160,791	40,654,287	4,845,898	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	363,560,797	(444,325,406)	316,428,934	(219,280,818)	65,992,224	43,591,466	99,436,233	208,935,112	153,111,366	24,040,528	(322,930,474)		
Cumulative Yield / Interest Risk Sensitivity Gap													
		(444,325,408)	(127,896,474)	91,384,344	157,376,567	200,988,033	300,404,266	509,339,378	662,450,744	886,491,272	363,560,797		



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41.4 Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its liability when they fall due. To mitigate this risk, management has arranged diversified funding sources, manages specific assets with liquidity in mind and monitors liquidity on daily basis. In addition, the Group maintains statutory deposits with central banks inside and outside Pakistan.

The purpose of liquidity management is to ensure that there are sufficient cash flows to meet all of the Group's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to the Group's reputation, as well as to capitalize on opportunities for business expansion and profitability. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature and to make new loans and investments as opportunities arise.

ALCO is responsible for ensuring that the Group has adequate liquidity and monitors liquidity gaps, to execute this responsibility. Regulatory stress as well as proprietary stress testing and ratio based liquidity assessments are performed to proactively identify and manage liquidity position, needs / requirements. Group has various limits / ratios, triggers and management actions in place to monitor and mitigate liquidity risk.

41.4.1 Maturities of Assets and Liabilities (based on contractual maturity)

	2017								
	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
Assets									
Cash and balances with treasury banks	160,080,735	12,143,372	622,200	483,497	-	-	-	-	-
Balances with other banks	26,992,279	13,743,210	-	-	-	-	-	-	-
Lending to financial institutions	26,916,113	500,000	-	-	-	-	-	-	-
Investments	1,296,537,064	486,671,513	31,520,848	80,561,130	86,051,660	96,800,149	98,650,064	85,568,532	16,214,857
Advances	740,344,934	233,348,458	61,813,881	67,977,896	73,450,726	54,188,457	128,519,382	50,929,405	20,826,958
Operating fixed assets	33,822,237	170,038	16,750	1,068,473	1,023,368	2,843,473	1,531,217	59,518	27,088,749
Deferred tax assets	7,342,482	3,615	20,943	61	1,030	-	2,846,475	4,470,358	-
Other assets	83,980,565	13,532,972	9,263,131	1,541,350	30,301,152	12,146,482	2,502,705	2,855	-
Total	2,376,016,409	933,963,037	103,257,753	151,632,407	190,827,956	165,988,561	294,249,844	141,030,667	64,130,564
Liabilities									
Bills payable	13,195,055	-	-	-	-	-	-	-	-
Borrowings	360,105,674	24,762,948	6,284,508	88,682	411,265	19,507	381,394	1,479,830	-
Deposits and other accounts	1,727,059,246	42,197,857	62,378,771	48,223,472	20,284,597	7,144,828	29,646,655	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	56,799	28,569	25,139	3,091	-	-	-	-	-
Other liabilities	95,923,921	14,679,555	7,471,984	1,388,881	24,645,441	3,565,896	7,005,976	3,448,564	3,438,043
Net assets	2,196,340,695	1,887,335,245	76,160,402	49,704,126	45,341,303	10,730,231	37,034,025	4,928,394	3,438,043
Share capital	179,675,714	(653,372,207)	27,097,350	101,928,280	145,468,663	165,258,331	197,215,818	136,102,273	60,692,521
Reserves	21,275,131	-	-	-	-	-	-	-	-
Unappropriated profit	49,887,328	-	-	-	-	-	-	-	-
Minority Interest	58,069,393	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	811,427	-	-	-	-	-	-	-	-
	49,632,435	-	-	-	-	-	-	-	-
Total	179,675,714	-	-	-	-	-	-	-	-



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41.4.1 Maturities of Assets and Liabilities (based on contractual maturity) - (continued)

	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
Assets	Rupees in '000								
Cash and balances with treasury banks	159,322,713	-	762,884	-	-	-	-	-	-
Balances with other banks	12,093,121	1,246,652	785,747	270,286	-	-	-	-	-
Lending to financial institutions	114,022,086	-	-	7,687,313	-	-	-	-	-
Investments	9,436,003	102,535,812	166,923,107	200,532,317	45,309,169	102,711,962	114,492,994	134,743,333	19,596,087
Advances	179,566,243	30,553,352	79,257,734	89,377,612	28,626,766	61,386,402	144,973,995	19,660,556	35,481,268
Operating fixed assets	222,524	24,335	56,015	1,186,436	1,207,482	2,731,643	1,393,538	21,621	27,214,695
Deferred tax assets	-	-	21,974	12,320	1,533	1,533	2,302,148	2,832,987	-
Other assets	15,456,584	14,552,966	9,652,943	1,515,831	23,175,994	13,823,876	2,645,488	-	6,581
	490,119,274	148,913,117	257,460,405	300,582,114	98,320,944	180,655,416	265,808,163	157,258,497	82,298,631
Liabilities									
Bills payable	10,187,250	-	-	-	-	-	-	-	-
Borrowings	16,645,042	16,776,323	9,251,572	54,511	147,490	388,213	163,833	1,434,946	-
Deposits and other accounts	1,290,257,149	77,035,683	91,563,968	156,037,028	8,440,646	22,312,594	11,485,136	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	4,083	3,774	28,201	10,381	-	36,568	-	-
Other liabilities	29,111,106	11,436,508	6,866,417	1,434,540	23,494,471	3,477,334	6,710,977	3,242,622	3,237,329
	1,346,200,547	105,254,797	107,685,731	157,554,281	32,092,988	26,178,141	18,396,514	4,677,568	3,237,329
Net assets	(856,081,273)	43,658,320	149,774,673	143,027,834	66,227,956	154,477,275	247,411,649	152,580,929	79,061,302
Share capital	21,275,131								
Reserves	46,031,075								
Unappropriated profit	55,795,352								
Minority interest	737,972								
Surplus on revaluation of assets	56,299,136								
	180,138,666								



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41.4.2 Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR):

The Group has designed and developed a comprehensive framework which governs the overall activities to be carried out with respect to Liquidity Monitoring. The Group also carries out ICAAP exercise semi-annually which includes specific scenarios designed with the intent to monitor Liquidity (under stress). The Group also prepares on daily basis, group wide Daily Cashflows/Liquidity Report which covers the broad level inflows and outflows of the Group and compares the same with the excess securities and liquidity available in point in time.

Risk Management also prepares a comprehensive Risk Management MIS which is presented to the Management and Board on regular basis.

The Group has also implemented mechanism for monitoring reliance on few fund providers which is designed using the liquidity stress scenarios being conducted regularly as per the regulator's guidelines. The same is presented to the Asset and Liability Committee on regular basis.

The Group has approved Asset Liability Management Framework which includes robust Contingency Funding Plan / Policy and liquidity assessment is carried out on regular basis, and same is presented to the Management / Board level committees.

LIQUID COVERAGE RATIO

Rupees in '000

(As of December 31, 2017)

Total High Quality Liquid Assets	984,828,182
Total Net Cash Outflow	580,370,735
Liquidity Coverage Ratio	1.7

NET STABLE FUNDING RATIO (NSFR)

Rupees in '000

(As of December 31, 2017)

Total Available Stable Funding	1,531,580,508
Total Required Stable Funding	419,276,880
Net Stable Funding Ratio	365.29%

The composition of High Quality Liquid Assets (HQLA) includes;

- * Cash & treasury balances held
- * Unencumbered investments in government securities
- * Marketable Securities held with 20% risk weights (securities issued or guaranteed by foreign sovereigns / PSEs)
- * Corporate debt securities
- * Non-financial common equity shares

Bank's Treasury and Capital Markets Group (TCMG) centrally manages the liquidity of the bank, however, various business groups coordinate with TCMG for their potential inflows and outflows including the forecasted cashflows for next three months

The full disclosures on the LIQUIDITY COVERAGE RATIO (LCR) and NET STABLE FUNDING RATIO (NSFR) as per SBP instructions issued vide BPRD Circular No. 08 of 2016, is available on NBP's website. The link to the full disclosure is available at <https://www.nbp.com.pk/blsd>



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41.4.3 Maturities of Assets and Liabilities (based on behavioural study)

The Group has assets and liabilities that have contractual and non-contractual maturities. The Group conducts statistical study to assess the expected maturity of assets and liabilities with non-contractual maturities. The behavioral maturities are determined on the basis of statistical study conducted by the Group, based on the past seven years of data. The attrition rate of deposits is determined based on historically observed weekly data of all Current and Saving Deposit accounts using VaR based approach. The approach considers the tendency of variation among the respective time bands for selected deposit types and drives the portion of volatility of such time bands based on 99% confidence interval on the variation data so calculated. The remaining portion of the deposit which marked as core is accordingly shifted to higher time bands.

	2017								
	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
Assets									
Cash and balances with treasury banks	92,992,718	22,362,672	22,362,672	22,362,673	-	-	-	-	-
Balances with other banks	13,864,514	12,022,068	622,200	483,497	-	-	-	-	-
Lending to financial institutions	26,416,113	500,000	-	-	-	-	-	-	-
Investments	1,296,537,064	314,067,301	31,520,848	80,561,130	86,051,679	96,800,149	98,850,064	65,568,532	16,214,857
Advances	740,844,934	93,203,008	47,345,145	64,445,155	73,238,544	54,228,314	128,519,382	51,111,150	20,643,830
Operating fixed assets	33,822,237	18,885	16,750	1,066,473	1,023,369	2,844,134	1,575,683	59,250	27,089,017
Deferred tax assets	7,542,482	3,615	20,943	61	1,030	-	2,846,475	4,470,358	-
Other assets	83,980,565	6,225,021	9,200,028	1,539,570	30,336,066	12,146,482	2,502,705	2,855	-
Liabilities									
Bills payable	849,946,592	448,396,746	111,088,566	170,460,559	190,650,688	166,019,079	234,294,309	141,212,145	63,947,703
Borrowings	6,119,066	456,724	348,042	5,637,243	633,980	-	-	-	-
Deposits and other accounts	326,677,540	24,762,948	6,284,508	88,683	411,265	19,507	381,394	1,479,829	-
Sub-ordinated loans	547,631,680	75,652,246	211,297,234	214,540,232	227,330,060	214,189,550	236,416,244	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Other liabilities	56,799	5,643	28,701	3,091	19,364	-	-	-	-
Net assets									
Share capital	95,923,921	17,423,707	8,152,754	2,426,327	24,645,437	3,565,896	7,005,976	3,448,564	3,438,043
Reserves	2,196,340,695	118,301,268	226,111,239	222,695,576	253,040,106	217,774,953	243,805,614	4,928,393	3,438,043
Unappropriated profit	179,675,714	330,095,478	(115,022,654)	(52,235,017)	(62,389,418)	(51,755,874)	(9,511,305)	136,283,752	60,509,660
Minority interest	21,275,131	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	49,887,328	-	-	-	-	-	-	-	-
	58,069,393	-	-	-	-	-	-	-	-
	811,427	-	-	-	-	-	-	-	-
	49,632,435	-	-	-	-	-	-	-	-
	179,675,714	-	-	-	-	-	-	-	-



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41.4.3 Maturities of Assets and Liabilities (based on behavioural study) - (continued)

	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
Assets									
Cash and balances with treasury banks	160,085,598	99,332,132	28,233,310	28,233,310	-	-	-	-	-
Balances with other banks	14,395,805	12,093,121	785,747	270,286	-	-	-	-	-
Lending to financial institutions	121,709,399	114,022,086	-	7,687,313	-	-	-	-	-
Investments	896,280,784	9,436,003	166,923,107	200,532,317	45,309,169	102,711,962	114,492,994	134,743,333	19,596,087
Advances	668,883,928	222,175,904	23,021,694	95,141,942	30,937,154	66,381,134	156,801,651	21,263,572	26,589,851
Operating fixed assets	34,058,289	222,524	56,015	1,186,436	1,207,482	2,731,643	1,393,538	21,621	27,214,695
Deferred tax assets	5,172,496	-	21,974	12,320	1,533	1,533	2,302,148	2,832,987	-
Other assets	80,830,263	23,055,592	8,552,109	1,515,831	23,175,994	13,823,876	2,645,488	-	6,581
	1,981,416,562	480,337,362	227,593,957	334,579,754	100,631,332	185,650,148	277,635,819	158,861,513	73,407,214
Liabilities									
Bills payable	10,187,250	4,474,175	309,666	4,937,388	-	-	-	-	-
Borrowings	44,863,930	16,645,042	9,251,572	54,511	147,490	388,212	163,833	1,434,947	-
Deposits and other accounts	1,657,132,405	413,689,666	229,916,032	303,239,186	192,739,750	206,611,697	195,784,240	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	83,007	4,083	3,774	28,201	10,381	-	36,568	-	-
Other liabilities	89,011,304	25,107,419	7,910,441	1,434,540	23,494,471	3,477,333	6,710,977	3,242,623	3,237,329
	1,801,277,896	459,916,302	247,391,485	309,683,827	216,392,092	210,477,242	202,695,618	4,677,570	3,237,329
Net assets	180,138,666	20,421,060	(19,797,529)	24,885,928	(115,760,760)	(24,827,094)	74,940,201	154,183,943	70,169,885
Share capital	21,275,131								
Reserves	46,031,075								
Unappropriated profit	55,795,352								
Minority interest	737,972								
Surplus on revaluation of assets	56,299,136								
	180,138,666								



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

42. ISLAMIC BANKING BUSINESS

The Group is operating 169 Islamic banking branches as at December 31, 2017 (December 31, 2016: 118 branches).

42.1 Profit Distribution Policy for Islamic Banking Division

The profit distribution mechanism during the year complies with the rules and principles of Islamic Shariah and is in the light of guidelines approved by the Shariah Advisor of the Group's Islamic Banking Division and the SBP guidelines related to Shariah Compliance.

The non-compliant income identified during the year is transferred to the charity account.

42.2 Statement of Financial Position As at December 31, 2017

	Note	2017	2016
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		3,019,664	2,678,218
Balances with other banks		2,809,667	5,538,299
Due from financial institutions		-	7,687,313
Investments	42.2.1	17,854,897	15,758,428
Islamic financing and related assets	42.2.2	18,946,404	3,199,129
Operating fixed assets		195,431	114,611
Due from Head Office		-	-
Other assets		1,149,381	838,032
		43,975,444	35,814,030
LIABILITIES			
Bills payable		126,099	58,567
Deposits and other accounts			
-Current accounts		11,935,097	8,812,377
-Saving accounts		18,380,007	14,843,662
-Term deposits		2,593,239	1,982,014
-Others			
-Deposit from financial institutions-Remunerative		4,000,000	7,450,000
Due to Head Office		5,120,098	732,188
Other liabilities		257,113	411,346
		42,411,653	34,290,154
NET ASSETS		1,563,791	1,523,876
REPRESENTED BY			
Islamic Banking Fund		1,700,000	1,700,000
Unappropriated loss		(228,135)	(381,998)
		1,471,865	1,318,002
Surplus on revaluation of assets - net		91,926	205,874
		1,563,791	1,523,876
Remuneration to Shariah Advisor		6,323	7,980
CHARITY FUND			
Opening balance		-	-
Additions during the period		469	-
Payment / utilisation during the period		-	-
Closing balance		469	-
42.2.1 Investments			
Sukuk		15,985,704	13,889,235
Leasing Certificate		2,000,000	2,000,000
Provision for diminution in the value of investments		(130,807)	(130,807)
		17,854,897	15,758,428



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	Rupees in '000	
42.2.2 Islamic financing and related assets		
Murabaha	1,221,869	499,314
Diminishing Musharaka	5,429,055	2,697,160
Ijarah assets	307,253	169,383
Advance against Ijarah assets	168,627	25,066
Advance against Murabaha	3,011,394	-
Istasna	500,000	-
Wakala tul Istismaar	8,500,000	-
	19,138,198	3,390,923
Provision against non-performing financings	(191,794)	(191,794)
	18,946,404	3,199,129
42.3 Profit and Loss Account for the year ended December 31, 2017		
Profit / return earned on financings, investments and placements	2,108,114	1,207,083
Profit / return expensed on deposit	(954,510)	(466,571)
Net spread earned	1,153,604	740,512
Direct Expenses	(86,642)	(67,046)
	1,066,962	673,466
Profit after provision	1,066,962	673,466
Other income		
Fee, commission and brokerage income	254,425	167,673
Income from dealing in foreign currencies	1,113	2,739
Other income	36,095	19,423
Total other income	291,633	189,835
	1,358,595	863,301
Other expenses		
Administrative expenses	(1,586,730)	(1,245,299)
Loss for the year	(228,135)	(381,998)
42.4 Cash Flow Statement		
For the year ended December 31, 2017		
Cash Flow from Operating Activities		
Loss for the year	(228,135)	(381,998)
Adjustments :		
Depreciation - Own assets	73,561	59,289
Depreciation - Ijarah assets	85,725	67,046
Reversal of provision against non performing financings and investments	-	-
	159,286	126,335
	(68,849)	(255,663)
(Increase) / decrease in operating assets		
Balance with other banks	2,728,632	(1,638,299)
Due from financial institutions	7,687,313	(4,811,946)
Financings	(18,043,417)	(13,873,295)
Other assets	(311,349)	(222,372)
	(7,938,821)	(20,545,912)
(Increase) / decrease in operating liabilities		
Bills payable	67,532	20,979
Deposits and other accounts	3,820,290	20,386,752
Borrowings from Head Office	4,769,908	1,136,569
Other liabilities	(154,233)	60,836
	8,503,497	21,605,136
Net cash generated operating activities	495,827	803,561
Cash Flow from Investing Activities		
Investment in operating fixed assets	(154,381)	(111,954)
Net cash used in investing activities	(154,381)	(111,954)
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	-	900,000
Increase in cash and cash equivalents	341,446	1,591,607
Cash and cash equivalents at beginning of the year	2,678,218	1,086,611
Cash and cash equivalents at end of the year	3,019,664	2,678,218



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	Rupees in '000	
42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool		
Income from financing activities	718,349	216,375
Income from investments	1,039,236	567,756
Income from placements with Financial Institutions	350,529	424,729
Total Income	2,108,114	1,208,860
Less: Administrative expenses directly attributable to the Pool	(86,642)	(67,046)
Less: Profit distributed to other Special Pools	(750,244)	(121,468)
Gross Distributable Income	1,271,228	1,020,346
Mudarib (Bank) share of profit before Hiba	(493,235)	(288,603)
Less: Hiba from bank's share to depositors	111,737	81,416
Net Mudarib (Bank) share of profit	(381,498)	(207,187)
Rab-ul-Maal Share of Profit	889,730	813,159
Rab-ul-Maal Share of Profit is distributed as follows:		
Remunerative depositors' share in Mudarabah pool	697,489	389,783
Bank's equity in Mudarabah pool	192,241	423,376
	889,730	813,159

Note: Administrative and operating expenses are paid by the Group and not charged to the depositors' pool as per guidelines of Mudarabah.

42.6 Pools maintained by NBP-IBG

NBP-IBG has managed following pools for profit and loss distribution.

- a) General depositors pool
- b) Special depositors pool
- c) Equity pool

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudaraba (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudaraba basis from depositors (Rab ul Maal) the Group acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

Equity pool includes IBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

42.7 Sectors of economy where Mudaraba based deposits have been deployed

Sector	Percentage
Fertilizer	2.00%
Textile	2.30%
Fuel & energy	38.60%
Leasing / Modarba	1.00%
Services	3.60%
Sugar	5.70%
Cement	4.10%
Gas	5.00%
Financial	7.30%
Federal Government	27.90%
Others	2.50%
Total	100.00%

42.8 Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Maal by using pre-agreed profit sharing ratios. The share of Rab-ul-Maal's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset. Administrative expense are borne by mudarib and not charged to Mudaraba pool.

