



**CONSOLIDATED  
FINANCIAL  
STATEMENT**

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**AS ON DECEMBER 31, 2016**

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**BDO Ebrahim & Co.**  
*Chartered Accountants*

**Horwath Hussain Chaudhury & Co.**  
*Chartered Accountants*





**BDO Ebrahim & Co.**  
Chartered Accountants  
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Pakistan

**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants  
25-E, Main Market,  
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Lahore-54660  
Pakistan

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Zarai Taraqati Bank Limited ("the Bank") and its subsidiary company as at December 31, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. These consolidated financial statements include unaudited certified returns from the branches except for one hundred and twenty five branches which have been audited by us. We have also expressed separate opinion on the financial statements of Zarai Taraqati Bank Limited. The financial statements of subsidiary company Kissan Support Services (Private) Limited were audited by BDO Ebrahim & Co., Chartered Accountants, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of BDO Ebrahim & Co., Chartered Accountants. These financial statements are the 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 Zarai Taraqati Bank Limited and its subsidiary company as at December 31, 2016 and the results of their operations for the year then ended.

Without qualifying our opinion, we draw attention to:

- a. Note 15 & 17 to the consolidated financial statements, whereby it is stated that, during the prior periods the Bank obtained borrowings and subordinated loan from the State Bank of Pakistan (SBP), which was converted into share deposit money based on the decision made in the meeting held on July 11, 2014 among Ministry of Finance (MoF), SBP, Securities & Exchange Commission of Pakistan and the Bank, which was pending for legal and corporate formalities. However, during the year, the Board in their meeting held on February 02, 2016 resolved to convert the principal debt (Note 15) and subordinated loan (Note 16) into redeemable preference shares and mark-up on SBP's debts (Note 15.5) into ordinary share of the Bank. Further, in consultation with SBP, a resolution by circulation dated February 19, 2016 was approved by the Board of Directors of the Bank and it has been agreed that debt and existing mark-up shall be accrued upto the December 31, 2015 as per the existing arrangements and will be converted into redeemable preference shares and ordinary shares, respectively. The decision made by the Board of Directors has been approved by the SBP vide its letter dated March 01, 2016 and Finance Division of Government of Pakistan on April 04, 2016 and the same has been approved in the Annual General Meeting held on April 27, 2016. However, these shares have been issued subsequently to the reporting period as disclosed in Note 15,6 to the Financial Statements.



**BDO Ebrahim & Co.**  
Chartered Accountants

**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants

- b. Note 22.2.3 to the consolidated Financial Statements provides details regarding contingency of Rs. 10.8 billion related to case of pension factor of employees which was previously decided against the Bank by Honourable Supreme Court. However, upon review writ petition filed by the Bank against the previous order, the Honourable Supreme Court of Pakistan vide its order dated April 26, 2017, has recalled / set aside its previous order for detailed hearing of the case. The decision of incorporation of the pension liability in the books of account shall be determined on the final outcome of the writ petition.

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

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

**BDO Ebrahim & Co.**  
Chartered Accountants

Engagement Partner: Iffat Hussain

**DATED: 08, MAY 2017**  
**ISLAMABAD**

**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants

Engagement Partner: Amin Ali

**DATED: 08, MAY 2017**  
**LAHORE**



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

	Note	2016 ..... Rupees in '000 .....	2015
<b>ASSETS</b>			
Cash and balances with treasury banks	7	3,477,750	2,516,338
Balances with other banks	8	20,453,942	16,742,698
Lendings to financial institutions		-	-
Investments - net	9	37,018,541	19,665,649
Advances - net	10	135,765,150	129,552,744
Operating fixed assets	11	2,084,763	2,105,429
Deferred tax assets - net	12	680,968	507,162
Other assets - net	13	16,463,063	16,793,850
		215,944,177	187,883,870
<b>LIABILITIES</b>			
Bills payable	14	493,231	346,059
Borrowings	15	55,885,230	57,143,100
Deposits and other accounts	16	59,712,858	35,869,024
Sub-ordinated loan	17	3,204,323	3,204,323
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities	18	13,836,960	11,845,150
		(133,132,602)	(108,407,656)
<b>NET ASSETS</b>		<u>82,811,575</u>	<u>79,476,214</u>
<b>REPRESENTED BY</b>			
Share capital	19	12,522,441	12,522,441
Reserves	20	6,298,157	5,643,290
Unappropriated profit		21,407,474	18,983,064
		40,228,072	37,148,795
Share deposit money	15.5	40,155,992	40,155,992
Surplus on revaluation of assets - net of tax	21	2,427,511	2,171,427
		<u>82,811,575</u>	<u>79,476,214</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	22		

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

**PRESIDENT**

**DIRECTOR**

**DIRECTOR**

**DIRECTOR**



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

	Note	2016 ..... Rupees in '000 .....	2015
Mark-up / return / interest earned	23	19,661,749	18,284,436
Mark-up / return / interest expensed	24	5,455,516	6,013,775
Net mark-up / interest income		14,206,233	12,270,661
Provision for diminution in the value of investments - net Provision / (reversal) against non-performing loans and advances - net	10.3.4	-	-
Write offs under relief packages		1,778,030	(573,110)
Bad debts written off directly		206,861	160,009
		-	-
		1,984,891	(413,101)
Net mark-up / interest income after provisions		12,221,342	12,683,762
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee, commission and brokerage income		26,397	40,919
Dividend income		148,540	81,805
Income from dealing in foreign currencies		-	-
Gain on sale of securities - net		179,322	366,437
Unrealized loss on revaluation of investments classified as held for trading	9.10	(80)	-
Other income	25	4,036,011	5,086,001
Total non-mark-up / interest income		4,390,190	5,575,162
		16,611,532	18,258,924
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Administrative expenses	26	9,692,359	9,706,358
Provision against other assets - net	18.3	3,290	34,936
Other charges	27	214,348	23,974
Total non mark-up / interest expenses		9,909,997	9,765,268
		6,701,535	8,493,656
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		6,701,535	8,493,656
Taxation - Current year		2,483,154	2,311,747
- Prior years		989,117	361,408
- Deferred		(149,980)	477,391
	28	3,322,291	3,150,546
<b>PROFIT AFTER TAXATION</b>		3,379,244	5,343,110
Unappropriated profit brought forward		18,983,064	14,742,303
Profit available for appropriation		22,362,308	20,085,413
Basic earnings per share (Rupees)	29	2.70	4.27
Diluted earnings per share (Rupees)	30	2.70	4.27

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

**PRESIDENT**

**DIRECTOR**

**DIRECTOR**

**DIRECTOR**



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

	Note	2016 ..... Rupees in '000 .....	2015
Profit after taxation for the year		3,379,244	5,343,110
<b>Other comprehensive income - net of tax</b>			
Items that will not be reclassified subsequently to the profit and loss account			
Remeasurement of defined benefit plans		(461,685)	(74,020)
Deferred tax		161,718	26,195
		(299,967)	(47,825)
Items that may be reclassified to profit and loss account	-	-	
Comprehensive income transferred to equity		3,079,277	5,295,285
Components of comprehensive income not reflected in equity			
Items that may be subsequently reclassified to the profit and loss account			
Net change in fair value of available for sale securities		393,975	(680,022)
Deferred tax		(137,891)	(623,454)
		256,084	(1,303,476)
Total comprehensive income for the year		3,335,361	3,991,809

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

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

**PRESIDENT**

**DIRECTOR**

**DIRECTOR**

**DIRECTOR**



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

	Share Capital	Statutory Reserve	Revenue Reserves		Total
			Contingencies reserve	Un-appropriated profit	
..... Rupees in '000 .....					
<b>Balance as at January 01, 2015</b>	12,522,441	4,528,766	60,000	14,742,303	31,853,510
Profit after taxation for the year	-	-	-	5,343,110	5,343,110
Other comprehensive loss for the year	-	-	-	(47,825)	(47,825)
Total comprehensive income for the year	-	-	-	5,295,285	5,295,285
Transferred to statutory reserve	-	1,054,524	-	(1,054,524)	-
<b>Balance as at December 31, 2015</b>	12,522,441	5,583,290	60,000	18,983,064	37,148,795
Profit after taxation for the year	-	-	-	3,379,244	3,379,244
Other comprehensive profit for the year	-	-	-	(299,967)	(299,967)
Total comprehensive profit for the year	-	-	-	3,079,277	3,079,277
Transferred to statutory reserve	-	654,867	-	(654,867)	-
<b>Balance as at December 31, 2016</b>	12,522,441	6,238,157	60,000	21,407,474	40,228,072

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

*F. Imad*

**PRESIDENT**

*Majid Aziz*

**DIRECTOR**

*Abul Kalam*

**DIRECTOR**

*Abul Kalam*

**DIRECTOR**





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

	Note	2016 ..... Rupees in '000 .....	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit before working capital changes	34	9,534,378	14,021,725
(Increase) / decrease in operating assets:			
Lendings to financial institutions		-	820,190
Net investment in held for trading securities		(1,530,004)	-
Advances - net		(8,197,297)	(20,585,685)
Other assets - net		157,577	(4,197,435)
		(9,569,724)	(23,962,930)
Increase / (decrease) in operating liabilities:			
Bills payable		147,172	(215,905)
Borrowings		(1,257,870)	4,916,538
Deposits and other accounts		23,843,834	9,173,057
Other liabilities		3,936,198	(321,779)
		26,669,334	13,551,911
Employees' benefits paid		(264,842)	(278,764)
Income tax paid		(6,262,445)	(3,048,572)
Net cash generated from operating activities		20,106,701	283,370
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(19,939,210)	9,892,448
Net investments in held to maturity securities		4,689,539	(634,367)
Dividend income		148,540	81,805
Investments in operating fixed assets		(426,275)	(830,335)
Sale proceeds of property and equipment disposed off		93,361	61,169
Net cash (used in) / generated from investing activities		(15,434,045)	8,570,720
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		-	-
Net increase in cash and cash equivalents		4,672,656	8,854,090
Cash and cash equivalents at beginning of the year		19,259,036	10,404,946
Cash and cash equivalents at end of the year	35	23,931,692	19,259,036

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

**PRESIDENT**

**DIRECTOR**

**DIRECTOR**

**DIRECTOR**



## ZARAI TARAQIATI BANK LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### 1 THE GROUP AND ITS OPERATIONS

The "Group" consists of:

#### **Holding company**

- Zarai Taraqati Bank Limited

#### **Subsidiary company**

- Kissan Support Services (Private) Limited

#### 1.1 Zarai Taraqati Bank Limited ("the Bank")

##### (a) Reorganization and conversion

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

##### (b) Status

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

##### (c) Nature of business

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

#### 1.2 Kissan Support Services (Private) Limited ("the Company")

Kissan Support Services (Private) Limited was incorporated in Pakistan as a private limited company on September 19, 2005 under the Companies Ordinance, 1984. It is a subsidiary of Zarai Taraqati Bank Limited (ZTBL) which holds 100% shares. The registered office of the Company is situated at Zarai Taraqati Bank Limited, 1-Faisal Avenue, Zero Point, Head Office, Islamabad. The Company's principal business is the provision of consultancy, advisory, agency and other support services on contractual basis or otherwise to the Bank.

### 2 BASIS OF PRESENTATION

**2.1** These consolidated financial statements include the financial statements of the Bank and its subsidiary company.

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



### 3 STATEMENT OF COMPLIANCE

- 3.1** Consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and the directives issued by the SECP and the SBP shall prevail.
- 3.2** SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. SECP has deferred applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" on banks through SRO 411(1)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** IFRS 8, 'Operating Segments' is effective for the Group's accounting period beginning on or after January 01, 2009. All banking companies in Pakistan are required to prepare their annual consolidated financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual consolidated financial statements', effective from the accounting year ended December 31, 2006. The management of the Group believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated financial statements is based on the requirements laid down by the SBP.

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

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

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

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

		<b>"Effective date (annual periods beginning on or after)"</b>
IAS 12	Income taxes	January 01, 2017
IAS 7	Statement of cash flows	January 01, 2017
IFRS 2	Share- based payments	January 01, 2018
IFRS 4	Insurance Contracts	January 01, 2018
IAS 40	Investment Property	January 01, 2018

The Annual Improvements to IFRSs (2014 - 2016) Cycle to following approved accounting standards are



effective from the dates mentioned below against respective standard:

	<b>"Effective date (annual periods beginning on or after)"</b>
IFRS 12 Disclosure of interest in other entities	January 01, 2017
IAS 28 Investment in Associates and Joint Ventures	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018

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

	<b>"Effective date (annual periods beginning on or after)"</b>
IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendments)	July 01, 2009
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 9 Financial Instruments	January 01, 2018
IFRS 15 Revenue from Contracts with Customers	January 01, 2018
IFRS 16 Leases	January 01, 2019

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

## 5 BASIS OF MEASUREMENT

"These consolidated financial statements have been prepared under the historical cost convention except that certain investments have been marked to market and are carried at fair value and post employment benefits that are recorded at present value using actuarial valuation. under the historical cost convention, as modified for the revaluation of certain investments which are carried at fair value and obligations under employee retirement benefits, which are measured at present value."

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

## 6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

### 6.2 Basis of Consolidation

The consolidated financial statements include the financial statements of Zarai Taraqati Bank Limited and its subsidiary company.



Subsidiary is an entity over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases / the subsidiary is disposed off. The assets and liabilities of subsidiary company has been consolidated on a line by line basis based on the financial statements as at December 31, 2016 and the carrying value of investments held by the Bank is eliminated against the subsidiary shareholders' equity in these consolidated financial statements. Material intra-group balances and transactions have been eliminated.

### 6.3 Staff Retirement Benefits

Zarai Taraqati Bank Limited

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

#### a) Pension scheme

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

#### b) Gratuity scheme

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

#### c) Provident fund scheme

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

#### d) Benevolent scheme

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

#### e) Post retirement medical benefits

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

#### f) Employees' compensated absences

The Bank accounts for all accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. The compensated absences are only encashable



at the time of retirement and that too for a certain period provided in the terms of employment. Provision is made in the consolidated financial statements for the benefit based on entitled un-availed leave balances carried forwarded to the next year on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method'.

## **Kissan Support Services (Private) Limited**

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

### **Unfunded medical benefits**

The Company operates an unfunded medical benefit fund for its employees. Employees are entitled for free medical facility during their service. This unfunded amount is utilized against the reimbursement of employee's actual medical expenses. The benefits are charged to profit and loss account at the rate of Rs. 400/- per employee per month.

### **Gratuity scheme**

The Company operates an un-funded gratuity scheme for its permanent employees whose period of service is one year or more. Employees are entitled to gratuity on the basis set out in staff regulation. The most recent actuarial valuation is carried out at December 31, 2016 using the 'Projected Unit Credit Method' as under the latest IAS - 19 revised 2011.

## **6.4 Cash and Cash Equivalents**

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

## **6.5 Advances**

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

## **6.6 Investments**

The Group classifies its investments as follows:

### **Held-for-trading**

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

### **Held-to-maturity**

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

### **Available-for-sale**

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

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



expensed in the consolidated profit and loss account.

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

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

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

#### **Investments in Subsidiaries and Associates**

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

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

### **6.7 Operating Fixed Assets and Depreciation / Amortization**

#### **Property and Equipment**

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

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

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

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

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

#### **Capital work in progress**

Capital work-in-progress is stated at cost less impairment losses (if any) and consists of expenditure incurred,



advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

## 6.8 Intangible Assets

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

## 6.9 Impairment

Carrying values of assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the higher of fair value less costs to sell and value in use. The resulting impairment loss is taken to the consolidated profit and loss account except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

## 6.10 Assets Acquired in Satisfaction of Claims

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

## 6.11 Taxation

### Current

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

### Deferred

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

### Prior years

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

## 6.12 Borrowings / Deposits and their Costs

Borrowings / deposits are recorded at the proceeds received.





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

### 6.13 Sale and Repurchase Agreements

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in the consolidated financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

### 6.14 Revenue Recognition

#### Zarai Taraqati Bank Limited

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

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

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

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

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

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

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

#### Kissan Support Services (Private) Limited

Revenue from services is recognized as and when services are rendered. Interest income is recognized on time proportion basis. Commission income is recognized when services are rendered. Rental income is recognized on accrual basis.

