



ALBARAKA BANK (PAKISTAN) LIMITED
ANNUAL REPORT 2015

AL BARAKA BANK (PAKISTAN) LIMITED

DIRECTORS' REPORT TO MEMBERS

On behalf of the Board of Directors of the Albaraka Bank (Pakistan) Limited (the Bank), we are pleased to present the 11th annual report along with the audited financial statements of the Bank and Auditors' report for the year ended 31 December 2015.

Economic Overview

The Gross Domestic Product (GDP) in Pakistan expanded by 4.2% during the fiscal year FY-2015 as compared to 4.0% in FY-2014. Manufacturing sector grew by 3.2% (FY-2014: 4.5%), Services sector grew by 5.0% (FY-2014: 4.4%) and Agriculture sector grew by 2.9% (FY-2014: 2.7%). The major macroeconomic indicators continued to exhibit improvements throughout 2015. Private sector credit also showed increase, along with improved security situation. This has strengthened investor and consumer confidence.

Foreign exchange reserves reached US\$ 21 billion in December 2015 as compare to US\$ 15 billion in 2014. Worker's remittances increased to USD 18.7 billion as compared to USD 15.8 billion in 2014, registering a growth of 18.4%. Current Account deficit has also been reduced which was recorded at USD 2.6 billion in 2015 (1.0% of GDP) as compared to USD 3.1 billion in 2014 (1.3% of GDP).

Decline in oil prices have contributed in the economic development of the country and significant reduction in inflation has been observed. Headline CPI inflation (12 month moving average) has been recorded at 2.5% in December 2015 as compared to 7.2% recorded at December 2014. The drop in inflation numbers was largely anticipated as a result of continued decline in petroleum prices globally and in local markets which resulted in reduction of commodity prices.

Favorable macroeconomic environment, sharp fall in headline CPI inflation, comfort on external fund including all time high FX reserves, led to continued monetary easing throughout 2015 and, as a result, SBP slashed its policy rate to decades low of 6.0%.

The banking sector has remained under pressure on account of significant monetary easing by SBP. The ROE after tax for the first nine months period ended September 30, 2015 has been recorded at 15.7% down from 16.1% recorded for the year ended December 2014. As of September 2015, the nonperforming loan (NPL) ratio was recorded at 12.5% (Dec 2014: 12.3%), with net NPLs to net loans ratio of 2.5% (Dec 2014: 2.7%). The capital adequacy ratio (CAR) increased to 18.2% (Dec 2014: 17.1%), well above the minimum requirement of 10 percent.

In 2016, economic and political environment is expected to further improve which will lead to increase in GDP growth rate and reduction in fiscal deficits. Due to reduction in oil prices, energy projects would become more viable and as government plans to launch new projects, energy crises will further reduce. The progress on China Pakistan Economic Corridor (CPEC) will remain area of prime attention and its swift progress will facilitate economic growth particularly in cement, steel and other infrastructure sectors.

Financial highlights of the Bank

The key business results achieved in 2015 are as under:

	2015	2014	Growth
Branch Network	135 Branches	130 Branches	5 branches ↑
Presence	82 Cities	77 Cities	5 cities ↑
Deposits	Rs. 72 Billion	Rs. 80 Billion	(10)% ↓
Financing (net)	Rs 48 billion	Rs 47 billion	2% ↑
Total assets	Rs. 87 Billion	Rs. 94 Billion	(7%) ↓
Profit after tax	Rs. 240 Million	Rs. 146 Million	64% ↑

Financial performance

PROFIT AND LOSS ACCOUNT	2015	2014	%
	<i>Rs. In millions</i>		
Profit/return on financing, investments and placements	6,269	6,683	(6%)
Return on deposits and other dues expensed	(3,791)	(4,513)	(16%)
Net spread earned	2,478	2,170	14%
Reversal / (Provision) against non performing financing, investments and other assets	121	(104)	216%
Net spread after provisions	2,599	2,066	26%
Fee, commission and brokerage income	439	402	9%
Income from dealing in foreign currencies	161	195	(17%)
Capital gain on investments	16	117	(86%)
Dividend and other income	40	13	208%
Income before expenses	3,255	2,793	17%
Administrative expenses and other charges	(2,849)	(2,576)	11%
Profit before tax	406	217	87%
Taxation	(166)	(71)	134%
Profit after tax	240	146	64%

2015 remained a consolidation year for the Bank. During the year 2015, the Bank shed expensive deposits and focused on mobilizing current and low cost saving accounts in order to maximize its net spreads. As a result, the deposit mix has significantly improved in 2015, current deposit closed at 25% (2014: 18%), saving deposit at 51% (2014: 48%) and term deposits at 24% (2014: 34%). The overall deposit portfolio closed at Rs 72 billion, down from Rs 80 billion in 2014 on account of efficient deposit portfolio management strategy.

The Bank maintained cautious approach in growing financing portfolio which increased to Rs 48 billion at December 2015 from Rs 47 billion reported last year. The focus of the Bank is to build a high quality and well-diversified financing portfolio. The investment banking arm of the Bank successfully handled several high end transactions of syndicate financing where the Bank acted as lead / joint arranger.

In profit and loss account, the net spread earned by the Bank increased to Rs 2,478 million from Rs 2,170 million, a growth of 14%. The increase in net spread income has been achieved primarily on account of increase in earning yield of the Bank due to efficient deployment of funds in higher yielding placements and financing.

Fee based income increased to Rs 439 million in 2015, a growth of 9% from last year. The growth is attributable to higher volumes in cross sell products like Bancassurance and other fee based products which proved to be important contributors to Bank's profitability. The Bank continues to focus on increasing non funded income by exploring new income avenues.

Income from dealing in foreign currencies was recorded at Rs 161 million as compared to Rs 195 million last year. Capital gain on sukuk and shares amounted to Rs 16 million as compared to Rs 117 million recorded last year.

Administrative expenses and other charges have increased to Rs 2,849 million from Rs 2,576 million. The increase in administrative expenses is attributable to increase in staff salaries on account of annual increments, contractual increase in rent of branch premises, higher electricity and other operational expenses. Further, admin expenses also include full year impact of 25 new branches operational in end 2014 and start of 2015. The Bank continues to follow disciplined cost management strategy and enhancing business synergies.

The Bank continued its focus on recovery of non performing financing and assets in 2015. As a result of concerted efforts, the Bank recovered significant stuck up financing, thereby reducing the non performing financing portfolio. During the year, the Bank settled old chronic Non performing accounts worth Rs 1.3 billion which resulted in reversal of provision of Rs 568 million. The additional provisions booked during the year were mainly on account of FSV withdrawal. During the year 2015, the Bank recorded the net reversal in provisions against non-performing assets amounted to Rs 121 million as compared to provision charge of Rs. 104 million in the corresponding year.

As a result of prudent portfolio management, the Bank's coverage ratio against non performing financing increased to 71% as against 67% last year.

Profit after tax for 2015 amounted to Rs 240 million as compared to Rs 146 million posted in 2014, a growth of 64%.

Five (05) new branches were opened in 2015. The Bank's total branch network has now increased to 135 branches in 82 cities. In addition, 15 new branches are in final phase of construction and are expected to be opened in first quarter of 2016.

Earnings per share

Earnings per share of the Bank for 2015 was Re 0.27 (2014: Re 0.16) based on the paid-up share capital for the year ended 31 December 2015.

Minimum Capital Requirements (MCR)

As per the capital plan approved by SBP, the Bank is required to meet the minimum capital requirement of Rs 10 billion by 2016. As of 31 December 2015, the Bank's MCR and CAR for regulatory purposes amounts to Rs 8.171 billion and 14.42% respectively. The Bank's foreign currency sub-ordinated debt amounts to Rs 2.042 billion as against the requirement of Rs 2.8 billion. In this regard, the SBP has allowed extension in timeline for the deposit of shortfall in MCR in the form of foreign currency sub-ordinated debt by 31 May 2016.

Human Resources

The Bank continues to focus on its human capital, an essential for organizational growth and success. These resources have to be consistently developed in order to remain competitive. In order to achieve this objective, a total of 163 training sessions and workshops were organized during the year 2015 in which 3,427 Bank employees had participated.

Information Technology

The Bank is committed to developing and operating high end technology platforms which helps in better performance and achieving high efficiencies. The Bank is focused on the use of technology in line with Albaraka Group guidelines to provide quality services to its customers.

During the year 2015, the Bank has launched Internet Banking to deliver most of banking services to customer's door step. Further, to increase the client outreach, the Bank has installed 35 ATMs during 2015 with total number of ATMs increased to 112 as of 31 December 2015.

On business continuity initiative, the Bank has established a Disaster Recovery Site in 2015. The Bank also successfully conducted disaster recovery drill in live environment. The Bank also deployed indigenously developed Pool Management System in 2015.

Corporate Awards and Recognition

The Bank won the below prestigious awards during the year 2015;

- Best Islamic Structure - Mudaraba Sukuk and Best Corporate Social Responsibility at the IFA 2015 Award ceremony
- Best Sukuk deal of the year at Global Islamic Finance Awards 2015.
- Best Islamic Bank award at Role of Islamic Banking in the Economic Development of Pakistan conference

Corporate and Financial Reporting Framework

The Board of Directors is fully cognizant of its responsibility under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP) and adopted by the State Bank of Pakistan (SBP) and related regulations issued by SBP.

The following statements are manifestation of its commitment towards high standards of Corporate Governance and continuous organizational improvement:

1. The financial statements prepared by the management of the Bank present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of account of the Bank have been maintained.
3. Appropriate accounting policies as stated in notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards and such other standards as applicable in Pakistan have been followed in preparation of financial statements and any departure from these has been adequately disclosed.
5. The system of internal control is sound and has been effectively implemented and monitored.
6. There are no doubts upon Bank's ability to continue as going concern.
7. There has been no material departure from the best practices of corporate governance.
8. Investments of the Bank's recognized Provident Fund and Gratuity Fund based on unaudited accounts as at 31 December 2015 amounted to Rs 531 (2014: Rs 533) million and Rs 253 (2014: Rs 245) million respectively.

During the year ended 31 December 2015, five (05) Board meetings were held which were attended by the Directors as under:

Name of Director	No. of Meetings	
	Held	Attended
Mr. Adnan Ahmed Yousif - Chairman	5	5
Mr. Tariq Mahmood Kazim - Deputy Chairman	5	5
Mr. Tariq Hamid – Director	5	5
Mr. Salman Ahmed - Director	5	5
Mr. Abdulrahman Shehab – Director	5	5
Mr. Abdul Ghaffar Fancy – Director	5	5
Mr. Nadeem Amjad Khan – Director	5	5
Mr. Federico Tauber*	3	1
Mr. Asaf Mohyuddin – Director	5	5
Mr. Syed Nadeemuddin Ahmed- Director *	2	2
Mr. Shafqaat Ahmed - Director & Chief Executive Officer	5	5

* Elected in 8th EOGM on 05-06-2015 for a period of 3 years commencing from 15-06-2015 as Director in place of Mr. Federico Tauber, who retired upon expiry of 3 years term as Director.

Shareholding Pattern as on 31 December 2015

Share holders category	No. of share holders	Shares held	%age
Directors			
Mr. Adnan Ahmed Yousif	1	500	0.00%
Mr. Tariq Mahmood Kazim	1	500	0.00%
Mr. Tariq Hamid	1	500	0.00%
Mr. Salman Ahmed	1	500	0.00%
Mr. Abdulrahman Shehab	1	500	0.00%
Mr. Abdul Ghaffar Fancy	1	2,430,000	0.27%
Mr. Nadeem Amjad Khan	1	500	0.00%
Mr. Asaf Mohyuddin	1	500	0.00%
Mr. Shafqaat Ahmed	1	500	0.00%
Associated companies, undertakings and related parties			
Al Baraka Islamic Bank, Bahrain B.S.C (c)	1	577,543,500	64.64%
Mal Al Khaleej Investments LLC	1	158,360,039	17.72%
Banks, Development Financial Institutions and Non-Banking Financial Institutions			
Bank of Punjab	1	2,000,000	0.22%
Shareholding ex-Directors and others			
Sheikh Tariq Bin Faisal Khalid Al Qassemi	1	103,018,177	11.53%
Mr. Muhammad Umar Ejaz	1	42,000,000	4.70%
Mr. Mubarak Bulaswaad	1	4,860,000	0.54%
Syed Tariq Husain	1	3,300,284	0.37%
Others ex-Directors holding 500 shares each	8	4,000	0.01%
Total Shareholding	24	893,520,000	100%

Shareholders with 10% or more voting interest:

Name of Share holders	No. of share holders	Shares held	%age
Al Baraka Islamic Bank, Bahrain B.S.C (c)	1	577,543,500	64.64%
Mal Al Khaleej Investments LLC	1	158,360,039	17.72%
Sheikh Tariq Bin Faisal Khalid Al Qassemi	1	103,018,177	11.53%

Except as disclosed above, no Executive of the Bank or their spouses / minor children was shareholder of the Bank as of 31 December 2015.