	Rupees in '000
42.9 Mudarib Share	
Gross distributable income	1,825,674
Mudarib (Bank) share of profit before Hiba	598,394
	Percentage
Mudarib Share	33%

	Rupees in '000
42.10 Hiba from Mudarib share	
Mudarib (Bank) share of profit before Hiba	598,394
Hiba from bank's share to depositors	142,464
	Percentage
Hiba from bank's share to depositors	24%

42.11 During the year the average profit rate earned by Islamic Banking Group is 6.27% and the profit rate distributed to the depositors is 4.03%.

43. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs. Nil per share (2016: Rs. 7.5 per share) amounting to Rs. Nil (2016: Rs. 15,956 million) at its meeting held on February 20, 2018 for approval of the members at the annual general meeting to be held on March 29, 2018. These financial statements do not reflect this appropriation as explained in note 5.20.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

44. GENERAL

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

45. DATE OF AUTHORIZATION FOR ISSUE

The consolidated financial statements were authorized for issue on February 20, 2018 by the Board of Directors of the Group.

Saeed Ahmad
President & Chairman

Mir Balakh Sher Marri
Director

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Abdul Wahid Sethi
Chief Financial Officer



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

**Annexure I as referred to in
Note 9.2.1 to the consolidated financial statements**

1.1 Particulars of investments held in listed companies and modarabas

1.1.1 Ordinary shares

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2017	2016	2017	2016
-----Rupees in '000-----						
Held-for-trading						
Habib Bank Limited	AAA/A-1+	Unrated	-	75,000	-	20,494
United Bank Limited	AAA/A-1+	Unrated	-	100,000	-	23,890
Crescent Steel & Allied Product Limited	Unrated	Unrated	-	50,000	-	7,709
MCB Bank Limited	Unrated	AAA/A1+	-	50,000	-	11,891
Pakistan State Oil Company Limited	Unrated	AAA	-	3,000	-	1,303
Pak Elektron Limited	Unrated	BBB	1,000	185,000	47	13,187
Engro Fertilizer Limited	Unrated	AA-	-	117,000	-	7,954
TRG Pakistan Limited	Unrated	BBB+	2,056,000	2,779,000	60,858	122,999
Fauji Cement Company Limited	Unrated	A	10,000	62,000	250	2,795
Attock Refinery Limited	Unrated	AA	22,000	-	5,151	-
Maple Leaf Cement Factory Limited	Unrated	BB	15,500	-	1,061	-
Bank of Punjab	Unrated	AA	4,000	-	33	-
			2,108,500	3,421,000	67,400	212,220
Available-for-sale						
Abbott Laboratories (Pakistan) Limited	Unrated	Unrated	-	34,750	-	33,259
Adamjee Insurance Company Limited	Unrated	AA+	5,242,307	5,285,307	272,443	391,853
Adil Textile Mills Limited	Unrated	Unrated	47,696	47,696	-	-
Ados Pakistan Limited	Unrated	Unrated	50,000	575,500	2,750	26,617
Agriauto Industries Limited	Unrated	Unrated	434,400	484,000	138,148	173,267
Akzo Nobel Pakistan Limited	Unrated	Unrated	946,600	881,000	201,626	206,172
Al Abbas Sugar Mills Limited	Unrated	A/A1	727,285	727,285	92,249	239,277
Al Abid Silk Mills Limited	Unrated	Unrated	583,570	583,570	2,935	8,170
Al-Shaheer Corporation Limited	Unrated	Unrated	4,025,000	4,025,000	89,436	231,035
Allied Bank Limited	Unrated	AA+/A1+	4,676,400	4,999,950	397,400	596,044
Amtext Limited	Unrated	Unrated	23,172,472	23,172,472	29,892	74,152
Amreli Steels Limited	Unrated	Unrated	1,150,000	902,000	106,559	60,064
Archroma Pakistan (Formerly Clariant Pakistan Limited)	Unrated	Unrated	252,420	289,720	133,530	232,219
Arif Habib Corporation Limited	Unrated	AA-/A-1	299,500	1,135,500	10,623	49,962
Askari Bank Limited	Unrated	AA+/A1+	671,500	-	12,967	-
Atlas Insurance Limited	Unrated	Unrated	394,000	394,000	30,117	33,372
Attock Petroleum Limited	Unrated	Unrated	1,048,651	1,048,651	548,528	717,927
Attock Refinery Limited	Unrated	AA/A1+	263,600	400,900	61,714	170,503
Ayaz Textile Mills Limited	Unrated	Unrated	107,432	107,432	-	-
Azgard Nine Limited	Unrated	Unrated	1,359,000	22,169,691	19,923	182,678
Baluchistan Wheels Limited	Unrated	Unrated	328,000	328,000	36,162	42,696
Bank Al Habib Limited	Unrated	AA+/A1+	5,516,366	5,516,366	321,935	325,410
Bank Alfalah Limited	Unrated	AA/A1+	2,965,000	3,410,000	126,013	129,444
Bank of Punjab	Unrated	AA/A1+	4,622,479	1,322,479	38,089	23,342
Bolan Casting Limited	Unrated	Unrated	1,100,000	1,100,000	117,711	71,786
Burshane LPG Pakistan Limited	Unrated	Unrated	1,816,238	1,816,238	70,833	122,578
CASS PAK Industries Limited	Unrated	Unrated	27,384	27,384	-	-
Century Insurance Company Limited	Unrated	A+	1,262,250	1,147,500	34,459	34,173
Cherat Packaging Limited	Unrated	Unrated	225,297	31,600	44,834	10,680
Colony Textile Mills Limited	Unrated	Unrated	471,316	471,316	1,932	2,738
Colony Sarhad Textile Mills Limited	Unrated	Unrated	167,677	167,677	-	-
Imperial Sugar Limited (Formerly Colony Sugar Mills Limited)	Unrated	Unrated	-	181,491	-	1,608
Crescent Knitwear Limited	Unrated	Unrated	42,130	42,130	-	-
Crescent Steel & Allied Product Limited	Unrated	Unrated	1,691,200	2,599,960	215,307	400,862
Crescent Textile Mills Limited	Unrated	Unrated	300,000	900,000	8,955	24,750
Dadabhoy Construction Technologies Limited	Unrated	Unrated	35,390	35,390	-	-
Dadabhoy Cement Industries Limited	Unrated	Unrated	5,004,500	5,004,500	-	-
Dawood Capital Management Limited	Unrated	Unrated	328,285	328,285	-	-
Dawood Hercules Corporation Limited	Unrated	AA-/A1+	4,132,392	4,183,192	462,332	603,760
DG Khan Cement Company Limited	Unrated	Unrated	669,900	50,000	89,579	11,087
Dolmen City REIT	Unrated	Unrated	51,967,450	40,375,450	571,642	438,881
Balance carried forward			128,125,087	136,303,382	4,290,625	5,670,365



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For the year ended December 31, 2017

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2017	2016	2017	2016
			-----Rupees in '000-----			
Balance brought forward			128,125,087	136,303,382	4,290,625	5,670,365
EFU General Insurance Company Limited	AA+	AA+	595,586	595,586	91,065	89,933
English Leasing Limited	Unrated	Unrated	360,416	360,416	-	-
Engro Corporation Limited	Unrated	AA/A1+	3,035,823	3,035,823	834,092	959,593
Engro Fertilizers Limited	Unrated	AA-/A1+	4,500,000	4,100,000	304,740	278,718
Engro Foods Limited 2	Unrated	Unrated	13,033,021	13,661,421	1,046,682	2,622,173
Engro Foods Limited 1	Unrated	Unrated	4,347,488	4,347,488	349,147	834,457
ESCORTS Investment Bank Limited	Unrated	BB/B	-	1,221,067	-	4,884
Fateh Industries Limited	Unrated	Unrated	11,712	11,712	-	-
Fateh Sports Wear Limited	Unrated	Unrated	23,003	23,003	-	-
Fateh Textile Mills Limited	Unrated	Unrated	11,847	11,847	-	-
Fatima Enterprises Limited	Unrated	Unrated	109	109	-	-
Fatima Fertilizer Company Limited	AA-/A-1	AA-/A1+	4,700,000	4,700,000	145,136	173,383
Fauji Cement Company Limited	Unrated	Unrated	7,900,000	7,986,500	197,579	360,031
Fauji Fertilizer Co Limited	Unrated	Unrated	1,861,500	1,551,500	147,263	161,930
Fauji Fertilizer Bin Qasim Limited	Unrated	Unrated	4,358,500	3,969,000	154,901	203,252
First Capital Securities Corporation Limited	Unrated	Unrated	2,048,345	2,048,345	3,482	12,003
First Equity Modarba Limited	Unrated	Unrated	68,435	68,435	274	441
Gadood Textile Mills Limited	Unrated	Unrated	77,518	67,518	16,098	18,293
General Tyre & Rubber Company Limited	Unrated	Unrated	363,900	363,900	68,522	101,361
Ghani Global Glass Limited	Unrated	Unrated	2,801,000	2,535,500	40,502	59,432
Glaxosmithkline Pakistan Limited	Unrated	Unrated	3,721,808	3,896,808	624,817	909,125
Globe Textile Mills Limited	Unrated	Unrated	33,704	33,704	-	-
Greaves Aircondition Private Limited	Unrated	Unrated	30,080	30,080	-	-
Gulistan Spinning Mills Limited	Unrated	Unrated	148,828	148,828	-	-
Gulistan Textile Mills Limited	Unrated	Unrated	374,355	374,355	-	-
Gulshan Spinning Mills Limited	Unrated	Unrated	313,190	313,190	-	-
GOC (Pak) Limited	Unrated	Unrated	160,985	160,985	9,740	11,591
Habib Bank Limited	AAA/A-1+	Unrated	2,450,000	3,175,000	409,371	867,569
Habib Sugar Mills Limited	Unrated	Unrated	6,546,806	6,546,806	232,870	314,901
Haji Mohammad Ismail Mills Limited	Unrated	Unrated	-	1,089,149	-	6,426
Hakkim Textile Mills Limited	Unrated	Unrated	131,445	131,445	-	-
Hashimi Can Company Limited	Unrated	Unrated	4	82,154	-	-
Hub Power Company Limited	Unrated	AA+/A1+	50,544,300	55,734,200	4,599,531	6,882,059
Ibrahim Fibers Limited	Unrated	AA-/A1+	925,062	1,069,562	54,690	72,730
ICI Pakistan Limited	Unrated	Unrated	125,500	150,000	96,378	149,060
IGI Insurance Limited	Unrated	AA	3,904,200	4,000,000	1,143,501	1,231,560
IGI Life Insurance Limited	Unrated	AA	3,525,910	3,022,900	297,939	259,728
Indus Dyeing & Manufacturing Company Limited	A+/A-1	Unrated	267,362	267,362	117,348	192,958
Innovative Investment Bank Limited	Unrated	Unrated	17,952	17,952	-	-
International Industries Limited	Unrated	Unrated	2,928,100	4,149,728	703,066	845,424
International Steel Limited	Unrated	Unrated	-	272	-	27
Javed Omer Vohra & Company Limited	Unrated	Unrated	859,960	859,960	-	-
Jehangir Siddiqui & Company Limited	Unrated	AA/A1+	-	317,000	-	8,049
Karim Cotton Mills Limited	Unrated	Unrated	56,285	56,285	-	-
K-Electric Limited	Unrated	AA/A1+	20,000,000	20,000,000	126,200	187,400
Khursheed Spinning Mills Limited	Unrated	Unrated	53,900	53,900	-	-
Kohat Textiles Mills Limited	Unrated	Unrated	2,078,554	2,078,554	32,218	35,959
Kohinoor Energy Limited	Unrated	Unrated	10,135,351	10,135,351	410,482	435,820
Kot Addu Power Company Limited	AA+/A-1+	Unrated	5,589,000	5,584,500	301,247	440,059
KSB Pumps Company Limited	Unrated	Unrated	550,400	654,400	168,422	267,159
Linde Pakistan Limited (BOC)	Unrated	Unrated	181,585	281,585	40,103	55,013
Maple Leaf Cement Factory Limited	Unrated	A+/A1	1,182,037	125,500	80,899	16,011
Mari Petroleum Company Limited	Unrated	Unrated	1,956,080	2,500,000	2,838,018	3,437,275
Masood Textile Mills Limited	Unrated	Unrated	4,536,019	4,542,262	388,964	733,439
Mcb Bank Limited	Unrated	AAA/A1+	1,286,044	1,000,000	273,053	237,820
Meezan Bank Limited	Unrated	Unrated	2,339,910	2,273,500	157,008	154,848
Mehar Dastgir Textile Limited	Unrated	Unrated	24,856	24,856	-	-
Mehran Jute Limited	Unrated	Unrated	61,931	61,931	-	-
Metropolitan Steel Corporation Limited	Unrated	Unrated	50,204	50,204	-	-
Millat Tractors Limited	Unrated	Unrated	327,250	327,250	383,416	296,050
Mirpurkhas Sugar Mills Limited	Unrated	Unrated	398,000	400,000	51,422	85,580
Moonlite Pakistan Limited	Unrated	Unrated	58,846	58,846	-	-
Balance carried forward			306,099,093	322,742,916	21,230,809	29,683,890



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For the year ended December 31, 2017

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2017	2016	2017	2016
			-----Rupees in '000-----			
Balance brought forward			306,099,093	322,742,916	21,230,809	29,683,890
Morafo industries Limited	Unrated	Unrated	29,069	29,069	-	-
National Foods Limited	AA-/A-1	Unrated	-	1,016,400	-	381,150
National Over Limited	Unrated	Unrated	12,471	12,471	-	-
National Refinery Limited	Unrated	AA+/A1+	840,054	840,054	361,954	479,772
NIB (NDLC - IFIC Bank) Limited	Unrated	AA-/A1+	-	12,862,190	-	23,281
Nishat Chunian Limited	Unrated	AA-/A1+	2,500,000	2,400,000	114,425	149,832
Nishat Chunian Power Limited	Unrated	Unrated	120,000	120,000	3,949	6,658
Nishat Mills	Unrated	AA/A1+	1,160,000	861,000	173,420	131,104
Oil And Gas Company Limited	Unrated	Unrated	650,000	2,785,481	105,814	460,579
Orix Leasing Pakistan Limited	Unrated	AA+/A1+	1,100,000	1,100,000	45,661	52,008
Packages Limited	Unrated	AA/A1+	959,300	1,000,000	489,080	850,050
Pak Datacom Limited	Unrated	Unrated	705,291	750,791	44,151	72,677
Pak Electron Limited	Unrated	A+/A1	646,000	782,000	30,679	55,741
Pakgen Power Limited	Unrated	AA/A1+	3,406,500	3,406,500	75,386	91,192
Pakistan Engineering Company Limited	Unrated	Unrated	135,242	135,242	29,719	46,118
Pakistan International Airlines Corporation	Unrated	Unrated	5,000,000	5,843,500	20,100	53,526
Pakistan National Shipping Corporation Limited	Unrated	AA-/A1+	608,707	608,707	63,159	98,233
Pakistan Oil Fields Limited	Unrated	Unrated	90,000	180,000	53,483	96,232
Pakistan Petroleum Limited	Unrated	Unrated	1,494,384	1,494,384	307,709	281,213
Pakistan Reinsurance Company Limited	Unrated	Unrated	12,083,770	12,083,770	512,714	502,564
Pakistan Services Limited	Unrated	Unrated	418,460	418,460	414,275	369,709
Pakistan State Oil 1	Unrated	AA/A1+	2,125,216	2,573,547	622,922	1,117,460
Pakistan State Oil 2	Unrated	AA/A1+	26,427,255	22,022,713	7,746,093	9,562,482
Pakistan Telecommunication Company Limited	Unrated	Unrated	34,361,854	34,861,854	448,422	598,927
Pan Islamic Steamship Company Limited	Unrated	Unrated	421	421	-	-
Paramount Spinning Mills Limited	Unrated	Unrated	994,301	994,301	-	-
Premium Textile Mills Limited	Unrated	Unrated	-	27,000	-	3,240
Quetta Textile Mills Limited	Unrated	Unrated	9,686	9,686	96	295
Rupali Polyester Limited	Unrated	Unrated	816,483	816,483	19,342	16,493
S.G.Power Limited	Unrated	Unrated	164,692	164,692	-	-
Sadoun Textile Mills	Unrated	Unrated	421	421	-	-
Samin Textile Mills	Unrated	Unrated	1,604,838	1,604,838	6,740	14,299
Schon Textiles Mills	Unrated	Unrated	131,446	131,446	-	-
The Searle Company Limited	Unrated	Unrated	157,212	119,100	49,500	77,866
Security Papers Limited	Unrated	Unrated	1,346,415	1,346,415	164,370	132,810
Service Industries Limited	Unrated	Unrated	810,976	819,976	608,232	1,227,594
Service Textile Mills	Unrated	Unrated	-	82,575	-	1,032
Shabbir Tiles & Ceramics Limited	Unrated	Unrated	1,033,489	1,316,989	15,223	14,698
Shahtaj Sugar Mills Limited	Unrated	Unrated	328,039	328,039	47,933	54,294
Silk Bank Limited	A-/A-2	Unrated	2,751,788	2,751,788	4,348	5,091
Sitara Chemical Limited	A+/A-1	Unrated	164,800	164,800	49,602	95,584
Sitara Energy Limited	Unrated	Unrated	1,550,000	1,550,000	42,935	65,255
SME Leasing Limited	BB+/B	B+/B	910,477	910,477	2,613	3,460
Sui Northern Gas Pipeline Limited 1	Unrated	AA-/A1+	9,525,000	14,300,000	901,160	1,166,451
Sui Northern Gas Pipeline Limited 2	Unrated	AA-/A1+	18,805,318	18,805,318	1,779,171	1,533,950
Sui Southern Gas Pipeline Limited	Unrated	A+/A1	12,649,674	10,277,174	385,689	373,575
Summit Bank Limited	A-/A-1	Unrated	68,228,986	32,308,297	188,994	142,157
Sunshine Cotton Mills Limited	Unrated	Unrated	498,220	498,220	-	-
Suraj Ghee Limited	Unrated	Unrated	27,384	27,384	-	-
Taj Textile Mills Limited	Unrated	Unrated	763,513	763,513	-	-
Thall Limited	Unrated	Unrated	5,161,600	5,307,500	2,637,061	2,699,023
TPL Direct Insurance Limited	Unrated	Unrated	-	816,878	-	15,504
TPL Trakker Limited	Unrated	A-/A2	5,150,000	5,500,000	36,823	96,965
Treet Corporation Limited	AA-/A-1	Unrated	2,900,262	2,144,725	107,455	140,222
TRG Pakistan Limited	Unrated	Unrated	750,000	750,000	22,200	33,195
Twakkal Garments Industries Limited	Unrated	Unrated	172,325	172,325	-	-
United Bank Limited	AAA/A-1+	Unrated	5,594,900	5,314,900	1,051,673	1,269,730
WorldCall Telecom	Unrated	Unrated	47,435,914	47,435,914	133,769	130,923
Wyeth Pakistan Limited	Unrated	Unrated	57,788	57,788	71,760	272,860
Zahur Cotton Mills Limited	Unrated	Unrated	225	225	-	-
Zeal Pak Cement Limited	Unrated	Unrated	247,789	247,789	-	-
First Dawood Investment Bank Limited	Unrated	Unrated	19,914,000	29,000,000	33,456	104,690
Balance carried forward			611,631,048	617,798,446	41,254,071	54,855,654