### 6.15 Provisions

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

### 6.16 Foreign Currencies

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



## 6.17 Financial Instruments

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

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

### Financial assets

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

### Financial liabilities

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

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

### Impairment – financial assets

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

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

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

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

## 6.18 Offsetting

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

## 6.19 Fair Value Measurement

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



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

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

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

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

## 6.20 Dividend Distribution and Appropriation

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

## 6.21 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.

## 6.22 Segment Reporting

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

## 6.23 Related Party Transactions

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

## 6.24 Other Payables

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

## 6.25 Other Receivables

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



### 6.26 Mark-up Bearing Borrowings

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

### 6.27 Statutory Reserve

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

### 6.28 Cash Reserve Requirement

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

### 6.29 Grants

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

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

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

### 6.30 Contingencies

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

### 6.31 Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates and judgments. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies described in notes are as follows:

#### a) Classification of investments

As described in Note 6.6, investments 'held for trading' are the securities acquired principally for the purpose of generating profits from short term fluctuations in market prices while investments 'held to maturity' are



investments where the management has positive intention and ability to hold the same to maturity and 'available for sale' securities are investments that do not fall under the 'held for trading' or 'held to maturity' categories. The classification of these investments involves management judgment at the time of purchase whether these are 'held for trading', 'held to maturity' or 'available for sale' investments.

**b) Provision against advances**

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

**c) Defined benefit plans**

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

**d) Operating fixed assets**

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

**e) Impairment**

**Impairment of available for sale equity investments**

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

**Impairment of investments in subsidiary and associates**

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

**Impairment of non-financial assets (excluding deferred tax)**

The carrying amounts of non-financial assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the consolidated profit and loss account.

**f) Taxation**

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



**g) Provision and contingent liabilities**

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

**h) Provision for doubtful receivables**

The carrying amount of trade and other receivables are assessed on regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

**6.32 Trade Debts**

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for any uncollectible amounts. Provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written off when identified.

**6.33 Borrowing**

Loans and borrowings are recorded at the proceeds received. Mark up, interest and other borrowing costs are charged to income in the period in which they are incurred.

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets (plant and machinery) are capitalized up to the date of commencement of commercial production on the respective assets. All other borrowing costs are charged to consolidated profit and loss account in the period in which these are incurred.

**6.34 Trade and other Payables**

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

**6.35 Exceptional Items**

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



	Note	2016	2015
Rupees in '000			
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>			
Local currency			
In hand		1,179,029	878,374
Prize bonds		2,484	1,956
In current accounts with:			
State Bank of Pakistan (SBP)	7.1	1,759,082	1,192,200
National Bank of Pakistan		2,104	2
		1,761,186	1,192,202
In deposit accounts with:			
National Bank of Pakistan	7.2	535,051	443,806
		<u>3,477,750</u>	<u>2,516,338</u>

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

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

	Note	2016	2015
Rupees in '000			
<b>8 BALANCES WITH OTHER BANKS</b>			
In Pakistan - local currency:			
In current accounts		9,379	14,585
In deposit accounts	8.1	20,444,563	16,728,113
		<u>20,453,942</u>	<u>16,742,698</u>

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



## 9 INVESTMENTS - NET

### 9.1 Investments by Types

Note	2015			2016		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
..... Rupees in '000 .....						
<b>Held for trading</b>						
9.6	1,530,004	-	1,530,004	-	-	-
	1,530,004	-	1,530,004	-	-	-
<b>Available-for-sale securities</b>						
9.6	19,859,070	3,628,017	23,487,087	3,695,161	947,658	4,642,819
9.4	89,296	-	89,296	89,296	-	89,296
9.5	10,523	-	10,523	10,523	-	10,523
9.7	5,901,033	1,000,000	6,901,033	688,524	4,938,229	5,626,753
9.8	39,944	-	39,944	39,960	-	39,960
	25,899,866	4,628,017	30,527,883	4,523,464	5,885,887	10,409,351
<b>Held-to-maturity securities</b>						
9.6	-	-	-	4,278,611	-	4,278,611
9.7	1,236,625	-	1,236,625	1,647,553	-	1,647,553
	1,236,625	-	1,236,625	5,926,164	-	5,926,164
	28,666,495	4,628,017	33,294,512	10,449,628	5,885,887	16,335,515
9.3	(10,523)	-	(10,523)	(10,523)	-	(10,523)
	28,655,972	4,628,017	33,283,989	10,439,105	5,885,887	16,324,992
<b>Investments at cost</b>						
	Provision for diminution in value of investments					
9.3	(10,523)	-	(10,523)	(10,523)	-	(10,523)
	28,655,972	4,628,017	33,283,989	10,439,105	5,885,887	16,324,992
<b>Investments (net of provisions)</b>						
	Deficit on revaluation on held-for-trading securities - net					
9.10	(80)	-	(80)	-	-	-
	Surplus on revaluation of available-for-sale securities - net					
21	3,660,852	73,780	3,734,632	3,311,095	29,562	3,340,657
	32,316,744	4,701,797	37,018,541	13,750,200	5,915,449	19,665,649
<b>Total investments at market values</b>						





	Note	2016 Rupees in '000	2015
<b>9.2 Investments by Segments</b>			
<b>Federal Government Securities:</b>			
Market Treasury Bills	9.6	25,017,091	8,921,430
Pakistan Investment Bonds	9.7	8,137,658	7,274,306
		33,154,749	16,195,736
<b>Fully paid-up ordinary shares:</b>			
Listed company	9.4	89,296	89,296
Un-listed companies	9.5	10,523	10,523
		99,819	99,819
<b>Other investments</b>			
Term Finance Certificates - listed	9.8	39,944	39,960
<b>Total investments at cost</b>		33,294,512	16,335,515
Provision for diminution in value of investments	9.3	(10,523)	(10,523)
<b>Investments (net of provisions)</b>		33,283,989	16,324,992
Surplus / (deficit) on revaluation on held-for-trading securities		(80)	-
Surplus on revaluation of available-for-sale securities	21	3,734,632	3,340,657
<b>Total investments at market value</b>		37,018,541	19,665,649

### 9.3 Particulars of Provision for Diminution in Value of Investments

Opening balance		10,523	11,258
Written-off		-	(735)
Closing balance	9.3.1	10,523	10,523

#### 9.3.1 Particulars of provision in respect of type and segment

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

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

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

### 9.5 Particulars of Investments Held in Un-Listed Companies

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



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

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

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

**9.6** Principal terms of investments in Market Treasury Bills - Federal Government Securities

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

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

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

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

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

**9.8** Particulars of Investments in Term Finance Certificates

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



## 9.9 Quality of Available-for-Sale Securities

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

2016                      2015  
Rupees in '000

## 9.10 Unrealized Loss on Revaluation of Investments classified as held-for-trading

Market Treasury Bills	(80)	-
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Note                      2016                      2015  
Rupees in '000

## 10 ADVANCES - NET

Loans, etc.			
In Pakistan - gross	10.1	141,268,159	134,692,046
Less:			
- Provision against non-performing advances	10.2	(5,474,388)	(5,111,238)
- Provision against staff advances		(28,621)	(28,064)
		<u>(5,503,009)</u>	<u>(5,139,302)</u>
Advances - net of provision		<u>135,765,150</u>	<u>129,552,744</u>

### 10.1 Particulars of Advances (gross)

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

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



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

### 10.3 Particulars of Provision against Non-Performing Advances

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



### 10.3.1 Particulars of provision against non-performing advances

	2016			2015		
	Specific	General	Total	Specific	General	Total
	..... Rupees in '000 .....					
In local currency	2,474,388	3,000,000	5,474,388	2,111,238	3,000,000	5,111,238

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

**10.3.3** In addition to the time based criteria, the Bank has further de-graded the category of classified loans and advances amounting to Rs. 13.001 million (2015: Rs. 26.141 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

	Note	2016	2015
		Rupees in '000	
<b>10.3.4</b> Provision against non-performing loans and advances - net			
Provision / (reversal) against non-performing loans and advances	10.3	1,777,473	(579,364)
Provision against staff advances		557	6,254
		<u>1,778,030</u>	<u>(573,110)</u>

	Note	2016	2015
		Rupees in '000	
<b>10.4 Particulars of Write Offs</b>			
<b>10.4.1</b> Against provisions		=	=
Write offs of Rupees 500,000 and above	10.6	-	-
Write offs of below Rupees 500,000		-	-
		=	=

### 10.5 Particulars of Charged Offs

<b>10.5.1</b> Against provisions		1,414,323	1,229,397
<b>10.5.2</b> Charge offs of Rupees 500,000 and above		91,766	-
Charge offs of below Rupees 500,000		1,322,557	1,229,397
	10.7	1,414,323	1,229,397



## 10.6 Details of Write Offs of Rupees 500,000 and Above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year has to be disclosed. However, this write off does not effect the Bank's right to recover debts from these customers. During the year no write-off or any other financial relief of five hundred thousand rupees or above was allowed to any person(s).

## 10.7 Particulars of Charged Off

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

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

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

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

## 11 OPERATING FIXED ASSETS

Capital work-in-progress	11.1	124,391	299,821
Property and equipment	11.2	1,960,034	1,805,596
Intangible assets	11.3	338	12
		<u>2,084,763</u>	<u>2,105,429</u>

### 11.1 Capital Work-In-Progress

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



## 11.2 Property and Equipment

Description	COST			ACCUMULATED DEPRECIATION			Book value at December 31, 2016	Annual rate of Depreciation
	At January 01, 2016	Additions	(Deletion)/ adjustments	At December 31, 2016	At January 01, 2016	Charge for the year		
Land - Freehold	222,564	-	-	103,262	-	-	103,262	-
Land - Leasehold	15,139	-	(119,302)	8,414	10,289	339	4,667	Lease terms for 33 to 99 years
Buildings on freehold land	337,745	224,205	-	562,761	78,010	13,510	104,947	5%
Buildings on leasehold land	366,014	3,791	811	488,237	125,790	3,802	237,779	5%
Buildings on leasehold land - ADB	21,224	-	-	21,224	6,851	729	7,571	5%
Furniture and fixtures	312,465	121,216	(5,151)	413,942	82,643	35,156	108,965	10% / 20%
Computer, office and other equipment	686,792	137,669	(14,588)	782,959	356,644	113,328	444,402	20% / 33.33%
Computer, office and other equipment - ADB	157,519	-	(37,060)	221,744	157,519	601	221,741	20% / 33.33%
Vehicles	1,335,432	114,373	64,225	1,236,292	831,552	161,073	748,729	20%
			(98,335)					
			(115,178)					
			(199,873)					
			(44,023)					
			(63,621)					
			(23,192)					
			(2,378)					
			(1,692)					
			(7,142)					
			(9)					
			108,187					
			13,427					
			562,761					
			811					
			488,237					
			21,224					
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			729					
			35,156					
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			21,224					
			6,851					
			729					
			35,156					
			(1,692)					
			(7,142)					
			(2,378)					
			(23,192)					
			601					
			161,073					
			831,552					
			1,236,292					







### 11.2.5 Detail of disposal of operating fixed assets during the year

Description	Cost	Accumulated depreciation	Book value	Sale proceed	Mode of disposal/ settlement	Particulars of buyers	Location
<b>Vehicles</b>							
Suzuki Cultus	1,039	450	589	589	As per Bank policy	Masood Anwar, SVP (R)	Islamabad
Toyota Corolla	1,565	1,017	548	650	As per Bank policy	Alamgir Khattak, EVP (R)	Islamabad
Suzuki Cultus	1,039	468	571	571	As per Bank policy	Yawar Ali Bukhari, SVP (R)	Islamabad
Toyota Corolla	1,565	1,043	522	650	As per Bank policy	Fiaz Khan, SVP (R)	Islamabad
Honda City	1,262	1,262	-	436	As per Bank policy	Khalid Zia, EVP (R)	Islamabad
Honda City	1,262	1,262	-	584	As per Bank policy	Sher Aman Khan, EVP (R)	Islamabad
Suzuki Cultus	1,039	554	485	485	As per Bank policy	Izhar Ahmad, SVP (R)	Islamabad
Honda Civic	1,562	1,562	-	1,179	Auction	Tariq Mehmood	Rawalpindi
Suzuki Cultus	1,045	296	749	749	As per Bank policy	Khalid Jamil, SVP (R)	Islamabad
Suzuki Cultus	1,045	209	836	836	As per Bank policy	Said Ghani Shah, SVP (R)	Islamabad
Intercooler	1,477	1,477	-	1,123	Auction	Syed Ghulam Mustafa	Lahore
Toyota Altis	1,899	1,411	488	488	As per Bank policy	Roohi R. Khan, Ex-COO	Islamabad
Honda City	1,049	384	665	665	As per Bank policy	Shazda Zia, SVP (R)	Islamabad
Suzuki Swift	1,050	280	770	770	As per Bank policy	Khawaja Ramzan, SVP (R)	Islamabad
Toyota Corolla	1,504	1,253	251	251	As per Bank policy	Muhammad Asaf Ch., EVP	Islamabad
Honda Civic	1,534	1,534	-	-	As per Bank policy	Abdul Ghaffar Bhatti, SEVP	Islamabad
Toyota Altis	1,044	331	713	713	As per Bank policy	Ghulam Haider, VP (R)	Islamabad
Toyota Corolla	1,657	387	1,270	1,270	As per Bank policy	Ghulam Rasool, EVP (R)	Islamabad
Honda City	1,044	557	487	487	As per Bank policy	Bilal Agha, A EVP (R)	Islamabad
Toyota Corolla	1,657	359	1,298	1,298	As per Bank policy	Ijaz Akhtar Rao, EVP (R)	Islamabad
Suzuki Swift	1,059	547	512	512	As per Bank policy	M. Gullistan Malik, SVP (R)	Islamabad
Suzuki Cultus	1,105	147	958	958	As per Bank policy	Syed Zulfiqar Ali, SVP	Islamabad
Toyota Corolla	1,452	1,452	-	-	As per Bank policy	Ch. Imtiaz Ahmed, EVP	Islamabad
	29,954	18,242	11,712	15,264			
Other assets having book value of less than Rs. 250,000 or cost of less than Rs. 1 million	77,974	29,851	48,123	78,097			
	107,928	48,093	59,835	93,361			



### 11.3 Intangible Assets

Description	COST		ACCUMULATED AMORTIZATION			Book value at December 31, 2016	Annual rate of amortization
	At January, 01 2016	At January, Additions	(Deletion) / adjustments	At December 31, 2016	Charge for the year		
Computer software	1,175	450	-	450	30	112	33.33%
			(1,175)			(1,082)	
Computer software - ADB	80,500	-	-	82,081	111	82,081	33.33%
			1,581			1,471	
	81,675	450	-	82,531	141	82,193	338
			406			389	
Description	COST		ACCUMULATED AMORTIZATION			Book value at December 31, 2015	Annual rate of amortization
	At January, 01 2015	At January, Additions	(Deletions) / adjustments	At December 31, 2015	Charge for the year		
Computer software	1,159	16	-	1,175	107	1,164	33.33%
Computer software - ADB	80,500	-	-	80,500	-	80,499	33.33%
	81,659	16	-	81,675	107	81,663	12

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

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



## 12 DEFERRED TAX ASSETS - NET

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

	Note	2016	2015
Rupees in '000			
Taxable temporary differences on:			
Accelerated tax depreciation		(60,540)	(65,703)
Surplus on revaluation of assets	21	(1,231,066)	(1,169,230)
		<u>(1,291,606)</u>	<u>(1,234,933)</u>
Deductible temporary differences on:			
Defined benefit plans		1,637,116	1,538,323
Provision for medical facilities		22,131	18,316
Provision against non-performing loans and advances		313,327	185,456
		<u>680,968</u>	<u>507,162</u>

## 13 OTHER ASSETS - NET

Income / mark-up accrued on deposits in local currency		114,711	60,698
Income / mark-up accrued on securities		437,470	264,015
Accrued interest / mark-up on advances	13.1	9,570,334	9,638,620
Stationery and stamps in hand		106,452	85,979
Amount recoverable from Federal Government	13.2	2,111,529	1,476,547
Crop loan insurance claim recoverable from Insurance Companies		979	246
Tax recoverable	13.3	427,748	427,748
Non banking assets acquired in satisfaction of claims	13.4	236,857	246,497
Receivable from defined benefit plans	18.2	3,553,355	3,723,275
Stock of farm machinery		13,125	13,125
Advances against salary and expenses		15,986	25,082
Security deposits		6,172	6,059
Advances and other prepayments		348,473	1,303,058
Others		303,687	303,426
		<u>17,246,878</u>	<u>17,574,375</u>
Provision held against other assets	18.3	(783,815)	(780,525)
Other assets - net of provisions		<u>16,463,063</u>	<u>16,793,850</u>

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

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

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

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



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

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

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

## 14 BILLS PAYABLE

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

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

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

Borrowing from State Bank of Pakistan (SBP)

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



**15.3** As per agreement with the SBP, these loans were obtained for providing finance to customers for agriculture purposes. Three credit lines amounting to Rs. 1.577 billion carried interest rate of 4.00% per annum while remaining thirty two credit lines amounting to Rs. 48.597 billion were based on profit and loss sharing subject to maximum share of profit to the SBP ranging from 4.00% to 10.00% per annum. These loans were secured by way of guarantee of Government of Pakistan (GoP).