Risk Management Framework

The Bank's risk management framework encompasses the culture, processes and structure and is directed towards the effective management of potential opportunities and threats to the Bank. The Board keeps an oversight on Bank-wide risk management framework and approves the risk management strategies, policies and risk appetite. The Board Risk Committee (BRC) ensures that the Bank at all times maintains a complete and prudent integrated risk management framework and risk exposures are maintained within acceptable levels. The Board approved risk management policy has been developed strictly in line with the principles of Shariah and covers all major types of risks that the Bank may be exposed to.

The Board has delegated the authority to monitor and manage different risks to the specialized committees comprising of senior members of management with relevant experience and expertise. The committees include:

1. Asset and Liability Management Committee (ALCO)
2. Credit Committee (CC)

The Bank has setup functions of asset booking and credit approval in which financing exposures and their related risks are analyzed in the light of credit limits, applicable controls and segment exposures.

Credit committee has been established for oversight and management of overall credit risk faced by the Bank. Credit Administration Department (CAD) ensures compliance of all the activities with respect to policies and procedures and applicable laws and regulations, financing documentation and adherence to financing covenants. A Special Asset Management (SAM) function has been established to handle stressed assets to ensure a focused remedial strategy in compliance with the regulatory requirements.

For effective implementation of the risk management framework, Risk Management function operates independently within the Bank. The function is also responsible for development and oversight of risk policies and plays a pivotal role in monitoring the risks associated with various activities of the Bank. Risk Management function is headed by the Chief Risk Officer (CRO), who administratively reports to the President with an independent functional reporting line to the BRC.

To ensure the independence of this position, Risk Management function comprises of the following areas:

- Credit Policy and Portfolio Management
- Credit Approvals
- Credit Administration
- Consumer Risk Management
- Market and Liquidity Risk Management
- Basel III and Systems Implementation

Risk Policy and Risk Review section of RMD is playing its due role in conducting credit risk reviews of all credit applications and presents its findings to CC of the bank. Besides formulating and updating credit and risk policies of the Bank, it also prepares comprehensive industry analysis and updates it from time to time.

Credit portfolio risk unit of RMD also monitors various regulatory/internal risk limits related to financing portfolio and reports exceptions to the CC / BRC.

The ALCO manages the market and liquidity risks and reviews liquidity requirements. As part of market risk management, Treasury Middle Office (TMO) manages risks relating to treasury operations and reports its findings to senior management for prompt remedial actions. The Bank ensures that any liquidity mismatch and gaps are proactively managed by keeping liquidity under control and closely monitored.

The Bank has well established structure of internal limits with respect to its treasury and investment operations. TMO monitors risk limits, assess market risk in investment of sukuk and foreign exchange transactions and also monitors each and every transaction executed through treasury.

Operational Risk Management section of RMD has been revamped. This has resulted in gathering of Operational loss data in an effective manner. Moreover Risk Control and Self Assessments (RCSA's) exercises have been conducted successfully for all business units. In addition, numbers of key indicators have been developed for various departments to identify any unexpected variation in operational activity of these departments. Furthermore, Bank wide training plan is being implemented to create awareness of operational risk management and significance of operational loss incident reporting.

The Bank has adopted Basel III guidelines issued by SBP and relevant disclosures are made in the financial statement for the year ended 31 December 2015.

Statement of Compliance with the Code of Corporate Governance

The Bank has adopted the requirements of the Code of Corporate Governance as issued by the SECP and adopted by SBP. A statement to this effect is annexed to this report.

Statement of Internal Controls

The management of the Bank is responsible for establishing and maintaining adequate controls and procedures and fully recognizes this responsibility and appreciates its value and significance. The placement of staff within and other integration such as IT systems, policies, procedures and processes have been streamlined. The Board is pleased to endorse the management's statement relating to Internal Controls as annexed to this report.

Future Outlook

We expect that 2016 will be challenging year for the banks on account of monetary easing by SBP. This will ultimately reduce the Banking spreads. Our focus will be on maintaining the growth momentum without compromising on net spreads and asset quality. Efforts will also be made to target new market segments, widening of customer base and improving efficiency and productivity by leveraging on the investment in technology made by the Bank in recent years.

The Bank will take following new initiatives in 2016, the work on most of which is already underway:

- Improved mobilisation of current accounts to achieve efficient cost of funds.
- Opening of new branches to increase the presence across Pakistan.
- Expansion in ATM network through onsite and off-site placements.
- Penetrate in SME and consumer finance Market including auto financing, debit cards and Banca takaful.
- Increasing Cash Management and Home Remittance Portfolio.
- Fresh investment banking mandates and advisory services to increase revenues.
- Financing facility for Agri Products.
- Up gradation and enhancement of Disaster Recovery Site.

We are confident that all of above mentioned initiatives cumulatively will add more value to the Bank's services and contribute to the overall growth of the Bank.

Credit Rating

Based on the financial statements of the Bank for the year ended 31 December 2014, Pakistan Credit Rating Agency Limited (PACRA) had maintained the Bank's long-term rating at "A" and the short-term rating at "A1" with a 'positive' outlook. JCR-VIS, also maintained long-term and Short-term ratings of "A" and "A1", respectively and enhanced the outlook of the Bank from 'stable' to 'positive'.

External Auditors

Our existing auditors M/s Ernst and Young Ford Rhodes Sidat Hyder (EYFRSH), Chartered Accountants, is eligible to offer themselves for reappointment for accounting year ending 31 December 2016 and we have received their consent to continue to act as auditors of the Bank.

The external auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, and that the firm and all their partners are compliant with the International Federation of Accountants' Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan, and meet the requirements for appointment under all applicable laws.

The external auditor's re-appointment shall be subject to approval in the forthcoming Annual General Meeting.

Acknowledgement

The Board wish to place on records its sincere thanks and gratitude to the State Bank of Pakistan and the Shariah Advisor for their continued guidance and support. We would also like to thank our valued clients for their continued patronage and confidence as well as staff members for their commitment and devotion.

On behalf of the Board



Adnan Ahmed Yousif
Chairman

19 February 2016
Karachi



Building a better
working world

ALBARAKA BANK (PAKISTAN) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of AlBaraka Bank (Pakistan) Limited (the Bank) as at **31 December 2015**, and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for nine branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984) and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 5.1 to the financial statements, with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;

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- (c) in our opinion, and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at **31 December 2015** and its true balance of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 1.2 to the financial statements on minimum capital requirements of the Bank. In this regard, the State Bank of Pakistan has allowed the Bank to meet the capital requirements in phased manner as per the capitalization plan of the Bank. Our opinion is not qualified in respect of this matter.



Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 19 February 2016

Karachi

ALBARAKA BANK (PAKISTAN) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		2015	2014
	Note	------(Rupees '000)-----	
ASSETS			
Cash and balances with treasury banks	6	10,847,429	6,465,268
Balances with other banks	7	1,560,544	3,741,342
Due from financial institutions	8	3,911,763	10,005,950
Investments	9	15,278,354	19,560,668
Islamic financing and related assets	10	47,644,690	47,022,578
Operating fixed assets	11	2,671,911	2,667,194
Deferred tax assets	12	1,392,003	1,541,433
Other assets	13	3,625,816	3,344,347
		86,932,510	94,348,780
LIABILITIES			
Bills payable	14	883,698	679,810
Due to financial institutions	15	2,108,255	2,211,568
Deposits and other accounts	16	71,644,386	80,222,579
Sub-ordinated loans	17	3,756,734	3,105,314
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	18	2,266,200	2,228,199
		80,659,273	88,447,470
NET ASSETS		<u>6,273,237</u>	<u>5,901,310</u>
REPRESENTED BY			
Share capital		8,935,200	8,935,200
Advance against issuance of shares		95,704	95,704
Discount on issuance of shares		(767,290)	(767,290)
Reserves		159,348	111,259
Accumulated loss		(2,135,310)	(2,323,983)
		6,287,652	6,050,890
Deficit on revaluation of investments - net of tax	20	(14,415)	(149,580)
		<u>6,273,237</u>	<u>5,901,310</u>
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 49 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

ALBARAKA BANK (PAKISTAN) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 ------(Rupees '000)-----	2014 ------(Rupees '000)-----
Profit / return earned on Islamic financing and related assets, investments and placements	22	6,269,086	6,682,974
Return on deposits and other dues expensed	23	(3,790,618)	(4,513,250)
Net spread earned		2,478,468	2,169,724
Provision against non-performing Islamic financing and related assets	10.6	(104,690)	(21,135)
Reversal / (provision) for diminution in the value of investments	9.3.1	230,132	(64,109)
		125,442	(85,244)
Net spread after provisions		2,603,910	2,084,480
Other income			
Fee, commission and brokerage income		439,105	401,845
Dividend income		21,592	7,862
Income from dealing in foreign currencies		160,842	194,963
Gain on sale of securities	24	12,838	135,759
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading		3,434	(19,171)
Other income	25	18,533	5,242
Total other income		656,344	726,500
		3,260,254	2,810,980
Other expenses			
Administrative expenses	26	(2,848,910)	(2,545,583)
Other provisions / write off	27	(4,407)	(18,735)
Other charges	28	(328)	(30,074)
Total other expenses		(2,853,645)	(2,594,392)
		406,609	216,588
Extra ordinary / unusual items		-	-
Profit before taxation		406,609	216,588
Taxation - Current / prior year		(87,532)	(79,527)
- Deferred		(78,631)	8,862
	29	(166,163)	(70,665)
Profit after taxation		240,446	145,923
----- Rupee -----			
Basic / diluted earning per share	30	0.27	0.16

The annexed notes from 1 to 49 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

ALBARAKA BANK (PAKISTAN) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

2015 2014
 Note -----(Rupees '000)-----

Profit after taxation		240,446	145,923
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial loss on remeasurement of defined benefit plan	33.11	(5,667)	(33,073)
Tax effect		1,983	11,576
		(3,684)	(21,497)
Comprehensive income transferred to equity		236,762	124,426
Components of comprehensive income not reflected in equity			
Surplus / (deficit) on revaluation of 'available-for-sale securities' - net of tax *		135,165	(167,013)
Total comprehensive income / (loss)		371,927	(42,587)

* Surplus / (deficit) on revaluation of available-for-sale securities - net of tax has been shown in the statement of comprehensive income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide its BPRD Circular No. 06 of 2014 on June 26, 2014.

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The annexed notes from 1 to 49 form an integral part of these financial statements.



 Chairman



 Chief Executive Officer



 Director



 Director


ALBARAKA BANK (PAKISTAN) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 ------(Rupees '000)-----	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		406,609	216,588
Dividend income		(21,592)	(7,862)
		<u>385,017</u>	<u>208,726</u>
Adjustments for non-cash and other items:			
Depreciation	26	142,283	126,650
Depreciation on Ijarah assets held under IFAS 2		1,153,458	1,038,371
Amortisation	26	94,934	93,793
Unrealized (gain) / loss on revaluation of investments classified as held-for-trading		(3,434)	19,171
Provision against non-performing Islamic financing and related assets	10.6	104,690	21,135
(Reversal) / provision for diminution in the value of investments	9.3.1	(230,132)	64,109
Other provisions / write offs	13.3	4,407	18,735
Gain on sale of operating fixed assets		(5,610)	(2,188)
		<u>1,260,596</u>	<u>1,379,776</u>
		<u>1,645,613</u>	<u>1,588,502</u>
(Increase) / decrease in operating assets			
Due from financial institutions		6,094,187	(10,005,950)
Held-for-trading securities		2,008,662	(2,005,228)
Islamic financing and related assets		(1,880,260)	(11,562,139)
Other assets		(310,258)	(758,438)
		<u>5,912,331</u>	<u>(24,331,755)</u>
Increase / (decrease) in operating liabilities			
Bills payable		203,888	(45,799)
Due to financial institutions		(103,313)	9,623
Deposits and other accounts		(8,578,193)	4,575,482
Other liabilities		32,334	112,841
		<u>(8,445,284)</u>	<u>4,652,147</u>
Income tax paid		(62,001)	(56,144)
Net cash used in operating activities		<u>(949,341)</u>	<u>(18,147,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net disposal of available-for-sale investments		2,715,165	4,266,299
Net investments in operating fixed assets		(244,738)	(162,228)
Dividend received		20,443	7,729
Proceeds from disposal of operating fixed assets		8,414	2,533
Net cash flow from investing activities		<u>2,499,284</u>	<u>4,114,333</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of sub-ordinated loan	1.2 & 17	890,299	-
(Repayment) / issuance of Tier II Modaraba sukuk	17	(285,716)	2,000,000
Effect of exchange difference on translation of sub-ordinated loan		46,837	(53,257)
Net cash flow from financing activities		<u>651,420</u>	<u>1,946,743</u>
Net increase / (decrease) in cash and cash equivalents		<u>2,201,363</u>	<u>(12,086,174)</u>
Cash and cash equivalents at beginning of the year		10,206,610	22,292,784
Cash and cash equivalents at end of the year	31	<u><u>12,407,973</u></u>	<u><u>10,206,610</u></u>

The annexed notes from 1 to 49 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Director

ALBARAKA BANK (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Issued, subscribed and paid- up share capital	Advance against issuance of shares	Discount on issuance of shares	Statutory Reserve *	Accumulated loss	Total
	(Rupees in '000)					
Balance as at 01 January 2014	8,935,200	-	(767,290)	82,074	(2,419,224)	5,830,760
Advance against issuance of shares	-	95,704	-	-	-	95,704
Profit after taxation for the year	-	-	-	-	145,923	145,923
Other comprehensive income for the year	-	-	-	-	(21,497)	(21,497)
Total comprehensive income for the year	-	-	-	-	124,426	124,426
Transfer to statutory reserves	-	-	-	29,185	(29,185)	-
Balance as at 31 December 2014	8,935,200	95,704	(767,290)	111,259	(2,323,983)	6,050,890
Advance against issuance of shares	-	-	-	-	-	-
Profit after taxation for the year	-	-	-	-	240,446	240,446
Other comprehensive income for the year	-	-	-	-	(3,684)	(3,684)
Total comprehensive income for the year	-	-	-	-	236,762	236,762
Transfer to statutory reserves	-	-	-	48,089	(48,089)	-
Balance as at 31 December 2015	8,935,200	95,704	(767,290)	159,348	(2,135,310)	6,287,652

* This represents reserve created under section 21(1)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 49 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

ALBARAKA BANK (PAKISTAN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** AlBaraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company under the Companies Ordinance, 1984.