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2017	2016	2017	2016
					-----Rupees in '000-----	
Balance brought forward			611,631,048	617,798,446	41,254,071	54,855,654
Byco Petroleum Pakistan Limited	Unrated	Unrated	247,873,372	-	3,172,779	-
Cherat Cement	A/A-1	Unrated	431,300	-	47,835	-
Fauji Foods Ltd	Unrated	Unrated	936,000	-	15,407	-
Glaxosmithkline Con. Health Care Pak Ltd	Unrated	Unrated	389,040	-	126,162	-
Gul Ahmed Textile	Unrated	Unrated	240,000	-	8,899	-
Lucky Cement	Unrated	Unrated	420,000	-	217,312	-
Nishat Power Ltd	A+/A-1	Unrated	1,847,000	-	62,798	-
Agritech Limited	Unrated	Unrated	-	242,055	-	3,069
Jahangir Siddiqui & Company Limited	Unrated	AA	13,400	13,400	242	752
Pakistan Stock Exchange Limited	Unrated	Unrated	1,602,953	-	31,506	-
			865,384,113	618,053,901	44,937,011	54,859,476



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.1.2 Particulars of Investments held in un-listed companies

1.1.2.1 Ordinary Shares - Holding 10% and above

Investee	Rating		Percentage of holding	No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA			2017	2016			
----- Rupees in '000 -----									
Digri Sugar Mills Limited	Unrated	Unrated	9.94%	2,000,000	4,063	4,063	135,585	September 30, 2016	Naveed Ahmad Javeri
JDM Textile Mills Limited	Unrated	Unrated	10.00%	478,444	4,784	4,784	308,584	September 30, 2017	LT. Gen (Rtd) Ali Kuli Khan
Gelcaps Pakistan Limited	Unrated	Unrated	14.6%	2,000,000	4,665	4,665	25,340	June 30, 2006	Sadrudin Hashwani
INTECH International Incorporation	Unrated	Unrated	18.6%	275,000	-	-	.....	Not Available.....	Hassan Zaidi
Pakistan Agriculture Storage Service Corporation (Face value: Rs.1,000 each)	Unrated	Unrated	18.3%	5,500	5,500	5,500	109,831	March 31, 2003	Maj. General Fahim Akhter Khan
Precision Engineering Complex	Unrated	Unrated	16.8%	15,100	-	-	.....	Not Available.....	Zaheer Hussain
Resources and Engineering Management Corporation (P)	Unrated	Unrated	10.0%	66,125	-	-	(484,696)	June 30, 2005	Shafaat Ahmed
Safa Rice Mills Limited	Unrated	Unrated	15.8%	450,000	-	-	.....	Not Available.....	Pervaiz Alam
Sigma Knitting Mills (Private) Limited	Unrated	Unrated	14.1%	500,000	-	-	(6,793)	June 30, 1999	..... Not Available.....
				5,790,169	19,012	19,012			

1.1.2.2 Ordinary Shares - Holding below 10%

Investee	Rating		No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA		2017	2016			
----- Rupees in '000 -----								
Accord Textile Mills Limited	Unrated	Unrated	233,400	-	-	.....	Not Available.....	
Adamjee Floorings Limited	Unrated	Unrated	30,080	-	-	.....	Not Available.....	
Adamjee Papers & Board Mills Limited	Unrated	Unrated	137,597	-	-	.....	Not Available.....	
Adil Polypropylene Limited	Unrated	Unrated	69,093	-	-	.....	Not Available.....	
Afsar Textile Mills Limited	Unrated	Unrated	32,778	-	-	.....	Not Available.....	
Al Ameen Textile	Unrated	Unrated	30,000	328	328	.....	Not Available.....	
Al Zamin Modarba Management (Private) Limited	Unrated	Unrated	140,000	1,000	1,000	2,134	June 30, 2006	Bashir A. Chaudhry
Al-Hussany Industries Limited	Unrated	Unrated	31,514	-	-	.....	Not Available.....	
Alif Textile Mills Limited	Unrated	Unrated	163,464	-	-	.....	Not Available.....	
Amazai Textile Limited	Unrated	Unrated	10,111	-	-	.....	Not Available.....	
AMZ Venture Limited Class A	Unrated	Unrated	200,000	122	122	.....	Not Available.....	
Apex Fabrics Limited	Unrated	Unrated	144,506	-	-	.....	Not Available.....	
Arabian Sea Country Club	Unrated	Unrated	650,000	6,500	6,500	.....	Not Available.....	
Arag Industries Limited	Unrated	Unrated	96,478	-	-	.....	Not Available.....	
Aslo Electronics Limited	Unrated	Unrated	20,054	-	-	.....	Not Available.....	
Aswan Tantage Limited	Unrated	Unrated	86,030	-	-	.....	Not Available.....	
Atlas Power Limited	Unrated	Unrated	37,500,000	375,000	375,000	805,365	June 30, 2017	Maqsood A. Basra
Attock Textile Mills Limited	Unrated	Unrated	100,000	200	200	-1,412	September 30, 1998	Arshad Ali Chaudhry
Awan Textile Mills Limited	Unrated	Unrated	108,696	-	-	.....	Not Available.....	
Bahawalpur Textile Limited	Unrated	Unrated	33,283	-	-	.....	Not Available.....	
Baluchistan Foundry (Tower)	Unrated	Unrated	37,664	-	-	.....	Not Available.....	
Bankers Equity Limited	Unrated	Unrated	1,485,925	-	-	5,646	June 30, 2016	Amjad Aziz Khan
Bankers Equity Limited	Unrated	Unrated	251,022	-	-	5,646	June 30, 2016	Amjad Aziz Khan
Bawany Textile Mills Limited	Unrated	Unrated	42,972	-	-	.....	Not Available.....	
Bela Engineers Limited	Unrated	Unrated	135,658	-	-	.....	Not Available.....	
Brikks Private Limited	Unrated	Unrated	39,050	-	-	.....	Not Available.....	
Byco Oil Pakistan Limited	Unrated	Unrated	148,809,523	-	1,000,000	1,319,332	June 30, 2016	Amir Abbasciy
Callmate Telips Telecom Limited	Unrated	Unrated	44	-	-	.....	Not Available.....	
Central Cotton Mills Limited	Unrated	Unrated	17,864	-	-	.....	Not Available.....	
Charsada Sugar Mills Limited	Unrated	Unrated	4,634	-	-	.....	Not Available.....	
Chilya Corrugated Board Limited	Unrated	Unrated	22,076	-	-	.....	Not Available.....	
Crescent Spinning Mills Limited	Unrated	Unrated	370,744	-	-	.....	Not Available.....	Mr. Muhammad Anwar
Crown Textile Mills Limited	Unrated	Unrated	161,948	-	-	.....	Not Available.....	
Dadabhoy Leasing Company Limited	Unrated	Unrated	188,742	-	-	2,327	June 30, 2016	Muhammad Amin Dadabhoy
Dadabhoy Sack Limited	Unrated	Unrated	25,102	-	-	.....	Not Available.....	Muhammad Amin Dadabhoy
Engine System	Unrated	Unrated	788,500	-	-	.....	Not Available.....	
F.T.C. Management Company Private Limited	Unrated	Unrated	50,000	250	250	34,657	June 30, 2012	Engr. Mir Fateh Sultan
Fauji Akbar Portia Marines Terminal Limited	Unrated	Unrated	29,188,739	321,076	321,076	212,867	June 30, 2015	Ahmed Kamal Rana
Fauji Oil Terminals and Distribution Limited	Unrated	Unrated	1,088,600	10,886	10,886	36,519	June 30, 2016	LT. Gen (Rtd) M. Mustafa Khan
Fazal Vegetable Ghee Mills Private Limited	Unrated	Unrated	21,486	-	-	.....	Not Available.....	
First Women Bank Limited	Unrated	A- / A2	7,698,441	21,100	21,100	86,234	March 31, 2017	Tahira Raza
Fortune Securities Limited	Unrated	Unrated	500,000	5,000	5,000	8,334	June 30, 2012	Qasim Lakhani
Frontier Textile Mills Limited	Unrated	Unrated	50,000	500	500	272	September 30, 2002	Not available
Ghafoor Textile Mills Limited	Unrated	Unrated	23,424	-	-	.....	Not Available.....	
Ghulam M.Dadabhoy (Dadabhoy Padube)	Unrated	Unrated	25,278	-	-	.....	Not Available.....	
Gulistan Power Generation Limited	Unrated	Unrated	220,000	2,200	2,200	8,096	June 30, 2000	Abdul Shakoor
Gypsum Corporation	Unrated	Unrated	84,176	-	-	.....	Not Available.....	
H. Shaikh Muhammed Hussain	Unrated	Unrated	57,634	-	-	.....	Not Available.....	
Harum Textile Mills Limited	Unrated	Unrated	29,683	-	-	.....	Not Available.....	
Hazara Woolen Mills Limited	Unrated	Unrated	20,000	200	200	.....	Not Available.....	
Hyderabad Electronic	Unrated	Unrated	50,135	-	-	.....	Not Available.....	
Industrial Development Bank of Pakistan	Unrated	Unrated	1,011	107	107	.....	Not Available.....	
Indus Bank Limited.	Unrated	Unrated	76	-	-	.....	Not Available.....	
Indus Polyester Company Limited	Unrated	Unrated	3	-	-	.....	Not Available.....	
Insecta Pakistan Limited	Unrated	Unrated	50,000	-	-	315	June 30, 1997	Syed Tauqeer Haider
Inter Asia Leasing Company Limited	Unrated	Unrated	50,000	500	500	.....	Not Available.....	
Investec Securities Limited	Unrated	Unrated	50,205	-	-	.....	Not Available.....	
Islamabad Stock Exchange Limited	Unrated	Unrated	3,034,603	30,346	30,346	36,286	March 31, 2017	Mian Ayyaz Afzal
Islamic Investment Bank	Unrated	Unrated	71,339	-	-	.....	Not Available.....	
ITTI Textile Mills Limited	Unrated	Unrated	83,418	-	-	.....	Not Available.....	
Junaid Cotton Mills Limited	Unrated	Unrated	51,759	328	328	.....	Not Available.....	
Kaisar Arts & Krafts Limited	Unrated	Unrated	868,959	8,395	8,395	Not Available.....	
Balance carried forward			235,567,521	784,038	1,784,038			



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Investee	Rating		No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA		2017	2016			
Balance brought forward			235,567,521	784,038	1,784,038			
Karachi Pipes	Unrated	Unrated	9,690	-	-		Not Available	
Karim Silk Mills Limited	Unrated	Unrated	-	-	-		Not Available	
Kaytex Mills (Saleem Denim Ind.)	Unrated	Unrated	82,575	-	-		Not Available	
Kaytex Mills Limited	Unrated	Unrated	377,800	3,778	3,778		Not Available	
Kohinoor Cotton Mills Private Limited	Unrated	Unrated	31,935	-	-		Not Available	
Kohinoor Looms Limited	Unrated	Unrated	86,366	-	-		Not Available	
Pakistan Stock Exchange	Unrated	Unrated	4,007,383	-	-		Not Available	Richard Morin
Lafayette Industries Synth.	Unrated	Unrated	46,765	-	-		Not Available	
Marr Fabrics Limited	Unrated	Unrated	60,246	-	-		Not Available	
Medi Glass Limited	Unrated	Unrated	150,404	-	-		Not Available	
Mehran Bank Limited	Unrated	Unrated	376,390	-	-		Not Available	
Mian Mohammad Sugar Mills Limited	Unrated	Unrated	87,630	15	15		Not Available	
Mohib Textile Mills Limited	Unrated	Unrated	507,080	-	-		Not Available	
Mubarak Dairies Limited	Unrated	Unrated	28,227	-	-		Not Available	
Muslim Ghee Mills Limited	Unrated	Unrated	181,000	1,810	1,810		Not Available	
Myfip Video Industries Limited	Unrated	Unrated	537,300	5,373	5,373		Not Available	
National Asset Leasing Corporation Limited	Unrated	Unrated	135,050	14	14		Not Available	
National Construction Limited	Unrated	Unrated	149,999	250	250	597	June 30, 2005	Ali Mohammad Shaikh
National Film Development Corporation Limited	Unrated	Unrated	10,000	-	-	(1,825)	June 30, 2000	Sajjad Haider
National Industry Cooperative Bank of Gujrat	Unrated	Unrated	1	-	-		Not Available	
National Institution of Facilitation Technology (Private) Limited	Unrated	Unrated	2,266,607	1,526	1,526	28,030	June 30, 2012	Haider Wahab
National Investment Trust Limited	Unrated	AM2+	79,200	100	100	1,796	June 30, 2010	Tariq Iqbal Khan
National Match Ind.	Unrated	Unrated	13,398	-	-		Not Available	
National Woolen Mills Limited	Unrated	Unrated	18,300	183	183		Not Available	
Natover Lease & Refinance	Unrated	Unrated	371,674	2,602	2,602		Not Available	
Naveed Textile Mills	Unrated	Unrated	35,979	-	-		Not Available	
Newyork Poly Clinic of Karachi	Unrated	Unrated	220,133	-	-	(241)	June 30, 1998	Akhter Aziz khan
Norrie Textile Mills	Unrated	Unrated	69,557	-	-		Not Available	
Nowshehra Engineering Works Limited	Unrated	Unrated	18,179	41	41		Not Available	
Nusrat Textile Mills	Unrated	Unrated	156,134	-	-		Not Available	
Pak Ghee Limited	Unrated	Unrated	29,491	-	-		Not Available	
Pak Paper Corporation	Unrated	Unrated	52,831	-	-		Not Available	
Pakistan Export Finance Guarantee Agency Limited	Unrated	Unrated	1,152,938	11,529	11,529	1,152	December 31, 2009	Not available
Pakistan Paper Corporation Limited	Unrated	Unrated	37,250	373	373		Not Available	
Pakistan Telephone Cables	Unrated	Unrated	45,969	143	143		Not Available	
Pakistan Textile City	Unrated	Unrated	10,000,000	100,000	100,000	21,800	June 30, 2016	Mr. Zaheer A. Hussain
Pakistan Tourism Development Corporation	Unrated	Unrated	10,000	100	100	24,983	June 30, 1996	Not available
Pearl Fabrics Limited	Unrated	Unrated	117,121	-	-		Not Available	
People Steel Mills Limited	Unrated	Unrated	1,076,880	3,276	3,276		Not Available	
Polyron Limited	Unrated	Unrated	76	-	-		Not Available	
Prudential Investment Bank	Unrated	Unrated	166,278	-	-		Not Available	
Punjab Building Limited	Unrated	Unrated	226,070	-	-		Not Available	
Punjab Cotton	Unrated	Unrated	28,648	-	-		Not Available	
Punjab Lamps	Unrated	Unrated	55,274	-	-		Not Available	
Qadri Textile Mills Limited	Unrated	Unrated	50,000	500	500		Not Available	
Qayyum Spinning	Unrated	Unrated	36,653	-	-		Not Available	
Quality Steel Works	Unrated	Unrated	1,685	-	-		Not Available	
RCD Ball	Unrated	Unrated	10,027	-	-		Not Available	
Refrigerator Manufacturing Company Limited	Unrated	Unrated	45,737	4,589	4,589		Not Available	
Regal Ceramics Limited	Unrated	Unrated	45,501	-	-		Not Available	
Rehman Cotton Mills Limited	Unrated	Unrated	1,695,800	16,958	16,958	107,895	June 30, 2011	LT. Gen (Rtd) Ali Kuli Khan
Rex Baren Battery	Unrated	Unrated	28,564	-	-		Not Available	
Rousch Power Pakistan Limited	Unrated	Unrated	39,729,000	132,888	132,888	1,754,374	June 30, 2017	Mubashar Ahmed Majeed
Ruby Rice and General Mills Limited	Unrated	Unrated	75,000	750	750		Not Available	
Sahrish Textile Mills	Unrated	Unrated	10,043	20	20		Not Available	
Saitex Spinning Mills	Unrated	Unrated	182,423	-	-		Not Available	
Shahpur Textile Mills	Unrated	Unrated	200,527	-	-		Not Available	
Shahyar (Oe) Textile Mills	Unrated	Unrated	40,023	-	-		Not Available	
Shahyar Textile Mills	Unrated	Unrated	113,161	-	-		Not Available	
Shoab Capital	Unrated	Unrated	100,000	271	271	544	June 30, 2000	Not available
Siftaq (International) Textile Mills	Unrated	Unrated	54,769	-	-		Not Available	
Sindh Alkalis Limited	Unrated	Unrated	359,369	-	-		Not Available	
SME Bank Limited	Unrated	B / B	6,121,095	26,950	26,950	(318)	March 31, 2017	Mr. Ihsan ul Haq Khan
South Asia Regional Fund	Unrated	Unrated	5,000	287	287		December 31, 2007	Jean Fondaumiere
Star Salica Industries Limited	Unrated	Unrated	26,650	267	267		Not Available	
Sunrise Textile Mills	Unrated	Unrated	7,668	-	-		Not Available	
Sunshine Cloth Mills	Unrated	Unrated	150,000	-	-		Not Available	
Sunshine Cloth Mills	Unrated	Unrated	374,721	-	-		Not Available	
Syed Match Ind.	Unrated	Unrated	162	2	2		Not Available	
Taga Pakistan Limited	Unrated	Unrated	48,450	-	-		Not Available	
Tariq Cotton Mills	Unrated	Unrated	21,907	-	-		Not Available	
Tawakkal Limited	Unrated	Unrated	57,297	-	-		Not Available	
Tawakkal Modaraba (Ist)	Unrated	Unrated	241,827	-	-		Not Available	
Transmobile Limited	Unrated	Unrated	644,508	-	-	(44)	June 30, 1997	Javed Burki
Turbo Tec Limited (Tubes)	Unrated	Unrated	86,788	-	-		Not Available	
Union Insurance Company of Pakistan	Unrated	Unrated	156	4	4		Not Available	
Unity Modaraba	Unrated	Unrated	1,000,000	28	28		Not Available	
Uqab Breeding Farms	Unrated	Unrated	70,778	-	-		Not Available	
Zafar Textiles Mills Limited	Unrated	Unrated	281,141	256	256		Not Available	S. Nazar Hassan Shah
Zahur Textile Mills	Unrated	Unrated	210,229	-	-		Not Available	Mohsin Zahur
Zulsham Engineering Works Limited	Unrated	Unrated	3,300	330	330		Not Available	
Information System Associates Limited	Unrated	Unrated	2,300,000	1,719	1,719		Not Available	Sami Bajwa
Bunny's	Unrated	Unrated	4,900,000	235,200	-	126,273	September 30, 2017	Haroon Choudary
Pakistan Mortgage Refinance Company Ltd	Unrated	Unrated	2,673,000	26,730	-	400,950	December 31, 2016	N. Kokularupan Narayanasamy
Pakistan Stock Exchange Limited	Unrated	Unrated	6,411	-	11,000		Not Available	
			320,690,719	1,362,900	2,111,970			
			326,480,888	1,381,912	2,130,982			



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1.2 Particulars of Investments held in units of mutual funds