**15.4** These loans were given by the SBP for the purpose of providing finance to agro based industry. These were subject to profit and loss sharing with a maximum share of profit to the SBP ranging from 4.00% to 6.00% per annum. These were secured by guarantee given by the GoP.

**15.5** In view of future financial viability and sustainability of the Bank, in a meeting, held on July 11, 2014 among Ministry of Finance (MoF), the SBP, the SECP and the Bank, it was decided to convert outstanding the SBP debt - principal (Rs. 51.257 billion), sub-ordinated loan (Rs. 3.204 billion) and accrued mark-up (Rs. 35.030 billion) owed by the Bank to the SBP as on June 30, 2014 into equity investment of the SBP in the Bank. It was also decided that Bank's claim against the GoP on account of mark-up differential and various Presidential Relief Packages shall be waived off by the Bank procedurally. As decided, the Board of Directors of the Bank in its meeting dated July 18, 2014 and the shareholders of the Bank in their extraordinary general meeting dated August 13, 2014 approved the conversion of the SBP debt of Rs. 89.491 billion into 8,949,098,476 fully paid-up ordinary shares as equity investment of the SBP in the Bank and the Bank's claim against the GoP was waived-off / written-off.

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

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

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

**15.6** After the reporting period, the Bank has filed Form - 3 with the SECP for issuance of ordinary and preference shares on March 20, 2017 and March 24, 2017 and consequently issued ordinary and preference shares to the SBP.

**15.7** It carries markup at the rate of 5.85% to 5.95% (2015: 6.15%) and is secured against Pakistan Investment Bonds having carrying value of Rs. 1,000 million (2015: Rs. 4,967.633 million) and Market Treasury Bills having carrying value of Rs. 3,632.703 million (2015: Rs. 947.816 million). This is repayable by March 2017 (2015: January 2016).



	Note	2016 Rupees in '000	2015
<b>16 DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers - local currency</b>			
Fixed deposits	16.1	38,399,873	14,074,688
Saving deposits	16.2	8,681,024	8,539,950
Current accounts - remunerative		63,736	90,903
Current accounts - non-remunerative		12,537,795	13,134,386
Unclaimed deposits		30,430	29,097
		<u>59,712,858</u>	<u>35,869,024</u>

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

**16.1.1** This includes Rs. 55.743 million (2015: Rs. 92.071 million) as deposit of employees' benefit funds.

**16.2** This includes Rs. 0.010 million (2015: Rs. 0.010 million) as deposit of employees' benefit funds.

## 17 SUB-ORDINATED LOAN

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

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



	Note	2016	2015
Rupees in '000			
<b>18 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		3,333,557	992
Accrued expenses		683,143	556,903
Branch adjustment account		38,173	118,432
Taxation (provisions less payments)	18.1	254,813	3,044,986
Net liabilities relating to Bangladesh	18.2	189	189
Payable to Ministry of Food Agriculture and Livestock	18.3	176,100	176,100
Profit payable on deposits and other accounts		918,040	370,690
Provision for:	33.4.1		
- gratuity scheme - SR - 2005		-	11,268
- employees' post retirement medical benefits		5,067,281	4,443,878
- employees' compensated absences		2,581,581	2,390,052
- gratuity scheme of the Company		182,323	139,483
Security deposits		11,713	17,282
Deferred income	18.4	13,656	14,375
Others	18.5	576,391	560,520
		<u>13,836,960</u>	<u>11,845,150</u>

### 18.1 Taxation - Net

Opening balance		3,044,986	3,464,237
Charge during the year	28	3,472,271	2,673,155
Advance income tax/withholding tax		(6,262,444)	(3,092,406)
Closing balance		254,813	3,044,986

### 18.2 Net Liabilities Relating to Bangladesh

Liabilities		1,666,337	1,636,887
Assets		(1,666,148)	(1,636,698)
	18.2.1	<u>189</u>	<u>189</u>

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

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

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



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

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

## 19 SHARE CAPITAL

### 19.1 Authorized Capital

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

### 19.2 Issued, Subscribed and Paid up Capital

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

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





## 20 RESERVES

	Revenue reserve		2016	2015
	Statutory reserves	Contingencies reserve		
	Rupees in '000			
Opening balance	5,583,290	60,000	5,643,290	4,588,766
Transferred from unappropriated profit	654,867	-	654,867	1,054,524
Closing balance	6,238,157	60,000	6,298,157	5,643,290

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

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

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

## 22 CONTINGENCIES AND COMMITMENTS

### 22.1 Contingent Assets

#### Zarai Taraqati Bank Limited

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

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



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

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

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

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

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



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



- 22.2.9** DCIR passed order under section 161/205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 208.337 million for tax year 2011. The Bank filed appeal before CIR(A) against the orders of DCIR who remanded back the case to Assessing Officer for verification. The Bank has filed appeal before ATIR against the orders of the CIR(A). ATIR decided the case in favour of Bank on the issue of default surcharge. However, the department has filed reference application before Honorable Islamabad High Court, Islamabad. Further, the Assessing Officer on remanded back case after verification on various issues reduced the demand to Rs. 14.366 million. Being aggrieved the Bank filed appeal before CIR(A) against the order of Assessing Officer on remanded back case who deleted various issues and also confirmed the action of Assessing Officer on certain issues. Being aggrieved both the Bank and the department have filed appeal before ATIR against the orders of the CIR(A). The ATIR against the appeals of Bank and Department decided the case in favour of the Bank. Further, on a remanded back issues, the Assessing Officer further created a demand of Rs. 7.527 million. Being aggrieved, the Bank filed appeal before CIR(A) who remanded back the case to the department denovo consideration with the direction that while giving appeal effects, the order of the ATIR may be kept in mind. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 22.2.10** ACIR passed order under section 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 4.920 billion for tax year 2013. The Bank filed appeal before CIR(A) against the orders of ACIR who deleted the demand on various issues and also confirmed the action of ACIR on certain issues. The Bank and FBR both have filed appeals before ATIR against the orders of the CIR(A) which were decided in favour of the Bank except Rs. 2.830 billion which were remanded back to ACIR. However, the department has filed reference application before Honorable Islamabad High Court, Islamabad. On the directions of ATIR Orders the department passed appeal effects Orders u/s 124/122 5(A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 829.428 million. Being aggrieved the Bank filed appeals before CIR(A) against the Orders of Additional Commissioner (IR) who decided the case in most of the issues in favour of the Bank, the appeal effects on the basis of CIR(A) is pending. Further, the Bank filed appeal before ATIR against the order of CIR(A). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 22.2.11** DCIR passed order under section 161/205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 27.792 million for tax year 2009. To avail the Government amnesty, the Bank paid Rs. 19.183 million under protest with waiver of penalty amount of Rs. 8.609 million under amnesty. The FBR allowed the amnesty to the Bank. The Bank has filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. The Bank has filed appeal before ATIR against the orders of the CIR(A) who decided the case in favour of the Bank except remanded back the issue of profit on debt for verification. However, the department has filed reference application before Honorable Islamabad High Court, Islamabad. The Assessing Officer passed order u/s 124 read with 161 of the Income Tax Ordinance and raised demand of Rs. 20.435 million on remanded back issue. The Bank has filed appeal before CIR(A). The Assessing Officer on the directions of CIR(A) further issued order u/s 124 / 161 / 205 converted the earlier demand to refund of Rs. 16.752 million. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 22.2.12** DCIR passed order under section 161/205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 15.943 million for tax year 2012. The Bank filed appeal before CIR(A) against the orders of DCIR. The CIR(A) deleted various issues and confirmed certain issues resulting to reduce the tax demand from Rs. 15.943 million to Rs. 3.892 million. Being aggrieved the Bank has filed appeal before ATIR against the orders of the CIR(A). The ATIR decided the case in favour of the Bank. Appeal effects are pending with assessing officer.
- 22.2.13** DCIR passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 3.059 billion for the tax year 2014. Further, on a rectification application filed by the Bank the Assessing Officer passed rectification order by reducing demand to Rs. 1.278 billion by adjustment of refund of Rs. 1,776 million and arithmetic error of Rs. 14 million. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A) and the same is pending for hearing. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 22.2.14** ACIR passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 5.550 billion for the tax year 2015. The Bank filed appeal before CIR(A) against the orders of ACIR. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.



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

#### **Kissan Support Services (Private) Limited**

- 22.2.21** The Officer Inland Revenue LTU, Islamabad has initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the Tax Year 2009 and 2011. The Company has submitted all the documentary evidences yet, the case is pending for adjudication. No provision has been made in these accounts as the management is confident that the decision of the case will be decided in the favor of the Company.
- 22.2.22** The Officer Inland Revenue LTU, Islamabad initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the financial year ended December 31, 2013 i.e. Tax Year 2014 and created a demand of Rs. 1.182 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner passed an Order against the Company and maintained the assessment by the Officer Inland Revenue. Now, the Company has filed an appeal to the Appellate Tribunal Inland Revenue, Islamabad and stay against the recovery of the said demand till the decision of Appeal. The Appellate Tribunal granted the stay, however, the hearing date for appeal against the decision of Commissioner Appeals has been to be fixed. No provision has been made in these consolidated financial statements as the management is confident that the decision of the case will be decided in the favor of the Company.



**22.2.23** "The Officer Inland Revenue, Large Taxpayers Unit, Islamabad amended the assessment of the Company under section 122(5A) for the financial year ended December 31, 2009 i.e. Tax Year 2010 and created a demand of Rs. 5.095 million. Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner passed an Order against the Company and maintained the assessment framed by the Officer Inland Revenue. The tax amount of Rs. 5.095 million has been deposited with the Tax Authorities and at the same time the Company preferred an appeal before the Appellate Tribunal Inland Revenue, Islamabad under section 131 of the Income Tax Ordinance, 2001. Appellate Tribunal Revenue Islamabad passed order against the Company and maintained / upheld the order of the commissioner (Appeals). The Company had filed an application for rectification of mistake under section 221 of the Ordinance to the Appellate Tribunal Revenue Islamabad, which passed order against the Company and maintained / upheld the order already passed. Now, the Company has filed a suit against the Large Taxpayer's Unit Islamabad in the Honourable High Court Islamabad which has not been decided yet. No provision has been made in the consolidated financial statements as the management is confident that the decision of the case will be decided in the favour of the Company."

**22.2.24** The Company is facing claims launched in various Courts filed by the employees, pertaining to service promotion, dismissal from service and entry into company's premises and others. The matters are still pending before the Courts. As no amount is involved in most of the cases, therefore, the liability is not accurately quantifiable (2015: same as mentioned).

	2016	2015
	Rupees in '000	
<b>22.3 Commitments Against</b>		
Capital expenditure	-	38,188
ERP implementation	12,719	-

## 23 MARK-UP / RETURN / INTEREST EARNED

On loans and advances to customers	17,473,887	16,611,328
On investments:		
- In held to maturity securities	169,361	397,706
- In held for trading securities	129,228	-
- In available for sale securities	1,373,118	1,001,941
	1,671,707	1,399,647
On deposits with financial institutions	480,948	233,007
On securities purchased under resale agreement	12,715	38,896
On call money lendings	22,492	1,558
	19,661,749	18,284,436

## 24 MARK-UP / RETURN / INTEREST EXPENSED

On deposits	1,978,895	766,634
On borrowings and subordinated debt - State		
Bank of Pakistan	3,326,951	5,126,544
On securities sold under repurchased agreement	127,986	98,150
Bank commission and other charges	21,684	22,447
	5,455,516	6,013,775



	Note	2016	2015
Rupees in '000			
<b>25 OTHER INCOME</b>			
Rent on property - others		26,240	38,696
Recoveries of charged off amounts		1,947,872	2,916,752
Gain on sale of operating fixed assets		33,526	20,114
Loan application fee		1,626,191	1,556,550
Deferred income amortization	18.4	719	756
Others	25.1	401,463	553,133
		4,036,011	5,086,001

### 25.1 Others

Sale proceeds of loan application forms		56,923	60,770
Postal charges received from loanees		171,767	202,577
Credit worthiness report, renewal of Sada Bahar Scheme and other charges recovered	25.1.1	172,773	289,786
		401,463	553,133

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

## 26 ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits	26.1	7,942,077	7,719,360
Charge / (reversal) for defined benefit plans:		33.4.5	
- Pension scheme	26.2	(59,988)	268,181
- Benevolent scheme - officers / executives		(60,018)	(20,327)
- Benevolent scheme - clerical / non-clerical		(35,207)	(34,028)
- Gratuity under old staff regulations		(168,437)	(218,172)
- Gratuity scheme - staff regulation 2005		131,189	110,111
- Gratuity scheme of the Company		47,446	43,424
- Employees' compensated absences		424,204	145,921
		279,189	295,110
(Reversal) / charge for contribution to defined contribution plan - provident fund	33.1.9	(273,750)	41,626
Non-executive directors' fees and other expenses		8,375	7,696
Rent, taxes, insurance, electricity, etc.		313,089	273,220
Legal and professional charges		46,740	61,028
Communications		99,463	90,233
Repairs and maintenance		64,099	74,425
Motor vehicle expenses		387,851	401,126
Traveling expenses		152,966	162,696
Stationery and printing		100,278	100,993
Advertisement and publicity		13,430	15,827
Auditors' remuneration	26.3	6,002	6,139
Depreciation - tangible	11.2	328,538	267,894
Amortization - intangible	11.3	141	107
Services rendered by KSSL - subsidiary company		-	-
Commutation to employees	26.4	4,139	5,748
Others		219,732	183,130
		9,692,359	9,706,358

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

**26.2** Increase in pension expense for the year is due to change in pension factor which has been accounted for as past service cost. As prescribed by IAS - 19 'Employee Benefits', past service cost is accounted for as an expense during the year.