The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance and in conformity with Shariah. The Bank was granted an Islamic Banking License BL(i)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007 under section 27 of the Banking Companies Ordinance, 1962 read with Islamic Banking Department circular no. 2 of 2004. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of AlBaraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP on 12 March 2011, effective from close of business on 29 October 2010.

The Bank is a subsidiary of AlBaraka Islamic Bank B.S.C. (c) (AlBaraka) {major sponsor} incorporated and domiciled in Bahrain and a member of AlBaraka Banking Group.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank has 135 branches including 14 sub-branches (31 December 2014: 130 branches including 10 sub-branches) in Pakistan.

Based on the financial statements of the Bank for the year ended 31 December 2014, Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long-term rating at "A" and short term rating as "A1" with a positive outlook. JCR-VIS, has also maintained long-term and short-term ratings of "A" and "A1" respectively and enhanced the Bank's outlook from stable to positive.

- 1.2** As per the requirements of SBP, the banks / DFIs are required to have a minimum paid-up capital (net of losses) of Rs.10 billion. Further, the banks / DFIs are also required to maintain a capital adequacy ratio of 10% at all times.

In order to meet the regulatory capital requirements, the Bank prepared a capitalization plan which was approved by the SBP vide its letter no. BPRD/BA&CP/608/019652/2013 dated 28 December 2013 on the following terms and conditions:

- i) The Bank shall maintain a minimum paid-up capital {net of losses} (MCR) of at least Rs.6 billion at all times and will have to meet the full MCR of Rs.10 billion by 31 December 2016.
- ii) As a short term arrangement, the Bank would raise a foreign currency sub-ordinated debt (FCY debt) of US \$ 11 million from its major sponsor. The said sub-ordinated debt is deposited as non-remunerative deposit with SBP.
- iii) The above FCY debt with the SBP shall be increased to Rs.2.1 billion by 31 December 2014 and Rs.2.8 billion by 31 December 2015.
- iv) The FCY debt shall not be withdrawn unless the Bank achieves full compliance with MCR. However, any withdrawal will be subject to prior approval of the SBP. In the event the Bank is not MCR compliant by 31 December 2016, the sub-ordinated debt will be converted into the paid-up capital of the Bank.
- v) For regulatory purposes, the FCY debt is allowed to be included in the Bank's capital and the Bank will be required to maintain a capital adequacy ratio (CAR) of atleast 16% which may be reduced depending on the level of increase in the MCR.

To meet the aforementioned requirements related to MCR and CAR, major sponsor of the Bank has injected the FCY debt amounting to Rs. 1,152.151 (US \$ 11) million and Rs. 890.299 (US \$ 8.5) million on 30 December 2013 and 29 April 2015 respectively. In addition to this, during 2014 the Bank had issued unsecured, subordinated and privately placed sukuk amounting to Rs. 2 billion. As of 31 December 2015, CAR stands at 14.54% (31 December 2014: 14.24%). The Bank's MCR for regulatory purposes amounts to Rs. 8.171 billion as against the required level of Rs. 9 billion. In this regard, SBP has allowed extension in timeline to deposit additional FCY debt by 31 May 2016.



2. BASIS OF PRESENTATION

These financial statements have been prepared in conformity with the format of financial statements prescribed by the SBP vide BSD Circular No. 04 dated 17 February 2006.

The Bank provides Islamic financing mainly through shariah compliant financial products as explained in Note 5.4. Except for Murabaha transactions (which are accounted for under the Islamic Financial Accounting Standard - 1), the purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. Income, if any received, which does not comply with the principles of Shariah is recognized as charity payable.

3. STATEMENT OF COMPLIANCE

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

3.2 The SBP vide BSD Circular Letter No. 10 dated 26 August 2002 has deferred the applicability of International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, "Investment Property" (IAS 40) for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4. BASIS OF MEASUREMENT

4.1 These financial statements have been prepared under the historical cost convention except for available for sale investments and commitments in respect of foreign exchange forward contracts which have been measured at fair value.

4.2 Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

5.1 New Standards, Interpretations and Amendments

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

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

Improvements to Accounting Standards Issued by the IASB in December 2013

IFRS 2 Share-based Payment - Definitions of vesting conditions

IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 Business Combinations - Scope exceptions for joint ventures

Improvements to Accounting Standards Issued by the IASB in December 2013

IFRS 8 Operating Segments – Aggregation of operating segments

IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation

IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the financial statements, except for IFRS 13, which requires additional disclosures (see note 36.3).

5.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks and balances with other banks in current and deposit accounts.

5.3 Due from financial institutions

Due from financial institutions include bai muajjal transactions under which the Bank sells sukuk on credit to other Financial Institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of credit period.

5.4 Investments**5.4.1 Investments are classified as follows****(a) Held for trading**

These are securities, which are either acquired for generating a profit from short-term fluctuations in market prices, profit rate movements or are securities included in a portfolio in which a pattern of short-term profit taking exists. Such securities are normally sold within 90 days of the purchase date.

(b) Held to maturity

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

(c) Available for sale

These are investments, that do not fall under the 'held for trading' or 'held to maturity' categories.

5.4.2 Regular way contracts

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

5.4.3 Initial Recognition and measurement

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

5.4.4 Subsequent measurement**(a) Held for trading**

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the net profit and loss for the year.

(b) Held to maturity

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



(c) Available for sale

In accordance with the requirements of the SBP, quoted securities and Government securities other than those classified as 'held to maturity', are subsequently re-measured to market value. Surplus / deficit arising on revaluation of quoted securities classified as 'available for sale', is taken to a separate account shown in the statement of financial position below equity.

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 financial statements. In cases where the break up value of such shares is less than the cost, the difference of the cost and break up value is provided for accordingly by charging to the profit and loss account.

5.4.5 Impairment

Provision for diminution in the values of securities classified as available for sale and held to maturity (except sukuk certificates) is charged to profit and loss account. Provision for diminution in value of sukuk certificates is made as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

5.5 Islamic financing and related assets**5.5.1 Brief nature of Islamic Financing arrangements**

Following is a brief nature of the financing arrangements entered into by the Bank.

Murabaha

Under murabaha financing, funds disbursed for purchase of goods are recorded as 'advance against murabaha finance'. On culmination of murabaha i.e. sale of goods to customers, murabaha financing are recorded at the deferred sale price net of deferred profit. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

Ijara Financing

In ijara financing, the Bank provides the assets on periodic rentals for specific tenor to customers.

Istasna

In istasna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold and the amount financed is paid back to the Bank.

Tijarah

In tijarah financing, the Bank purchases specific goods / commodities on cash basis from its customers for onward sale and on subsequent sale, the financed amount is paid back by the customer.

Diminishing Musharaka

In diminishing musharaka based financing, the Bank enters into musharaka based on Shirkat-ul-Mulk for financing and agreed share of fixed assets (example: house, land, plant, machinery or vehicle) with its customers and enters into period profit payment agreement for the utilization of the Bank's musharaka share by the customer.

Service Ijarah

In the service Ijarah financing, the Bank provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Bank appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale.

Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

Running Musharaka

Running musharaka is a shirkul-aqd based financing facility offered to the customers where the Bank participates in operating activities of the customer and share profit and loss as per the actual performance of their business.

5.5.2 Accounting Policies of Islamic Financing

Islamic financing and related assets (advance, inventories etc.) are stated net of specific and general provisions against non-performing islamic financing, if any, which are charged to the profit and loss account.

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Provisions against non-performing Islamic financing and related assets

Specific provision against non-performing Islamic financing is determined in accordance with the Prudential Regulations and other directives issued by the SBP. The Bank maintains general reserve (provision) in accordance with the applicable requirements of Prudential Regulations for consumer finance and small and medium enterprise financing.

Ijarah

Ijarah financing booked on or after 01 January 2009 is accounted for as per the requirements of IFAS 2, whereby assets leased out under ijarah are depreciated over the term of ijarah and the related rental income is recognised in the profit and loss account on an accrual basis.

Ijarah financing booked before 01 January 2009 is accounted for as a finance lease whereby assets under ijarah arrangements are presented as a receivable at an amount equal to net investment in ijarah. Unearned income i.e. excess of aggregate rentals over the cost of the asset is recorded at the inception of the ijarah and is amortised over the term of the ijarah so as to produce a constant rate of return on net investment in ijarah.

Islamic financing and related assets are written off when there is no realistic prospect of recovery.

Inventories

Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories. The Bank values its inventories at the lower of cost and net realisable value. Cost of inventories represents the actual purchase price paid by the customer as an agent on behalf of the Bank from the funds disbursed for the purpose of culmination of murabaha.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

5.6 Operating fixed assets**5.6.1 Tangible - Owned**

Tangible fixed assets, other than land, are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Land is stated at cost.

Depreciation is charged using the straight-line method in accordance with the rates specified in note 11.1 to these financial statements and after taking into account residual value, if any. 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 on sale of fixed assets are credited / charged to the profit and loss account and disclosed in other income.

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

5.6.2 Capital work in progress

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

5.6.3 Intangible

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised on the basis of the estimated useful life over which economic benefits are expected to flow to the Bank. The residual value, useful life and amortisation method are reviewed and adjusted, if appropriate, at each statement of financial position date. Amortization rates are specified in note 11.2.1 to these financial statements.

Intangible assets with indefinite useful lives are not amortized but tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

5.6.4 Impairment of operating fixed assets

The carrying amount of 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 amount. The resulting impairment loss is taken to the profit and loss account.

5.7 Non-banking assets acquired in satisfaction of claims

These are initially measured at the settlement value assigned for the purpose of extinguishment of borrowers' liabilities. Subsequent to initial recognition, these are carried at lower of their carrying values and fair values. Any resulting impairment loss is taken to profit and loss account. For subsequent increase in fair value, gain is recognized only to the extent it reverses previously recognized impairment loss (if any). These assets are disclosed in other assets as specified by SBP.

5.8 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba. Deposits taken on Qard basis are classified as 'Current Accounts' and Deposits generated on Mudaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

No profit or loss is passed on to current account depositors. However, the funds of current accounts are treated as equity for the purpose of profit calculation and only any profit earned / loss incurred on these funds are allocated to the equity of the Bank. Profits realized in pool are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (the Bank) can distribute its share of profit to Rab-ul-Maal in line with Shariah guidelines issued by SBP.

5.9 Revenue recognition

- Profit on murabaha transactions is recognised on accrual basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of murabaha is recognized immediately upon the latter date.
- The Bank follows the finance method in recognising income on ijarah contracts booked before 01 January 2009. Under this method the unearned income i.e. the excess of aggregate ijarah rentals over the cost of the asset is deferred and then amortised over the term of the ijarah, so as to produce a constant rate of return on net investment in ijarah. Gains / losses on termination of ijarah contracts are recognised as income / expense on a receipt basis. Income on ijarah is recognised from the date of delivery of the respective assets to the mustajir.
- Rental income on ijarah financing booked on or after January 1, 2009 is recognised on accrual basis.
- Profit on diminishing musharaka, running musharaka and service ijarah are recognized on accrual basis.
- Profit on tijarah and istisna is recognized on accrual basis commencing from the time of sale of goods till the realization of sale proceeds by the Bank.
- Profit on bai muajjal transactions are recognized on accrual basis.
- Commission on letters of credit, acceptances and letters of guarantee is recognised on receipt basis.
- Dividend income is recognised when the Bank's right to receive the dividend is established.
- Profit from investment in sukuk is recognised on accrual basis. Premium and discount on purchase of sukuk are being amortized through profit and loss account over the remaining maturity.
- Gains / losses on disposal of fixed assets, ijarah assets and musharaka assets are taken to profit and loss account in the period in which they arise.
- Gains / losses on sale of investments is included in profit and loss account.
- Income earned from avenues that are not Shariah compliant is not recognised in the profit and loss account. This income is classified as charity payable in accordance with the recommendation of the Shariah Advisor of the Bank.
- Realization of profit earlier suspended in compliance with the Prudential Regulations issued by SBP is credited to profit and loss account on receipt basis.