	Rating		No. of units held		Market value	
	JCRVIS	PACRA	2017	2016	2017	2016
					..... Rupees in '000	
AKD Cash Fund	Unrated	AA+(f)	-	1,023,413	-	52,470
AKD Aggressive Income Fund	Unrated	BBB+(f)	1,733,915	1,452,715	91,083	77,401
Atlas Money Market Fund	Unrated	AA(f)	-	102,626	-	52,796
BMA Chundrigar Road Saving Fund	Unrated	Unrated	-	6,070,318	-	51,234
Dominion Stock Fund	Unrated	Unrated	80,326	80,326	-	-
First Dawood Mutual Fund	Unrated	Unrated	-	1,157,674	-	-
HBL Money Market Fund	AA(f)	Unrated	-	503,777	-	52,378
Investec Mutual Fund	Unrated	Unrated	87,858	87,858	-	-
Faysal Mts Fund	A+(F)	Unrated	148,794	-	15,309	-
Askari High Yield Scheme	A(F)	Unrated	2,204,378	-	228,550	-
J.S Income Fund	Unrated	Unrated	2,134,707	784,354	210,077	78,090
Lakson Money Market Fund	Unrated	AA(f)	-	485,902	-	49,995
Lakson Income Fund	Unrated	A+(f)	-	494,374	-	51,380
NIT-Equity Market Opportunity Fund	Unrated	Unrated	10,045,493	10,045,493	2,182,685	2,746,337
NIT- Islamic Equity Fund	Unrated	Unrated	-	12,523,541	-	160,677
PICIC Investment Fund	Unrated	Unrated	1,000,000	1,000,000	13,350	13,900
NAFA Pension Fund	Unrated	Unrated	157,799	155,412	38,677	42,957
NAFA Islamic Pension Fund	Unrated	Unrated	145,683	143,487	35,883	39,757
NAFA Islamic Stock Fund	Unrated	Unrated	-	3,608,882	-	53,824
NAFA Money Market Fund	Unrated	AA(f)	6,945,768	16,630	70,324	168
NAFA Islamic Energy Fund	Unrated	Unrated	5,116,807	10,194,849	62,059	143,071
NAFA Government Securities Saving Fund	Unrated	AA(f)	8,244,705	5,593,008	87,020	58,954
NAFA Stock Fund	Unrated	Unrated	1,941	-	27	-
NAFA Islamic Active Allocation Plan-VII	Unrated	Unrated	499,812	-	46,130	-
			38,547,986	55,524,640	3,081,174	3,725,389

1.3 Particulars of Investments held in Preference shares

	Rating PACRA	Cumulative/ Non- cumulative	Rate	No. of certificates held		Market Value / Cost	
				2017	2016	2017	2016
						-----Rupees in '000-----	
Listed:							
Agritech Limited	Unrated	Cumulative	9.25%	3,458,756	3,458,756	34,588	34,588
Aisha Steel Mills Limited	Unrated	Cumulative	0.00%	258,699	273,699	5,303	4,434
Chenab Textile Mills Limited	Unrated	Cumulative	9.25%	10,000,000	10,000,000	100,000	100,000
Charsadda Sugar Mills Limited	Unrated	Cumulative	6.00%	105	105	-	-
Summit Bank Limited	Unrated	Non-Cumulative	10.00%	-	14,997,640	-	149,976
Masood Textile Mills Limited	Unrated	Floating	12.65%	5,000,000	5,000,000	50,000	50,000
Pak Elektron Limited	A+/A1	Cumulative	9.50%	10,643,642	10,643,642	106,436	106,436
				29,361,202	44,373,842	296,327	445,434
Unlisted:							
Moro Textile Mills	Unrated	Non-Cumulative	-	19,242,000	19,242,000	192,420	192,420
Al-Arabia Sugar Mills Limited	Unrated	Non-Cumulative	-	7,327,346	-	73,273	-
				26,569,346	19,242,000	265,693	192,420

* Cost of the above investment amounted to Rs. 556.944 million (2016: Rs. 633.660 million)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.4 Debentures, Bonds, Participation Term Certificates and Term finance certificates

1.4.1 Term finance certificates

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value / Cost	
					2017	2016	2017	2016
Listed								
Bank AL Habib Limited	6 months Kibor + 0.75%	Half yearly	March 17, 2026	AA	107,000	107,000	535,214	541,265
Azgard Nine Limited	6 month Kibor + 2.4%	Half yearly	Overdue	Unrated	20,000	20,000	32,538	32,538
Bank Al-Falah Limited	15% (Fixed)	Half yearly	December 2, 2017	AA-	-	10,850	-	38,062
Faysal Bank Limited	6 months Kibor + 2.25%	Half yearly	December 27, 2017	AA-	1,000	1,000	1,248	2,515
MCB Bank Limited	3 months Kibor + 1.15%	Half yearly	June 19, 2022	A+	70,000	70,000	355,028	353,626
Saudi Pak Leasing Company Limited	6 months Kibor + 1.50%	Half yearly	March 13, 2017	Unrated	10,000	10,000	27,948	27,948
Habib Bank Limited	6 months Kibor + 0.5%	Half yearly	February 19, 2026	AAA	15,500	15,500	1,535,378	1,553,564
Summit Bank Limited	6 months Kibor + 3.25%	Half yearly	October 27, 2018	A-(SO)	23,898	23,898	120,119	120,346
Javedan Corporation Limited	6 month Kibor + 2.25%	Half yearly	June 7, 2017	Unrated	14,000	14,000	603,750	776,250
Silk Bank Limited Tier II TFC	6 month Kibor +1.85%	Half yearly	September 27, 2021	A-	60,000	-	269,220	-
Telecard Limited	3 months Kibor	Quarterly	December 31, 2020	Unrated	-	7,000	-	10,894
Azgard Nine Limited	6 months Kibor +1.75%	Half yearly	September 20, 2017	Unrated	-	4,000	-	6,506
							3,480,443	3,463,514
Unlisted								
Afroze Textile Industries	3 month Kibor-5% + (Floor 6.50%)	Quarterly	December 29, 2019	Unrated	-	12	-	-
Agritech Limited	6 month Kibor + 1.75%	Half yearly	January 14, 2019	D	95,273	95,273	336,368	336,368
AKD Securities Limited	6 month Kibor + 2.5%	Half yearly	December 31, 2015	Unrated	4	4	298,217	458,796
Al-Azhar Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	5,168	5,168
Al-Arabia Sugar Mills Limited	6 month Kibor + 1.85%	Half yearly	September 27, 2021	A-	50,000	-	438,882	-
Al-Qaim Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	357	357
Apex Fabrics Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,640	2,640
Aqma Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,549	3,549
Aswan Tentage & Canvas Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	3,643	3,643
Azgard Nine Limited	Zero Markup	-	March 31, 2017	D	122,697	122,697	613,485	613,485
Bachani Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	28	28	15,870	-
Baluchistan Cotres Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Bankers Equity Limited	22.00%	Overdue	Overdue	Unrated	10	10	20,890	31,335
Bela Chemical Limited	22.00%	Overdue	Overdue	Unrated	24	24	24,595	24,595
Bentonite Pak Limited	22.00%	Overdue	Overdue	Unrated	31	31	3,417	3,417
Blue Star Spinning Mills Limited	22.00%	Overdue	Overdue	Unrated	17	17	2,252	2,252
Brother Steel Limited	22.00%	Overdue	Overdue	Unrated	17	17	-	-
Bunny's Limited	3 months Kibor + 2.5%	Overdue	December 6, 2012	Unrated	6,000	6,000	30,000	30,000
Colony Thal Textile Mills Limited	Fixed 7%	Annually	December 31, 2017	Unrated	240	240	119,536	119,536
Cast-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,549	2,549
Chiniot Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,185	1,185
Danneman Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,283	3,283
Fauji Akbar Portia Marine Terminal Limited	Zero Markup	Half yearly	October 15, 2024	Unrated	9	7	499,562	359,170
General Dairies & Food Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,350	1,350
Glorex Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	924	924
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	-	-	900	900
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	-	-	239	239
Independent News Paper Corporation Limited	3 month Kibor	Quarterly	March 30, 2018	B	1	1	244,180	487,474
JDW Sugar Mills Limited	3 month Kibor + 1.25%	Quarterly	June 23, 2014	A+	-	-	-	-
Kamal Ghee & Allied Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	4,238	4,238
Kiran Sugar Mills Limited*	3 month Kibor + 3.00%	Quarterly	July 6, 2016	Unrated	PENDING RECEIPT	-	-	120,000
Kiran Sugar Mills Limited	3 month Kibor + 3.00%	Quarterly	January 26, 2027	Unrated	144	144	385,227	385,227
Malik Food Industries Limited	22.00%	Overdue	Overdue	Unrated	11	11	1,401	1,401
Minaco Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,640	1,640
Moro Textile Mills Limited	8% for first 3 years and 3 month KIBOR+3%	Overdue	January 10, 2021	Unrated	20	20	188,613	188,613
Munalisa Fruit Juices	-	-	-	Unrated	2	2	1,500	1,500
Munawar Engineering Company Limited	22.00%	Overdue	Overdue	Unrated	28	28	1,306	1,306
National Sugar Industries Limited	3 month Kibor + 3.00%	Quarterly	September 3, 2016	Unrated	20	20	-	-
National Tiles & Ceramics Limited	22.00%	Overdue	Overdue	Unrated	16	16	-	-
New Allied Electronic Industries Limited.	3 month Kibor + 1.50 %	Quarterly	December 31, 2020	Unrated	1	1	1,308,738	1,308,738
Oil & Gas Investment Limited.	6 month Kibor + 2%	Half yearly	May 14, 2015	Unrated	188,700	188,700	324,783	751,800
Pakistan International Airlines Corp. Limited	6 month Kibor + 1.25%	Half yearly	February 18, 2011	Unrated	594,976	594,976	9,345,735	12,149,456
Pakistan Laminates Limited	22.00%	Overdue	Overdue	Unrated	-	-	95	95
Pak Elektron Limited	3 month Kibor + 2%	Quarterly	February 24, 2020	AA	26	26	-	2,723,614
Pak Libya Holding Company Private Limited	6 month Kibor + 1.8%	Half yearly	February 7, 2016	AA	-	50,000	-	-
Parthenon Private Limited	3 month Kibor + 2%	Quarterly	December 30, 2017	Unrated	10	10	1,631,635	1,631,635
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	401	401
Pak Hy-Oil Limited	6 months Kibor + 2.25%	Overdue	December 6, 2013	Unrated	-	1	-	130,000
Rehman Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	-	11	-	7,511
Qand Ghar Private Limited	22.00%	Outstanding	Overdue	Unrated	22	22	2,092	2,092
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,831	3,831
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	3,404	3,404
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	32	32	5,221	6,033
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	5,422	5,422
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,840	1,840
Sialkot Dairies Limited	22.00%	Overdue	Overdue	Unrated	13	13	1,323	1,323
Silverland Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,035	1,035
Sind Textile Industries Limited	22.00%	Overdue	Overdue	Unrated	15	15	7,445	7,445
Sinsas Enterprises Limited	22.00%	Overdue	Overdue	Unrated	2	2	4,302	4,302
Star Silica International	22.00%	Overdue	Overdue	Unrated	16	16	1,799	1,799
Standard Chartered Bank Limited	6 Month Kibor +0.75%	Half yearly	June 29, 2022	AAA	66,730	86,730	333,650	334,985
Sunflo Juices Limited	22.00%	Overdue	Overdue	Unrated	28	28	748	748
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Tawakkal Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	759	759
Tharparakar Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	5	5	1,957	5,237
Turbo Tubes Limited	22.00%	Overdue	Overdue	Unrated	2	2	67	67
Ultra Engineering Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	1,126	1,126
Water and Power Development Authority	6 months Kibor + 1.75%	Half yearly	September 27, 2021	AAA	385,000	385,000	808,869	999,617
WAPDA Dasu Hydro Power	6 month Kibor + 1.45%	Half yearly	May 8, 2017	AAA	208,333	-	2,083,330	-
Waleed Leather Industries Limited	22.00%	Overdue	Overdue	Unrated	38	38	2,196	2,196
Zamir Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	7,516	7,516
Azgard Nine Limited	Zero Markup	-	September 20, 2017	Unrated	-	860	-	4,300
							19,138,853	23,310,337
							22,619,296	26,773,851

All term finance certificates have a face value of Rs. 5,000 each unless otherwise mentioned.
* Certificates of Kiran Sugar Mills have not received yet.



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For the year ended December 31, 2017

1.4.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2017	2016
------(Rupees in '000)-----					
Aaj Textile Mills Limited	Outstanding	Outstanding	14%	1,005	1,005
Aaj Textile Mills Limited	Outstanding	Outstanding	12.5%	270	270
Ajax Industries Limited	Overdue	Overdue	11%	1,397	1,397
Ajax Industries Limited	Overdue	Overdue	14%	269	269
Ali Asbestose Industries Limited	Overdue	Overdue	14%	175	175
Ali Asbestose Industries Limited	Overdue	Overdue	11%	1,510	1,510
Allied Marbles Industries	Overdue	Overdue	14%	23	23
Allied Marbles Industries	Overdue	-	Interest free	15	15
Azad Kashmir Mineral & Industrial Development Corporation	Overdue	Overdue	12%	3,286	3,286
Azad Kashmir Mineral & Industrial Development Corporation	Overdue	Overdue	14%	1,998	1,998
Azad Kashmir Mineral & Industrial Development Corporation	Overdue	Overdue	12.5%	2,336	2,336
Carbon Dioxide Limited	Outstanding	Outstanding	11%	495	495
Carbon Dioxide Limited	Outstanding	Outstanding	14%	95	95
Chillya Corrugated Board	Overdue	Overdue	14%	317	317
Consolidated Spinning & Textile Mills Limited	Overdue	Overdue	14%	180	180
Consolidated Sugar Mills	Overdue	Overdue	14%	1,875	1,875
Damaan Oil Mills	Overdue	Overdue	14%	204	204
Effef Industries Limited	Overdue	Overdue	14%	1,799	1,799
Effef Industries Limited	Overdue	-	Interest free	3,828	3,828
Electric Lamp Manufacturing	Outstanding	Outstanding	11%	75	75
Electric Lamp Manufacturing	Overdue	Overdue	14%	150	150
Hassan Tanneries Limited	Outstanding	Outstanding	14%	437	437
Hassan Tanneries Limited	Outstanding	Outstanding	12.5%	58	58
Hazara Woolen Mills	Overdue	Overdue	14%	1,148	1,148
Hydri Gas Limited	Outstanding	Outstanding	11%	47	47
Hydri Gas Limited	Outstanding	Outstanding	14%	50	50
Junaid Cotton Mills Limited	Overdue	Overdue	12.5%	165	165
Junaid Cotton Mills Limited	Overdue	Overdue	14%	470	470
Karachi Development Authority	Overdue	Overdue	12.5%	-	156,034
Khyber Textile Mills Limited	Overdue	Overdue	14%	1,000	1,000
Lahore Dyeing & Printing Mill	Outstanding	Outstanding	11%	1,013	1,013
Mansoor Textile Mills	Outstanding	Outstanding	14%	510	510
Morgah Valley Limited	Overdue	Overdue	11%	400	400
Morgah Valley Limited	Overdue	Overdue	14%	160	160
National Woolen Mills	Overdue	Overdue	14%	66	66
Pakistan Paper Corporation	Overdue	Overdue	11%	506	506
Progressive Tobacco Co.	Overdue	Overdue	14%	144	144
Qadri Textile Mills Limited	Outstanding	Outstanding	14%	489	489
Regal Ceramics Limited	Overdue	Overdue	14%	105	105
Rising Sun Knitwear Industries	Overdue	Overdue	14%	57	57
Rose Textile Mills Limited	Overdue	Overdue	14%	740	740
Sarhad Bricks Limited	Outstanding	Outstanding	11%	543	543
Sarhad Bricks Limited	Outstanding	Outstanding	14%	102	102
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	11%	368	368
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	14%	83	83
Shahdin Limited	Overdue	Overdue	14%	163	163
Shahyar Textile Mills Limited	Overdue	Overdue	14%	280	280
Spinzer Towel Industries Limited	Outstanding	Outstanding	12.5%	200	200
Spinzer Towel Industries Limited	Outstanding	Outstanding	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				31,195	187,229



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.4.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2017 ------(Rupees in '000)-----	2016
Ali Paper Industries Limited	13	17%	261,000	1,250	3,393
Alipure Jute Mills Limited	53	17%	172,113	7,081	7,081
American Marbles Limited	12	17%	104,167	448	448
Azmat Oil Industries Limited	1	17%	226,000	226	226
Annis Garments Limited	12	17%	32,917	395	395
Bhawalpur Board Mills Limited	14	17%	137,000	1,918	1,918
Bela Chemicals limited	1	17%	10,500,000	10,500	10,500
Calcium Limited	1	17%	300,000	300	300
Dadabhoy Cement Limited	1	17%	11,601,000	7,303	7,303
Delta Tyre & Rubber Company Limited	7	17%	268,714	1,118	1,118
Gypsum Corporation Limited	32	17%	32,594	1,043	1,043
Ittehad Industries Limited	1	17%	600,000	451	451
Jubilee Paper Board Mills	16	17%	431,938	4,415	4,415
Kamal Enterprises Limited	17	17%	64,294	1,093	1,093
Khattak Edible Oil Limited	15	17%	82,467	1,237	1,237
Meditex International Limited	15	17%	87,800	508	508
Morgah Valley Limited	16	17%	29,250	468	468
National Fructose Limited	11	17%	550,818	3,215	3,215
Pak Belt Industries Limited	13	17%	94,692	757	757
Pangrio Sugar Mills Limited	29	17%	442,586	4,433	4,433
Punjab Building Products	12	17%	121,500	1,458	1,458
Punjab Cables Mills Limited	12	17%	388,667	3,833	3,833
Rainbow Packages Limited	23	17%	122,174	2,223	2,223
Sampak Paper Board Mills	11	17%	14,909	165	165
Sarela Cement Limited	35	17%	406,629	14,232	14,232
Shafi Woolen Industries Limited	11	17%	89,455	490	490
Sindh Glass Industries Limited	17	17%	598,765	9,457	9,457
Star Silica Industries Limited	15	17%	137,467	1,803	1,803
United Wood (Veener) Limited	15	17%	51,000	727	727
Waziristan Oil Industries Limited	13	17%	88,385	1,094	1,094
Zafar Oil Industries Limited	11	17%	65,455	720	720
Treet Corporation Limited	7,729,500	6.95 per TCLTC	33	88,636	121,796
				172,997	208,300



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.4.4 Investment in Sukuk

Investee	Terms of Redemption		Rate of Interest %	Market Value / Cost	
	Principal	Interest		2017	2016
				------(Rupees in '000)-----	
Water and Power Development Authority	Bi-Annual	Bi-Annual	6 month Kibor - 0.25%	-	77,637
Quetta Textile Mills Limited	Quaterly	Quaterly	3 month Kibor + 1.75%	193,652	193,652
Pakistan International Airline Corp. Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.75%	550,000	550,000
K- Electric Limited	Quaterly	Quaterly	3 month Kibor + 1%	1,840,500	2,061,352
Neelum Jhelum Hydropower Ltd	Bi-Annual	Bi-Annual	6 month Kibor + 1.13%	18,500,000	19,500,000
Fatima Fertilizer Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.10%	756,770	-
WAPDA Dasu Hydro Power	Bi-Annual	Bi-Annual	6 month Kibor + 1.45%	2,812,500	-
				24,653,422	22,382,641
Islamic Banking					
Other Islamic Sukuk					
Water and Power Development Authority	Bi-Annual	Bi-Annual	6 Month Kibor - 0.25%	2,083	4,167
Security Leasing Limited	Monthly	Monthly	6 month Kibor + 2.25%	30,807	30,807
Fatima Fertilizer Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.10%	822,000	1,000,000.00
Arzoo Textile Limited	Bi-Annual	Bi-Annual	6 month Kibor + 2.0%	100,000	100,000
Neelum-Jhelum Hydropower Plant	Bi-Annual	Bi-Annual	6 month Kibor + 1.13%	3,250,000	3,250,000
Pakistan International Airline Corp. Limited	On Maturity	Bi-Annual	6 month Kibor + 1.75%	175,000	175,000
Dasu Hydro Power-WAPDA	Bi-Annual	Bi-Annual	6 month Kibor + 1.45%	312,500	-
Al Baraka Bank (Pakistan) Limited	On Maturity	Bi-Annual	6 month Kibor + 0.75%	100,000	-
				4,792,390	4,559,974
Leasing Certificate					
Sui Sothern Gas Company Limited	Bi-Annual	Bi-Annual	6 month Kibor + 0.50%	2,000,000	2,000,000
GoP Ijara Sukuk					
GoP Ijara Sukuk	On Maturity	Bi-Annual	6 M T-bills	11,193,314	9,329,262
Total Islamic Banking				17,985,704	15,889,236
				42,639,126	38,271,877