### 26.3 Auditors' Remuneration

	2016		Total
	BDO Ebrahim & Co.	Horwath Hussain Chaudhury & Co.	
	..... Rupees in '000 .....		
Audit fee	1,102	900	2,002
Fee for half year review	295	215	510
Consolidation of the financial statements of subsidiary company	261	250	511
Other certifications	621	450	1,071
Sales tax	-	91	91
Out of pocket expenses	942	875	1,817
	3,221	2,781	6,002

	2015		Total
	BDO Ebrahim & Co.	Riaz Ahmad & Co.	
	..... Rupees in '000 .....		
Audit fee	1,088	951	2,039
Fee for half year review	288	216	504
Consolidation of the financial statements of subsidiary company	261	261	522
Other certifications	617	573	1,190
Out of pocket expenses	942	942	1,884
	3,196	2,943	6,139

### 26.4 Commutation to Employees

#### - Under Staff Regulations - 2005

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

#### - Voluntary Golden Handshake Scheme - 2011 for drivers

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





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

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

	Note	2016	2015
Rupees in '000			
<b>28 TAXATION</b>			
For the year:			
Current		2,483,154	2,311,747
Prior year	28.1	989,117	361,408
Deferred		(149,980)	477,391

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

	2016	2015
<b>28.2 Relationship Between Income Tax Expense and Accounting Profit</b>		
Accounting profit for the year	<u>6,701,535</u>	<u>8,493,656</u>
Tax rate	<u>35%</u>	<u>35%</u>
Tax on accounting income	2,345,537	2,972,780
Tax effect of permanent differences		
Penalties imposed by SBP	15,903	8,391
Repair allowance of one fifth allowed against rental income	(1,837)	(2,709)
	14,066	5,682
Tax effect of prior years	989,117	361,408
Others	(26,429)	(189,324)
	<u>3,322,291</u>	<u>3,150,546</u>

## 29 BASIC EARNINGS PER SHARE

(Loss) / profit after tax for the year - Rupees in '000	3,379,244	5,343,110
Weighted average number of ordinary shares outstanding during the year	<u>1,252,244,067</u>	<u>1,252,244,067</u>
Basic (loss) / earnings per share - Rupees	<u>2.70</u>	<u>4.27</u>



### 30 DILUTED EARNINGS PER SHARE

(Loss) / profit after tax for the year - Rupees in '000	3,379,244	5,343,110
Weighted average number of ordinary shares outstanding during the year	1,252,244,067	1,252,244,067
Diluted (loss) / earnings per share - Rupees	2.70	4.27

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

	2016	2015
	Number	
Permanent	7,661	7,673
Contractual	2,233	1,592
Total staff strength	9,894	9,265

### 31 STAFF STRENGTH

### 32 CREDIT RATING

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

### 33 DEFINED BENEFIT AND CONTRIBUTION PLANS

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

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

**33.1** Brief description of each fund is as follows:

#### 33.1.1 Pension scheme

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

#### 33.1.2 Benevolent scheme - officers

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



### 33.1.3 Benevolent scheme - staff

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

### 33.1.4 Gratuity under old Staff Regulations - SSR 1961

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

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

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

### 33.1.6 Post retirement medical benefits

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

### 33.1.7 Employees compensated absences - unfunded

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

### 33.1.8 Gratuity scheme of the Company

The scheme provides for terminal benefits for all permanent employees of the Company whose period of service is atleast one year. Employees are entitled to gratuity on the basis set out in the Company's staff regulations.

### 33.1.9 Defined contribution plan

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

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

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

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



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

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

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

### 33.2 Risks Associated with Defined Benefit Plans

#### Investment risk

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

#### Longevity risk

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

#### Salary increase risk

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

#### Withdrawal risk

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

### 33.3 Principal Actuarial Assumption

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

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





2015

	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SSR-1961	SR-2005			
Pension							
	-----Rs. in '000-----						
Opening net (assets) / liability	(822,242)	-	(1,939,307)	53,215	4,220,464	866,380	106,837
Expense / (credit) for the year	268,181	(34,028)	(218,172)	110,111	685,692	145,921	43,424
Other comprehensive (income) / expense	(991,578)	37,206	(20,157)	62,581	(417,077)	1,381,187	(9,585)
Contribution to fund / benefits paid	-	(11,116)	-	(214,639)	(45,201)	(3,436)	(1,193)
Opening net (assets) / liability	(1,545,639)	-	(2,177,636)	11,268	4,443,878	2,390,052	139,483

33.4.3 Movement in the present value of defined benefit obligations

2016

	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SSR-1961	SR-2005			
Pension							
	-----Rs. in '000-----						
Present value of obligation as on January 01,	10,141,181	95,254	-	1,171,636	4,443,878	2,390,052	139,483
Current service cost	46,026	15,518	-	137,117	144,515	209,099	33,599
Interest cost	895,412	21,517	-	102,496	395,875	215,105	13,847
Benefits paid	(384,327)	(31,215)	(5,984)	(65,595)	(90,525)	(6,811)	(2,030)
Liability transferred to Gratuity - SSR 1961	(123,177)	-	123,177	-	-	-	-
Contribution - employees	-	(10,786)	(2,600)	-	-	-	-
Actuarial (gain) / loss on obligation	435,260	608,356	-	(577)	173,536	(225,864)	(2,576)
Present value of obligation as at December 31,	11,010,375	858,076	-	1,345,077	5,067,279	2,581,581	182,323

2015

	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SSR-1961	SR-2005			
Pension							
	-----Rs. in '000-----						
Present value of obligation as on January 01,	9,867,605	383,546	65,027	869,303	4,220,464	866,380	106,837
Current service cost	360,683	42,458	6,526	116,198	213,433	48,453	31,472
Interest cost	1,099,056	41,659	7,031	95,844	472,259	97,468	11,952
Benefits paid	(196,444)	(26,490)	(5,052)	(34,718)	(45,201)	(3,436)	(1,193)
Liability transferred to Gratuity - SSR 1961	(188,817)	-	188,817	-	-	-	-
Contribution - employees	-	(11,116)	(3,178)	-	-	-	-
Actuarial (gain) / loss on obligation	(800,902)	(175,371)	24,900	125,009	(417,077)	1,381,187	(9,585)
Present value of obligation as at December 31,	10,141,181	254,686	95,254	1,171,636	4,443,878	2,390,052	139,483



### 33.4.4 Movement in fair value of plan assets

	2016							
	Benevolent scheme			Gratuity		Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Pension	Officers	Staff	SSR-1961	SR-2005			
	Rs. in '000							
Total assets as on January 01,	11,686,820	984,916	453,411	2,177,636	1,160,368	-	-	-
Expected return on plan assets	1,001,426	86,267	43,542	168,437	108,424	-	-	-
Actuarial gain / (loss) on asset	37,769	(12,152)	(10,672)	(6,938)	(4,126)	-	-	-
Payment to Gratuity - SSR 1961	(123,177)	-	-	123,177	-	-	-	-
Benefits paid	(384,327)	(31,215)	(5,984)	(123,177)	(65,595)	-	-	-
Contributions - employer	(2,199)	10,786	2,600	-	154,289	-	-	-
Contributions - employees	-	10,786	2,600	-	-	-	-	-
Transferred from gratuity to pension	612,229	-	-	(612,229)	-	-	-	-
Total assets as at December 31,	12,828,541	1,049,388	485,497	1,726,906	1,353,360	-	-	-
	2015							
	Benevolent scheme			Gratuity		Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Pension	Officers	Staff	SSR-1961	SR-2005			
		Rs. in '000						
Total assets as on January 01,	10,689,847	853,939	394,084	1,939,307	816,088	-	-	-
Expected return on plan assets	1,191,558	93,327	44,408	218,172	101,931	-	-	-
Actuarial gain / (loss) on asset	190,676	41,908	13,616	20,157	62,428	-	-	-
Payment to Gratuity - SSR 1961	(188,817)	-	-	188,817	-	-	-	-
Benefits paid	(196,444)	(26,490)	(5,052)	(188,817)	(34,718)	-	-	-
Contributions - employer	-	11,116	3,178	-	214,639	-	-	-
Contributions - employees	-	11,116	3,177	-	-	-	-	-
Total assets as at December 31,	11,686,820	984,916	453,411	2,177,636	1,160,368	-	-	-



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

2016

Pension	Benevolent scheme			Gratuity			Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SSR-1961	SSR-2005	SR-2005	SR-2005			
	Rs. in '000								
Current service cost	15,518	2,631	-	137,117	144,515	209,099	33,599		
Interest cost	(64,750)	(35,238)	(168,437)	(5,928)	395,875	215,105	13,847		
Contributions - employees	(10,786)	(2,600)	-	-	-	-	-		
	(59,988)	(60,018)	(168,437)	131,189	540,390	424,204	47,446		

2015

Pension	Benevolent scheme			Gratuity			Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SSR-1961	SSR-2005	SR-2005	SR-2005			
	Rs. in '000								
Current service cost	42,458	6,526	-	116,198	213,433	48,453	31,472		
Interest cost	(51,669)	(37,377)	(218,172)	(6,087)	472,259	97,468	11,952		
Contributions - employees	(11,116)	(3,177)	-	-	-	-	-		
	268,181	(20,327)	(218,172)	110,111	685,692	145,921	43,424		

33.4.6 Actual return on plan assets

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

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

Pension	Benevolent scheme			Gratuity			Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SSR-1961	SSR-2005	SR-2005	SR-2005			
	Rs. in '000								
Expected charge / (reversal) for next year	3,832	(29,762)	(138,153)	139,277	649,148	441,183	49,223		





### 33.5 Composition of Fair Value of Plan Assets

	2016						2015					
	Benevolent scheme			Gratuity			Benevolent scheme			Gratuity		
	Officers	Staff	%	SSR-1961	SR-2005	Pension	Officers	Staff	%	SSR-1961	SR-2005	Pension
Government securities	570,272	212,889	43.85	442,380	946,767	27.93	947,160	438,229	96.65	1,100,555	2,242,776	57.14
Term deposit receipts	478,351	270,067	55.63	1,290,781	412,192	55.12	32,876	13,240	2.92	1,131,222	-	12.69
Deposits in the Bank	2,477	2,522	0.52	295	3,317	0.04	4,879	1,942	0.43	5,050	13,658	0.48
Debtors and creditors	(2,013)	19	(0.19)	(6,549)	(8,915)	16.91	-	-	-	(59,190)	(955,444)	28.49
Fair value of total plan assets	1,049,087	485,497	100.00	1,726,907	1,353,361	100.00	984,915	453,411	100.00	2,177,637	1,160,369	100.00

	2016						2015					
	Benevolent scheme			Gratuity			Benevolent scheme			Gratuity		
	Officers	Staff	%	SSR-1961	SR-2005	Pension	Officers	Staff	%	SSR-1961	SR-2005	Pension
Government securities	947,160	438,229	96.65	1,100,555	2,242,776	57.14	947,160	438,229	96.65	1,100,555	2,242,776	57.14
Term deposit receipts	32,876	13,240	2.92	1,131,222	-	12.69	32,876	13,240	2.92	1,131,222	-	12.69
Deposits in the Bank	4,879	1,942	0.43	5,050	13,658	0.48	4,879	1,942	0.43	5,050	13,658	0.48
Debtors and creditors	-	-	-	(59,190)	(955,444)	28.49	-	-	-	(59,190)	(955,444)	28.49
Mark-up receivable from Gratuity SR-2005	-	-	-	-	(140,621)	1.20	-	-	-	-	(140,621)	1.20
Fair value of total plan assets	984,915	453,411	100.00	2,177,637	1,160,369	100.00	984,915	453,411	100.00	2,177,637	1,160,369	100.00



### 33.6 Five Year Data of Defined Benefit Plan and Experience Adjustments

	2016	2015	2014	2013	2012
	..... Rupees in '000 .....				
<b>33.6.1 Pension fund</b>					
Present value of defined benefit obligation	11,010,375	10,141,181	9,867,605	2,748,554	1,848,263
Fair value of plan assets	(12,828,541)	(11,686,820)	(10,689,847)	(6,059,405)	(5,692,003)
Surplus in fund	<u>(1,818,166)</u>	<u>(1,545,639)</u>	<u>(822,242)</u>	<u>(3,310,851)</u>	<u>(3,843,740)</u>
Experience adjustments on plan obligations / assets					
Actuarial (loss) / gain on obligation	<u>(435,260)</u>	<u>800,902</u>	<u>(3,738,355)</u>	<u>(881,695)</u>	<u>(301,482)</u>
Actuarial gain / (loss) on assets	<u>37,769</u>	<u>190,676</u>	<u>53,870</u>	<u>(73,607)</u>	<u>-</u>
<b>33.6.2 Benevolent scheme - officers</b>					
Present value of defined benefit obligation	858,076	254,686	383,546	245,632	244,874
Fair value of plan assets	(1,049,388)	(984,916)	(853,939)	(728,898)	(677,701)
Surplus in fund	<u>(191,312)</u>	<u>(730,230)</u>	<u>(470,393)</u>	<u>(483,266)</u>	<u>(432,827)</u>
Experience adjustments on plan obligations / assets					
Actuarial (loss) / gain on obligation	<u>(608,356)</u>	<u>175,371</u>	<u>(36,303)</u>	<u>17,729</u>	<u>6,596</u>
Actuarial (loss) / gain on assets	<u>(12,152)</u>	<u>41,908</u>	<u>31,590</u>	<u>(17,984)</u>	<u>-</u>
<b>33.6.3 Benevolent scheme - staff</b>					
Present value of defined benefit obligation	111,266	95,254	65,027	28,012	31,149
Fair value of plan assets	(485,497)	(453,411)	(394,084)	(340,003)	(306,517)
Surplus in fund	<u>(374,231)</u>	<u>(358,157)</u>	<u>(329,057)</u>	<u>(311,991)</u>	<u>(275,368)</u>
Experience adjustments on plan obligations / assets					
Actuarial (loss) / gain on obligation	<u>(13,661)</u>	<u>(24,900)</u>	<u>(176)</u>	<u>5,735</u>	<u>(1,618)</u>
Actuarial (loss) / gain on assets	<u>(10,672)</u>	<u>13,616</u>	<u>8,654</u>	<u>(5,540)</u>	<u>-</u>
<b>33.6.4 Gratuity - SSR 1961</b>					
Present value of defined benefit obligation	-	-	-	-	-
Fair value of plan assets	(1,726,906)	(2,177,636)	(1,939,307)	(1,741,282)	(1,594,870)
Surplus in fund	<u>(1,726,906)</u>	<u>(2,177,636)</u>	<u>(1,939,307)</u>	<u>(1,741,282)</u>	<u>(1,594,870)</u>
Experience adjustments on plan assets					
Actuarial (loss) / gain on assets	<u>(6,938)</u>	<u>20,157</u>	<u>1,681</u>	<u>(19,071)</u>	<u>-</u>
<b>33.6.5 Gratuity - SR 2005</b>					
Present value of defined benefit obligation	1,345,077	1,171,636	869,303	1,634,839	992,636
Fair value of plan assets	(1,353,360)	(1,160,368)	(816,088)	(1,675,887)	(1,360,616)
(Surplus) / deficit in fund	<u>(8,283)</u>	<u>11,268</u>	<u>53,215</u>	<u>(41,048)</u>	<u>(367,980)</u>
Experience adjustments on plan obligations / assets					
Actuarial gain / (loss) on obligation	<u>577</u>	<u>(125,009)</u>	<u>(253,178)</u>	<u>(389,395)</u>	<u>72,489</u>
Actuarial (loss) / gain on assets	<u>(4,126)</u>	<u>62,428</u>	<u>18,034</u>	<u>(24,461)</u>	<u>(13,283)</u>



	2016	2015	2014	2013	2012
	..... Rupees in '000 .....				
<b>33.6.6 Post retirement medical benefits</b>					
Present value of defined benefit obligation	5,067,279	4,443,878	4,220,464	2,325,802	1,257,078
Fair value of plan assets	-	-	-	-	-
Deficit in fund	<u>5,067,279</u>	<u>4,443,878</u>	<u>4,220,464</u>	<u>2,325,802</u>	<u>1,257,078</u>
Experience adjustments on plan obligations					
Actuarial (loss) / gain on obligation	<u>(173,536)</u>	<u>417,077</u>	<u>(1,294,026)</u>	<u>(626,788)</u>	<u>107,383</u>
<b>33.6.7 Employees compensated absences</b>					
Present value of defined benefit obligation	2,581,581	2,390,052	866,380	681,457	446,202
Fair value of plan assets	-	-	-	-	-
Deficit in fund	<u>2,581,581</u>	<u>2,390,052</u>	<u>866,380</u>	<u>681,457</u>	<u>446,202</u>
Experience adjustments on plan obligations					
Actuarial gain / (loss) on obligation	<u>225,864</u>	<u>(1,381,187)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>33.6.8 Gratuity scheme of the company</b>					
Present value of defined benefit obligation	182,323	139,483	106,838	60,939	54,919
Fair value of plan assets	-	-	-	-	-
(Surplus) / deficit in fund	<u>182,323</u>	<u>139,483</u>	<u>106,838</u>	<u>60,939</u>	<u>54,919</u>

### 33.7 Sensitivity Analysis

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

**34 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES**

	Note	2016 Rupees in '000	2015
Profit before taxation		6,701,535	8,493,656
Dividend income		(148,540)	(81,805)
		6,552,995	8,411,851
Adjustments for non-cash charges:			
Depreciation	11.2	328,538	267,894
Amortization	11.3	141	107
Amortization of deferred income	18.4	(719)	(756)
Provision against non-performing loans and advances - net		1,778,030	(573,110)
Provision for employees post retirement medical benefits	33.4.5	540,390	685,692
Provision against other assets - net	18.3	3,290	34,936
Fixed assets - charged off	27	58,431	
Write offs under relief packages		206,861	160,009
Mark-up on borrowing and sub-ordinated debt-SBP		-	5,126,543
Charge for defined benefit plans - net	26	279,189	295,110
Unrealized loss on revaluation of investments classified as held-for-trading	9.10	80	
Gain on sale of securities		(179,322)	(366,437)
Gain on sale of operating fixed assets	25	(33,526)	(20,114)
		2,981,383	5,609,874
		9,534,378	14,021,725

**35 CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks	7	3,477,750	2,516,338
Balances with other banks	8	20,453,942	16,742,698
		23,931,692	19,259,036



### 36 COMPENSATION OF PRESIDENT, DIRECTORS AND EXECUTIVES

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

	President / Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
..... Rupees in '000 .....						
Fee	-	-	8,375	7,696	-	-
Managerial remuneration	12,695	10,560	-	-	3,269,682	3,075,916
Charged for defined benefit plan	2,308	2,112	-	-	146,045	185,875
Contribution to defined contribution plan	-	-	-	-	25,217	42,382
Rent and house maintenance	6,389	1,897	-	-	423,621	275,536
Utilities	622	431	-	-	105,967	75,901
Medical	1,742	1,584	-	-	116,112	83,285
Conveyance	1,495	1,198	-	-	66,003	49,163
Club facility	-	625	-	-	-	-
Leave fare assistance	2,717	2,376	-	-	-	-
	27,968	20,783	8,375	7,696	4,152,647	3,788,058
<b>Number of persons</b>	1	1	9	8	2,724	2,555

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

**36.2** The aggregate amount charged in these financial statements for compensation, including all benefits to the Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
..... Rupees in '000 .....						
Fee	-	-	500	470	-	-
Managerial Remuneration	5,421	2,875	-	-	64,651	38,996
	5,421	2,875	500	470	64,651	38,996
<b>Number of persons</b>	1	1	6	7	72	62

**36.3** The Chief Executive has been provided with Company maintained car under CLDP for official cum private use and other benefits as per his terms of employment.