12/4/11

5.10 Taxation

Income tax expense comprises current and deferred tax. Expense is recognised in profit and loss account except to the extent when it relates to items recognised directly in equity or below equity.

(a) Current / prior

The charge for current taxation is based on expected taxable income for the year at the current rate of transaction. The Bank assessed its taxation income under Section 113 of Income Tax Ordinance.

(b) Deferred

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

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

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

The Bank also recognises a deferred tax asset / liability on the deficit / surplus on revaluation of securities which is adjusted against the related surplus / deficit in accordance with the requirements of the International Accounting Standard (IAS) 12, 'Income Taxes'.

5.11 Staff retirement benefits**(a) Defined benefit plan**

The Bank operates an approved funded gratuity scheme for all its permanent employees subject to a minimum of three years of service. Annual contributions are made to the scheme in accordance with the actuarial recommendations. The actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plans are recognized in statement of comprehensive income when they occur.

(b) Defined contribution plan

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10 percent of basic salary.

5.12 Provisions, contingent assets and contingent liabilities

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

Contingent assets are not recognised unless inflow of economic benefits is virtually certain.

Contingent liabilities are not recognised but are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

5.13 Provision for guarantee claims and other off-balance sheet obligations

The Bank, in the ordinary course of business, issues letters of credit, acceptances, guarantees, bid bonds, performance bonds etc. The commission against such contracts is recognized in the profit and loss account under "fee, commission and brokerage income" on receipt basis. The Bank's liability under such contracts is measured at the best estimate of the amount expected to settle any financial obligation arising under such contracts.

5.14 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the exchange rates prevailing at the reporting date. Exchange gains or losses are included in profit and loss account currently.

5.15 Commitments

Commitments for outstanding forward foreign exchange contracts are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are translated into Pak Rupees at the exchange rates ruling on the reporting date.

5.16 Financial instruments

(a) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. These include regular way purchases or sales of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the market place. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and rewards of ownership of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and liabilities is recognized in the profit and loss account of the current period.

(b) Off-setting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.17 Earnings per share

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

5.18 Segment reporting

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

(a) Business segments

The business segments within the Bank have been categorised into the following classifications of business segments in accordance with the requirements specified by the SBP.

- Trading and sales

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

- Retail banking

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

- Commercial banking

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

- Payment and settlement

It includes payments and collection, fund transfer, clearing and settlement.

(b) Geographical segments

Currently, the operations of the Bank are carried out in Pakistan only.

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5.19 Pool Management

The Bank operates general and specific pools for depositors.

Under the general deposits pool, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of Islamic financings and related assets, investments and placements.

Specific pools are operated for funds acquired / accepted from State Bank of Pakistan for Islamic Export Refinance under the Musharaka mode.

The profit of each deposit pool is calculated on all the remunerative assets by utilizing the funds from the pool after deduction of expenses directly incurred in earning the income of such pool, if any. No provisions against any non performing assets of the pool is passed on to the pool. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

The deposits and funds under the above mentioned pools are provided to diversified sectors and avenues of the economy / business as mentioned in the note 40.1.1 and are also invested in Government of Pakistan backed ijarah sukuk and other sovereign securities. Musharaka investments from State Bank of Pakistan under Islamic Export Refinance are channeled towards the export sector of the economy.

5.20 Accounting judgments and estimates

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

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The key areas of estimates and judgements in relation to these financial statements are as follows:

a) Provision against non-performing Islamic financing

The Bank reviews its financing portfolio to assess amount of non-performing Islamic financing and determine provision required there against on a quarterly basis. While assessing this requirement various factors including the past dues, delinquency in the account, financial position of the borrower, value of collateral held and requirements of Prudential Regulations are considered except where relaxation has been allowed by SBP.

The amount of general provision against consumer and Small and Medium Enterprise, Islamic financing are determined in accordance with the relevant Prudential Regulations and SBP directives.

b) Impairment of available-for-sale investments

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

c) Income taxes

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

d) Operating fixed assets, depreciation and amortization

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

e) **Employees' benefit plans**

The liabilities for employees' benefits are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets and future salary increases as disclosed in note 33. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

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

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

Standard, interpretation or amendment		Effective date (accounting periods on or after beginning on or after)
IFRS 10	IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Bank's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Bank expects that such improvements to the standards will not have any material impact on the Bank's financial statements in the period of initial application.

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

Standards	IASB effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

		2015	2014
	Note	----- (Rupees '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		1,138,777	824,172
- foreign currencies		272,180	202,023
		1,410,957	1,026,195
With State Bank of Pakistan in			
- local currency current account	6.1	6,412,996	3,373,241
- foreign currency - current account	6.1	2,133	3,459
- deposit account	6.1	445,187	410,031
- capital account	17	2,042,450	1,105,314
		8,902,766	4,892,045
With National Bank of Pakistan in			
- local currency current account		533,425	546,757
- local currency deposit account		281	271
		10,847,429	6,465,268

1 These include local and foreign currency amount required to be maintained by the Bank with SBP as stipulated by SBP. These accounts are non-remunerative in nature.

		2015	2014
	Note	----- (Rupees '000) -----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
- on current accounts		2,160	12,262
- on deposit accounts	7.1	1,035,156	3,461,134
		1,037,316	3,473,396
Outside Pakistan			
- on current accounts		517,170	261,007
- on deposit accounts		6,058	6,939
		523,228	267,946
		1,560,544	3,741,342

1 The expected return on these deposits ranges from 2.32% to 6.25% (2014: 5% to 9.90%) per annum.

8. DUE FROM FINANCIAL INSTITUTIONS			
- Bai muajjal of shariah complaint securities	8.1	3,911,763	10,005,950
		3,911,763	10,005,950

8.1 The return on bai muajjal is 6% (2014: 9.2% to 9.75%). These will mature by November 2016.

8.2 Particulars of due from financial institution

- local currency	3,911,763	10,005,950
- foreign currency	-	-
	3,911,763	10,005,950

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9. INVESTMENTS

9.1 Investments by types

		2015			2014		
		Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
Note		Rupees in '000					
Held for trading securities							
Sukuk certificates		-	-	-	2,024,399	-	2,024,399
Available for sale securities							
Sukuk certificates	9.4	14,944,894	-	14,944,894	17,768,298	-	17,768,298
Ordinary shares of listed companies	9.5	347,748	-	347,748	239,509	-	239,509
Ordinary shares of unlisted company	9.6	52,200	-	52,200	52,200	-	52,200
		15,344,842	-	15,344,842	18,060,007	-	18,060,007
Investments at cost		15,344,842	-	15,344,842	20,084,406	-	20,084,406
Less: Provisions for diminution in the value of investments	9.3	(44,311)	-	(44,311)	(274,443)	-	(274,443)
Investments (net of provisions)		15,300,531	-	15,300,531	19,809,963	-	19,809,963
Deficit on revaluation of available for sale securities	20	(22,177)	-	(22,177)	(230,124)	-	(230,124)
Deficit on revaluation of held for trading securities		-	-	-	(19,171)	-	(19,171)
Total investments at market value		15,278,354	-	15,278,354	19,560,668	-	19,560,668

9.2 Investments by segments

Sukuk certificates

Federal Government Securities

Others

Fully paid-up ordinary shares

Ordinary shares of listed companies

Ordinary shares of unlisted company

Total Investments at cost

Less: Provisions for diminution in the value of investments

Investments (net of provisions)

Deficit on revaluation of 'available for sale' securities

Deficit on revaluation of 'held for trading' securities

Total investments at market value

Note

2015
----- (Rupees '000) -----

2014

		12,744,881	16,713,989
		2,200,013	3,078,708
9.4		14,944,894	19,792,697
9.5		347,748	239,509
9.6		52,200	52,200
		15,344,842	20,084,406
9.3		(44,311)	(274,443)
		15,300,531	19,809,963
20		(22,177)	(230,124)
		-	(19,171)
		15,278,354	19,560,668

9.3 Particulars of provisions for diminution in the value of investments:

9.3.1 Opening balance

Charged during the year

Reversal during the year

Closing balance

	274,443	210,334
	4,284	67,724
	(234,416)	(3,615)
	(230,132)	64,109
	44,311	274,443

9.3.2 Particulars of provisions in respect of type and segment

Available for sale

Investment in sukuk certificates

Unlisted Company (ordinary shares)

Listed Company (ordinary shares)

	-	233,388
	23,228	24,257
	21,083	16,798
	44,311	274,443

9.4 Sukuk certificates

ALBARAKA BANK (PAKISTAN) LIMITED

		2015	2014	2015	2014
Name of the investee	Note	Number of certificates / units		Cost ----- (Rupees '000) -----	
Available for sale					
Federal Government Securities					
Government of Pakistan Ijara Sukuk - 9		-	2,750	-	275,000
Government of Pakistan Ijara Sukuk - 10		-	10,554	-	1,058,278
Government of Pakistan Ijara Sukuk - 12		-	2,397	-	241,353
Government of Pakistan Ijara Sukuk - 13		-	10,981	-	1,099,516
Government of Pakistan Ijara Sukuk - 14	9.4.1.1	4,780	4,780	478,812	482,220
Government of Pakistan Ijara Sukuk - 15	9.4.1.2	122,673	115,200	12,266,069	11,533,223
				12,744,881	14,689,590
Unquoted Securities					
Coastal Refinery Limited		-	-	-	340,000
New Allied Electronics Industries (Private) Limited		-	80,000	-	9,036
Engro Fertilizer Limited		-	10,000	-	50,010
Sul Southern Gas Company	9.4.1.3 & 9.4.2	-	-	1,000,000	1,000,000
Pace Pakistan Limited		-	80,000	-	242,291
AL Razi Healthcare Private Limited	9.4.1.4	60,000	60,000	191,667	208,000
Pakistan Stone Development Company	9.4.1.5	80,000	80,000	65,000	160,000
WAPDA third sukuk certificates	9.4.1.6	214,975	218,975	943,346	1,069,371
				2,200,013	3,078,708
				14,944,894	17,768,298
Held for trading					
Federal Government Securities					
Government of Pakistan Ijara Sukuk		-	20,210	-	2,024,399
				14,944,894	19,792,697

9.4.1 Other particulars of sukuk certificates are as follows:

Particulars	Certificates / units denomination	Profit rate per annum	Profit payments	Maturity date
9.4.1.1 Government of Pakistan Ijara Sukuk - 14	PKR 100,000	6 month Treasury Bills - 0.30%	Semi annually	28 March 2016
9.4.1.2 Government of Pakistan Ijara Sukuk - 15	PKR 100,000	6 month Treasury Bills - 2.00%	Semi annually	25 June 2017
9.4.1.3 Sui Southern Gas Limited	PKR 5,000	3 month KIBOR + 0.4 %	Quarterly	30 October 2019
9.4.1.4 AL Razi Healthcare Private Limited	PKR 5,000	6 month KIBOR + 2.5 %	Monthly	3 February 2021
9.4.1.5 Pakistan Stone Development Company	PKR 5,000	6 month KIBOR + 1.00 %	Semi annually	29 March 2016
9.4.1.6 WAPDA third sukuk certificates	PKR 5,000	6 month KIBOR + 1.0 %	Semi annually	14 October 2021
9.4.2 The sukuks are in the process of being issued to the Bank.				