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.4.5 Foreign Currency Debt Securities

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2017	2016
------(Rupees in '000)-----					
Bank Of America	On Maturity	Bi-Annual	6.88%	124,825	122,353
Goldman Sachs Group	On Maturity	Bi-Annual	7.50%	233,387	231,769
Goldman Sachs Group	On Maturity	Bi-Annual	6.15%	223,158	220,096
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	58,129	55,829
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	24,647	23,672
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	26,855	25,793
Goldman Sachs Group	On Maturity	Quarterly	6.15%	226,665	220,096
JP Morgan Chase & Co	On Maturity	Bi-Annual	6.00%	113,557	109,222
Bank Of America	On Maturity	Bi-Annual	5.63%	119,323	114,712
Bank Of America	On Maturity	Bi-Annual	6.88%	258,722	255,233
Citigroup Inc	On Maturity	Bi-Annual	1.75%	220,651	208,208
Citigroup Inc	On Maturity	Bi-Annual	1.85%	-	217,314
Citigroup Inc	On Maturity	Bi-Annual	6.13%	-	209,615
Lloyds Tsb Bank	On Maturity	Bi-Annual	2.00%	-	208,779
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	-	107,872
Merrill Lynch & Co	On Maturity	Bi-Annual	6.50%	-	215,745
Morgan Stanley	On Maturity	Bi-Annual	4.75%	-	200,248
				1,629,919	2,746,556



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

**Annexure II as referred to in
Note 10.7 to the consolidated financial statements**

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED FROM JANUARY TO DECEMBER 2017**

(Rupees in Millions)

Sr. No.	Name & Address of the borrower	Name of Individuals/Partners/ Directors with NIC No.	Fathers/Husband's name.	Outstanding liabilities at beginning of year				Principal written-Off	Interest/ Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
					Principal Interest/ mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1	Harmann Pharmaceutical Lab. (Pvt) Ltd. 16-KM, Multan Road, Lahore	Muhammad Haseeb Khan 35202-9014907-5 Muhammad Zafar Khan 35202-4615722-5 Abida Hafeez 35202-4047487-0	Muhammad Hafeez Khan Muhammad Hafeez Khan Muhammad Hafeez Khan	7.760	4.843	0.427	13.030	-	-	2.515	2.515
2	M/S SHEIKH MEDICOSE	GHULAM JILANI 36103-3356396-7	MUHAMAMD IKHTAYAR KHAN	2.890	1.475	0.150	4.515	0	0	0.737	0.737
3	MUHAMMAD AMJAD	MUHAMMAD AMJAD 36502-6450498-9	MUHAMMAD MUNIR	0.463	5.193	0.220	5.876	0	0	1.666	1.666
4	M/S MALIK CORPORATION	MUHAMMAD JAVAID IQBAL 35302-8273035-1 MUHAMMAD SALEEM 36501-1154823-5 MST. NAHEED IQBAL 36501-9542137-0	HAJI M SHARIF HAJI M SHARIF MUHAMMAD SALEEM	0.432	3.643	0.128	4.203	0	0	1.465	1.465
5	M/s AL-MAKKAH SILK CENTRE	MUHAMMAD IRSHAD 36302-9346727-9 MUHAMMAD MAKKI 36302-78634693-9	MUHAMMAD KHURSHID MUHAMMAD KHURSHID	0	1.403	0.062	1.465	0	0	0.815	0.815
6	Karachi Development Authority KDA Building, Shahra-e-Kamal Attaturk, Karachi.	Govt. of Sindh through Governor of Sindh		156.034	1202.424	0	1358.458	0	0	1197.263	1197.263
7	Arif S/o Ahmed Din R/O Cha Kakay Wala , Daska , Sialkot	Arif S/o Ahmed Din 34601-3692901-9	Ahmed Din	2.624	0.000	1.232	3.856	0.000	0.000	0.565	0.565
8	M/S Al Hamad Filling Station Kot Chaddu , Daska Road , Sialkot	Mirza Muhammad Sabir Mirza Muhammad Bashir 34601-0942002-1 Mirza Muhammad Ashraf 34601-5340283-9	Mirza Muhammad Bashir Mirza Imam Din Haji Imam Din	0.624	0.000	1.029	1.653	0.000	0.000	0.694	0.694
9	M/S BISMILLAH RICE MILLS KUNJAH ROAD BRANCH GUJRAT.	SAJID MEHMOOD. 34201-9060098-3 MALIK MIAN KHAN 34201-4562312-5 INAYAT ULLAH 34201-3087567-7 YASIR AHMED 34201-4570994-7 MALIK TAHIR MEHMOOD 34201-9616961-7	Malik Mian Khan Malik Ali Muhammad Ahmed Khan Malik Mian Khan Inayat Ullah	0.439	0.193	2.075	2.707	0	0	0.684	0.684
10	Zamurad Khan Village Dheri, P.O Dobathar, Abbottabad	Zamurad Khan 13101-0930661-1	Humayun Khan	0.875	0.516	0.028	1.419	0.875	0.000	0.544	1.419
				172.141	1219.690	5.351	1397.182	0.875	0.000	1206.948	1207.823



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Annexure III as referred to in
Note 11.6 to the consolidated financial statements

Details of disposals of property and equipment

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser
	----- (Rupees in '000) -----					
Building - Leasehold Land	3,641	2,822	2,822	-	Sale	NBP Islamic Banking
	3,641	2,822	2,822	-		
Furniture & Fixtures	608	1	50	49	Auction	Scrap Items Auctioneer
Furniture & Fixtures	125	29	29	-	As per entitlement	Muhammad Arif Ali Ex-Employee
Furniture & Fixtures	125	43	43	-	As per entitlement	Sher Afzal Ex-Employee
Furniture & Fixtures	125	58	58	-	As per entitlement	Muhammad Aslam Ex-Employee
Furniture & Fixtures	125	69	69	-	As per entitlement	Maqsood Ahmed Khan Ex-Employee
Furniture & Fixtures	125	29	29	-	As per entitlement	Malik Zahid Aleem Ex-Employee
Furniture & Fixtures	125	69	69	-	As per entitlement	Rafi Ahmed Ex-Employee
Furniture & Fixtures	125	44	44	-	As per entitlement	Attique Ahmed Ex-Employee
Furniture & Fixtures	125	92	92	-	As per entitlement	Shaheen Akhtar Ex-Employee
Furniture & Fixtures	500	83	83	-	As per entitlement	Nausherwan Adil Ex-Employee
Furniture & Fixtures	125	74	74	-	As per entitlement	Tariq Ameer Ex-Employee
Furniture & Fixtures	150	83	83	-	As per entitlement	Jamil Anwar Ex-Employee
Furniture & Fixtures	125	75	75	-	As per entitlement	Muhammad Aslam Ex-Employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Amanat Ali Khan Ex-Employee
Furniture & Fixtures	150	88	88	-	As per entitlement	Ch. Muhammad Akram Ex-Employee
Furniture & Fixtures	150	33	33	-	As per entitlement	Sharaf Ahmed Ex-Employee
Furniture & Fixtures	125	67	67	-	As per entitlement	Bashir Ahmed Ex-Employee
Furniture & Fixtures	125	67	67	-	As per entitlement	Muhammad Nasir Ali Ex-Employee
Furniture & Fixtures	125	17	17	-	As per entitlement	Muhammad Ashiq Ex-Employee
Furniture & Fixtures	125	79	79	-	As per entitlement	Naeem Afzal Ex-Employee
Furniture & Fixtures	300	145	145	-	As per entitlement	Kamran Amin Ex-Employee
Furniture & Fixtures	125	10	10	-	As per entitlement	Khurshid Anwar Ex-Employee
Furniture & Fixtures	175	138	138	-	As per entitlement	Mirza Ishrat Baig Ex-Employee
Furniture & Fixtures	125	100	100	-	As per entitlement	Baleeghuddin Ex-Employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Khalid Mehmood Bhatti Ex-Employee
Furniture & Fixtures	125	43	43	-	As per entitlement	Ghulam Siddique Buzdar Ex-Employee
Furniture & Fixtures	125	60	60	-	As per entitlement	Muhammad Ejaz Baig Ex-Employee
Furniture & Fixtures	125	18	18	-	As per entitlement	Arshad Farooq Ex-Employee
Furniture & Fixtures	175	35	35	-	As per entitlement	Abid Farooq Ex-Employee
Furniture & Fixtures	125	63	63	-	As per entitlement	Zia Ul Haq Ex-Employee
Furniture & Fixtures	150	47	47	-	As per entitlement	Abdul Hafeez Ex-Employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Aslam Hussain Ex-Employee
Furniture & Fixtures	125	15	15	-	As per entitlement	Mian Khalid Ex-Employee
Furniture & Fixtures	150	52	52	-	As per entitlement	Muhammad Mazhar Ul Haq Ex-Employee
Furniture & Fixtures	125	106	106	-	As per entitlement	Hafiz Mazhar Hussain Ex-Employee
Furniture & Fixtures	175	125	125	-	As per entitlement	Shamsher Hussain Ex-Employee
Furniture & Fixtures	125	69	69	-	As per entitlement	Altaf Hussain Ex-Employee
Furniture & Fixtures	125	8	8	-	As per entitlement	Syed Masood Hussain Ex-Employee
Furniture & Fixtures	125	40	40	-	As per entitlement	Abdul Hafeez Iqbal Ex-Employee
Furniture & Fixtures	125	74	74	-	As per entitlement	Khawaja Muhammad Irsahd Ex-Employee
Furniture & Fixtures	125	29	29	-	As per entitlement	Zafar Iqbal Ex-Employee
Furniture & Fixtures	125	48	48	-	As per entitlement	Inayatullah Ex-Employee
Furniture & Fixtures	125	44	44	-	As per entitlement	Muhammad Iqbal Ex-Employee
Furniture & Fixtures	125	60	60	-	As per entitlement	Inayatullah Ex-Employee
Furniture & Fixtures	150	106	106	-	As per entitlement	Muhammad Ibrahim Ex-Employee
Furniture & Fixtures	125	17	17	-	As per entitlement	Muhammad Bashir Khan Ex-Employee
Furniture & Fixtures	125	83	83	-	As per entitlement	Muhammad Ashraf Khan Ex-Employee
Furniture & Fixtures	125	5	5	-	As per entitlement	Roman Khan Ex-Employee
Furniture & Fixtures	125	15	15	-	As per entitlement	Muhammad Iqbal Ex-Employee
Furniture & Fixtures	125	121	121	-	As per entitlement	Muhammad Kashif Khan Ex-Employee
Furniture & Fixtures	150	73	73	-	As per entitlement	Sarfraz Khan Jegezei Ex-Employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Sher Dil Khan Ex-Employee
Furniture & Fixtures	125	56	56	-	As per entitlement	Mehmood Ali Khan Ex-Employee
Furniture & Fixtures	175	140	140	-	As per entitlement	Imtiaz Ali Khan Ex-Employee
Furniture & Fixtures	125	81	81	-	As per entitlement	Ghulam Muhammad Ex-Employee
Furniture & Fixtures	125	50	50	-	As per entitlement	Muhammad Zareen Khan Ex-Employee
Furniture & Fixtures	125	5	5	-	As per entitlement	Nasir Lodhi Ex-Employee
Furniture & Fixtures	125	85	85	-	As per entitlement	Manzoor Ahmed Lodhi Ex-Employee
Furniture & Fixtures	125	75	75	-	As per entitlement	Abdul Manan Khan Ex-Employee
Furniture & Fixtures	150	58	58	-	As per entitlement	Sajida Malik Ex-Employee
Furniture & Fixtures	125	77	77	-	As per entitlement	Arshad Munir Ex-Employee
Furniture & Fixtures	125	7	7	-	As per entitlement	Abdul Majeed Ex-Employee
Furniture & Fixtures	125	102	102	-	As per entitlement	Ghulam Rabbani Ex-Employee
Furniture & Fixtures	150	95	95	-	As per entitlement	Sultan Mehmood Ex-Employee
Furniture & Fixtures	125	98	98	-	As per entitlement	Mir Muhammad Mahfooz Ex-Employee
Furniture & Fixtures	150	78	78	-	As per entitlement	Malik Imam Haider Ex-Employee
Furniture & Fixtures	125	69	69	-	As per entitlement	Khalid Masood Ex-Employee
Furniture & Fixtures	125	33	33	-	As per entitlement	Azam Hussain Mirani Ex-Employee
Furniture & Fixtures	300	25	25	-	As per entitlement	Hamid Masood Ex-Employee
Furniture & Fixtures	125	35	35	-	As per entitlement	Late Taj Muhammad Ex-Employee
Furniture & Fixtures	125	124	124	-	As per entitlement	Ghulam Nabi Ex-Employee
Furniture & Fixtures	125	71	71	-	As per entitlement	Farzana Parveen Ex-Employee
Furniture & Fixtures	150	32	32	-	As per entitlement	Ghulam Qasim Ex-Employee
Furniture & Fixtures	125	3	3	-	As per entitlement	Abdul Wajid Qureshi Ex-Employee
Furniture & Fixtures	125	58	58	-	As per entitlement	Shahi Room Ex-Employee
Furniture & Fixtures	125	46	46	-	As per entitlement	Muhammad Rashid Ex-Employee
Furniture & Fixtures	125	94	94	-	As per entitlement	S. Mehfooz Ali Shah Ex-Employee



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For the year ended December 31, 2017

Details of disposals of property and equipment

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
	----- (Rupees in '000) -----						
Furniture & Fixtures	150	62	62	-	As per entitlement	Muhammad Saleem	Ex-Employee
Furniture & Fixtures	125	48	48	-	As per entitlement	Muhammad Saleem	Ex-Employee
Furniture & Fixtures	125	33	33	-	As per entitlement	Pervaiz Ahmed Shad	Ex-Employee
Furniture & Fixtures	125	25	25	-	As per entitlement	Ali Gohar Shaikh	Ex-Employee
Furniture & Fixtures	125	38	38	-	As per entitlement	Sh. Inam Jamil Anjum	Ex-Employee
Furniture & Fixtures	125	48	48	-	As per entitlement	Abdul Sattar	Ex-Employee
Furniture & Fixtures	125	18	18	-	As per entitlement	Asad Sohail	Ex-Employee
Furniture & Fixtures	125	90	90	-	As per entitlement	Muhammad Siddique Soomro	Ex-Employee
Furniture & Fixtures	125	3	3	-	As per entitlement	Muhammad Saeed	Ex-Employee
Furniture & Fixtures	150	113	113	-	As per entitlement	Shista Sultana	Ex-Employee
Furniture & Fixtures	125	50	50	-	As per entitlement	Tehsin Ullah	Ex-Employee
Furniture & Fixtures	125	94	94	-	As per entitlement	Abdul Wahab Abro	Ex-Employee
Furniture & Fixtures	125	13	13	-	As per entitlement	Muhammad Yousuf	Ex-Employee
Furniture & Fixtures	175	166	166	-	As per entitlement	Jahan Zeb	Ex-Employee
Furniture & Fixtures	125	7	7	-	As per entitlement	Muhammad Farooq Zulfiqar	Ex-Employee
Furniture & Fixtures	175	138	138	-	As per entitlement	Mirza Ishrat Baig	Ex-Employee
	13,458	5,672	5,721	49			
Computer Equipment	96	45	45	-	As per entitlement	Mr.Pervez Rahim	Ex-Employee
Computer Equipment	644	-	50	50	Auction	Auctioneer	Auctioneer
Computer Equipment	138	-	-	-	As per entitlement	Ms.Banzir Brohi,Ex-Employee	Ex-Employee
	878	45	95	50			
Electrical Installations	680	374	374	-	As per entitlement	Riaz Khokhar	Employee
Office Equipment	15	4	4	-	As per entitlement	Pervez Rahim	Ex-Employee
Office Equipment	15	-	-	-	As per entitlement	Nehal Ahmed Jaffri	Ex-Employee
Office Equipment	111	-	-	-	As per entitlement	Khalid Mehmood	Ex-Employee
Office Equipment	94	-	-	-	As per entitlement	Wajahat A Baqai	Ex-Employee
Electrical & office equipment	522	405	404	(1)	Sale	NBP Islamic Banking	
	1,436	783	782	(1)			
Motor Vehicles	849	495	495	-	As per entitlement	Tahir Mehmood	Employee
Motor Vehicles	1,658	1,298	1,298	-	As per entitlement	Jahan Zeb	Ex-Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhammad Faud Mohsin	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Kaleemullah Shaikh	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Zubair Mirza	Employee
Motor Vehicles	1,673	335	335	-	As per entitlement	Ehtesham Rashid	Employee
Motor Vehicles	1,357	-	136	136	As per entitlement	Mirza Ishrat Baig	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Nasseruddin	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Zia Ur Rashid Ibrahim	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Zubaid Ali Shaikh	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Manzoor Ahmed	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Imtiaz Ali Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Naeem Ansari	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	K Ahsan Elahi	Employee
Motor Vehicles	1,538	282	282	-	As per entitlement	Ghulam Raza Dehraj	Ex-Employee
Motor Vehicles	5,106	3,063	3,063	-	As per entitlement	Wajahat A Baqai	Ex-Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	M.Younas	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Aamir Manzoor	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhammad Farooq	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Basharat Ali	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Tallat Khurshid	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Nadir Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhammad Irfan Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Abdul Hameed Asim	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Javaid Anwar Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Sohail Akhtar	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Sohail Hassan Butt	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Imtiaz Ahmed	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Haseeb Arshad	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Shahid Majeed	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhaamad Fayyaz	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Ansar Goraha	Employee
Motor Vehicles	2,143	750	750	-	As per entitlement	Nausherawan Adil	Ex-Employee
Motor Vehicles	1,673	335	335	-	As per entitlement	Tariq Latif Ansari	Employee
Motor Vehicles	1,673	335	335	-	As per entitlement	Shafique Khan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Khadija Adnan	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Javed Ashraf	Employee
Motor Vehicles	1,507	301	301	-	As per entitlement	Khurram Saeed Naik	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Syed Azhar Ali	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Mujahid Abbas Khan	Employee
Motor Vehicles	1,259	-	126	126	As per entitlement	Abid Farooq	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Muhammad Naeemullah Jan	Employee
Motor Vehicles	1,658	-	1,525	1,525	As per entitlement	National Insurance Co.Ltd	Insurance Claim
Motor Vehicles	863	-	451	451	As per entitlement	National Insurance Co.Ltd	Insurance Claim
Motor Vehicles	1,658	-	1,260	1,260	As per entitlement	National Insurance Co.Ltd	Insurance Claim
Motor Vehicles	1,538	308	308	-	As per entitlement	Dibur Hussain	Employee
Motor Vehicles	1,354	-	135	135	As per entitlement	Hamid Masood	Ex-Employee
Motor Vehicles	1,673	335	335	-	As per entitlement	Khawaja Muhammad Aminul Azam	Employee



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Details of disposals of property and equipment