### 37 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Agency services	Assets management	Retail brokerage	Agri financing
..... Rupees in '000 .....									
<b>2016</b>									
Total income	-	-	-	-	-	-	-	-	24,053,121
Total expenses	-	-	-	-	-	-	-	-	27,920,763
Net income before tax	-	-	-	-	-	-	-	-	(3,867,642)
Taxation	-	-	-	-	-	-	-	-	1,096,251
Income after tax	-	-	-	-	-	-	-	-	(4,963,893)
Segment assets (gross)	-	-	-	-	-	-	-	-	221,975,845
Segment non performing loans	-	-	-	-	-	-	-	-	22,742,475
Segment provision required	-	-	-	-	-	-	-	-	2,474,388
Segment liabilities	-	-	-	-	-	-	-	-	(141,476,629)
Segment return on net assets (%)	-	-	-	-	-	-	-	-	-5.21%
Segment cost of funds (%)	-	-	-	-	-	-	-	-	4.59%
<b>2015</b>									
Total income	-	-	-	-	-	-	-	-	23,842,012
Total expenses	-	-	-	-	-	-	-	-	15,463,188
Net income before tax	-	-	-	-	-	-	-	-	8,378,824
Taxation	-	-	-	-	-	-	-	-	3,106,203
Income after tax	-	-	-	-	-	-	-	-	5,272,621
Segment assets (gross)	-	-	-	-	-	-	-	-	193,504,470
Segment non performing loans	-	-	-	-	-	-	-	-	16,524,468
Segment provision required	-	-	-	-	-	-	-	-	2,111,238
Segment liabilities	-	-	-	-	-	-	-	-	(108,362,672)
Segment return on net assets (%)	-	-	-	-	-	-	-	-	10.58%
Segment cost of funds (%)	-	-	-	-	-	-	-	-	6.25%



## 38 RELATED PARTY TRANSACTIONS AND BALANCES

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

	Key management personnel		Agricultural Technology Development Fund	
	2016	2015	2016	2015
<b>Advances</b>				
Opening balance	12,285	11,559	-	-
Addition	5,552	6,680	-	-
Deletion	(5,021)	(5,954)	-	-
Closing balance	12,816	12,285	-	-
<b>Deposits</b>				
Opening balance	17,189	3,861	143,637	124,346
Addition	131,126	133,231	8,950	22,534
Deletion	(132,222)	(119,903)	(53)	(3,243)
Closing balance	16,093	17,189	152,534	143,637
<b>Other transactions</b>				
Mark-up / interest earned	429	408	-	-
Mark-up / interest expensed	-	-	9,780	8,193
Compensation	110,118	81,962	-	-
Post retirement benefit	8,910	5,667	-	-
Contribution to defined benefit plans	1,240	967	-	-

## 39 CAPITAL ASSESSMENT AND ADEQUACY

### 39.1 Scope of Application

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

### 39.2 Capital Management

#### Objectives and goals of managing capital

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

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

#### Statutory minimum capital requirement and capital adequacy ratio

The State Bank of Pakistan through its BSD Circular No. 07 dated April 15, 2009 requires the minimum paid-up capital (net of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on



December 31, 2013. The paid-up capital of the Bank for the year ended December 31, 2016 stands at Rs. 12.522 billion and is in compliance with the SBP requirement. In addition, the banks are also required to maintain a minimum capital adequacy ratio (CAR) of 10.65% of the risk weighted exposure. The Bank's CAR as at December 31, 2016 is 46.69% of its risk weighted exposure.

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

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

S No.	Ratio	Year ended						As of 31
		2013	2014	2015	2016	2017	2018	Dec 2019
1	CET 1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT 1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier 1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	* CCB	-	-	0.25%	0.65%	1.28%	1.90%	2.50%
6	Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%

- \*(Consisting of CET1 only)

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

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

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

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

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

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

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





### 39.3 Capital Adequacy Ratio

	2016	2015
	..... Rupees in '000 .....	
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully Paid-up Capital / Capital deposited with SBP	52,678,433	52,678,433
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 Discount on issue of Shares	-	-
5 General / Statutory Reserves	6,299,526	5,644,659
6 Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated / unremitted profits	21,034,629	18,716,929
8 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9 <b>CET 1 before Regulatory Adjustments</b>	<b>80,012,588</b>	<b>77,040,021</b>
10 Total regulatory adjustments applied to CET1 (Note 39.3.1)	<b>(1,111,238)</b>	<b>(648,268)</b>
11 <b>Common Equity Tier 1 Additional Tier 1 (AT 1) Capital</b>	<b>78,901,350</b>	<b>76,391,753</b>
12 Qualifying Additional Tier-1 instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	-	-
15 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 <b>AT1 before regulatory adjustments</b>	-	-
18 Total regulatory adjustments applied to AT1 capital (Note 39.3.2)	-	-
19 Additional Tier 1 capital	-	-
20 <b>Additional Tier 1 capital recognized for capital adequacy</b>	-	-
21 <b>Tier 1 Capital (CET1 + admissible AT1) (11+20)</b>	<b>78,901,350</b>	<b>76,391,753</b>
<b>Tier 2 Capital</b>		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	3,204,323	3,204,323
23 Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel III rules	-	-
24 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	1,817,581	1,653,368
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on Property	-	-
29 of which: Unrealized Gains/Losses on AFS	1,893,459	1,454,856
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 <b>T2 before regulatory adjustments</b>	<b>6,915,363</b>	<b>6,312,547</b>
33 Total regulatory adjustments applied to T2 capital (Note 39.3.3)	<b>(20,000)</b>	<b>(30,000)</b>
34 <b>Tier 2 capital (T2) after regulatory adjustments</b>	<b>6,895,363</b>	<b>6,282,547</b>
35 Tier 2 capital recognized for capital adequacy	6,895,363	6,282,547
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	6,895,363	6,282,547
38 <b>TOTAL CAPITAL (T1 + admissible T2) (21+37)</b>	<b>85,796,713</b>	<b>82,674,300</b>
39 Total Risk Weighted Assets (for details refer Note 39.6)	183,754,087	166,226,620



	2016	2015
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
40 <b>CET1 to total RWA</b>	<b>42.94%</b>	<b>45.96%</b>
41 <b>Tier-1 capital to total RWA</b>	<b>42.94%</b>	<b>45.96%</b>
42 <b>Total capital to RWA</b>	<b>46.69%</b>	<b>49.74%</b>
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.00%	6.00%
44 of which: capital conservation buffer requirement	0.65%	0.25%
45 of which: countercyclical buffer requirement		
46 of which: D-SIB or G-SIB buffer requirement		
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	42.94%	45.96%
<b>National minimum capital requirements prescribed by SBP</b>		
48 <b>CET1 minimum ratio</b>	<b>6.00%</b>	<b>6.00%</b>
49 <b>Tier 1 minimum ratio</b>	<b>7.50%</b>	<b>7.50%</b>
50 <b>Total capital minimum ratio</b>	<b>10.65%</b>	<b>10.25%</b>



Regulatory Adjustments and Additional Information	2016		2015	
	Amount	Amounts subject to Pre-Basel III treatment	Amount	Amounts subject to Pre-Basel III treatment
..... Rupees in '000 .....				
<b>39.3.1 Common Equity Tier 1 capital:</b>				
1 Goodwill (net of related deferred tax liability)	-	-	-	-
2 All other intangibles (net of any associated deferred tax liability)	(338)	-	(12)	-
3 Shortfall of provisions against classified assets	-	-	-	-
4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
5 Defined-benefit pension fund net assets	(1,090,900)	(1,818,166)	(618,256)	(1,545,639)
6 Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	-	-
7 Cash flow hedge reserve	-	-	-	-
8 Investment in own shares/CET1 instruments	-	-	-	-
9 Securitization gain on sale	-	-	-	-
10 Capital shortfall of regulated subsidiaries	-	-	-	-
11 Deficit on account of revaluation from bank's holdings of property/ AFS	-	-	-	-
12 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
13 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-



Regulatory Adjustments and Additional Information	2016		2015		
	Amount	Amounts subject to Pre-Basel III treatment	Amount	Amounts subject to Pre-Basel III treatment	
..... Rupees in '000 .....					
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
15	Amount exceeding 15% threshold	-	-	-	-
16	of which: significant investments in the common stocks of financial entities	-	-	-	-
17	of which: deferred tax assets arising from temporary differences	-	-	-	-
18	National specific regulatory adjustments applied to CET1 capital	-	-	-	-
19	Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
20	Any other deduction specified by SBP (mention details)	-	-	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	(20,000)	-	(30,000)	(30,000)
<b>22</b>	<b>Total regulatory adjustments applied</b>	<b>(1,111,238)</b>		<b>(648,268)</b>	

**39.3.2 Additional Tier 1 Capital: regulatory**

23	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
24	Investment in own AT1 capital	-	-	-	-
25	instruments Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
27	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-



Regulatory Adjustments and Additional Information	2016		2015		
	Amount	Amounts subject to Pre-Basel III treatment	Amount	Amounts subject to Pre-Basel III treatment	
..... Rupees in '000 .....					
28	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	(20,000)	-	(30,000)	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	20,000	-	30,000	-
<b>30</b>	<b>Total of Regulatory Adjustment</b>	-	-	-	-
<b>39.3.3 Tier 2 Capital: regulatory adjustments</b>					
31	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	(20,000)	-	(30,000)	-
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-	-
33	Investment in own Tier 2 capital instrument	-	-	-	-
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
<b>36</b>	<b>Total Regulatory Adjustment applied to T2 capital (sum of 31 to 35)</b>	(20,000)	-	(30,000)	-



**39.3.4 Additional Information**

**Risk weighted assets subject to Pre-Basel III Treatment**

- 37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)
  - (i) of which: deferred tax assets
  - (ii) of which: Defined-benefit pension fund net assets
  - (iii) of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity
  - (iv) of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity

**Amounts below the thresholds for deduction (before risk weighting)**

- 38 Non-significant investments in the capital of other financial entities
- 39 Significant investments in the common stock of financial entities
- 40 Deferred tax assets arising from temporary differences (net of related tax liability)

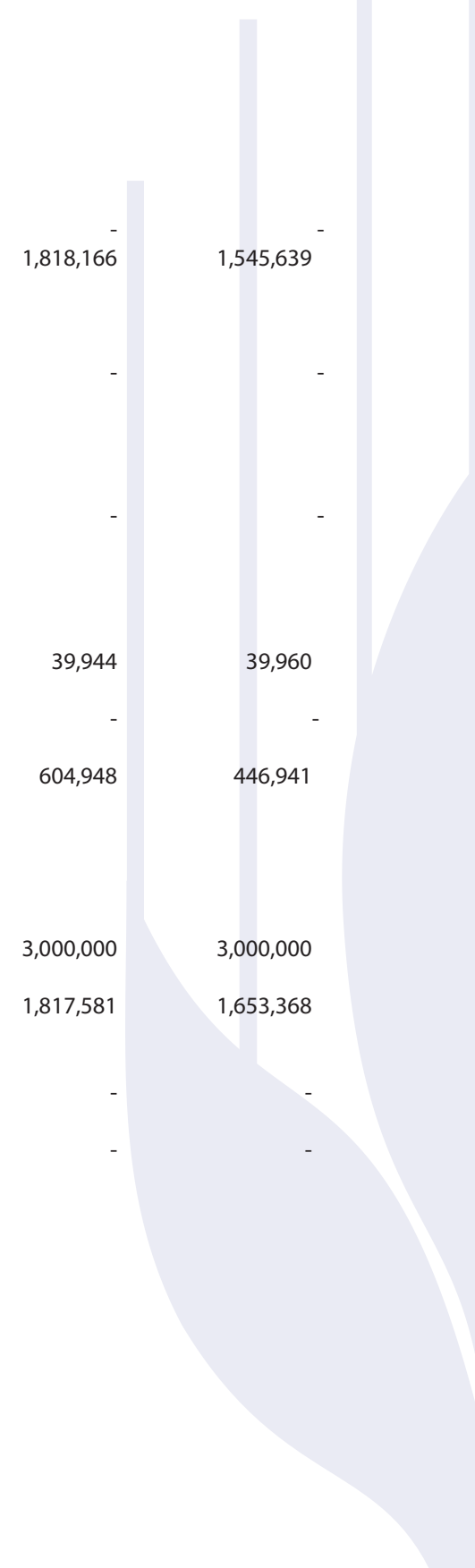
**Applicable caps on the inclusion of provisions in Tier 2**

- 41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)
- 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

2016  
..... Rupees in '000 .....

2015

..... Rupees in '000 .....