9.5 Particulars of investments in ordinary shares of listed companies

Company Name	2015			2014		
	Number of shares	Cost ----- Rupees in '000 -----	Market Value	Number of shares	Cost ----- Rupees in '000 -----	Market Value
Available for sale - shares						
Chemicals and pharmaceutical						
Agritech Limited	821,937	28,768	7,685	821,937	28,768	6,370
The Searle Company Limited	-	-	-	11,000	2,855	2,660
Fertilizer						
Fauji Fertilizer Bin Qasim Limited	200,000	11,959	10,536	50,000	2,198	2,261
Fauji Fertilizer Company	177,500	24,899	20,941	-	-	-
Engro Fertilizers Limited	191,500	17,147	16,111	-	-	-
Engro Corporation Limited	80,000	24,820	22,351	-	-	-
Fatima Fertilizer Company Limited	80,000	3,657	3,578	-	-	-
Oil and gas						
Pakistan Petroleum Limited	-	-	-	190,000	43,615	33,539
Pakistan Oil Fields Limited	-	-	-	115,000	60,333	43,626
Oil and Gas development company limited	-	-	-	27,000	6,432	5,557
Cement						
Lucky Cement Limited	-	-	-	40,000	20,311	20,011
Maple Leaf Cement Factory Limited	195,000	14,413	14,543	50,000	2,127	2,212
D.G.Khan Cement Company Limited	-	-	-	130,000	14,382	14,369
Attock Cement Limited	100,000	18,619	16,775	-	-	-
Automobile Assembler						
Millat Tractors Limited	8,300	5,367	4,588	10,000	6,468	6,469
Al-Ghazi Tractors Limited	-	-	-	5,000	2,101	1,835
Indus Motor Company Limited	37,580	44,733	38,019	-	-	-
Automobile Parts & Accessories						
Thal Limited	22,300	6,298	5,649	-	-	-
Cable & Electrical Goods						
Pak Elektron Limited	50,000	3,748	3,127	-	-	-
Textile						
Nishat Mills Limited	163,000	20,821	15,464	188,000	24,272	22,746
Power Generation & Distribution						
Kot Addu Power Company Limited	394,500	35,110	31,955	50,000	3,823	3,947
K-Electric Limited	325,000	2,698	2,418	-	-	-
Kohinoor Energy Limited	197,000	9,755	8,471	-	-	-
Food Producers						
Abdullah Shah Ghazi Sugar Mill Limited	4,890,249	41,961	48,902	4,890,249	21,824	51,650
Engro Foods Limited	120,700	19,319	17,693	-	-	-
Commercial Banks						
Meezan Bank Limited	292,000	13,656	13,359	-	-	-
		347,748	302,165		239,509	217,252

9.5.1 Quality of available for sale securities

	Note	2015		2014	
		Amount (Rupees in '000)	Rating (Long term / Short term)	Amount (Rupees in '000)	Rating (Long term / Short term)
Sukuk certificates					
Government of Pakistan Ijara Sukuk		12,744,881	GOP Guaranteed	14,689,590	GOP Guaranteed
Coastal Refinery Limited		-	-	340,000	Non-performing
New Allied Electronics Industries (Private) Limited		-	-	9,036	Non-performing
Engro Fertilizer Limited		-	-	50,010	A
Sui Southern Gas Company		1,000,000	Unrated	1,000,000	Unrated
Pace Pakistan Limited		-	-	242,291	Non-performing
AL Razi Healthcare Private Limited		191,667	Unrated	208,000	Unrated
Pakistan Stone Development Company		65,000	GOP Guaranteed	160,000	GOP Guaranteed
WAPDA third sukuk certificates		943,346	GOP Guaranteed	1,069,371	GOP Guaranteed
Ordinary shares					
Takaful Pakistan Limited	9.6	52,200	BBB+	52,200	BBB+
Agritech Limited		28,768	Unrated	28,768	Unrated
The Searle Company Limited		-	-	2,855	Unrated
Fauji Fertilizer Bin Qasim Limited		11,959	Unrated	2,198	Unrated
Fauji Fertilizer Company		24,899	Unrated	-	-
Engro Fertilizers Limited		17,147	AA- / A1+	-	-
Engro Corporation Limited		24,820	AA / A1+	-	-
Fatima Fertilizer Company Limited		3,657	AA- / A1+	-	-
Pakistan Petroleum Limited		-	-	43,615	Unrated
Pakistan Oil Field Limited		-	-	60,333	Unrated
Oil and Gas development company limited		-	-	6,432	AAA / A1+
Lucky Cement Limited		-	-	20,311	Unrated
Maple Leaf Cement Factory Limited		14,413	A / A1	2,127	A- / A2
D.G.Khan Cement Company Limited		-	-	14,382	Unrated
Attock Cement Limited		18,619	Unrated	-	-
Millat Tractors Limited		5,367	Unrated	6,468	Unrated
Al-Ghazi Tractors Limited		-	-	2,101	Unrated
Indus Motor Company Limited		44,733	Unrated	-	-
Thal Limited		6,298	Unrated	-	-
Pak Elektron Limited		3,748	A / A1	-	-
Nishat Mills Limited		20,821	AA / A1+	24,272	AA / A1+
Kot Addu Power Company Limited		35,110	AA+ / A1+	3,823	AA+ / A1+
K-Electric Limited		2,698	AA- / A1	-	-
Kohinoor Energy Limited		9,755	AA / A1+	-	-
Abdullah Shah Ghazi Sugar Mill Limited		41,961	Unrated	21,824	Unrated
Engro Foods Limited		19,319	Unrated	-	-
Meezan Bank Limited		13,656	AA / A1+	-	-
Total		15,344,842		18,060,007	

9.6 Unlisted Company (ordinary shares)

	2015 Number of shares	2014 Number of shares	2015 Rupees in '000	2014 Rupees in '000	Percentage of equity holding %	Latest available audited	Name of the chief executive officer
Takaful Pakistan Limited*	5,100,000	5,100,000	52,200	52,200	17	31 Dec 2014	Syed Arif Hussain
Crown Textile Mills Limited **	444,656	444,656	-	-	-	-	-
			52,200	52,200			

* The breakup value of Takaful Pakistan Limited is Rs. 5.68 (un-audited) per share as per the available financial statements for the period ended 30 September 2015.

** These were transferred at nil value upon amalgamation of Pakistan branches of AlBaraka with and into the Bank.

10. ISLAMIC FINANCING AND RELATED ASSETS

	Note	2015 (Rupees '000)	2014 (Rupees '000)
In Pakistan			
Islamic financing and related assets			
- Murabaha finance	10.1	15,483,094	18,889,191
- Advance against murabaha finance		826,636	1,671,397
- Murabaha inventory		-	1,045
- Export refinance under Islamic scheme		929,405	1,940,997
- Advance against export refinance under Islamic scheme		47,400	10,900
- Ijarah assets under IFAS 2		4,211,037	3,418,437
- Net investment in Ijarah	10.2	112,396	123,179
- Advance against Ijarah		281,397	295,954
- Service Ijarah		469,730	735,294
- Diminishing musharaka financing		15,366,192	11,157,066
- Advance against diminishing musharaka finance		162,414	137,240
- Running musharaka		150,000	-
- Tijarah finance		599,886	463,630
- Over due acceptances		505,274	387,601
- Payment against guarantee		80,063	25,903
- Payment against documents		49,049	5,642
- Salam financing		28,385	32,525
- Advance against salam		4,897,084	5,617,643
- Salam inventory		172,001	230,000
- Financing against bills		230,439	291,513
- Istasna finance		4,014,527	3,182,871
- Advance against istasna		1,186,864	589,048
- Istasna inventory		18,000	-
- Staff financing	10.3	721,956	625,334
- Advance against staff financing		4,913	1,786
- Rahnuma travel services		-	85
Islamic financing and related assets - gross		50,548,142	49,834,281
Provisions for non-performing financing - specific	10.6	(2,875,066)	(2,795,155)
Provisions for non-performing financing - general	10.6	(28,386)	(16,548)
		(2,903,452)	(2,811,703)
Islamic financing and related assets - net of provisions		47,644,690	47,022,578

ALBARAKA BANK (PAKISTAN) LIMITED

Note	2015	2014
	----- (Rupees '000) -----	
10.1 Murabaha receivable - gross	16,339,981	19,934,813
Deferred murabaha income	(516,719)	(608,773)
Profit receivable shown in other assets	(340,168)	(436,849)
Murabaha finance	<u>15,483,094</u>	<u>18,889,191</u>
10.1.1 Murabaha sale price	16,339,981	19,934,813
Murabaha purchase price	<u>(15,483,094)</u>	<u>(18,889,191)</u>
	<u>856,887</u>	<u>1,045,622</u>
10.2 These represents the ijarah financing contracts entered upto December 2008. These are accounted for as finance lease where by assets under ijarah agreements are presented as a receivable at an amount equal to net investment in ijarah.		
Present value of minimum ijarah payments :		
- Not later than one year	112,396	123,179
- Later than one year	-	-
	<u>112,396</u>	<u>123,179</u>
10.3 This represents islamic financing to staff under the Bank's human resource policies.		
10.4 Particulars of Islamic financing and related assets		
10.4.1 In local currency	46,196,684	44,292,404
In foreign currency	<u>1,448,006</u>	<u>2,730,174</u>
	<u>47,644,690</u>	<u>47,022,578</u>
10.4.2 Short-term (for upto one year)	29,808,538	31,507,909
Long term (for over one year)	<u>17,836,152</u>	<u>15,514,669</u>
	<u>47,644,690</u>	<u>47,022,578</u>
10.5 Islamic financing and related assets include Rs. 4,042.561 (2014: Rs 4,176.617) million which have been placed under non-performing status as detailed below:		

Category of classifications	2015			Provision required	Provision held
	Classified financing				
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other assets especially mentioned	5,032	-	5,032	-	-
Substandard	383,873	-	383,873	74,439	74,439
Doubtful	365,059	-	365,059	70,858	70,858
Loss	3,288,597	-	3,288,597	2,729,769	2,729,769
	4,042,561	-	4,042,561	2,875,066	2,875,066

Category of classifications	2014			Provision required	Provision held
	Classified financing				
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other assets especially mentioned	11,738	-	11,738	-	-
Substandard	376,923	-	376,923	81,142	81,142
Doubtful	47,355	-	47,355	9,658	9,658
Loss	3,740,601	-	3,740,601	2,704,355	2,704,355
	4,176,617	-	4,176,617	2,795,155	2,795,155

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10.6 Particulars of provisions against non-performing islamic financing and related assets

Note	2015			2014		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	2,795,155	16,548	2,811,703	2,778,875	14,943	2,793,818
Charge for the year	429,655	11,838	441,493	723,845	1,605	725,450
Reversals for the year	(336,803)	-	(336,803)	(704,315)	-	(704,315)
	92,852	11,838	104,690	19,530	1,605	21,135
Written off during the year	(12,941)	-	(12,941)	(3,250)	-	(3,250)
Closing balance	2,875,066	28,386	2,903,452	2,795,155	16,548	2,811,703

10.6.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs.831.380 (31 December 2014: Rs.958.395) million. The total FSV of collateral held against non-performing Islamic financing amounts to Rs.1,551.651 (31 December 2014: Rs.1,219.590) million. The FSV benefit recognized is not allowed for distribution of cash or stock dividend to shareholders.

10.6.2 The Bank maintains general reserve (provisions) in accordance with the applicable requirements of prudential regulations for consumer, small and medium enterprise islamic financing.

10.6.3 SBP vide its letter BPRD/BLRD-3/DMG/2011-1035 dated 26 January 2011 has allowed relaxation from provisioning requirement against certain financing exposures having a provisioning impact of Rs. 40.581 (2014 :Rs. 178.036) million.

10.6.4 Particulars of provisions against non-performing islamic financing

	2015			2014		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
In local currency	2,862,082	28,386	2,890,468	2,782,171	16,548	2,798,719
In foreign currency	12,984	-	12,984	12,984	-	12,984
	2,875,066	28,386	2,903,452	2,795,155	16,548	2,811,703

10.6.5 Particulars of write offs

Note	2015	2014
	----- (Rupees '000) -----	----- (Rupees '000) -----
10.6.5.1 Against provision	12,941	3,250
Directly charged to profit and loss account	-	-
	12,941	3,250
10.6.5.2 Write offs Rs. 500,000 and above	12,808	3,250
Write offs below Rs. 500,000	133	-
	12,941	3,250

10.6.5.3 In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off financing or any other financial relief of five hundred thousand rupees or above allowed to any person during the year ended 31 December 2015 is annexed to these financial statements.

10.7 Particulars of Islamic financing to executives, directors, associated companies etc.

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other person*

Balance at the beginning of the year	333,949	459,214
Islamic financing during the year	438,583	117,742
Repayments during the year	(49,230)	(243,007)
Balance at the end of the year	723,302	333,949

* These represent Islamic financing given by the Bank to its employees as per the terms of their employment.

11. OPERATING FIXED ASSETS

Property and equipment	11.1	1,593,986	1,463,980
Intangible assets	11.2	772,179	838,406
Capital work-in-progress	11.3	305,746	364,808
		2,671,911	2,667,194

11.1 Property and equipment

2015								
	COST			ACCUMULATED DEPRECIATION			Net book value as at 31 December 2015	Rate of depreciation
	As at 01 January 2015	Additions / (disposals)	As at 31 December 2015	As at 01 January 2015	Charge for the year / (on disposals)	As at 31 December 2015		
	Rupees in '000							
Leasehold land	707,104	-	707,104	-	-	-	707,104	-
Building and improvements on leasehold land	573,203	97,056	670,259	148,019	36,376	184,395	485,864	5% - 10%
Furniture and fixtures	159,563	29,798	189,361	90,378	17,755	108,133	81,228	10%
Computer and office equipments	648,425	125,486 (12,408)	761,503	402,521	79,455 (10,353)	471,623	289,880	10% - 50%
Vehicles	29,780	22,752 (12,970)	39,562	13,177	8,696 (12,221)	9,652	29,910	20%
	2,118,075	275,092 (25,378)	2,367,789	654,095	142,282 (22,574)	773,803	1,593,986	
Assets held under finance lease								
Vehicles	13,701	- (5,110)	8,591	13,701	- (5,110)	8,591	-	20%
2015	2,131,776	275,092 (30,488)	2,376,380	667,796	142,282 (27,684)	782,394	1,593,986	

2014								
	COST			ACCUMULATED DEPRECIATION			Net book value as at 31 December 2014	Rate of depreciation
	As at 01 January 2014	Additions / (disposals)	As at 31 December 2014	As at 01 January 2014	Charge for the year / (on disposals)	As at 31 December 2014		
	Rupees in '000							
Leasehold land	707,104	-	707,104	-	-	-	707,104	-
Building and improvements on leasehold land	522,575	50,628	573,203	115,934	32,085	148,019	425,184	5% - 10%
Furniture and fixtures	149,900	10,065 (402)	159,563	73,781	16,934 (337)	90,378	69,185	10%
Computer and office equipments	580,364	76,679 (8,618)	648,425	342,193	68,666 (8,338)	402,521	245,904	10% - 50%
Vehicles	37,608	50 (7,878)	29,780	12,090	8,965 (7,878)	13,177	16,603	20%
	1,997,551	137,422 (16,898)	2,118,075	543,998	126,650 (16,553)	654,095	1,463,980	
Assets held under finance lease								
Vehicles	14,789	- (1,088)	13,701	14,789	- (1,088)	13,701	-	20%
2014	2,012,340	137,422 (17,986)	2,131,776	558,787	126,650 (17,641)	667,796	1,463,980	

11.1.1 Property and equipment include assets that are fully depreciated and are still in use aggregating to Rs. 361.299 million (2014: Rs. 360.390 million).