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
	(Rupees in '000)						
Motor Vehicles	1,658	1,077	1,077	-	As per entitlement	Mr. Pervez Rahim	Employee
Motor Vehicles	1,604	325	325	-	As per entitlement	Mr. Javed Haider	Employee
Motor Vehicles	1,708	342	342	-	As per entitlement	Mr. Usman Shahid	Employee
Motor Vehicles	1,858	1,300	1,300	-	As per entitlement	Mr. Zaheer Baig	Ex-Employee
Motor Vehicles	555	-	360	360	Auction	Zahid Iqbal	Auctioneer
Motor Vehicles	560	-	405	405	Auction	Naeem Akhtar Shujrah	Auctioneer
Motor Vehicles	790	-	500	500	Auction	Ajab Khan	Auctioneer
Motor Vehicles	790	-	455	455	Auction	Basharat Jawad Cheema	Auctioneer
Motor Vehicles	830	-	590	590	Auction	Tabish Haider Shaikh	Auctioneer
Motor Vehicles	830	-	550	550	Auction	Nadeem	Auctioneer
Motor Vehicles	830	-	550	550	Auction	Rana Abdus Samad	Auctioneer
Motor Vehicles	830	-	530	530	Auction	Rashid Ayub Khan	Auctioneer
Motor Vehicles	906	-	600	600	Auction	Muhammad Asif Khan	Auctioneer
Motor Vehicles	906	-	640	640	Auction	Nadeem	Auctioneer
Motor Vehicles	906	-	705	705	Auction	Nayyab	Auctioneer
Motor Vehicles	906	-	655	655	Auction	Rana Abdus Samad	Auctioneer
Motor Vehicles	906	-	625	625	Auction	Amanullah Mughal	Auctioneer
Motor Vehicles	906	-	650	650	Auction	Asad Ejaz	Auctioneer
Motor Vehicles	906	-	670	670	Auction	Gul Daad	Auctioneer
Motor Vehicles	1,359	-	1,055	1,055	Auction	Basharat Jawad Cheema	Auctioneer
Motor Vehicles	1,849	-	1,280	1,280	Auction	Azim Ullah Khan	Auctioneer
Motor Vehicles	1,849	-	1,255	1,255	Auction	Ghulam Haider	Auctioneer
Motor Vehicles	7,185	-	4,075	4,075	Auction	Zeeshan Qazi	Auctioneer
Motor Vehicles	664	-	385	385	Auction	Muhammad Ajmal Khan Ghouri	Auctioneer
Motor Vehicles	715	-	490	490	Auction	Asad Ejaz,	Auctioneer
Motor Vehicles	715	-	585	585	Auction	Rao Muhammadnoman Ashfaq,	Auctioneer
Motor Vehicles	600	-	400	400	Auction	Asif Raza Malik	Auctioneer
Motor Vehicles	555	-	410	410	Auction	Muhammad Javed Malik,	Auctioneer
Motor Vehicles	890	-	410	410	Auction	S, Khalid Hussain Taqvi,	Auctioneer
Motor Vehicles	699	-	500	500	Auction	Asif Raza Malik	Auctioneer
Motor Vehicles	790	-	470	470	Auction	Muhammad Shoaib,	Auctioneer
Motor Vehicles	790	-	455	455	Auction	Salim Khan,	Auctioneer
Motor Vehicles	830	-	595	595	Auction	Nadeem,	Auctioneer
Motor Vehicles	906	-	675	675	Auction	Mirza Shafiq Baig,	Auctioneer
Motor Vehicles	602	-	560	560	Auction	Aurang Zaib,	Auctioneer
Motor Vehicles	1,269	-	955	955	Auction	Muhammad Shafiq,	Auctioneer
Motor Vehicles	1,329	-	1,075	1,075	Auction	Tufail Ahmed Memon,	Auctioneer
Motor Vehicles	1,359	-	1,155	1,155	Auction	Abdul Ghaffar Umrani,	Auctioneer
Motor Vehicles	434	-	365	365	Auction	Muhammad Javed	Auctioneer
Motor Vehicles	434	-	430	430	Auction	Baqar Raza Navaid	Auctioneer
Motor Vehicles	664	-	480	480	Auction	Ghulam Rehman	Auctioneer
Motor Vehicles	709	-	540	540	Auction	Rana Abdus Samad	Auctioneer
Motor Vehicles	709	-	570	570	Auction	Ghulam Rehman	Auctioneer
Motor Vehicles	709	-	590	590	Auction	Rana Abdus Samad	Auctioneer
Motor Vehicles	709	-	525	525	Auction	Azim Ullah	Auctioneer
Motor Vehicles	709	-	530	530	Auction	Muhammad Karim	Auctioneer
Motor Vehicles	709	-	625	625	Auction	Syed Razi Hyder	Auctioneer
Motor Vehicles	709	-	650	650	Auction	Muhammad Arif Jameel	Auctioneer
Motor Vehicles	709	-	625	625	Auction	Muhammad Furrukh	Auctioneer
Motor Vehicles	879	-	815	815	Auction	Muhammad Kalim	Auctioneer
Motor Vehicles	1,239	-	1,030	1,030	Auction	Riaz Ahmed	Auctioneer
Motor Vehicles	1,239	-	1,010	1,010	Auction	Abdul Ghaffar	Auctioneer
Motor Vehicles	709	-	465	465	Auction	Muhammad Javed	Auctioneer
Motor Vehicles	830	-	469	469	Auction	Muhammad Javed	Auctioneer
Motor Vehicles	935	-	405	405	Auction	Muhammad Javed	Auctioneer
Motor Vehicles	790	-	393	393	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	790	-	358	358	Auction	Syed Ali Imran Zaidi	Auctioneer
Motor Vehicles	790	-	567	567	Auction	Muhammad Riaz	Auctioneer
Motor Vehicles	790	-	438	438	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	790	-	453	453	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	790	-	443	443	Auction	Rab Nawaz	Auctioneer
Motor Vehicles	790	-	493	493	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	830	-	493	493	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	830	-	473	473	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	906	-	567	567	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	906	-	543	543	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	906	-	567	567	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	709	-	582	582	Auction	Ali Abbas	Auctioneer
Motor Vehicles	879	-	762	762	Auction	Zeshan Iftikhar Hussain	Auctioneer
Motor Vehicles	1,239	-	1,110	1,110	Auction	Ijaz Ahmed	Auctioneer
Motor Vehicles	790	-	554	554	Auction	Syed Yasir Hussain Shah	Auctioneer
Motor Vehicles	709	-	469	469	Auction	Mian Muhammad Haroon	Auctioneer
Motor Vehicles	906	-	524	524	Auction	Abid Ansar	Auctioneer
Motor Vehicles	709	-	459	459	Auction	Riaz Mehmood Malik	Auctioneer
Motor Vehicles	830	-	469	469	Auction	Haseeb Ahmed	Auctioneer
Motor Vehicles	709	-	479	479	Auction	Khalid Mehmood	Auctioneer
Motor Vehicles	709	-	424	424	Auction	Gohar Ali	Auctioneer
Motor Vehicles	830	-	614	614	Auction	Muhammad Yousuf Khan	Auctioneer
Motor Vehicles	830	-	504	504	Auction	Muhammad Yousuf Khan	Auctioneer
Motor Vehicles	830	-	559	559	Auction	Shahzad Ahmed	Auctioneer
Motor Vehicles	830	-	459	459	Auction	Syed Anwar Hasnain	Auctioneer
Motor Vehicles	830	-	469	469	Auction	Abid Ansar	Auctioneer
Motor Vehicles	709	-	454	454	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	906	-	494	494	Auction	Manzoor Qadir	Auctioneer



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Details of disposals of property and equipment

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser
	----- (Rupees in '000) -----					
Motor Vehicles	709	-	544	544	Auction	Syed Yasir Hussain Shah
Motor Vehicles	709	-	624	624	Auction	Syed Yasir Hussain Shah
Motor Vehicles	906	-	479	479	Auction	Manzoor Qadir
Motor Vehicles	709	-	404	404	Auction	Manzoor Qadir
Motor Vehicles	935	-	629	629	Auction	Khurram Ayub
Motor Vehicles	709	-	444	444	Auction	Amir Shafiq
Motor Vehicles	906	-	679	679	Auction	Khurram Ayub
Motor Vehicles	906	-	629	629	Auction	Muhammad Anwar Ch
Motor Vehicles	906	-	649	649	Auction	Muhammad Siraj
Motor Vehicles	906	-	674	674	Auction	Agha Mustafa Ali Shah
Motor Vehicles	906	-	574	574	Auction	Haseeb Ahmed
Motor Vehicles	1,877	-	1,484	1,484	Auction	Muhammad Fuad Mohsin
Motor Vehicles	709	-	465	465	Auction	Rana Abdus Samad
Motor Vehicles	709	-	605	605	Auction	Akhtar Hussain Khan
Motor Vehicles	709	-	545	545	Auction	Basharatjaved Cheema
Motor Vehicles	790	-	520	520	Auction	Rana Abdus Samad
Motor Vehicles	906	-	590	590	Auction	Rashid Ayub Khan
Motor Vehicles	1,239	-	925	925	Auction	Muhammad Aqeel
Motor Vehicles	1,239	-	985	985	Auction	Javed Masih
Motor Vehicles	1,854	-	1,080	1,080	Auction	Jamal Hassan Siddiqui
Motor Vehicles	1,939	-	1,200	1,200	Auction	Muhammad Khalid
Motor Vehicles	1,359	-	970	970	Auction	Khalid Azmat
Motor Vehicles	18	-	5	5	Auction	Asad Ali Shah
Motor Vehicles	709	-	294	294	Auction	Gulzar Hussain
Motor Vehicles	709	-	399	399	Auction	Muhammad Tufail Abid
Motor Vehicles	709	-	419	419	Auction	Muhammad Anwar Ch
Motor Vehicles	709	-	434	434	Auction	Sajid Iqbal
Motor Vehicles	709	-	444	444	Auction	Muhammad Ahsan Iqbal
Motor Vehicles	709	-	494	494	Auction	Shaban Ali Khokhar
Motor Vehicles	709	-	419	419	Auction	Shahbaz Ahmed
Motor Vehicles	709	-	454	454	Auction	Manzoor Qadir
Motor Vehicles	709	-	469	469	Auction	Manzoor Qadir
Motor Vehicles	709	-	459	459	Auction	Muhammad Ahsan Iqbal
Motor Vehicles	709	-	544	544	Auction	Allaudin Chohan
Motor Vehicles	709	-	444	444	Auction	Muhammad Arshad
Motor Vehicles	709	-	444	444	Auction	Manzoor Qadir
Motor Vehicles	906	-	564	564	Auction	Muhammad Ishaq
Motor Vehicles	709	-	399	399	Auction	Ghazanfar Ali
Motor Vehicles	709	-	509	509	Auction	Khurram Ayub
Motor Vehicles	709	-	619	619	Auction	Muhammad Aqib Zahoor
Motor Vehicles	709	-	519	519	Auction	Muhammad Iqbal
Motor Vehicles	709	-	699	699	Auction	Talib Hussain Naz
Motor Vehicles	709	-	564	564	Auction	Muhammad Aqib Zahoor
Motor Vehicles	709	-	484	484	Auction	Manzoor Qadir
Motor Vehicles	709	-	644	644	Auction	Zeeshan Ishaq
Motor Vehicles	790	-	395	395	Auction	Rana Abdus Samad
Motor Vehicles	709	-	520	520	Auction	Hasan Shahid
Motor Vehicles	709	-	680	680	Auction	Humayun Shafiq
Motor Vehicles	709	-	560	560	Auction	M.Shabbir Uddin
Motor Vehicles	709	-	590	590	Auction	Muhammad Asif
Motor Vehicles	709	-	630	630	Auction	Mohammad Aurangzeb
Motor Vehicles	709	-	635	635	Auction	Mahmood Habib
Motor Vehicles	709	-	715	715	Auction	Ifkhar Ahmed
Motor Vehicles	709	-	710	710	Auction	Muhammad Sohail Zaman
Motor Vehicles	709	-	610	610	Auction	Shahid Ahmed Abbasi
Motor Vehicles	906	-	720	720	Auction	Naimatullah
Motor Vehicles	1,239	-	1,070	1,070	Auction	Muhammad Dawood
Motor Vehicles	1,239	-	1,090	1,090	Auction	Amil Gul
Motor Vehicles	1,289	-	1,100	1,100	Auction	Muhammad Aslam
Motor Vehicles	1,800	-	1,345	1,345	Auction	Mirza Khurshid Baig
Motor Vehicles	790	-	310	310	Auction	Sultan Zaib
Motor Vehicles	709	-	445	445	Auction	Rafi Ahmed Jafri
Motor Vehicles	709	-	465	465	Auction	Syed Arsalan Sadiq
Motor Vehicles	709	-	535	535	Auction	Shiekh Amir Mehmood
Motor Vehicles	709	-	560	560	Auction	Javed Akhtar Baloch
Motor Vehicles	709	-	575	575	Auction	Syed Arsalan Sadiq
Motor Vehicles	709	-	450	450	Auction	Rashid Ayub Khan
Motor Vehicles	709	-	210	210	Auction	Muhammad Hamid
Motor Vehicles	709	-	640	640	Auction	Rashid Ayub Khan
Motor Vehicles	709	-	605	605	Auction	Muhammad Bilal Khan
Motor Vehicles	906	-	410	410	Auction	Abdul Kaleem
Motor Vehicles	1,239	-	645	645	Auction	Rana Abdus Samad
Motor Vehicles	1,239	-	675	675	Auction	Ifkhar Ahmed
Motor Vehicles	1,289	-	675	675	Auction	Mumtaz Ali
Motor Vehicles	1,800	-	580	580	Auction	Sultan Zaib
Motor Vehicles	407	-	535	535	Auction	Muhammad Asif
Motor Vehicles	709	-	460	460	Auction	Auctioneer
Motor Vehicles	709	-	550	550	Auction	Auctioneer
Motor Vehicles	709	-	555	555	Auction	Auctioneer
Motor Vehicles	709	-	340	340	Auction	Auctioneer
Motor Vehicles	709	-	475	475	Auction	Auctioneer
Motor Vehicles	709	-	575	575	Auction	Auctioneer
Motor Vehicles	709	-	340	340	Auction	Auctioneer
Motor Vehicles	709	-	575	575	Auction	Auctioneer



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Details of disposals of property and equipment

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser
	(Rupees in '000)					
Motor Vehicles	709	-	405	405	Auction	Auctioneer
Motor Vehicles	709	-	520	520	Auction	Auctioneer
Motor Vehicles	709	-	560	560	Auction	Auctioneer
Motor Vehicles	790	-	470	470	Auction	Auctioneer
Motor Vehicles	790	-	460	460	Auction	Auctioneer
Motor Vehicles	790	-	635	635	Auction	Auctioneer
Motor Vehicles	863	-	670	670	Auction	Auctioneer
Motor Vehicles	709	-	435	435	Auction	Auctioneer
Motor Vehicles	709	-	545	545	Auction	Auctioneer
Motor Vehicles	709	-	470	470	Auction	Auctioneer
Motor Vehicles	709	-	595	595	Auction	Auctioneer
Motor Vehicles	709	-	630	630	Auction	Auctioneer
Motor Vehicles	790	-	350	350	Auction	Auctioneer
Motor Vehicles	790	-	520	520	Auction	Auctioneer
Motor Vehicles	790	-	515	515	Auction	Auctioneer
Motor Vehicles	367	-	235	235	Auction	Auctioneer
Motor Vehicles	709	-	335	335	Auction	Auctioneer
Motor Vehicles	709	-	405	405	Auction	Auctioneer
Motor Vehicles	709	-	300	300	Auction	Auctioneer
Motor Vehicles	709	-	490	490	Auction	Auctioneer
Motor Vehicles	709	-	545	545	Auction	Auctioneer
Motor Vehicles	709	-	515	515	Auction	Auctioneer
Motor Vehicles	709	-	595	595	Auction	Auctioneer
Motor Vehicles	709	-	305	305	Auction	Auctioneer
Motor Vehicles	709	-	430	430	Auction	Auctioneer
Motor Vehicles	709	-	455	455	Auction	Auctioneer
Motor Vehicles	709	-	555	555	Auction	Auctioneer
Motor Vehicles	709	-	520	520	Auction	Auctioneer
Motor Vehicles	709	-	535	535	Auction	Auctioneer
Motor Vehicles	709	-	335	335	Auction	Auctioneer
Motor Vehicles	709	-	415	415	Auction	Auctioneer
Motor Vehicles	709	-	550	550	Auction	Auctioneer
Motor Vehicles	709	-	340	340	Auction	Auctioneer
Motor Vehicles	709	-	530	530	Auction	Auctioneer
Motor Vehicles	1,523	304	304	-	As per entitlement	Mr. Aftab Alam
Motor Vehicles	1,645	69	69	-	As per entitlement	Mr. Owais
Motor Vehicles	2,102	206	479	273	As per services rules	Suleman Akhtar - Karachi
Motor Vehicles	2,156	325	341	16	As per services rules	Ozair Ali Khan, Karachi
Motor Vehicles	1,039	692	702	10	As per services rules	Raheel Rehman
Motor Vehicles	1,568	-	811	811	Negotiation	Hafiz Muhammad Waqas- Lahore
	263,757	21,701	143,295	121,594		
Lease Vehicles	2,050	457	560	103	As per services rules	Saad Bin Khalid
Lease Vehicles	1,350	301	563	262	As per services rules	Atta Muhammad Ujian
Lease Vehicles	1,670	289	529	240	As per services rules	Asim Wahab
Lease Vehicles	2,267	386	717	331	As per services rules	Samiuddin Ahmed - Karachi
Lease Vehicles	1,793	466	1,073	607	As per services rules	Furqan Ahmed - Karachi
Lease Vehicles	1,663	506	1,030	524	As per services rules	Tahir Lateef - Karachi
Lease Vehicles	1,663	916	1,182	266	As per services rules	Anita Mirza
Lease Vehicles	1,675	284	530	246	As per services rules	Khalid Mehmood - Karachi
Lease Vehicles	1,678	1,211	1,500	289	As per services rules	Murad Sulaiman Gwaduri
Lease Vehicles	1,682	316	532	216	As per services rules	Asim Nisar Rana - Lahore
Lease Vehicles	683	273	280	7	As per services rules	Syed Haseeb Ahsan - Lahore
Lease Vehicles	683	366	469	103	As per services rules	Muhammad Ahmed Hasan
Lease Vehicles	683	339	357	18	As per services rules	Syed Muhammad Waseem - Lahore
Lease Vehicles	964	551	800	249	As per services rules	Wajeeha Gul - Lahore
Lease Vehicles	683	404	471	67	As per services rules	Shafqat Farooq, Lahore
	21,187	7,065	10,593	3,528		
Assets held under Ijarah - Machinery	34,500	12,000	12,000	-	As per agreement	Abdullah Sugar Mills Limited
Assets held under Ijarah - Machinery	52,000	17,000	17,000	-	As per agreement	Abdullah Sugar Mills Limited
Assets held under Ijarah - Machinery	18,000	1,800	1,800	-	As per agreement	Gourmet Foods
Assets held under Ijarah - Machinery	6,305	2,206	2,181	(26)	As per agreement	Sohail Textile Mills Ltd
Assets held under Ijarah - Machinery	6,328	2,208	2,208	-	As per agreement	Sheikhpura Textile Mills Limited
Assets held under Ijarah - Machinery	5,202	1,175	1,150	(26)	As per agreement	Sheikhpura Textile Mills Limited
Assets held under Ijarah - Machinery	5,202	1,301	1,301	-	As per agreement	Sheikhpura Textile Mills Limited
Assets held under Ijarah - Machinery	22,000	5,000	5,000	-	As per agreement	Abdullah Sugar Mills Limited
Assets held under Ijarah - Machinery	2,494	249	249	-	As per agreement	Synthetic Products Enterprises Limited
Assets held under Ijarah - Machinery	8,908	891	891	-	As per agreement	Zoom Petroleum Pvt Ltd
Assets held under Ijarah - Machinery	22,900	11,908	11,908	-	As per agreement	Tariq Baig
Assets held under Ijarah - Machinery	13,500	1,350	1,350	-	As per agreement	Mr. Haseeb Ilyas
Assets held under Ijarah - Machinery	9,500	950	950	-	As per agreement	Hira Textile Mills Limited
Assets held under Ijarah - Machinery	7,254	941	941	-	As per agreement	Doctors Hospital & Medical Centre
Assets held under Ijarah - Machinery	7,906	791	791	-	As per agreement	Tariq Glass Industries Limited
Assets held under Ijarah - Machinery	14,074	1,759	1,407	(352)	As per agreement	Ayesha Spinning Mills Limited
Assets held under Ijarah - Machinery	5,664	991	991	-	As per agreement	Tariq Zaman
Assets held under Ijarah - Machinery	5,519	1,104	1,138	34	As per agreement	Tariq Glass Industries Limited
Assets held under Ijarah - Machinery	18,594	10,847	10,847	-	As per agreement	Millennium Land Development
Assets held under Ijarah - Machinery	4,500	2,972	2,972	-	As per agreement	Dr. Rizwan Jamil Rahman
Assets held under Ijarah - Machinery	3,434	2,633	3,120	488	As per agreement	Rizwan Bashir S/O Sheikh Muhammad Bashir
Assets held under Ijarah - Machinery	5,890	971	2,518	1,547	As per agreement	Asset-Shah G Coal Suppliers
Assets held under Ijarah - Machinery	7,828	3,455	2,809	(646)	As per agreement	Sheikhpura Textile Mills Limited
	287,502	84,501	85,521	1,020		