### 39.4 Capital Structure Reconciliation

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



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





	<b>Balance sheet as in published financial statements 2016</b>	<b>Under regulatory scope of consolidation  2016</b>	<b>Ref</b>
	<b>Rupees in '000</b>		
Other liabilities	13,667,442	13,667,442	
<b>Total liabilities</b>	<b>133,120,885</b>	<b>133,120,885</b>	
	<b>2016</b>	<b>2016</b>	
	<b>Rupees in '000</b>		
Share capital	52,678,433	52,678,433	
of which: amount eligible for CET1	52,678,433	52,678,433	
of which: amount eligible for AT1	-	-	
Reserves	6,299,526	6,299,526	
of which: portion eligible for inclusion in CET1 (provide breakup)	6,299,526	6,299,526	
of which: portion eligible for inclusion in Tier 2	-	-	
Unappropriated profit/ (losses)	21,034,629	21,034,629	
Minority Interest	-	-	
of which: portion eligible for inclusion in CET1	-	-	
of which: portion eligible for inclusion in AT1	-	-	
of which: portion eligible for inclusion in Tier 2	-	-	
Surplus on revaluation of assets	2,427,511	2,427,511	
of which: Revaluation reserves on Property	-	-	
of which: Unrealized Gains/Losses on AFS	2,427,511	2,427,511	
In case of Deficit on revaluation (deduction from CET1)	-	-	
<b>Total Equity</b>	<b>82,440,099</b>	<b>82,440,099</b>	
<b>Total liabilities &amp; Equity</b>	<b>215,560,984</b>	<b>215,560,984</b>	



**Step 3****Component of  
regulatory  
capital reported  
by bank****Source based on  
reference  
number from  
Step 2****Rupees in '000**

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)	-	
23 Amount exceeding 15% threshold	-	(i)
24 of which: significant investments in the common stocks of financial entities	-	
25 of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments applied to CET1 capital	-	
27 Investment in TFCs of other banks exceeding the rescribed limit	-	
28 Any other deduction specified by SBP (mention details)	-	
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	(20,000)	
<b>30 Total regulatory adjustments applied to CET1 (sum of 9 to 25)</b>	<b>616,696</b>	
<b>Common Equity Tier 1</b>	<b>80,629,284</b>	



**Step 3**

	<b>Component of regulatory capital reported by bank</b>	<b>Source based on reference number from Step 2</b>
	<b>Rupees in '000</b>	
<b>Additional Tier 1 (AT 1) Capital</b>		
31 Qualifying Additional Tier-1 instruments plus any related share premium	-	(t)
32 of which: Classified as equity	-	(m)
33 of which: Classified as liabilities	-	(y)
34 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	
35 of which: instrument issued by subsidiaries subject to phase out	-	
36 AT1 before regulatory adjustments	-	
Additional Tier 1 Capital: regulatory adjustments		(ac)
37 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38 Investment in own AT1 capital instruments	-	
39 Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
40 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
41 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
42 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	(20,000)	
43 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	20,000	
44 Total of Regulatory Adjustment applied to AT1 capital	-	
45 Additional Tier 1 capital	-	



Step 3	Component of regulatory capital reported by bank	Source based on reference number from Step 2
	Rupees in '000	
<b>46 Additional Tier 1 capital recognized for capital adequacy</b>	-	
<b>Tier 1 Capital (CET1 + admissible At1)</b>		
<b>Tier 2 Capital</b>		
47 Qualifying Tier 2 capital instruments under Basel III	3,204,323	
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
50 of which: instruments issued by subsidiaries subject to phase out	-	
51 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	1,817,581	(g)
52 Revaluation Reserves eligible for Tier 2	-	
53 of which: portion pertaining to Property	-	
54 of which: portion pertaining to AFS securities	1,893,459	portion of (aa)
55 Foreign Exchange Translation Reserves	-	(v)
56 Undisclosed/Other Reserves (if any)	-	
<b>57 T2 before regulatory adjustments</b>	<b>6,915,363</b>	
<b>Tier 2 Capital: regulatory adjustments</b>		
58 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	(20,000)	
59 Reciprocal cross holdings in Tier 2 instruments	-	
60 Investment in own Tier 2 capital instrument	-	
61 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
62 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
63 Amount of Regulatory Adjustment applied to T2 capital	<b>(20,000)</b>	
64 Tier 2 capital (T2)	<b>6,895,363</b>	
65 Tier 2 capital recognized for capital adequacy	<b>6,895,363</b>	
66 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67 Total Tier 2 capital admissible for capital adequacy	<b>6,895,363</b>	
<b>TOTAL CAPITAL (T1 + admissible T2)</b>	<b>87,524,647</b>	



### 39.5 Main Features Template of Regulatory Capital Instruments

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



### 39.6 Risk Weighted Assets

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

	2016	2015	2016	2015
	Capital Requirements		Risk Weighted Assets	
..... Rupees in '000 .....				
<b>Credit risk</b>				
Portfolios subject to standardized approach (simple or comprehensive)				
<b>On-balance sheet</b>				
Banks	522,993	346,670	4,910,732	3,382,148
Retail	9,370,825	8,981,956	87,988,964	87,628,839
Loans secured against residential property	43,927	46,676	412,456	455,372
Past due loans	3,046,953	2,074,818	28,609,887	20,242,123
Deferred tax assets	161,067	114,529	1,512,370	1,117,353
Listed equity investments	412,685	348,396	3,874,979	3,398,987
Investments in fixed assets	220,577	215,369	2,071,145	2,101,165
Other assets	1,705,192	1,428,597	16,011,197	13,937,533
Total credit risk	15,484,219	13,557,011	145,391,730	132,263,520
<b>Off-Balance Sheet</b>				
Non-market related	1,572	606	14,756	5,912
	15,485,791	13,557,617	145,406,486	132,269,432
<b>Market risk</b>				
Capital requirement for portfolios subject to standardized approach				
Interest rate risk	3,699	639	46,238	7,988
Equity position risk	619,996	537,328	7,749,950	6,716,600
Foreign exchange risk	-	-	-	-
Total market risk	623,695	537,967	7,796,188	6,724,588
<b>Operational risk</b>				
Capital requirement for operational risks	2,444,113	2,178,608	30,551,413	27,232,600
	2,444,113	2,178,608	30,551,413	27,232,600
<b>Total</b>	18,553,599	16,274,192	183,754,087	166,226,620
<b>Capital adequacy ratio</b>				
	2016		2015	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	42.94%	6.00%	45.96%
Tier-1 capital to total RWA	7.50%	42.94%	7.50%	45.96%
Total capital total RWA	10.65%	46.69%	10.25%	49.74%
Total capital plus CCB to total RWA	10.65%	46.69%	10.25%	49.74%

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

### 39.7 Leverage Ratio

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



## 40 RISK MANAGEMENT

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

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

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

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

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

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

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

### 40.1 Credit Risk

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

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

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

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

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





#### 40.1.1 Credit risk - General disclosures

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

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

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

#### Credit exposures subject to standardized approach

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



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

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

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

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

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

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

**Concentration of risk**

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

**40.1.5 Equity position risk in the banking book**

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

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



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

Investments - Available for sale  
Investment in subsidiary

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

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

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

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

**40.1.6 Segmental information**

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

**40.1.7 Segments by class of business**

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, forestry, hunting and fishing	139,142,389	98.50%	-	-	1,546,560	2.59%
Individuals	-	-	43,174,135	72.30%	10,913,261	18.29%
Others	2,125,770	1.50%	16,538,723	27.70%	47,193,917	79.11%
	141,268,159	100.00%	59,712,858	100.00%	59,653,738	100.00%

**2015**

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

**40.1.8 Segments by sector**

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / government *	-	-	16,482,742	27.60%	47,193,917	79.11%
Private	141,268,159	100.00%	43,230,116	72.40%	12,459,821	20.89%
	141,268,159	100.00%	59,712,858	100.00%	59,653,738	100.00%



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

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

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

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

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

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

#### 40.1.11 Geographical segment analysis

	2016	
	Total assets employed	Net assets employed
	..... Rupees in '000 .....	
Pakistan	6,701,535	82,811,575
	215,944,177	59,653,738



	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	..... Rupees in '000 .....			
Pakistan	8,378,824	187,574,120	79,211,448	29,595,893

## 40.2 Market Risk Management

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

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

### 40.2.1 Foreign exchange risk management

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

### 40.2.2 Equity price risk

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



### 40.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

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

	Effective Yield / Interest rate	Total	2016						Not exposed to yield / interest risk			
			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 .....												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks	-	3,477,750	-	-	-	-	-	-	-	-	-	3,477,750
Balances with other banks	5.24	20,074,445	13,474,445	-	4,600,000	2,000,000	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments - net	7.72	37,018,541	4,331,368	24,040,606	2,028,469	1,599,359	-	-	1,094,811	-	-	3,923,928
Advances - net	12.63	135,765,150	48,378,725	29,206	8,028,058	18,622,484	25,984,887	12,307,169	16,351,308	550,359	-	195,823
Other assets - net	-	15,234,379	-	-	-	-	-	-	-	-	-	15,234,379
		211,570,265	66,184,538	24,069,812	14,656,527	22,221,843	25,984,887	12,307,169	17,446,119	550,359	550,359	22,831,880
<b>Liabilities</b>												
Bills payable	-	493,231	-	-	-	-	-	-	-	-	-	493,231
Borrowings	5.81	55,885,230	55,885,230	-	-	-	-	-	-	-	-	-
Deposits and other accounts	3.83	59,870,659	8,784,051	50,239	7,114,306	30,146,228	351	1,212,695	709	-	-	12,562,080
Sub-ordinated loans	6.44	3,204,323	-	3,204,323	-	-	-	-	-	-	-	-
Other liabilities	-	12,759,891	-	-	-	-	-	-	-	-	-	21,355,417
		132,213,334	8,784,051	59,139,792	7,114,306	30,146,228	351	1,212,695	709	-	-	34,410,728
<b>On-balance sheet gap</b>		79,356,931	57,400,487	(35,069,980)	7,542,221	(7,924,385)	25,984,536	11,094,474	17,445,410	550,359	550,359	(11,578,848)
<b>Off-balance sheet gap</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total yield / interest risk sensitivity gap</b>		79,356,931	57,400,487	(35,069,980)	7,542,221	(7,924,385)	25,984,536	11,094,474	17,445,410	550,359	550,359	(11,578,848)
<b>Cumulative yield / interest risk sensitivity gap</b>		79,356,931	57,400,487	22,330,507	29,872,728	21,948,343	47,932,879	59,027,353	76,472,763	81,789,894	82,340,253	70,761,405
<b>Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:</b>												
Rupees in '000												
Total financial assets		211,570,265										
Add non-financial assets:												
Investment in subsidiary company		100,000										
Operating fixed assets		2,071,483										
Deferred tax assets - net		604,947										
Other assets		1,214,288										
Total assets as per statement of financial position		215,678,497										
Total financial liabilities												
Add non-financial liabilities:												
Other liabilities		907,551										
Total liability as per statement of financial position		133,120,885										



40.3.1 Mismatch of interest rate sensitive assets and liabilities

2015

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk						Not exposed to Yield / Interest risk			
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years		Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Rupees in '000											
<b>On-balance sheet financial instruments</b>											
<b>Assets</b>											
Cash and balances with treasury banks	2,516,338	-	-	-	-	-	-	-	-	-	2,516,338
Balances with other banks	16,408,511	14,408,511	2,000,000	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-
Investments - net	19,665,649	-	10,553,534	4,241,216	360,886	155,345	-	1,094,715	-	-	3,259,953
Advances - net	129,552,744	47,946,978	37,985	5,166,872	26,639,213	20,183,060	10,906,216	12,341,208	5,278,567	320,209	732,436
Other assets - net	14,627,098	-	-	-	-	-	-	-	-	-	14,627,098
	182,770,340	62,355,489	12,591,519	9,408,088	27,000,099	20,338,405	10,906,216	13,435,923	5,278,567	320,209	21,135,825
<b>Liabilities</b>											
Bills payable	346,059	-	-	-	-	-	-	-	-	-	346,059
Borrowings	57,143,100	5,885,887	-	51,257,213	-	-	-	-	-	-	-
Deposits and other accounts	35,947,953	8,738,693	59,018	561,626	13,046,539	149	377,536	845	-	-	13,163,547
Sub-ordinated loans	3,204,323	-	-	3,204,323	-	-	-	-	-	-	-
Other liabilities	7,944,994	-	-	-	-	-	-	-	-	-	7,944,994
	104,586,429	14,624,580	59,018	55,023,162	13,046,539	149	377,536	845	-	-	21,454,600
<b>On-balance sheet gap</b>	78,183,911	47,730,909	12,532,501	(45,615,074)	13,953,560	20,338,256	10,528,680	13,435,078	5,278,567	320,209	(318,775)
<b>Off-balance sheet gap</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total yield / interest risk sensitivity gap</b>	78,183,911	47,730,909	12,532,501	(45,615,074)	13,953,560	20,338,256	10,528,680	13,435,078	5,278,567	320,209	(318,775)
<b>Cumulative yield / interest risk sensitivity gap</b>	78,183,911	47,730,909	60,263,410	14,648,336	28,601,896	48,940,152	59,468,832	72,903,910	78,182,477	78,502,686	78,183,911

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

	Rupees in '000	Rupees in '000
Total financial assets	182,770,340	104,586,429
Add non-financial assets:		
Investment in subsidiary company	100,000	3,776,243
Operating fixed assets	2,101,177	108,362,672
Deferred tax assets - net	446,941	
Other assets	2,155,662	
Total assets as per statement of financial position	187,574,120	
Total financial liabilities		104,586,429
Add non-financial liabilities:		
Other liabilities		3,776,243
Total liability as per statement of financial position		108,362,672





#### 40.4 Liquidity Risk

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

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

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



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

2015

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



## 40.5 Operational Risk

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

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

## 40.6 Fair Value of Financial Instruments

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

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

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

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

## 41 FAIR VALUE MEASUREMENT

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

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

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



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

Carrying amount		Fair Value	
2016	2015	2016	2015
----- Rupees in '000 -----			

**Assets**

Available for sale securities	34,251,992	13,739,485	34,251,992	13,739,485
-------------------------------	------------	------------	------------	------------

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

**Fair value hierarchy**

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

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

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

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

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



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

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



#### 41.1 Valuation Technique used & Key Inputs

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

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

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

### 42 CONSUMER GRIEVANCES HANDLING MECHANISM

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

### 43 EVENTS AFTER THE REPORTING PERIOD

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

### 44 CORRESPONDING FIGURES

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

### 45 DATE OF AUTHORIZATION FOR ISSUE

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

### 46 GENERAL

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

**PRESIDENT**

**DIRECTOR**

**DIRECTOR**

**DIRECTOR**



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

Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's / husband's name	Outstanding liabilities at beginning of the year				Total	Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					Principal	Interest	Others	Total					
..... Rupees in million .....													
1	2	3	4	5	6	7	8	9	10	11	12	13	
1	AMANULLAH KHAN ZARKANI	AMANULLAH KHAN	15190109360	SHAH ALAM KHAN	0.346	0.553	-	0.899	-	0.655	-	0.655	
2	MST IKHTIAR BIBI PANIYALLA	MST IKHTIAR BIBI	149-47-170383	SAID KHAN	0.237	0.621	-	0.858	-	0.610	-	0.610	
3	RUSTAM KHAN ABIZER	RUSTAM KHAN	150-58-064120	ADAM KHAN	0.049	0.656	-	0.705	-	0.688	-	0.688	
4	A RAHIM VILLAGE KUNDI TEH CHATTAR	MUHAMMAD RAHIM	60608055227	DAD MOHD	0.075	0.637	-	0.712	0.075	0.595	-	0.670	
5	ALAM KHAN BATOON BAROON	MUHAMMAD ALIM	60741082957	MIR MUHAMMAD	0.246	0.262	-	0.508	0.246	0.262	-	0.508	
6	ISHAQ SAMEJI	MUHAMMAD ISHAQ	60761118609	JEHANGIR KHAN BROHI	0.037	0.505	-	0.542	-	0.529	-	0.529	
7	JAMSHER HADIRO	JAMSHER	60742106075	BUDHAL KHAN	0.299	0.546	-	0.845	-	0.562	-	0.562	
8	KHADIM HUSSAIN RIAZ HIJWAN TEH USTA MOHD	KHADIM HUSSAIN	60759195487	BIJI KHAN	0.261	0.270	-	0.531	0.261	0.270	-	0.531	
9	LATIF KHAN CHANDIA	LATIF KHAN	60785182530	MURAD KHAN	0.300	0.294	-	0.594	0.300	0.294	-	0.594	
10	MST AZIMAN KHUDADAD	MST AZIMAN	607-58-028495	KHAIR MUHAMMAD	0.380	0.617	-	0.997	-	0.715	-	0.715	
11	NIJMA BIBI MADAD KHAN	NIJMA BIBI	60737014018	KHALID IQBAL	0.068	0.657	-	0.725	-	0.686	-	0.686	
12	SAIN DINA G.M.MOHD	SAIN DIN	40538065874	DHANI BUX	0.338	0.180	-	0.518	0.338	0.180	-	0.518	
13	UMED ALI MIRPUR	UMED ALI	5330105900143	BAGAN KHAN	0.378	0.624	-	1.002	-	0.729	-	0.729	
14	ABDUL QAYYUM KHAN	ABDUL QAYYUM KHAN	28717114047	ABDUL AZIZ KHAN	0.219	0.363	-	0.582	-	0.569	-	0.569	
15	ABDUL GHANI DEH ROOPA WARD 6-7	ABDUL GHANI	4420149687863	HAJI YAR MUHAMMAD	0.332	0.527	-	0.859	-	0.523	-	0.523	
16	MEMON M/T A ABDUL REHAMAN CHORALO	MRS. ABDUL REHAMAN & ABDUL KHALIQ	4110132190989	HAJI AHMED	0.335	0.498	-	0.833	-	0.555	-	0.555	
17	BABY HAJO RAJOORI-2	BABY HAJO	4580580111693	MUHAMMAD BACHAL	0.337	0.609	-	0.946	-	0.677	-	0.677	







Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's / husband's name	Outstanding liabilities at beginning of the year					Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					Principal	Interest	Others	Total	Principal charged off				
1	2	3	4	5	6	7	8	9	10	11	12	13	
26	BALUCH SEA FARM BALUCH	MOHD ALAM	4514118044400	SHER MOHD	2.080	1.455	-	3.535	-	1.240	-	1.240	
	3-B NORTH AVENUE PHASE 1 DEFENCE	LT.COL. (RETD) JAMSHED ALI KHAN	3520154129991	MUHAMMAD HUSSAIN KHAN									
		MRS. JABEEN BALUCH	51987404573	W/O M. ALAM BALUCH									
27	PERVEZ IQBAL KHAN 67-A ALAMGIR SOCIETY MODEL COL	PERVEZ IQBAL KHAN	4220111967615	MANZOOR AHMED KHAN	0.749	0.778	-	1.527	-	0.600	-	0.600	
28	SHAHID HUSSAIN SHAH DEH ABAD R/O SUJAWAL	SHAHID HUSSAIN SHAH	49557016826	SYED SHER ALI SHAH	0.136	1.604	-	1.740	-	1.604	-	1.604	
29	SYED IQBAL ALAM C-88 SECTOR 11-B	SYED IQBAL ALAM	501-60-080365	SYED MEHMOOD ALAM	0.631	0.235	-	0.866	-	0.865	-	0.865	
30	TASNEEM AHMED JALALI	TASNEEM AHMED JALALI	4230144076737	WASEE AHMED JALALI	0.975	0.440	-	1.415	-	1.415	-	1.415	
	W-13,17 EAST STREET PH1DH5												
31	ABDUL HAQUE KHAN KHAN WAH	ABDUL HAQUE KHAN	40457068897	ABDULLAH KHAN	0.081	0.912	-	0.993	-	0.909	-	0.909	
32	AKBER KHAN KANDH KOT	AKBER KHAN	60759191602	SHER ALI	0.118	0.772	-	0.890	-	0.890	-	0.890	
33	HAJI ZUNGEE UNNAR KANDHKOT	HAJI ZUNGEE	403-40-082170	WADO KHAN	0.081	1.054	-	1.135	-	1.053	-	1.053	
34	JHUMMO SHELL PETROL PUMP DERAMORE KASH	JHUMMO	40261124576	JUMMO	0.325	0.197	-	0.522	-	0.522	-	0.522	
35	MORE KHAN RAZA MUHAMMAD JAKHRANI	MORE KHAN	40358069524	RAZA MOHAMMED	0.117	0.775	-	0.892	-	0.892	-	0.892	
36	NAZAR MUHAMMAD GUL WALI	NAZAR MUHAMMAD	40385027192	KHUDA BUX	0.132	1.541	-	1.673	-	1.534	-	1.534	
37	FAQIR MUHAMMAD SINHORI	FAQIR MUHAMMAD	48457156981	MOULA BUX	0.328	0.328	-	0.656	-	0.571	-	0.571	
38	KAMAL KHAN KHUDA BUX MARI	KAMAL KHAN	48511101572	KARAM KHAN	0.384	0.181	-	0.565	-	0.565	-	0.565	
39	MUHAMMAD RAHIM KATHORO	MUHAMMAD RAHIM	48541069551	MUHAMMAD IBRAHIM	0.314	0.248	-	0.562	-	0.537	-	0.537	
40	NOOR BABI DEH ASSISAR	NOOR BABI	48512180950	MITNO KHAN	0.100	0.850	-	0.950	-	0.847	-	0.847	
41	HYDERABAD BEVERAGES PVT. LTD.	S M SHAHAB	4130308223201	S M MUNIR	14.602	30.717	-	45.319	-	24.407	-	24.407	



Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's / husband's name	Outstanding liabilities at beginning of the year					Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					Principal	Interest	Others	Total	10				
1	2	3	4	5	6	7	8	9	10	11	12	13	
													Rupees in million .....
42	SHAH NAWAZ SITHAR PIR	SHAH NAWAZ	20387083003	TAJ MUHAMMAD	0.380	0.577	-	0.957	-	0.597	-	0.597	
43	SHUYAR AJMAL DEH SADRAT	SHUYAR AJMAL	48463001276	AJMAL KHAN	0.289	0.424	-	0.713	-	0.524	-	0.524	
44	KHALIL AHMED 53 M	KHALIL AHMED	32678803780	AHMED KHAN	0.499	0.317	-	0.816	-	0.524	-	0.524	
45	MST ATTA ELAHI QASBA CHARARAM	MST ATTA ELAHI	3229859622339	CHARAGH BUX	0.376	0.215	-	0.591	-	0.591	-	0.591	
46	MST ATTA ELAHI QASBA MARAL	MST ATTA ELAHI	3229859622339	CHARAGH BUX	0.252	0.248	-	0.500	-	0.500	-	0.500	
47	MST NOSHABA SULTANA JALAL PUR KHAKHI	MST NOSHABA SULTANA	32255724822	MUHAMMAD BUX	0.360	0.591	-	0.951	-	0.572	-	0.572	
48	MUHAMMAD NAWAZ BHAGOO KHAN	MUHAMMAD NAWAZ	32688315191	ALLAH BUX	0.498	0.040	-	0.538	-	0.538	-	0.538	
49	ALLAH DEWAYA MULANWALI	ALLAH DEWAYA	31887041522	DURGAHI	0.374	0.325	-	0.699	-	0.644	-	0.644	
50	FAROOQ AHMED THATHA GURMANI	FAROOQ AHMED	31789211053	GHULAM JILANI	0.802	0.864	-	1.666	-	0.644	-	0.644	
51	GHULAM SARWAR BHUTTA PUR	GHULAM SARWAR	315-40-469560	KHAN MUHAMMAD	0.465	0.700	-	1.165	-	0.682	-	0.682	
52	MST SAJIDA SULTAN THATHA GURMANI	MST SAJIDA SULTAN	31754211054	FAROOQ AHMED	0.802	0.815	-	1.617	-	0.645	-	0.645	
53	MST SARA FAROOQ THATHA GURMANI	MST SARA FAROOQ	3170760322453	FAROOQ AHMED	0.801	0.837	-	1.638	-	0.642	-	0.642	
54	MUHAMMAD FAISAL THATHA GURMANI	MUHAMMAD FAISAL	31776211056	FAROOQ AHMAD	0.784	0.858	-	1.642	-	0.644	-	0.644	
55	MUHAMMAD IFTIKHAR FAROOQ THATHA GURMANI SHARQI	MUHAMMAD IFTIKHAR FAROOQ	3170910211055	FAROOQ AHMED GURMANI	0.746	0.824	-	1.570	-	0.647	-	0.647	
56	NAJEEB ARSLAN LUNDI PATAFI	NAJEEB ARSLAN	31876283271	M ASLAN	0.497	0.557	-	1.054	-	0.557	-	0.557	
57	NAZ AHAMD BHUTTA PUR	NAZ AHAMD	3230457621293	GUL MUHAMMAD	0.494	0.640	-	1.134	-	0.754	-	0.754	
58	ZAHIDA NUSTRAT LUNDI PITTAFI	ZAHIDA NUSTRAT	31150065210	ATTA MUHAMAD	0.553	0.299	-	0.852	-	0.527	-	0.527	



Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's / husband's name	Outstanding liabilities at beginning of the year						Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					Principal	Interest	Others	Total	6	7				
1	2	3	4	5	6	7	8	9	10	11	12	13		
59	ZUNEERA SHAHEEN LUNDI PITTAFI	ZUNEERA SHAHEEN	31133277888	M ASLAM KHAN	0.749	0.844	-	1.593	-	0.656	-	0.656		
60	HADI BUX 16 NUSRAT	HADI BUX	431-41-236537	TOOH KHAN	0.244	0.400	-	0.644	-	0.512	-	0.512		
61	HAJI MOHAMMAD SALEH BAKHRANI C/O JAN M. PO DADU ALEH	HAJI MOHAMMAD	46253080380	MOHAMMAD KHAN	0.099	0.942	-	1.041	-	0.971	-	0.971		
62	JAMAL SAID LAGHAM BURHAN KHEL GHALLANI	JAMAL SAID	14246036196	NOORZA DIN	0.324	0.419	-	0.743	-	0.564	-	0.564		
63	ABDUL JILIL AGHBARG KILLI KHANEZAI	ABDUL JILIL	5440089200163	MOHAMMAD AFZAL	0.344	0.197	-	0.541	-	0.541	-	0.541		
64	ABDUL QADUS CHACHANAK	ABDUL QADUS	60690081242	ABDUL MAJEED	0.370	0.535	-	0.905	-	0.575	-	0.575		
65	ABDULLAH KAZZA	ABDULLAH	612-62-130433	GHAIBANA	0.295	0.283	-	0.578	-	0.578	-	0.578		
66	AHMED KAHN QANDEEL SEGI	AHMED KAHN	5460446032651	MUHAMMAD GHOUS	0.297	0.293	-	0.590	-	0.549	-	0.549		
67	ASMATULLAH KHAN KILLI NOHSAR QUETTA	ASMATULLAH KHAN	5440004854961	ABDUL HALEEM	0.396	0.433	-	0.829	-	0.593	-	0.593		
68	AURANG ZAIB CHACHANAK	AURANG ZAIB	60690025254	MALIK MOMIN KHAN	0.515	0.734	-	1.249	-	0.794	-	0.794		
69	DAD MOHAMMAD KAZA	DAD MOHAMMAD	612-63-092200	SARFARAZ	0.295	0.578	-	0.873	-	0.578	-	0.578		
70	DIN MUHAMMAD AGHBARG KILLI KHOONI TALAB	DIN MUHAMMAD	60238310515	MUHAMMAD BUX	0.392	0.684	-	1.076	-	0.682	-	0.682		
71	FATEH MOHAMMAD WARSABUZAU WADH KHUZDAR	FATEH MOHAMMAD	514038514273	NAZAR KHAN	0.350	0.173	-	0.523	-	0.523	-	0.523		
72	GHULAM NABI KILLI KHOONI TALAB	GHULAM NABI	60216297212	WALI MUHAMMAD	0.396	0.659	-	1.055	-	0.682	-	0.682		
73	GUL MUHAMMAD DARWARO	GUL MUHAMMAD	5140180866803	FAIZ MUHAMMAD	0.325	0.436	-	0.761	-	0.504	-	0.504		
74	JAMIL AHMED KHAN KILLI TALARI SHINGUL KILLA SAIFULLAH	JAMIL AHMED KHAN	61287105021	MUHAMMAD ALI KHAN	1.357	2.271	-	3.628	-	2.806	-	2.806		
75	M. AKBAR KILLI KIRDGAP T D KIRDGAP	M. AKBAR	626-42-141470	MIR MUHAMMAD	0.340	0.515	-	0.855	-	0.545	-	0.545		

..... Rupees in million. ....



Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's/ husband's name	Outstanding liabilities at beginning of the year				Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					Principal	Interest	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13
..... Rupees in million .....												
76	MOHAMMAD ISSA KAZA	MOHAMMAD ISSA	61288092124	AZMZZT KHAN	0.253	0.499	-	0.752	-	0.503	-	0.503
77	MUHAMMAD AZAM MANA	MUHAMMAD AZAM	60656022999	UBAIDULLAH	0.298	0.274	-	0.572	-	0.572	-	0.572
78	MUHAMMAD DIN CHACHANAK	MUHAMMAD DIN	61093002665	HASSAN	0.370	0.535	-	0.905	-	0.575	-	0.575
79	MUHAMMAD ISMAIL BATTO NUSHKI	MUHAMMAD ISMAIL	5410215661067	KARAM KHAN	0.468	0.392	-	0.860	-	0.544	-	0.544
80	MUHAMMAD NASEEM MANA	MUHAMMAD NASEEM	61075005337	MUHAMMAD RAFIQUE	0.889	1.341	-	2.230	-	1.341	-	1.341
81	MUHAMMAD NAZEER CHACHANAK	MUHAMMAD NAZEER	61090001273	ABDULLAH KHAN	0.527	0.788	-	1.315	-	0.835	-	0.835
82	MUHAMMAD YAQOOB BEEZANT TEHSIL KIRDGAP MASTUNG	MUHAMMAD YAQOOB	626-35-035639	UMED KHAN	0.324	0.528	-	0.852	-	0.590	-	0.590
83	MUHAMMAD YOUSAF AGHBARG KILLI SANJIDI	MUHAMMAD YOUSAF	60286373177	KHUDA - E - DAD	0.396	0.694	-	1.090	-	0.692	-	0.692
84	MULA ABDUL RAHIM MANA	MULA ABDUL RAHIM	60642016840	JAN MUHAMMAD	0.832	1.270	-	2.102	-	1.270	-	1.270
85	NASAR AHMED AHMADOON	NASAR AHMED	60673038742	AHMED JAN	0.400	0.472	-	0.872	-	0.650	-	0.650
86	NASIR KHAN MEHARULLAH SHOPKEEPER NUSHKI	NASIR KHAN	61688155054	MOHAMMAD AFZAL	0.259	0.388	-	0.647	-	0.527	-	0.527
87	NAZAR MOHAMMAD SURKI	NAZAR MOHAMMAD	5630232306615	WALI MOHAMMAD	0.301	0.553	-	0.854	-	0.573	-	0.573
88	NOOR MUHAMMAD GHULAM PRNZ TEHSIL MASTUNG	NOOR MUHAMMAD	62645041396	ATTA MUHAMMAD KHAN	0.400	0.512	-	0.912	-	0.510	-	0.510
89	ROZI KHAN SURKI	ROZI KHAN	5630223131173	NAZAR MOHAMMAD	0.265	0.455	-	0.720	-	0.526	-	0.526
90	SAHIBAN B K	SAHIBAN	609-30-140003	AHMED KHAN	0.266	0.501	-	0.767	-	0.508	-	0.508
91	SHABIR AHMED AHMADOON	SHABIR AHMED	544008854959	HAJI AHMED JAN	0.485	0.512	-	0.997	-	0.508	-	0.508
92	SHAHBAZ KHAN ZIARAT	SHAHBAZ KHAN	60647017596	DOST MOHAMMAD KHAN	0.471	0.565	-	1.036	-	0.565	-	0.565
93	SHARIF KHAN MINARA	SHARIF KHAN	60956118882	ABDUL HALEEM	0.291	0.529	-	0.820	-	0.573	-	0.573
94	SHER AHMED BABKANI KANAK MASTUNG	SHER AHMED	62693223577	FATEH KHAN	0.380	0.322	-	0.702	-	0.541	-	0.541