11.2 Intangible assets

Computer software and core deposits
Brand with indefinite useful life

Note

2015	2014
----- (Rupees '000) -----	
11.2.1 389,034	455,261
11.2.2 383,145	383,145
772,179	838,406

11.2.1

	COST			ACCUMULATED AMORTISATION			Net book value as at 31 December 2015	Rate of amortisation %
	As at 01 January 2015	Additions	As at 31 December 2015	As at 01 January 2015	Amortisation for the year	As at 31 December 2015		
	Rupees in '000							
Computer software	236,997	28,706	265,703	203,595	32,150	235,745	29,958	33%
Core deposits	684,000	-	684,000	262,141	62,783	324,924	359,076	8.33%-10%
2015	920,997	28,706	949,703	465,736	94,933	560,669	389,034	
Computer software	219,924	17,073	236,997	172,585	31,010	203,595	33,402	33%
Core deposits	684,000	-	684,000	199,358	62,783	262,141	421,859	8.33%-10%
2014	903,924	17,073	920,997	371,943	93,793	465,736	455,261	

11.2.2 During the year, the management has carried out annual impairment test in respect of Brand as required by IAS - 36 "Impairment of assets".

The recoverable amount of the asset has been determined based on 'value in use' using discounted cash flow methodology, covering cash flow projections for a period of 5 years.

The key assumptions used for the purpose of the projections and impairment test are as under:

- Discount rate - Pre tax
- Terminal growth rate

23.05%
6.00%

Discount rates

Discount rates take into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Bank. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Terminal growth rates

Terminal growth rate is a stable growth rate at which an asset will continue to grow perpetually.

Sensitivity to changes in assumptions

Management believes that after considering the various scenarios no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

11.3. Capital work-in-progress

Advances to suppliers and contractors
Advance for purchase of property
Provisions for impairment against advance for purchase of property

Note

2015	2014
----- (Rupees '000) -----	
11.3.1 305,746	364,808
251,680	251,680
(251,680)	(251,680)
305,746	364,808

Total capital work-in-progress

11.3.1 This includes advance payment amounting to Rs.121.049 (2014: Rs.121.049) million for implementation of new core banking system of the Bank.

11.4 Disposal of assets

Details of disposal of fixed assets where cost exceeds Rs. 1 million or book value is greater than Rs. 0.25 million, whichever is lower are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
----- Rupees in '000 -----						
Vehicles						
BMW	8,991	8,242	749	749	As per bank policy	Mr. Shafqaat Ahmed - Chief Executive Officer
Honda Civic	1,238	1,238	-	608	Auction	Mr. Raheel Majeed
Honda Civic	1,429	1,428	1	936	Auction	Mr. Qaiser Hafeez
Office Equipment						
Generator	729	425	304	318	Auction	Mr. Sarfaraz Ahmed
Generator	939	673	266	318	Auction	Mr. Sarfaraz Ahmed
Generator	1,050	910	140	273	Auction	Mr. Sarfaraz Ahmed
Generator	1,266	876	390	432	Auction	Mr. Sarfaraz Ahmed
	15,642	13,792	1,850	3,634		
Fixed assets having book value of less than Rs. 0.25 million or cost of Rs. 1 million is as follows:						
Various	14,846	13,892	954	4,780		
2015	30,488	27,684	2,804	8,414		
2014	17,986	17,641	345	2,533		

12.	DEFERRED TAX ASSETS	Note	2015 ----- (Rupees '000) -----	2014
	Deferred tax debits arising in respect of			
	Provisions against non performing islamic financing and related assets		714,912	744,970
	Provisions for diminution in the value of investments		17,065	97,616
	Provisions against operating fixed assets		22,022	22,022
	Provisions against other assets		1,551	1,551
	Minimum tax		308,518	245,424
	Deferred tax on remeasurment of defined benefit plan		19,776	17,793
	Tax effect of revaluation of investments classified as available-for-sale	20	7,762	80,544
	Unabsorbed tax depreciation and amortisation		479,949	480,404
			1,571,555	1,690,324
	Deferred tax credits arising due to			
	Excess of accounting book values over tax written down values of operating fixed assets		(179,552)	(148,891)
			1,392,003	1,541,433

- 12.1 The above net deferred tax asset has been recognized in accordance with the Bank's accounting policy. The management based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized.

13. OTHER ASSETS		2015	2014
		----- (Rupees '000) -----	
Profit / return accrued in local currency		1,174,537	1,436,642
Profit / return accrued in foreign currency		12,843	15,349
Advances, deposits and prepayments	13.1	352,520	294,225
Advance taxation (payments less provision)		222,904	248,435
Unrealised gain on re-measurement of forward exchange contracts		-	16,067
Branch adjustment account		11,961	64,298
Stamps and stationery		7,000	12,071
Non banking assets acquired in satisfaction of claims	13.2	1,808,006	1,188,589
Others		87,252	115,471
		3,677,023	3,391,147
Less: Provisions held against other assets	13.3	(51,207)	(46,800)
Other assets (net of provisions)		3,625,816	3,344,347

- 13.1 This includes prepaid rent and prepaid takaful aggregating to Rs 166.4 (2014: 164.7) million and Rs 62.9 (2014: 40.5) million respectively.

- 13.2 Represent properties acquired by the Bank in satisfaction of claims from borrowers. The fair value of these assets amounts to Rs. 2,080.655 (2014:Rs. 1,452.072) million.

13.3 Provisions held against other assets

Opening balance	46,800	28,065
Charge for the year	4,407	19,714
Reversals for the year	-	(979)
	4,407	18,735
	51,207	46,800

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ALBARAKA BANK (PAKISTAN) LIMITED

2015 2014

----- (Rupees '000) -----

14. BILLS PAYABLE

In Pakistan		883,698	679,810
Outside Pakistan		-	-
		<u>883,698</u>	<u>679,810</u>

15. DUE TO FINANCIAL INSTITUTIONS

In Pakistan	15.1	2,065,465	2,211,568
Outside Pakistan		42,790	-
		<u>2,108,255</u>	<u>2,211,568</u>

15.1 Particulars of due to financial institutions with respect to currencies

In local currency		2,065,465	2,211,568
In foreign currency		42,790	-
		<u>2,108,255</u>	<u>2,211,568</u>

15.2 Details of due to financial institutions
Secured

Borrowings from State Bank of Pakistan			
Under Islamic export refinance scheme (IERS)	15.2.1	2,065,466	1,990,482

Unsecured

Borrowings from financial institution		-	221,086
Overdrawn nostro account		42,790	-
		<u>2,108,256</u>	<u>2,211,568</u>

15.2.1 The range of profit rates on these borrowings is 2.5% to 5.0%. The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs. 2.8 (2014: 2.8) billion. The above contracts will mature starting from 6 January 2016 to 13 June 2016.

15.3 Particulars of due to financial institutions

Short-term (for upto one year)		2,108,256	2,211,568
Long term (for over one year)		-	-
		<u>2,108,256</u>	<u>2,211,568</u>

16. DEPOSITS AND OTHER ACCOUNTS
Customers

Fixed deposits	16,691,631	26,186,424
Savings deposits	33,325,446	29,177,743
Current accounts - non-remunerative	16,816,701	13,612,220
Margin deposits	726,167	1,058,207
	<u>67,559,945</u>	<u>70,034,594</u>

Financial Institutions

Remunerative deposits	4,023,857	10,114,392
Non-remunerative deposits	60,584	73,593
	<u>4,084,441</u>	<u>10,187,985</u>
	<u>71,644,386</u>	<u>80,222,579</u>

16.1 Particulars of deposits

In local currency		67,415,868	76,565,575
In foreign currencies		4,228,518	3,657,004
		<u>71,644,386</u>	<u>80,222,579</u>

17. SUBORDINATED LOANS

Foreign currency sub-ordinated debt	17.1	2,042,450	1,105,314
Tier II mudarbah sukuk	17.2	1,714,284	2,000,000
		<u>3,756,734</u>	<u>3,105,314</u>

17.1 During the year 2013, the Bank has entered into a sub-ordinated loan agreement with AlBaraka Islamic Bank BSC (the major sponsor). In terms of the said agreement, sub-ordinated loans of Rs.1,152.151 (USD 11) million and Rs.890.299 (USD 8.5) million have been provided to the Bank on 30 December 2013 and 29 April 2015 respectively. As per the loan agreement, no return will be payable on the loan and the loan stands sub-ordinated to all other creditors, depositors and third party obligations of the Bank. The loan is intended to bridge the regulatory capital shortfall of the Bank and will only be repaid if and when the Bank is compliant with the MCR requirements. In the event the Bank is not MCR compliant by 31 December 2016, the loan will be converted into paid up capital of the Bank. As per the terms of the agreement, the proceeds of the loan have been placed by the Bank in a profit free deposit account maintained by the Bank with the SBP in US Dollars.

17.2 During the year 2014, the Bank has issued unsecured, sub-ordinated and privately placed sukuk amounting to Rs.2,000 million. The issuance of sukuk is intended to comply with regulatory requirements related to CAR as stated in note 1.2 to these financial statements. The tenor of the sukuk is seven years maturing in 2021. During the year ended, the Bank has paid the two tranches of principal repayment along with profit to its sukuk holders amounting to Rs.285.716 million and Rs.199.398 million respectively.

18. OTHER LIABILITIES	Note	2015 ----- (Rupees '000) -----	2014 ----- (Rupees '000) -----
Return on deposits and borrowings:			
- payable in local currency		430,879	764,147
- payable in foreign currencies		1,946	1,381
Accrued expenses		82,903	101,121
Payable in respect of defined benefit plan	33 & 33.3	26,494	18,281
Security deposit against ijarah		1,334,729	1,024,252
Unrealised loss on re-measurement of forward exchange contracts		1,100	-
Charity payable	18.1, 18.1.1 & 18.1.2	47,763	57,742
Payable against purchase of listed shares		-	14,568
Advance payments		280,521	221,870
Others		59,865	24,837
		<u>2,266,200</u>	<u>2,228,199</u>

18.1 Movement of charity payable

Opening balance	57,742	82,948
Amount transferred during the year	26,321	28,259
Payments / utilization during the year	(36,300)	(53,465)
Closing balance	<u>47,763</u>	<u>57,742</u>

18.1.1 According to the instructions of the Shariah Advisor, any income earned by the Bank from Shariah non-compliant avenues should be utilized by the Bank for charitable purposes.

18.1.2 Detailed information relating to charity paid to organizations/ individuals equal to or in excess of Rs 100,000 is given in annexure II to the financial statements.

19. SHARE CAPITAL

19.1 Authorized Capital

2015	2014		2015	2014
<u>Number of shares</u>			<u>----- (Rupees '000) -----</u>	
<u>1,200,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs 10 each	<u>12,000,000</u>	<u>10,000,000</u>

19.2 Issued, subscribed and paid up capital

2015	2014		2015	2014
<u>Number of shares</u>			<u>----- (Rupees '000) -----</u>	
<u>450,000,000</u>	<u>450,000,000</u>	Ordinary shares of Rs 10 each fully paid in cash	<u>4,500,000</u>	<u>4,500,000</u>
<u>443,520,000</u>	<u>443,520,000</u>	Issued for consideration other than cash	<u>4,435,200</u>	<u>4,435,200</u>
<u>893,520,000</u>	<u>893,520,000</u>		<u>8,935,200</u>	<u>8,935,200</u>

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19.3 Shareholders having more than 10% shareholding.