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Details of disposals of property and equipment

Particulars of property and equipment	Original Cost	Book Value	Sale Proceed	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser
	(Rupees in '000)					
Assets held under Ijarah - Vehicle	479	300	300	-	As per agreement	Fozia Rani
Assets held under Ijarah - Vehicle	1,491	1,100	1,093	(7)	As per agreement	Muhammad Aqeel Malik
Assets held under Ijarah - Vehicle	1,980	198	198	-	As per agreement	City News Network Private Limited
Assets held under Ijarah - Vehicle	1,625	605	601	(4)	As per agreement	Asif Ali
Assets held under Ijarah - Vehicle	1,845	1,030	1,233	203	As per agreement	Intikhab Alam
Assets held under Ijarah - Vehicle	2,015	543	611	68	As per agreement	Fareed Ahmad
Assets held under Ijarah - Vehicle	1,200	188	188	-	As per agreement	Bramerz Pvt Limited
Assets held under Ijarah - Vehicle	7,212	721	721	-	As per agreement	City News Network Private Limited
Assets held under Ijarah - Vehicle	1,494	681	672	(9)	As per agreement	Muhammad Saeed
Assets held under Ijarah - Vehicle	1,638	422	225	(196)	As per agreement	Awais Afzal s/o Muhammad Afzal Sheikh
Assets held under Ijarah - Vehicle	1,690	169	169	-	As per agreement	City News Network Private Limited
Assets held under Ijarah - Vehicle	1,555	738	743	5	As per agreement	Naseeb Online Services (Pvt) Limited
Assets held under Ijarah - Vehicle	2,459	1,249	1,296	47	As per agreement	Muhammad Nisar
Assets held under Ijarah - Vehicle	1,262	126	126	-	As per agreement	City News Network Private Limited
Assets held under Ijarah - Vehicle	1,512	513	565	52	As per agreement	Imran Akbar
Assets held under Ijarah - Vehicle	4,230	1,085	1,187	102	As per agreement	Amir Younus s/o Ch. Muhammad Younus
Assets held under Ijarah - Vehicle	2,161	925	925	-	As per agreement	Dr. Shafique Ahmad
Assets held under Ijarah - Vehicle	3,018	151	151	-	As per agreement	Faraz Ahmed Chaudhry
Assets held under Ijarah - Vehicle	1,208	75	103	28	As per agreement	Sheikhpura Textile Mills Limited
Assets held under Ijarah - Vehicle	2,494	249	249	-	As per agreement	Bramerz Pvt Limited
Assets held under Ijarah - Vehicle	1,380	138	(127)	(265)	As per agreement	Doctors Hospital & Medical Centre
Assets held under Ijarah - Vehicle	1,781	223	178	(45)	As per agreement	Ravi Agric
Assets held under Ijarah - Vehicle	1,029	474	644	170	As per agreement	Shafaq Irfan W/O Irfan Masood Ch.
Assets held under Ijarah - Vehicle	2,000	250	250	-	As per agreement	Bramerz Pvt Limited
Assets held under Ijarah - Vehicle	1,049	539	539	-	As per agreement	Khawaja Israr Hassan
Assets held under Ijarah - Vehicle	1,250	542	542	-	As per agreement	Farouq Anwar Khawaja
Assets held under Ijarah - Vehicle	2,154	942	921	(21)	As per agreement	Amir Younus s/o Ch. Muhammad Younus
Assets held under Ijarah - Vehicle	1,653	1,084	1,068	(16)	As per agreement	Naghmana Abid
Assets held under Ijarah - Vehicle	1,039	790	790	-	As per agreement	Muhammad Waseem Abbas Qazi
Assets held under Ijarah - Vehicle	2,494	973	947	(25)	As per agreement	Dr. Kamran Khalid Chima
Assets held under Ijarah - Vehicle	1,512	840	814	(26)	As per agreement	Sheikhpura Textile Mills Limited
Assets held under Ijarah - Vehicle	1,662	1,219	1,334	115	As per agreement	Mushtaq Ahmed s/o Muhammad Aslam
Assets held under Ijarah - Vehicle	1,512	854	1,144	290	As per agreement	Nasreen Amir Working Under The Name & Style Of Jauher Public
Assets held under Ijarah - Vehicle	1,512	942	987	45	As per agreement	Salman Munir Malik
Assets held under Ijarah - Vehicle	1,683	605	982	377	As per agreement	Amir Mehmood s/o Mehmood UI Hassan
Assets held under Ijarah - Vehicle	2,100	599	599	-	As per agreement	Hira Terry Mills Limited
Assets held under Ijarah - Vehicle	1,846	1,075	1,108	34	As per agreement	Muhammad Ali Uppal
Assets held under Ijarah - Vehicle	1,771	1,215	1,474	260	As per agreement	Hassan Akhter Khan
Assets held under Ijarah - Vehicle	1,512	638	650	12	As per agreement	Farrukh Hayat Pannoun
Assets held under Ijarah - Vehicle	2,523	1,774	1,774	-	As per agreement	Omer Glass Industries Limited
Assets held under Ijarah - Vehicle	1,846	1,358	1,358	-	As per agreement	Syed Yaseen Hasan
Assets held under Ijarah - Vehicle	1,542	1,144	1,144	-	As per agreement	Mr.Zafar Ahmed s/o Abdul Majeed
Assets held under Ijarah - Vehicle	1,034	862	890	29	As per agreement	Imran Akhtar Butt
Assets held under Ijarah - Vehicle	1,512	1,301	1,333	32	As per agreement	Javaid Akhter s/o Muhammad Tufail
Assets held under Ijarah - Vehicle	1,771	1,351	1,389	38	As per agreement	Zill-E-Huma w/o Ghulam Muhtaba
Assets held under Ijarah - Vehicle	1,771	1,549	1,285	(263)	As per agreement	Muhammad Siddique s/o Muhammad Ramzan
Assets held under Ijarah - Vehicle	1,801	1,611	1,658	46	As per agreement	Muhammad Kaleem Haider
Assets held under Ijarah - Vehicle	695	537	579	42	As per agreement	Mirza Mansoor Baig
Assets held under Ijarah - Vehicle	1,385	995	995	-	As per agreement	Pharmagen Health Care Limited
Assets held under Ijarah - Vehicle	1,653	1,303	1,322	19	As per agreement	Mohammad Adnan
Assets held under Ijarah - Vehicle	1,034	878	906	28	As per agreement	Tanveer Hussain s/o Siddiq Hasan
Assets held under Ijarah - Vehicle	1,004	735	735	-	As per agreement	Afaq Ahmad s/o Zaka Ullah
Assets held under Ijarah - Vehicle	1,576	1,203	1,299	96	As per agreement	Umar Irfan Akhtar s/o Irfan Ahmed Akhtar
	94,647	41,610	42,869	1,259		
	686,505	164,199	291,698	127,499		
Other Assets (having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000)	12,894	4,711	2,973	(1,739)		
	699,400	168,911	294,671	125,760		



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Annexure IV as referred to in Note 28.2 to the consolidated financial statements

	2017	2016
	(Rupees in '000)	
Donations include following amounts exceeding Rs 0.1 million:		
Fatimid Foundation Kidney Centre Quetta.	-	450
The Citizens Foundation	860	500
Patients' Aids Foundation	500	-
LRBT	500	-
Kharadar General Hospital	500	-
Liver Foundation Trust	1,000	-
	3,360	950
Contributions for Corporate & Social Responsibilities include following amounts exceeding Rs 0.1 million:		
Marie Adelaide Leprosy Centre, Karachi	-	990
Institute of Business Administration (IBA)	-	2,100
Pakistan Disabled Foundation, Karachi	270	-
Behbud Association of Pakistan, Rawalpindi	160	-
Sundas Foundation, Lahore	250	350
Treatment for Dialysis Patients at Pak Kidney Institute, Islamabad	-	450
Scolorship for 10 students of Sargodhian Spirit Trust Tandoallyar.	3,750	3,750
Help International Welfare Trust-Karachi.	240	-
The Aga Khan University Hospital	-	7,500
SOS Children's Village Islamabad.	400	-
20 Students Scholarship,through Professional Education Foundation, Karachi	1,200	1,200
Orphan Students Educational Expenses Roshni Homes.Lahore	200	-
Sindh Disabled Association, in Khairpur.	159	-
Firdous Ittehad Social Welfare Orgaiz Karachi	-	38
NBP Scholarship Program Namal College Mianwali	-	1,500
NBP Scholarship Program Sindh Madressat al Islam University.	-	720
NBP Female Ward in MALC.	-	495
Patient Welfare Dept at Awn-e-Tijarat-o-Sanat Hospital Trust Karachi.	-	100
Poor Patients Treatment Pakistan Kidney Institute Islamabad	200	-
Jammia Masjid at Distt Kohlu Baluchistan.	-	500
3rd Install15 non-formal Schools Adopted by NBP in Collab with CCF Lahore	-	3,150
Aman Ambulance to Aman Foundation .	2,000	2,000
Financial Grant to Widoe of Deceased Police Constable Died During On-Duty.	-	500
Prevention of Blindness Trust.	-	183
Support a child Program by Sp-Children School(PNAD) Mauripu.r	230	202
06 Student Studying at Deaf Reach School .	-	432
Thar Relief Appeal 2016 "Installation of Hands Pumps" Tharparkar.	-	260
Medical Equipment at Al Mustafa Trust Medical Centre Lahore.	-	390
NBP Scholarship Programme for the students of Boys&Girls High School Teh Pazza Balochistan.	-	479
Adaptation of MALC Triple Merger Centre at ,Swabi,KPK.	-	450
06-Girls Students one year Tuition Fee & Uniforms to Kashf Foundation.	150	-
Scholarship of 15 Children for one year by Education fund for Sindh(EFS).	-	126
Rheumatic Diseases for Arthritis/students support Care Foundation Shadman Lahore.	126	-
05 Student Scholarship to Deaf Reach School by Family Education Services Foundation.	-	360
Adoption of 05 Children at Ida Rieu Welfare Association for Blind.Karachi	-	120
Pakistan Association for the Blinds,Karachi.	300	-



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	2017	2016
	(Rupees in '000)	
NBP Scholarship at Centre for Development Social Services ,Karachi.	-	673
Books for Underprivileged Children Studying in Minerva Education System Khi.	317	180
Wheel Chairs & Stretchers at Abbas Institute of Medical Sciences AJK.	-	239
Govt.Girls Sec-School Gizri Ravians Educational Services Trust.	-	400
Distribution of Ramzan Food Package Packets for Lyari Town,Karachi.	1,000	2,276
Uniform & Shose for students at ABB Gulshan-e-iqbal,Karachi	-	150
Rehabilitation-Street Childrens Program AAS Trust Karachi.	-	400
NBP Women V- Training Programe by Kaus-e-Kazah Bhakkar.	-	250
NBP Women V- Training Programe by Kaus-e-Kazah Abbottabad.	-	250
2nd Inst NBP Scholarship for 17 students-Centre for Devel Social Services Karachi.	1,010	673
Food for 10 Patients for 11 month Koochi Goth Hospital,Sindh.	-	495
Vocation Training in Collaboration with Fatima Ali Joo Welfare Foundation (FAWF).	-	271
Equipment-Gulab Devi Chest Hospital,Lahore.	360	450
Ghurki Trust Teaching Hospital Jallo Morr,Lahore.	-	150
NBP Scholarship Program,252 Children at High School Pazza,Distt,Kohlu Baluchistan	-	126
Patients Treatment at The Indus Hospital,Karachi.	475	200
01 Class Edu-Expences,One Year at Nowshera KPK,The Citizen Foundation	-	360
Child Aid Association at National Institute of Child Health Karachi.	-	300
Blood Bank run by Sada Welfare Foundation at (NICH) Karachi.	-	300
Donation-Nigahban Welfare Association at Civil Hodbital, Khi.	300	-
Treatment Poor Patients by Transparent Hands ,Lahore.	-	373
Renovation of National Police Bureau Library Islamabad.	-	500
Department of Special Education Govt. College of Home Economics Lahore.	-	300
10 Fowler Bed/Incubator to Hazrat Abbas Hospital at Skardu.	-	272
50 Sewing Machines,Hafizaan Bibi Training Center Bilal Ganj,Sheikhupura Punjab.	-	127
Medical Equipment-Surriya Khaliq Free Medical Center Sheikhupura Punjab.	-	470
Bed of Life at Fatima kidney Care Hospital Karachi.	141	141
15 Water Hand Pump in Villages of Sindh by CH&EWF	-	375
S-Machine to Women Residing in Adara-e-Behbood-e-Umat Rasida Old Age Home Quetta.	-	187
The Kidney Center Institute Islamabad.	-	300
Infusion Pumps for NICVD at Karachi.	473	375
Uniform & Shose for Students Studying at AAB,Karachi.	777	419
Various Equip Association for the Rehabilitation of Physically Disabled.	-	407
Equipment for Patients Welfare Society MAYO Hospital,Lahore.	250	300
Vocation Training + 20 Sewing Machine in Distt Multan By Kaus-e-Kazah.	-	250
Afzaal Memorial Thalassemia Foundation Karachi.	-	400
Equipment Koochi Goth Hospital, Karachi.	-	375
Cancer Care Hospital & Research Centre, Lahore.	-	200
3rd & Final Installment-Taaleem Foundation School in Kila Siafullah & Muslim Bagh.	-	6,000
2nd Instal Habib University Foundation to Faculty Development & Research Fund Karachi.	3,340	3,330
Re-Adaption of Female Ward in Marie Adelaide Leprosy Centre Karachi.	1,980	495
01Ambulance & 50 Non food item kits to Pakistan Red Crescent Society Islamabad.	8,105	-
1st Inst NBP Schlr 10 students-Wise Education Society Lhr.	1,200	-
10 Motocycle Rickshaws,Poor Deserving People of Tharparkar by Pak Hindu Council.	800	-
Shifa International Hospital, Islamabad.	500	-
Waiting Area at Dr. A.Q Khan Hospital Trust Lahore.	495	-
Baby Warmer to Arif Memorial Trust Hospital Lahore.	495	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	(Rupees in '000)	
One Year Educational Exp of 02 Childrens Fresh Foundation Lhr.	480	-
Cancer Treatment to Underprivileged Patients by Cancer Found Khi.	475	-
Poor Patients of Heart Diseases at PANAHA Trust Hospital Isb.	463	-
Constraction of Classroom for Special Children by Marghzar Welfare Society	660	-
Chemistry Analyzer Thalassemia Patients at Muhammadi Blood Bank & Thalassemia Karachi.	821	-
Re-Adaptation of MALC Triple Merger Centre at Kohistan KPK.	450	-
03 Female Students (Nurses) at Rashid Latif Nursing College Lhr..	450	-
Donation-NBP Technical Training Program for S-Person(Male/Female) Fsd.	445	-
Yearly Scholarship-Deaf Reach School-Supervised by FESF Sukkur.	432	-
Combined Marriages Program by Pakistan Hindu Council Khi	400	-
Donation-Cardiac Monitor/Scanner-Memoona Anwar Nazeer Begum Trust Fsd.	400	-
Donation-Upgrad & Supplied 20 Computers for Lab at Univty of Haripur KPK.	399	-
Donation-Annual Educational Exp Childrens Al-Maisam W-Trust G-Baltistan.	365	-
Women Empowerment Through V-Training by HHWA at Pakora Olding Skardu-Gilgit Baltistan	348	-
Donation-Computer/Laboratory Items to Formal School "Bunyd-e-Fatima School" Lhr.	347	-
Stationary for Various school of Gilgit Baltistan by Al-Meesam Welfare Trust.Skardu.	337	-
Donation-NBP Scholarship 17 Students at CDSS, Korangi Academy by INFAQ Foundation.Khi.	337	-
Donation-CTG Machine/Fetal Monitor to Lady Atchison Hospital Lahore.	325	-
Donation-Brain Surgery Opration at Lahore General Hospital.	317	-
Donation-Afzal Memorial Thalassemia Foundation Karachi.	300	-
Donation-Sir Ganga Ram Hospital at Lahore.	300	-
Donation-child Aid Association Civil Hospital Karachi..	300	-
Donation-Development Medical Centre within the Premises of University KPK.	300	-
Donation-Medical Treatment of Patients Distt Tuberculosis Association KPK.	300	-
Donat-Scholarship,Uniforms,Copies,& Bag to Underprivileged Students Skardu.	300	-
Donat-CTG Machine to Patient Welfare Society at Lady Aitchison Hospital Lhr.	540	-
Donation-Establishment of Computer Lab at Nice Welfare Society.LHR.	278	-
Donation-300 Quilts to the Destitute Families in Rashun Village Chitral, KPK.	255	-
Contribution-Food for Underprivileged Families by Rizq Lahore.	250	-
Donation-Establishment of NBP KKO Production and Display Center at Pindi.	250	-
02 Student,s Yearly Educational Exp,by PRJEES a Project of Wise & Speech,Lahore.	240	-
Donation-Art Room Items Centre of Excellence-Pakistan Associ-of the Deaf.	237	-
Donation-Bait-ul-sakoon Cancer Hospital Fund Raising Dinner/Play Khi.	200	-
Donation-Rising Angels(Centre for Special Children)Govt College of H.Economics, Lhr	200	-
Donation-Mukhtaran Rafiq Foundation for Providing freeTreatment Poor Patients,Lahore.	200	-
Donation-Bone Marrow Transplantation at National Institute of Blood Disease at Khi.	200	-
Water Boring for Two Villages in Tharparkar Sindh.	190	-
Donation-02 Days Poor Patients Dailysis Expenses by Ali Hajvery Free Drug Bank at Lhr.	180	-
06 Orphan Students Edu Expenses by Iqra Foundation(SAWERA) Educational & Welfare Society.Pin	176	-
Donation-Medical Equipments to Safia Medical Center Korangi.	155	-
Donation-Construct Waiting Area in Women University Swabi	150	-
Donation-Jamia Ehtashamia & Thanvi Mosque Jacob Lines-Khi	150	-
Donation-Hearing Aids to Islamaic Educational Welfare Society for Special Persons Khi.	147	-
10 Students Exp-Educate a Child Prog, by Ittehad Foundation School at Lhr.	120	-
Donation-02 Multimedia to Shah Abdul Latif University Khairpur Sindh.	114	-
Donation-5 Computers to Govt. Science College Mirpur Azad Kashmir.	106	-
Donation 06 Tricycles 06 Sewing Machines to Gulistan-e-Mazooreen at Mirpurkhas.	106	-
Patient Aid Foundation	-	500
Professional Education Foundation	-	120
	46,147	52,704