Sr. No.	Name and address of the borrower	Name of individual / partners / directors	NIC number	Father's/ husband's name	Outstanding liabilities at beginning of the year					Principal charged off	Interest charged off	Other financial relief / waiver provided	Total (10+11+12)
					Principal	Interest	Others	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13	
					..... Rupees in million .....								
113	ALLAH DITTA FADDA	ALLAH DITTA	325-90-124701	IMAM BUX	0.500	0.019	-	0.519	-	0.519	-	0.519	
114	GHULAM AKBAR KHAN DHODHA	GHULAM AKBAR KHAN	27452292822	ALLAH YAR KHAN	0.547	0.704	-	1.251	-	0.651	-	0.651	
115	GHULAM HUSSAIN FADDA	GHULAM HUSSAIN	32554141468	ALLAH BUX	0.500	0.609	-	1.109	-	0.554	-	0.554	
116	JEEWAN FADDA	JEEWAN	32590480569	ALLAH BUX	0.779	0.837	-	1.616	-	0.641	-	0.641	
117	JIND WADAH FADDA	JIND WADAH	32590480567	ALLAH BUX	0.500	0.497	-	0.997	-	0.517	-	0.517	
118	MANZOOR HUSSAIN MALKO	MANZOOR HUSSAIN	32555406632	KHUDA BUKSH	0.703	0.639	-	1.342	-	0.635	-	0.635	
119	MST.MUKHTIAR MAI NEMAT ALI	MST.MUKHTIAR MAI	32573241735	GHULAM MUHAMMAD	0.434	0.069	-	0.503	-	0.503	-	0.503	
120	MUHAMMAD ALI MALKO	MUHAMMAD ALI	32588208746	KARIM BUX	0.713	0.737	-	1.450	-	0.658	-	0.658	
121	MUHAMMAD YAR HALEEM KHICHI	MUHAMMAD YAR	32590222678	PEER BUX	0.787	0.772	-	1.559	-	0.666	-	0.666	
122	SARDAR ASLAM HAYAT KHAN SARGANA	SARDAR ASLAM HAYAT KHAN	3256205681	MEHMOOD KHAN	0.458	0.475	-	0.933	-	0.538	-	0.538	
123	SHER MUHAMMAD DHALLOO	SHER MUHAMMAD	325-55-091804	SADIQ MUHAMMAD	0.346	0.347	-	0.693	-	0.693	-	0.693	
124	TANVEER MAI FADDA	TANVEER MAI	32592313729	MUMTAZ KHAN	0.630	0.614	-	1.244	-	0.512	-	0.512	
					<b>137.854</b>	<b>414.131</b>	<b>-</b>	<b>551.985</b>	<b>3.095</b>	<b>377.567</b>	<b>-</b>	<b>380.662</b>	



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# STATISTICAL ANNEX

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**ANNUAL REPORT 2016**

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**SELECTED FINANCIAL AND STATISTICAL INDICATORS**

(RUPEES MILLION)

SR. NO.	DESCRIPTION	2012	2013	2014	2015	2016
<b><u>DURING THE YEAR</u></b>						
1	AGRICULTURAL CREDIT DISBURSED	64133	71107	81934	95420	92847
2	LOANS TO SUBSISTENCE FARMERS	45207	51858	61321	72869	70313
3	2 AS %AGE OF 1	70%	73%	75%	76%	76%
4	LOANS TO SMALL FARMERS (UPTO 25.0 ACRES)	57617	64575	75300	88518	86812
5	4 AS %AGE OF 1	90%	91%	92%	93%	94%
6	FINANCING OF TRACTORS					
	- NUMBER	7296	9212	10554	9154	4654
	- AMOUNT	3594	5977	7489	7054	3004
7	6 AS %AGE OF 1	6%	8%	9%	7%	3%
8	AGRI. CREDIT RECOVERY	67376	72636	78721	88720	102282
9	CUMMULATIVE RECOVERY (%)	99%	99%	99%	99%	99%
10	TOTAL INCOME	10936	12,912	16114	18239	16,613
11	TOTAL EXPENDITURE	7066	7745	7787	9860	10,067
12	PROFIT BEFORE TAXATION	3870	5167	8327	8379	6,546
<b><u>AT THE END OF THE YEAR</u></b>						
1	TOTAL ASSETS	131649	148448	163563	187574	215,561
2	LOAN PORTFOLIO ( NET )	88060	95312	108554	129553	135765
3	NUMBER OF ZONAL OFFICES	31	31	32	32	32
4	NUMBER OF BRANCHES	359	379	416	438	460
5	NUMBER OF MCO's	1313	1308	1271	1333	1328
6	NUMBER OF REGULAR EMPLOYEES	5724	5599	5777	5699	5695



## 2.1

**LOANS DISBURSED SINCE INCEPTION: AREA-WISE  
UPTO 31.12.2016**

(RUPEES MILLION)

SR. NO.	PROVINCE/ AREA	AMOUNT DISBURSED	SHARE (%)
1	PUNJAB	917316.947	78.4
2	SINDH	170882.333	14.6
3	KHYBER PAKHTUN KHWA	62738.621	5.3
4	BALUCHISTAN	10476.990	0.9
5	AZAD KASHMIR	4495.984	0.4
6	GILGIT/BALTISTAN	4293.659	0.4
<b>TOTAL</b>		<b>1170204.534</b>	<b>100.0</b>

## 2.2

**LOANS DISBURSED : AREA-WISE  
DURING 01-01-2016 TO 31-12-2016**

(RUPEES MILLION)

SR. No.	PROVINCE/ AREA	NUMBER OF BORROWERS	AMOUNT DISBURSED	Share (%)
1	PUNJAB	305711	75812.098	81.7
2	SINDH	34133	12571.817	13.5
3	KHYBER PAKHTUN KHWA	13229	3604.523	3.9
4	BALUCHISTAN	691	254.841	0.3
5	AZAD KASHMIR	3501	301.113	0.3
6	GILGIT/BALTISTAN	1318	303.005	0.3
<b>TOTAL</b>		<b>358583</b>	<b>92847.397</b>	<b>100.0</b>



## 2.3

**TERM-WISE COMPOSITION OF LOANS DISBURSED  
DURING 01-01-2016 TO 31-12-2016**

( RUPEES MILLION )

SR. NO.	PROVINCE / AREA	SHORT TERM		MEDIUM TERM		LONG TERM		TOTAL	
		NO. OF BORROWERS	AMOUNT	NO. OF BORROWERS	AMOUNT	NO. OF BORROWERS	AMOUNT	NO. OF BORROWERS	AMOUNT
1	PUNJAB	303504	59457.900	62898	13176.929	8470	3177.270	374872	75812.099
2	SINDH	30913	10043.260	10236	2461.678	229	66.879	41378	12571.817
3	KHYBER PAKHTUN KHWA	10470	2919.003	3097	630.752	167	54.768	13734	3604.523
4	BALUCHISTAN	542	186.206	49	18.184	107	50.451	698	254.841
5	AZAD KASHMIR	2891	150.538	609	134.333	25	16.242	3525	301.113
6	GILGIT/BALTISTAN	473	80.158	858	214.747	18	8.100	1349	303.005
<b>TOTAL</b>		<b>348793</b>	<b>72837.065</b>	<b>77747</b>	<b>16636.623</b>	<b>9016</b>	<b>3373.710</b>	<b>*435556</b>	<b>92847.398</b>

\*Loans availed for different purposes by same borrower have been taken into account separately.



## 2.4

**LOANS DISBURSED: SECURITY - WISE  
DURING 01.01.2016 TO 31.12.2016**

(RUPEES MILLION)

SR. NO.	PARTICULARS	NUMBER OF BORROWERS	AMOUNT DISBURSED	SHARE (%)
1	SECURED LOANS	356328	92507.480	99.6
2	HYPOTHECATION LOANS	108	23.873	0.03
3	PERSONAL SURETY LOANS	1256	29.232	0.03
4	OTHER SECURITY	891	286.812	0.31
<b>TOTAL</b>		<b>358583</b>	<b>92847.397</b>	<b>100.0</b>

## 2.5

**ANNUAL CREDIT DISBURSEMENT, TRACTORS & TUBEWELLS FINANCED  
SINCE INCEPTION UPTO 31-12-2016**

(RUPEES MILLION)

YEAR	ANNUAL CREDIT DISBURSED	TRACTORS FINANCED		TUBEWELLS FINANCED	
		NUMBER	AMOUNT	NUMBER	AMOUNT
Since Inception upto 31-12-2003	299868.874	450648	73726.696	132613	12630.003
2004	33714.580	7848	1952.655	4369	845.424
2005	39356.053	10807	2893.575	3895	703.891
2006	52520.505	9052	2512.927	1918	292.898
2007	55912.018	10275	3478.103	1218	178.114
2008	70698.335	16143	5741.191	1941	340.850
2009	77680.431	24596	9994.861	1917	360.733
2010	69561.375	13321	6269.645	1839	397.014
2011	65451.788	908	431.248	1745	476.253
2012	64132.759	7296	3594.398	2051	524.817
2013	71106.707	9212	5976.749	1522	575.109
2014	81933.747	10554	7489.295	1569	608.154
2015	95419.965	9154	7053.922	260	82.378
2016	92847.397	4654	3004.209	365	69.528
<b>TOTAL</b>	<b>1170204.534</b>	<b>584468</b>	<b>134119.474</b>	<b>157222</b>	<b>18085.166</b>



## 2.6

**AGRICULTURAL CREDIT DISBURSED BY MAJOR PURPOSES  
DURING 01-01-2016 TO 31-12-2016**

( RUPEES MILLION )

PURPOSES	NO. OF BORROWERS	AMOUNT DISBURSED	SHARE (%)
<b><u>I. DEVELOPMENT LOANS</u></b>	<b><u>86763</u></b>	<b><u>20010.332</u></b>	<b><u>21.5</u></b>
1 TRACTORS	4654	3004.208	3.2
2 DAIRY FARMING	55099	12595.704	13.6
3 FARM EQUIPMENT	2121	91.984	0.1
4 TUBEWELLS	365	69.527	0.1
5 LIVESTOCK	18575	3258.983	3.5
6 POULTRY FARMING	231	39.540	0.0
7 ORCHARDS	51	13.791	0.0
8 LAND DEVELOPMENT	391	26.799	0.0
9 FISHERIES	3	0.545	0.0
10 FARM TRANSPORTATION	0	0.000	0.0
11 GODOWN/ COLD STORAGE	1650	166.034	0.2
12 OTHERS	3623	743.217	0.8
<b><u>II. PRODUCTION LOANS</u></b>	<b><u>348793</u></b>	<b><u>72837.065</u></b>	<b><u>78.4</u></b>
1 FERTILIZER	147421	33869.235	36.5
2 PESTICIDES	65371	13839.042	14.9
3 SEEDS	97662	19666.008	21.2
4 LABOUR HIRE/ OTHER CHARGES	1	0.157	0.0
5 WORKING CAPITAL FOR POULTRY	5977	857.794	0.9
6 WORKING CAPITAL FOR DAIRY	32248	4191.095	4.5
7 WORKING CAPITAL FOR LIVESTOCK	73	9.426	0.0
8 WORKING CAPITAL FOR FISHERIES	13	1.919	0.0
9 OTHERS	27	402.389	0.4
<b>TOTAL:-</b>	<b>435556*</b>	<b>92847.397</b>	<b>99.9</b>

\*Loans availed for different purposes by same borrower have been taken into account separately.



## 2.7

**AGRICULTURAL CREDIT DISBURSED BY SIZE OF LOAN  
DURING 01-01-2016 TO 31-12-2016**

(RUPEES MILLION)

SIZE OF LOAN	NO. OF BORROWERS	SHARE (%)	AMOUNT DISBURSED	SHARE (%)
UPTO RS. 25000/-	5186	1.4	102.800	0.1
RS.25001 TO 50000/-	20294	5.7	810.754	0.9
RS.50001 TO 100000/-	57371	16.0	4369.691	4.7
RS.100001 TO 200000/-	95687	26.7	13628.953	14.7
RS.200001 TO 500000/-	130511	36.4	40573.320	43.6
RS.500001 TO 1000000/-	49079	13.7	32806.511	35.4
OVER 1000000/-	455	0.1	555.368	0.6
<b>TOTAL:-</b>	<b>358583</b>	<b>100.0</b>	<b>92847.397</b>	<b>100.0</b>

## 2.8

**AGRICULTURAL CREDIT DISBURSED BY SIZE OF HOLDING  
DURING 01-01-2016 TO 31-12-2016**

(RUPEES MILLION)

SIZE OF HOLDING	NO. OF BORROWERS	SHARE (%)	AMOUNT DISBURSED	SHARE (%)
A. LANDLESS	72667	16.7	10017.071	11.0
B. OWNERS				
UNDER 5.1 HECTARES (UNDER 12.50 ACRES)	294440	67.6	58230.564	64.1
5.1 TO UNDER 6.5 HECTARES (12.51 TO UNDER 16.00 ACRES)	26152	6.0	8581.212	9.4
6.5 TO UNDER 10.1 HECTARES (16.01 TO UNDER 25.00 ACRES)	27134	6.2	9982.895	11.0
10.1 TO UNDER 13 HECTARES (25.01 TO UNDER 32.00 ACRES)	6366	1.5	2511.432	2.8
13 TO UNDER 20.2 HECTARES (32.01 TO UNDER 50.00 ACRES)	5752	1.3	318.117	0.4
20.2 TO UNDER 26 HECTARES (50.01. TO UNDER 64.00 ACRES)	1398	0.3	549.717	0.6
26 HECTARES & ABOVE (64.01 ACRES & ABOVE)	1647	0.4	656.391	0.7
<b>TOTAL:-</b>	<b>435556*</b>	<b>100.0</b>	<b>90847.399</b>	<b>100.0</b>

\*Loans availed for different purposes by same borrower have been taken into account separately.



## 3.1

**RECOVERY POSITION  
DURING 01-01-2016 TO 31-12-2016**

( RUPEES MILLION )

SR. NO.	PROVINCE/ AREA	RECOVERABLE	RECOVERY	RECOVERY RATE (%)
1	PUNJAB	92328.637	84431.031	91.4
2	SINDH	15505.429	12668.269	81.7
3	KHYBER PAKHTUN KHWA	4731.644	4277.174	90.4
4	BALUCHISTAN	333.656	240.885	72.2
5	AZAD KASHMIR	378.101	350.098	92.6
6	GILGIT/BALISTAN	386.750	314.044	81.2
<b>TOTAL</b>		<b>113664.217</b>	<b>102281.501</b>	<b>90.0</b>

## 3.2

**CUMMULATIVE RECOVERY SINCE INCEPTION  
UPTO 31.12.2016**

( RUPEES MILLION )

SR. NO.	PROVINCE / AREA	TOTAL RECOVERABLE	TOTAL RECOVERY	PAST DUES AS ON 31-12-2016	RECOVERY RATE (%)
1	PUNJAB	938464.366	930566.760	7897.606	99.2
2	SINDH	168226.466	165389.306	2837.160	98.3
3	KHYBER PAKHTUN KHWA	65884.805	65430.335	454.470	99.3
4	BALUCHISTAN	8057.261	7964.490	92.771	98.8
5	AZAD KASHMIR	4351.039	4323.036	28.003	99.4
6	GILGIT/BALISTAN	3959.509	3886.803	72.706	98.2
<b>TOTAL</b>		<b>1188943.446</b>	<b>1177560.730</b>	<b>11382.716</b>	<b>100.0</b>





## 4

**STAFF POSITION  
(REGULAR EMPLOYEES)  
AS ON 31.12.2016**

(NUMBERS)

YEAR	OFFICERS	STAFF	TOTAL	M.C.O's
FY' 1996	5443	3383	8826	1441
FY' 1997	5347	3830	9177	1441
FY' 1998	4535	3368	7903	1449
FY' 1999	4608	3183	7791	1463
FY' 2000	4586	3196	7782	1459
FY' 2001	4563	3177	7740	1465
FY' 2002	4515	3150	7665	1496
CY' 2003	3711	2027	5738	1363
CY' 2004	3657	1934	5591	1328
CY' 2005	3609	1934	5543	1311
CY' 2006	3485	1841	5326	1258
CY' 2007	3629	1704	5333	1269
CY' 2008	3651	1635	5286	1243
CY' 2009	3709	1565	5274	1212
CY' 2010	3930	1564	5494	1362
CY' 2011	4145	1644	5789	1277
CY' 2012	4095	1629	5724	1313
CY' 2013	4218	1381	5599	1308
CY' 2014	4581	1196	5777	1271
CY' 2015	4550	1149	5699	1333
CY' 2016	4589	1106	5695	1328



**NETWORK OF FIELD OFFICES  
AS ON 31.12.2016**

( NUMBERS )

<b>SR. NO.</b>	<b>PROVINCES</b>	<b>ZONAL</b>	<b>BRANCHES</b>
1	PUNJAB	17	258
2	SINDH	6	91
3	KHYBER PAKHTUN KHWA	4	57
4	BALUCHISTAN	3	33
5	AZAD KASHMIR	1	11
6	GILGIT/BALTISTAN	1	10
	<b>TOTAL</b>	<b>32</b>	<b>460</b>