Name of shareholder	2015		2014	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
AlBaraka Islamic Bank (Bahrain) B.S.C. (c)	577,543,500	64.64%	577,543,500	64.64%
Mal Al Khaleej Investment L.L.C.	158,360,039	17.72%	158,360,039	17.72%
Sheikh Tariq Bin Faisal Bin Khalid Al Qassemi	103,018,177	11.53%	103,018,177	11.53%

2015 2014
----- (Rupees '000) -----

20. DEFICIT ON REVALUATION OF INVESTMENTS - NET OF TAX

Deficit on revaluation of investments classified as 'available for sale':

- Sukuk certificates	2,322	(224,665)
- Ordinary shares - listed	(24,499)	(5,459)
	(22,177)	(230,124)
Related deferred tax asset	7,762	80,544
	(14,415)	(149,580)

21. CONTINGENCIES AND COMMITMENTS

21.1 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, shipping guarantees favouring:

- i) Government
- ii) Banking companies and other financial institutions
- iii) Others

4,446,114	4,785,202
611	-
363,541	551,823
4,810,266	5,337,025

21.2 Trade-related contingent liabilities

Letters of credit	5,370,825	4,440,887
Others - Shipping Guarantees	36,279	252,899
Acceptances	1,202,664	873,157

21.3 Commitments in respect of forward exchange contracts

Purchase	2,865,530	4,052,452
Sale	1,260,153	3,908,355

21.4 Commitments to incur capital expenditure

57,419	42,092
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21.5 Other Contingencies

- 21.5.1 The Bank has filed appeals before Appellate Tribunal Inland Revenue (ATIR) against the orders in respect of assessment years 2001-2002, 2002-2003 and tax years 2004 to 2011. Moreover, the Income Tax Department has also filed appeals before ATIR against the orders in respect of assessment years 2001-2002, 2002-2003 and tax year 2004 to 2011 issued by Commissioner Inland Revenue (CIR) (Appeals). Appeals filed by the Bank and the Income Tax Department are pending for decision. The management of the Bank is confident that the appeals are likely to be decided in favor of the Bank and, hence no provision has been made in these financial statements for the income tax claims amounting to Rs. 116.512 million.

16/11

- 21.5.2** The Bank has received the notice in respect of Tax Year 2012 from Additional Commissioner Inland Revenue (ACIR) stating certain disallowances and levy of Workers' Welfare Fund (WWF). Subsequent to receipt of notice, the Bank filed an appeal before CIR (Appeals) against the order of ACIR. In this regard, CIR Appeals has deleted the disallowances made by the ACIR. However, CIR Appeals has maintained the levy of WWF amounting to Rs. 15.050 million. The Bank has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR Appeals. The Department has also filed appeal before ATIR against the order of CIR Appeals-I. Based on the legal advice, the management and tax advisor of the Bank is confident that the said proceedings shall be decided in the favor of the Bank. Hence no provisions has been made in these financial statements.
- 21.5.3** The Bank has received various assessment orders from Deputy Commissioner Inland Revenue (DCIR) stating that the Bank has short paid Federal Excise Duty (FED) on specific income of the Bank for the years 2009 to 2012 amounting to Rs. 121.16 million. In response to the Bank's appeal, ATIR has set aside the orders related to years 2009 to 2011 for fresh adjudication and the said matter is pending decision for further proceedings. For year 2012, the Bank has filed the appeal before ATIR against the order of CIR appeals-I. The Bank after necessary consultation with its tax advisor is confident that the aforementioned matters will be decided in its favor and hence, no provision has been made in these financial statements against any liability which may arise in this respect.
- 21.5.4** During the year 2010, certain suits have been filed by Mr. Faisal Vawda in the Honorable High Court of Sindh against the Bank wherein Mr. Vawda has claimed that he was offered 24 million ordinary shares of the Bank at an aggregate value of Rs. 300 million as sale consideration against the commercial property sold to the Bank. He further claimed that in addition to the said property, he has paid Rs. 60 million towards the purchase consideration for the above referred shares. However, the said shares or any other consideration against the property has not been received by him. The Bank contends that the aforesaid allegations of Mr. Vawda are without any merit because the subject property has been duly purchased by the Bank against the appropriate consideration. Further, in the opinion of legal advisor of the Bank, the Bank is likely to successfully contest the aforementioned proceedings and accordingly is not exposed to the abovementioned claims being decreed against the Bank.

According to the Merger Agreement, dated 16 August 2010 the Emirates Financial Holdings LLC (EFH) will keep the Bank fully indemnified, safe and secured against all losses, costs, claims, damages of any nature whatsoever resulting to the Bank on account of the Mr. Faisal Vawda Litigations including any additional or ancillary litigation or proceedings filed by Faisal Vawda Group in relation to the subject matter of the Faisal Vawda Litigations. In this regard, the Bank has invoked the indemnity and has submitted a legal notice upon EFH.

	2015 ----- (Rupees '000) -----	2014 ----- (Rupees '000) -----
Claim not acknowledged as debt	<u>30,000</u>	<u>30,000</u>
22. PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS		
On islamic financing and related assets	4,115,986	4,029,868
On investments in		
- Available for sale securities	1,226,833	1,769,160
- Held for trading securities	6,211	51,452
	<u>1,233,044</u>	<u>1,820,612</u>
On deposits with banks	182,473	578,083
On due from financial institutions	<u>737,583</u>	<u>254,411</u>
	<u>6,269,086</u>	<u>6,682,974</u>

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		2015	2014
	Note	----- (Rupees '000) -----	
23. RETURN ON DEPOSITS AND OTHER DUES EXPENSED			
Deposits and other accounts		3,469,264	4,291,967
Other short term borrowings		61,500	34,912
Tier II Sukuk	17.2	174,409	60,751
On export refinance under Islamic scheme		85,445	125,620
		<u>3,790,618</u>	<u>4,513,250</u>
24. GAIN ON SALE OF SECURITIES			
Gain on sale of sukuk certificates			
- Federal government sukuk certificates		2,352	59,770
- Other sukuk certificates		-	54,445
		2,352	114,215
Gain on sale of listed shares		10,486	21,544
		<u>12,838</u>	<u>135,759</u>
25. OTHER INCOME			
Gain on sale of assets		10,521	4,200
Gain on sale of non banking assets		8,012	1,015
Others		-	27
		<u>18,533</u>	<u>5,242</u>
26. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other staff benefits	26.1	1,162,423	1,036,358
Contribution to defined contribution plan	34	46,861	41,818
Charge for defined benefit plan	33.7	44,349	32,076
Non-executive directors' fees, allowances and other expenses	35	33,693	23,872
Rent, taxes, insurance, electricity, etc.		583,810	522,674
Takaful and registration of Ijarah		118,132	77,190
Legal and professional charges		36,412	34,691
Software maintenance and license fee		119,821	111,120
Communication		97,996	93,515
Brokerage, commission and bank charges		17,371	13,876
Traveling and conveyance		23,487	19,356
Repairs and maintenance		64,181	53,754
Training and development		3,715	2,365
Stationery and printing		46,374	37,524
Advertisement and publicity		30,571	57,137
Auditors' remuneration	26.2	6,800	6,400
Depreciation	11.1	142,283	126,650
Amortization	11.2.1	94,934	93,793
Security charges		113,589	102,703
Newspaper and periodicals		1,564	2,039
Entertainment		31,041	27,225
Other expenses		29,503	29,447
		<u>2,848,910</u>	<u>2,545,583</u>
26.1	This includes remuneration paid during the year to Shariah Board amounting to Rs. 4.769 million (2014: Nil).		
26.2 Auditors' remuneration			
Fee for statutory audit - annual		2,070	1,948
Fee for limited scope review - half yearly		623	586
Fee for other audit, reviews and certifications		4,107	3,866
		<u>6,800</u>	<u>6,400</u>

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ALBARAKA BANK (PAKISTAN) LIMITED

		2015 ----- (Rupees '000) -----	2014 ----- (Rupees '000) -----
27. Other provisions / write offs			
Provision against other assets	13.3	4,407	18,735
		<u>4,407</u>	<u>18,735</u>
28. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		<u>328</u>	<u>30,074</u>
29. TAXATION			
Current / prior taxation	29.1	(87,532)	(79,527)
Deferred taxation		(78,631)	8,862
		<u>(166,163)</u>	<u>(70,665)</u>
29.1	The charge for current tax represents minimum tax in accordance with section 113 of the Income Tax Ordinance, 2001.		
30. BASIC AND DILUTED EARNING PER SHARE			
Profit after taxation for the year		<u>240,446</u>	<u>145,923</u>
		2015	2014
		Number of shares	
Weighted average number of ordinary shares		<u>893,520,000</u>	<u>893,520,000</u>
		Rupee	
Basic / diluted profit per share (Rupee)	30.1	<u>0.27</u>	<u>0.16</u>
30.1	There were no convertible / dilutive potential ordinary shares outstanding as at 31 December 2015 and 31 December 2014.		
31. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	10,847,429	6,465,268
Balances with other banks	7	1,560,544	3,741,342
		<u>12,407,973</u>	<u>10,206,610</u>
32. STAFF STRENGTH			
		2015	2014
		Number	
Permanent		1,201	1,127
Temporary / on contractual basis		312	172
Consultants		<u>1</u>	<u>2</u>
Bank's own staff strength at the end of the year		1,514	1,301
Outsourced		331	337
Total Staff Strength		<u>1,845</u>	<u>1,638</u>

1.4

33. DEFINED BENEFIT PLAN

33.1 The Bank operates funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each completed year of service, subject to a minimum of three years of service.

33.2 Significant Actuarial Assumptions

	Note	2015 Per annum	2014 Per annum
Financial assumptions			
- Valuation discount rate		9.0%	11.5%
- Salary increase rate		7.5%	10.0%
Demographic assumptions		Adjusted SLIC	Adjusted SLIC
- Mortality rates (for death in service)		2001-05	2001-05
- Rates of employee turnover		Low	Moderate
		2015	2014
		----- (Rupees '000) -----	

33.3 Fair value of plan assets and present value of obligation

Present value of defined benefit obligation	33.4 & 33.10	279,796	263,682
Fair value of plan assets	33.5 & 33.12	(253,302)	(245,401)
	33.6	<u>26,494</u>	<u>18,281</u>

33.4 Movement in the present value of defined benefit obligation

Obligation at the beginning of the year	263,682	203,381
Current service cost	44,650	35,574
Interest cost	27,346	24,593
Benefits paid	(51,788)	(28,413)
Actuarial (gain) / loss on obligations	(4,094)	28,547
Obligation at the end of the year	<u>279,796</u>	<u>263,682</u>

33.5 Movement in the fair value of plan assets

Fair value at the beginning of the year	245,401	210,331
Expected return on plan assets	27,647	28,091
Contributions	41,803	39,918
Benefits paid	(51,788)	(28,413)
Actuarial loss on plan assets	(9,761)	(4,526)
Fair value at the end of the year	<u>253,302</u>	<u>245,401</u>

33.6 Movement in payable to defined benefit plan

Opening balance	18,281	(6,950)
Charge for the year	33.7 44,349	32,076
Bank's contribution to the fund made during the year	(41,803)	(39,918)
Re-measurements recognized in OCI	33.7 & 33.11 5,667	33,073
Closing balance	<u>26,494</u>	<u>18,281</u>

33.7 Defined benefit cost for the year

Service cost

Current service cost	44,650	35,574
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Net Interest Cost

Interest cost on defined benefit obligation	27,346	24,593
Expected return on plan assets	(27,647)	(28,091)
Net interest cost	(301)	(3,498)
	<u>44,349</u>	<u>32,076</u>

Re-measurements recognized in other comprehensive income during the year

Actuarial (gain) / loss on obligations	(4,094)	28,547
Actuarial loss on plan assets	9,761	4,526
	<u>5,667</u>	<u>33,073</u>

Total defined benefit cost recognized in profit and loss and other comprehensive income

	<u>50,016</u>	<u>65,149</u>
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33.8 Actual return on plan assets

	<u>17,886</u>	<u>23,565</u>
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	2015	2014			
	(Rupees '000)				
33.9 Expected contributions to be paid to the funds in the next financial year					
Service cost					
Current service cost	40,122	33,787			
Net Interest cost					
Interest cost on defined benefit obligation	23,719	29,639			
Return on plan assets	(23,358)	(29,923)			
	361	(284)			
	40,483	33,503			
33.10 Analysis of present value of defined benefit obligations					
Vested / Non-Vested					
Vested benefits	265,407	205,831			
Non-vested benefits	14,389	57,851			
	279,796	263,682			
Type of Benefits					
Accumulated benefit obligation	155,958	128,866			
Amounts attributed to future salary increases	123,838	134,816			
	279,796	263,682			
33.11 Re-measurements recognized in Other Comprehensive Income during the year					
Re-measurements: (Gain) / loss on obligation					
Due to change in financial assumptions	(4,095)	10,761			
Due to change in experience adjustments	1	17,786			
	(4,094)	28,547			
Re-measurements: (Gain) / loss on plan assets					
Actual return on plan assets	(17,886)	(23,565)			
Return on plan assets	27,647	28,091			
	9,761	4,526			
	5,667	33,073			
33.12 Components of plan assets					
Cash and cash equivalents	220,772	114,802			
Investments	32,530	130,599			
	253,302	245,401			
33.13 Maturity profile of the defined benefit obligation					
Weighted average duration of the defined benefit obligation	9.06 years	8.91 years			
Distribution of timing of benefit payments					
Less than 12 months	32,519	10,950			
Between 1 year and 5 years	119,771	143,247			
Between 6 and 10 years	59,033	67,275			
Above 10 years	673,103	1,049,073			
33.14 Sensitivity Analysis on significant actuarial assumptions: Actuarial Liability					
Discount Rate +1%	256,561	242,162			
Discount Rate -1%	307,272	288,771			
Salary Increases +1%	308,832	290,205			
Salary Increases -1%	254,871	240,610			
Withdrawal Rates +10%	280,062	263,819			
Withdrawal Rates -10%	279,526	263,268			
1 Year Monthly age set back	279,620	263,372			
1 Year Monthly age set forward	279,971	263,718			
33.15 Historical information	2015	2014	2013	2012	2011
	(Rupees '000)				
Defined benefit obligation	279,796	263,682	203,381	159,417	134,652
Fair value of plan assets	(253,302)	(245,401)	(210,331)	(173,568)	(146,838)
Net defined benefit liability	26,494	18,281	(6,950)	(14,151)	(12,186)
Remeasurement gain/(loss) on obligation	4,094	(28,547)	(15,742)	4,486	7,346
Remeasurement gain/(loss) on plan asset	(9,761)	(4,526)	1,812	(5,186)	(7,456)
Other comprehensive income	(5,667)	(33,073)	(13,930)	(700)	(110)
33.16 Risks associated with defined benefit plan					
- <u>Investment risks:</u>					
The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.					
- <u>Longevity risks:</u>					
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.					
- <u>Salary increase risk:</u>					
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.					
- <u>Withdrawal risk:</u>					
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation.					