PATTERN OF SHAREHOLDING

As at December 31, 2017

Description	No. of shareholders	No. of Shares	per %
Government			
M/s. Federal Government of Pakistan	1	6,238,919	0.29
M/s. Pakistan Atomic Energy Commission	1	679,424	0.03
Privatisation Commission of Pak Ministry of Prvt. & Invest.	1	1,656,788	0.08
Associated Companies, Undertakings and related parties			
First Credit & Investment Bank Limited	1	70,000	0.00
STATE BANK OF PAKISTAN			
	1	1,599,845,728	75.20
Mutual Funds			
	14	9,927,255	0.47
Director, Chief Executive, and their spouse and minor children			
Farid Malik	1	1,000	0.00
Muhammad Imran Malik	1	11,270	0.00
Muhammad Naeem	1	23,500	0.00
Shahida Naeem	1	23,000	0.00
Executives			
	4	18,745	0.00
Public Sector Companies and Corporations			
	10	88,655,372	4.17
Banks, Development finance institutions, non-banking finance companies, insurance companies, takaful companies, and modarabas			
	20	30,641,031	1.44
General Public			
Local	12,074	100,799,477	4.74
Foreign	58	743,812	0.03
Foreign Companies			
	94	203,169,923	9.55
Others			
	190	85,007,782	4.00
TOTALS			
	12,473	2,127,513,026	100.00

Shareholders holding five percent or more voting rights in the public sector company:

State Bank of Pakistan		1,599,845,728	75.20
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PATTERN OF SHAREHOLDING

As at December 31, 2017

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1269	1	to	100	49,074
2105	101	to	500	708,514
1596	501	to	1000	1,342,218
3609	1001	to	5000	9,332,406
2187	5001	to	10000	14,684,216
527	10001	to	15000	6,563,683
267	15001	to	20000	4,791,971
137	20001	to	25000	3,153,096
105	25001	to	30000	2,896,982
59	30001	to	35000	1,902,904
57	35001	to	40000	2,183,134
36	40001	to	45000	1,531,194
57	45001	to	50000	2,781,050
34	50001	to	55000	1,792,780
18	55001	to	60000	1,029,512
18	60001	to	65000	1,127,125
28	65001	to	70000	1,918,780
14	70001	to	75000	1,023,875
9	75001	to	80000	709,981
12	80001	to	85000	993,131
12	85001	to	90000	1,049,720
5	90001	to	95000	462,916
39	95001	to	100000	3,879,114
10	100001	to	105000	1,023,863
8	105001	to	110000	864,321
10	110001	to	115000	1,135,063
2	115001	to	120000	238,000
8	120001	to	125000	992,350
5	125001	to	130000	644,179
3	130001	to	135000	393,305
6	135001	to	140000	836,377
5	140001	to	145000	712,757
3	145001	to	150000	449,950
4	150001	to	155000	613,500
6	155001	to	160000	950,427
4	160001	to	165000	657,618
12	165001	to	170000	2,021,711
3	170001	to	175000	521,968



PATTERN OF SHAREHOLDING

As at December 31, 2017

No. of Shareholders	Shareholdings' Slab			Total Shares Held
2	175001	to	180000	357,000
1	180001	to	185000	184,272
1	185001	to	190000	190,000
4	190001	to	195000	768,604
9	195001	to	200000	1,794,656
1	200001	to	205000	200,516
3	205001	to	210000	627,708
1	210001	to	215000	210,666
1	215001	to	220000	218,500
3	220001	to	225000	667,330
4	225001	to	230000	916,450
3	230001	to	235000	698,985
2	235001	to	240000	474,288
2	240001	to	245000	485,000
6	245001	to	250000	1,487,094
2	250001	to	255000	502,374
3	265001	to	270000	802,825
2	270001	to	275000	549,000
1	275001	to	280000	276,500
2	280001	to	285000	568,000
1	285001	to	290000	288,061
1	290001	to	295000	291,620
4	295001	to	300000	1,199,984
1	300001	to	305000	302,530
1	310001	to	315000	313,550
2	315001	to	320000	633,000
1	320001	to	325000	325,000
1	325001	to	330000	325,500
2	345001	to	350000	695,782
2	350001	to	355000	701,478
2	355001	to	360000	712,119
2	360001	to	365000	723,542
2	370001	to	375000	745,733
2	380001	to	385000	767,000
1	390001	to	395000	394,500
3	395001	to	400000	1,193,312
1	400001	to	405000	405,000
2	405001	to	410000	815,000



PATTERN OF SHAREHOLDING

As at December 31, 2017

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1	415001	to	420000	416,444
1	420001	to	425000	425,000
1	425001	to	430000	430,000
2	445001	to	450000	893,391
2	450001	to	455000	909,000
1	455001	to	460000	456,099
1	460001	to	465000	465,000
1	465001	to	470000	466,000
1	475001	to	480000	478,500
1	480001	to	485000	485,000
4	495001	to	500000	2,000,000
2	500001	to	505000	1,004,987
1	530001	to	535000	530,759
1	555001	to	560000	560,000
1	575001	to	580000	578,500
1	605001	to	610000	610,000
1	620001	to	625000	625,000
2	640001	to	645000	1,285,011
1	670001	to	675000	672,540
1	675001	to	680000	679,424
1	690001	to	695000	695,000
1	695001	to	700000	700,000
1	705001	to	710000	707,609
1	730001	to	735000	734,683
4	745001	to	750000	2,997,140
1	825001	to	830000	827,900
1	840001	to	845000	842,000
2	895001	to	900000	1,799,643
4	995001	to	1000000	4,000,000
1	1000001	to	1005000	1,001,516
1	1130001	to	1135000	1,130,847
1	1140001	to	1145000	1,144,026
1	1145001	to	1150000	1,147,773
2	1160001	to	1165000	2,329,000
1	1250001	to	1255000	1,255,000
1	1260001	to	1265000	1,263,737
1	1325001	to	1330000	1,328,190
1	1330001	to	1335000	1,330,500



PATTERN OF SHAREHOLDING

As at December 31, 2017

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1	1340001	to	1345000	1,345,000
1	1555001	to	1560000	1,557,500
1	1580001	to	1585000	1,585,000
1	1645001	to	1650000	1,645,406
1	1655001	to	1660000	1,656,788
1	1665001	to	1670000	1,666,063
1	1705001	to	1710000	1,706,758
1	1750001	to	1755000	1,753,766
1	1795001	to	1800000	1,796,223
1	1840001	to	1845000	1,843,737
1	1860001	to	1865000	1,862,404
1	1910001	to	1915000	1,912,000
1	1995001	to	2000000	2,000,000
1	2045001	to	2050000	2,050,000
1	2160001	to	2165000	2,164,500
1	2185001	to	2190000	2,189,208
1	2430001	to	2435000	2,434,000
1	2725001	to	2730000	2,727,164
1	2775001	to	2780000	2,779,500
1	2795001	to	2800000	2,800,000
1	2980001	to	2985000	2,981,000
1	3105001	to	3110000	3,110,000
1	3780001	to	3785000	3,780,731
1	3930001	to	3935000	3,933,500
1	3995001	to	4000000	4,000,000
1	4540001	to	4545000	4,541,000
1	5165001	to	5170000	5,166,578
1	5265001	to	5270000	5,270,000
1	5560001	to	5565000	5,561,000
1	5615001	to	5620000	5,619,500
1	6235001	to	6240000	6,238,919
1	6315001	to	6320000	6,316,000
1	6405001	to	6410000	6,407,000
1	6755001	to	6760000	6,758,385
1	8240001	to	8245000	8,240,950
1	8615001	to	8620000	8,618,000
1	8785001	to	8790000	8,789,900
1	8805001	to	8810000	8,809,661



PATTERN OF SHAREHOLDING

As at December 31, 2017

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1	8990001	to	8995000	8,992,000
1	13265001	to	13270000	13,266,768
1	14210001	to	14215000	14,212,500
1	18290001	to	18295000	18,295,000
1	20810001	to	20815000	20,810,470
1	26580001	to	26585000	26,580,956
1	68680001	to	68685000	68,683,263
1	73225001	to	73230000	73,228,737
1	1599845001	to	1599850000	1,599,845,728
12473				2,127,513,026

SERVING THE NATION ACROSS BORDERS



69TH ANNUAL GENERAL MEETING OF NATIONAL BANK OF PAKISTAN

Form of Proxy

Folio No. _____ or CDC participant identity no. _____

CDC A/C No. _____

I/We _____

of _____

being a member(s) of the National Bank of Pakistan, holding shares _____

hereby appoint _____ of _____

also a member of the National Bank of Pakistan (Folio No. _____) or failing him/her _____

of _____ also a member of National Bank of Pakistan (Folio No. _____) as my/our Proxy to

vote for me/us and on my/our behalf at the 69th Annual General Meeting of National Bank of Pakistan, to be held at 9:15 am on Thursday, March 29, 2018 at Grand Ball Room, Pearl Continental Hotel, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2018

Witnesses:

1. Name: _____

Address: _____

CNIC No. _____

2. Name: _____

Address: _____

CNIC No. _____

**Affix Revenue Stamp
of Five Rupees**

Signature _____
(Signature should agree with the
specimen signature registered
with the Bank)

NOTE:

A. General:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. No person shall act as a Proxy, who is not a member of the bank except that the Government of Pakistan/State Bank of Pakistan/Corporation may appoint a person who is not a member.
2. The instrument appointing a Proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than the Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a Proxy, together with the power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited with our Registrar/Transfer Agents, Messrs Central Depository Company of Pakistan Limited, CDC House, 99-B, Block "B", SMCHS, Main Shahrah-e-Faisal, Karachi, not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one Proxy, and more than one instruments of Proxy are deposited by a member with the Bank, all such instruments of Proxy shall be rendered invalid.

B. For CDC Account Holder:

1. The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
3. The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.
4. In case of Government of Pakistan/State Bank of Pakistan/corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with Proxy Form to the Bank.

نیشنل بینک آف پاکستان کا 69 واں سالانہ اجلاس عام

نمائندے کا فارم (پرو کسی فارم)

فولیو نمبر..... سی ڈی سی اکاؤنٹ نمبر.....

سی ڈی سی اکاؤنٹ نمبر.....

میں / ہم.....

جن کا تعلق.....

ہے نیشنل بینک آف پاکستان ہولڈنگ شیئرز نمبر..... کا کے رکن ہوتے ہوئے بذریعہ ہذا..... کے..... کو
جو کہ نیشنل بینک آف پاکستان (فولیو نمبر.....) کارکن بھی ہے یا..... کے..... کی ناکافی کی صورت میں جو کہ نیشنل بینک آف پاکستان
(فولیو نمبر.....) کارکن بھی ہے کو میرے / ہمارے نمائندے کے طور پر نامزد کرتا ہوں / کرتے ہیں تاکہ وہ نیشنل بینک آف پاکستان کے 69 ویں سالانہ اجلاس عام میں میری / ہماری طرف
سے اور میرے / ہمارے لیے ووٹ کرے۔ یہ اجلاس عام 29 مارچ 2018، بروز جمعرات بوقت صبح 9:15 بجے، گرینڈ بال روم، پرنسپل کونسل ہاؤس، کراچی میں اور اس کے کسی التواء پر منعقد ہوگا۔

اسے 2018ء کے..... کو دستخط کیا گیا:

گواہان:

1- نام:.....

پتہ:.....

سی این آئی سی نمبر.....

2- نام:.....

پتہ:.....

سی این آئی سی نمبر.....

پانچ روپے کی
ریونیو اسٹیپ

دستخط.....

(دستخط بینک کے ساتھ درج نمونے کے دستخط سے لازم آہنگ ہونے چاہئیں)

نوٹ

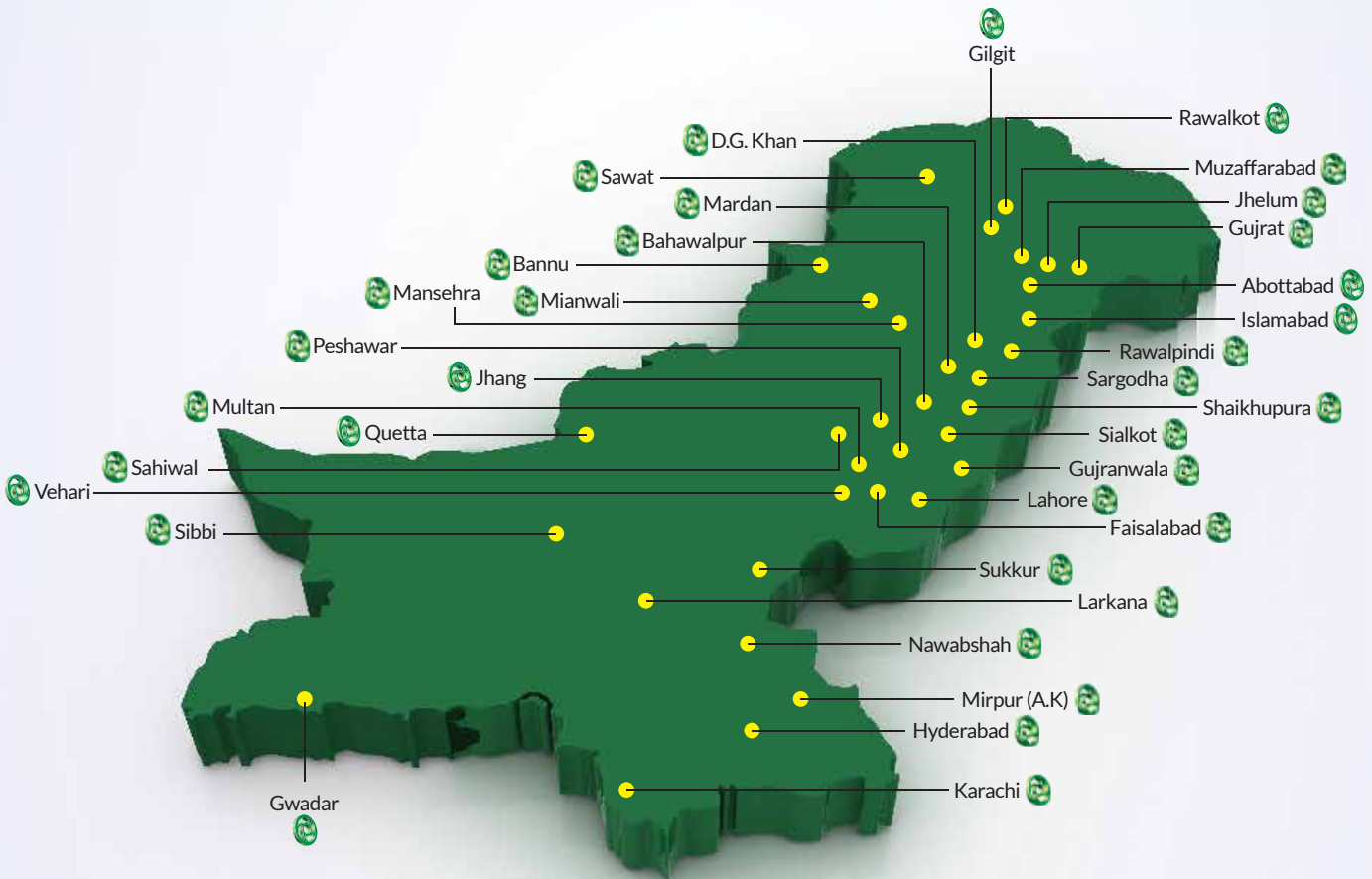
(الف) عمومی:

- 1- رکن جو اجلاس میں شریک ہونے اور ووٹ ڈالنے کا اہل ہے وہ اپنا نمائندہ مقرر کرنے کا بھی اہل ہے تاکہ وہ نمائندہ اس کی جگہ شریک ہو اور ووٹ ڈالے۔ کوئی بھی شخص جو بینک کارکن نہیں ہے اس کو نمائندہ کے طور پر مقرر نہیں کیا جاسکتا (حکومت پاکستان یا بینک دولت پاکستان / کارپوریشن اس سے مستثنیٰ ہیں)۔
- 2- نمائندے کی تفریقی کامعاہدہ / وثیقہ تحریری طور پر اختیار رویے گئے رکن یا اس کے کسی محتیار کار / وکیل کی جانب سے دستخط ہونا چاہئے۔ اگر رکن کوئی کارپوریشن ہے (حکومت پاکستان اور بینک دولت پاکستان کے علاوہ) تو اس کی عمومی مہر معاہدے / وثیقہ پر چسپاں ہونی چاہئے۔
- 3- نمائندے کی تفریقی کامعاہدہ، جتنا نامہ کے ساتھ، اگر کوئی ہے، جس کے تحت اسے دستخط کیا گیا ہے یا اس کی کوئی توثیقی طور پر سند یافتہ نقل، اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل ہمارے رجسٹرار / ٹرانسفر ایجنٹس، میسرز سینٹرل ڈپازٹری کمیٹی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، ۹۹، بلاک ٹی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی میں لازماً جمع کروائی جائے۔
- 4- اگر ممبر ایک سے زیادہ نمائندے مقرر کرتا ہے اور بینک کے ساتھ رکن کی جانب سے ایک سے زیادہ نمائندے کا معاہدہ۔ دستخط جمع کروایا گیا ہے تو ایسے تمام نمائندے کے معاہدات ناجائز ٹھہرا دیے جائیں گے۔

(ب) سی ڈی سی اکاؤنٹ ہولڈر کے لیے:

- (i) پرو کسی فارم دو افراد کی جانب سے گواہی فراہم کیے گئے ہوں گے جن کے نام، پتے اور سی این آئی سی نمبرز فارم پر درج ہوں گے۔
- (ii) پرو کسی فارم کے ساتھ سی این آئی سی کی تصدیق شدہ نقول یا مستفید ہونے والے مالکان کے پاسپورٹ کی تصدیق شدہ نقول پیش کیے جائیں گے۔
- (iii) اجلاس کے وقت پرو کسی اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرے گا / گی۔
- (iv) حکومت پاکستان / بینک دولت پاکستان / کاروباری ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / حتمی نامہ یا کالت نامہ مع نمونے کے دستخط پرو کسی فارم کے ساتھ بینک کی طرف لازماً کرانے ہوں گے۔

UNPARALLELED MARKET OUTREACH



DOMESTIC OUTREACH

1498

BRANCHES

Fully Dedicated Islamic Banking Branches

Abbottabad, Alipur, Attock, Bagh, Bahawalpur, Batkhela, Battagram, Bhakkar, Bhalwal, Bhimber, Bunner, Chakwal, Chiniot, Chitral, D.G. Khan, D.I. Khan, Dadu, Dadyal, Faisalabad, Gilgit, Gujar Khan, Gujranwala, Gujrat, Hafizabad, Hangu, Haripur, Haroonabad, Hasilpur, Hyderabad, Islamabad, Jacobabad, Jaranwala, Jhang, Jhelum, Karachi, Kasur, Khanewal, Kharian, Kharian, Khyber Agency, Kotli, Kuchlak, Lahore, Layyah, Liaqutpur, Lodhran, Lower Dir, Mailsi, Mansehra, Mardan, Mianwali, Mingora, Mirpur A.K, Mirpur Khas, Mohmand, Multan, Muzaffarabad, Muzaffargarh, Narowal, Narrowal, Nasarpur, Nawabshah, Nowshera, Okara, Pakpattan, Peshawar, Quetta, Rahim Yar Khan, Raiwind, Rawalpindi, Sadiqabad, Sahiwal, Samundri, Sanghar, Sanjavi, Sargodha, Sheikhupura, Sialkot, Sialkot, Sukkur, Swabi, Swat, Taxila, Vehari, Wazirabad