34. DEFINED CONTRIBUTION PLAN

The Bank also operates a recognized contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

	2015 ----- (Rupees '000) -----	2014 ----- (Rupees '000) -----
Contribution from the Bank	46,861	41,818
Contribution from the employees	46,861	41,818
	<u>93,722</u>	<u>83,636</u>

35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive Officer		Directors		Executives *	
	2015	2014	2015	2014	2015	2014
	----- Rupees in '000 -----					
Managerial remuneration	25,697	20,402	-	-	256,021	230,101
Charge for defined benefit plan	2,141	1,845	-	-	19,048	19,147
Contribution to defined contribution plan	2,570	2,040	-	-	22,330	20,878
Rent and house maintenance	5,069	5,069	-	-	76,050	67,046
Utilities allowance	1,690	1,690	-	-	25,349	22,324
Medical allowance	1,690	1,690	-	-	25,349	22,324
Bonus	7,448	8,813	-	-	18,530	31,533
Conveyance	960	607	12,650	9,500	-	90
Fee	-	-	21,043	14,372	-	-
Others	3,600	3,100	-	-	81,724	73,807
	<u>50,865</u>	<u>45,256</u>	<u>33,693</u>	<u>23,872</u>	<u>524,401</u>	<u>487,250</u>
Number of persons	<u>1</u>	<u>1</u>	<u>9</u>	<u>9</u>	<u>244</u>	<u>221</u>

*Executives means employees other than the Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

- 35.1 The Bank also provides Bank maintained car to the Chief Executive Officer and certain other executives for their own use and business use.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. These securities are carried at amortized cost in order to comply with the requirements of BSD Circular No.14 dated 24 September 2004. However, as of 31 December 2015 the Bank does not have any investment as at 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 financial statements.

Fair value of islamic financing and related 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 islamic financing has been calculated in accordance with the Bank's accounting policy as stated in relevant note to these financial statements.

The repricing profile and maturity are stated in note 43 and 45 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 islamic financing and deposits are frequently repriced.

36.2 Off - balance sheet financial instruments

	2015		2014	
	Book value	Fair value	Book value	Fair value
	-----Rupees in '000-----			
Forward purchase of foreign exchange	2,869,418	2,865,530	4,097,455	4,052,452
Forward sale of foreign exchange	1,262,941	1,260,153	3,969,424	3,908,355

36.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table provides the fair value measurement hierarchy of the Company's assets:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	----- (Rupees '000) -----			
Asset measured at fair value				
Available-for-sale				
Listed shares (fair value disclosed only)	302,165	-	-	302,165
Government of Pakistan - Ijarah sukuk (fair value disclosed only)	-	12,747,204	-	12,747,204
	302,165	12,747,204	-	13,049,369

Sum

December 31, 2014

Asset measured at fair value

At fair value through profit or loss

- held-for-trading

Government of Pakistan - Ijarah sukuk
(fair value disclosed only)

Level 1	Level 2	Level 3	Total
-	2,005,228	-	2,005,228

Available-for-sale

Listed shares (fair value disclosed only)

Level 1	Level 2	Level 3	Total
217,252	-	-	217,252

Government of Pakistan - Ijarah sukuk
(fair value disclosed only)

Level 1	Level 2	Level 3	Total
-	14,464,925	-	14,464,925

Level 1	Level 2	Level 3	Total
217,252	16,470,153	-	16,687,405

37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

2015

Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
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-----Rupees in '000-----

Total income	2,481,909	337,716	4,101,094	4,711	6,925,430
Total expenses	2,466,042	597,728	3,621,214	-	6,684,984
Net income / (loss)	15,867	(260,012)	479,880	4,711	240,446
Segment return on assets (ROA) (%)	7.49%	6.31%	8.36%	0.21%	7.71%
Segment cost of funds (%)	4.73%	4.73%	4.73%	4.73%	4.73%
Segment assets (gross of provisions)	33,119,701	5,352,531	49,071,380	2,263,964	89,807,576
Segment non performing financings (NPFs)	-	81,848	3,960,713	-	4,042,561
Segment provision required against NPFs	-	41,596	2,833,470	-	2,875,066
Segment liabilities	3,793,585	45,479,522	30,502,468	883,698	80,659,273

2014

Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
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-----Rupees in '000-----

Total income	2,972,518	606,586	3,826,749	3,621	7,409,474
Total expenses	2,970,122	776,148	3,517,281	-	7,263,551
Net income / (loss)	2,396	(169,562)	309,468	3,621	145,923
Segment return on assets (ROA) (%)	7.30%	9.53%	7.92%	0.21%	7.63%
Segment cost of funds (%)	6.25%	6.25%	6.25%	6.25%	6.25%
Segment assets (gross of provisions)	40,721,514	6,366,011	48,313,145	1,759,813	97,160,483
Segment non performing financings (NPFs)	-	111,801	4,064,816	-	4,176,617
Segment provision required against NPFs	-	72,288	2,739,415	-	2,811,703
Segment liabilities	3,166,065	28,417,445	56,184,150	679,810	88,447,470

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38. RELATED PARTY TRANSACTIONS

- 38.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions and include Key management personnel, Parent Bank, shareholders of the Bank, staff retirement benefit plan and Directors of the Bank. Banking transactions with related parties are entered into the normal course of business. Details of transactions with the related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Note	2015 ------(Rupees '000)-----	2014 -----
<u>Key management personnel</u>			
Islamic financing and related assets			
At beginning of the year		117,314	116,663
Disbursements / additions during the year		66,190	45,724
Repayments / deletions during the year		(32,047)	(45,073)
At end of the year		151,457	117,314
Deposits			
At beginning of the year		108,350	171,731
Deposits / additions during the year		438,567	655,454
Withdrawals / deletions during the year		(451,889)	(718,835)
At end of the year		95,028	108,350
Other Balances			
Return payable on deposit		637	197
Profit receivable on islamic financing and related assets		126	65
Transactions, income and expenses			
Profit earned on islamic financing and related assets		5,511	4,087
Return on deposits expenses		6,846	9,073
Salaries, allowances and benefits		191,274	187,467
<u>Parent Bank</u>			
Balances			
Advance against issuance of shares		95,704	95,704
FCY sub-ordinated debt		2,042,450	1,105,314
<u>Shareholders and directors of the Bank</u>			
Deposits			
At beginning of the year		420,289	718,217
Deposits / additions during the year		1,016,007	612,893
Withdrawals / deletions during the year		(754,040)	(910,821)
At end of the year		682,256	420,289
Other balances			
Return payable on deposits		3,108	3,713
Investments net of provisions		-	27,943
Non funded exposure		-	43,963
Payable to shareholders		657	657
Transactions, income and expenses			
Return on deposits expenses		28,507	52,603
Director fee and other allowances		33,693	23,872
<u>Staff Retirement benefit plan of the Bank</u>			
Balance			
Payable in respect of defined benefit plan	33.3	26,494	18,281
Transactions, income and expenses			
Contribution to defined contribution plan	34	46,861	41,818
Contribution to defined benefit plan	33.7	44,349	32,076

39. CAPITAL - ASSESSMENT AND ADEQUACY - BASEL III SPECIFIC

39.1 Capital Adequacy Framework

As per requirements of SBP, the Bank is required to comply with the capital adequacy framework which comprises of the following capital standards :

i) Minimum Capital Requirement (MCR):

As per the requirements of SBP, the banks / DFIs are required to have a minimum paid-up capital (net of losses) of Rs.10 billion. Further, the banks / DFIs are also required to maintain a capital adequacy ratio of 10% at all times.

In order to meet the regulatory capital requirements, the Bank prepared a capitalisation plan which was approved by the SBP vide its letter no. BPRD/BA&CP/608/019652/2013 dated 28 December 2013 on the following terms and conditions:

- i) The Bank shall maintain a minimum paid-up capital {net of losses} (MCR) of at least Rs.6 billion at all times and will have to meet the full MCR of Rs.10 billion by 31 December 2016.
- ii) As a short term arrangement, the Bank would raise a foreign currency sub-ordinated debt (FCY debt) of USD 11 million from its major sponsor. The said sub-ordinated debt is deposited as non-remunerative deposit with SBP.
- iii) The above FCY debt with the SBP shall be increased to Rs.2.1 billion by 31 December 2014 and Rs.2.8 billion by 31 December 2015.
- iv) The FCY debt shall not be withdrawn unless the Bank achieves full compliance with MCR. However, any withdrawal will be subject to prior approval of the SBP. In the event the Bank is not MCR compliant by 31 December 2016, the sub-ordinated debt will be converted into the paid-up capital of the Bank.
- v) For regulatory purposes, the FCY debt is allowed to be included in the Bank's capital and the Bank will be required to maintain a capital adequacy ratio (CAR) of atleast 16% which may be reduced depending on the level of increase in the MCR.

ii) Capital Adequacy Ratio (CAR):

The Capital Adequacy Ratio (CAR) assesses the capital requirement based on the risks faced by the banks.

SBP issued the instructions on the computation of CAR based on Basel III capital reform as published by Basel Committee on Banking Supervision. These instructions are effective from 31 December 2013 with full implementation intended by 31 December 2019. These instructions also specify the transitional arrangements from 2013 to 2019.

As per the Capital plan of the Bank approved by SBP, the Bank is required to maintain a CAR of at least 16%, which may be reduced depending on the level of MCR maintained as detailed below.

MCR Level	CAR requirement
Rs. 6 billion	16%
Rs. 7 billion	15%
Rs. 8 billion	14%
Rs. 9 billion	13%
Rs. 10 billion	As per CAR applicable under Basel III rules

To meet the aforementioned requirements related to MCR and CAR, major sponsor of the Bank has injected the FCY debt amounting to Rs. 1,152.151 (US \$ 11) million and Rs. 890.299 (US \$ 8.5) million on 30 December 2013 and 29 April 2015 respectively. In addition to this, during 2014 the Bank has issued unsecured, subordinated and privately placed sukuk amounting to Rs. 2 billion. As of 31 December 2015, CAR stands at 14.54% (31 December 2014: 14.24%). The Bank's MCR for regulatory purposes amounts to Rs. 8.171 billion as against the required level of Rs. 9 billion. In this regard, SBP has allowed extension in timeline to deposit additional FCY debt by 31 May 2016.

39.2 Scope of Applications

The Basel-III framework is applicable to the Bank on a standalone basis as the Bank does not have a subsidiary. Standardized Approach has been used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

39.3 Capital Structure

Bank's regulatory capital has been analyzed in two tiers;

- Common equity Tier 1 capital (CET 1), which includes fully paid up capital, advance against issuance of shares, discount on issuance of shares, statutory reserves as per the financial statements and accumulated losses after all regulatory adjustments applicable on CET 1. In addition, CET 1 includes foreign currency subordinated loan amounting to Rs. 2,042.45 (US \$ 19.5) million. The said loan is allowed to be included in Bank's capital for regulatory purposes under the above mentioned capitalisation plan.
- Tier 2 capital, which includes subordinated debt/instrument, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets) and reserves on revaluation of investments (upto a maximum of 45% of the balance in the related revaluation reserves) etc.

	2015	2014
Note	Rupees in '000	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Share Capital including advance against issuance of shares	11,073,354	10,136,218
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
Discount on Issuance of shares	(767,290)	(767,290)
Statutory reserves	159,348	111,259
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
Accumulated loss	(2,135,310)	(2,323,983)
Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	8,330,102	7,156,204
Total regulatory adjustments applied to CET1	39.4.1 1,226,671	1,495,354
Common Equity Tier 1	7,103,431	5,660,850
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
of which: Classified as equity	-	-
of which: Classified as liabilities	-	-
Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total regulatory adjustment applied to AT1 capital	39.4.2 -	-
Additional Tier 1 Capital after regulatory adjustments	-	-
Additional Tier 1 capital recognized for capital adequacy	-	-
Tier 1 Capital (CET1 + admissible AT1)	7,103,431	5,660,850
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	17 1,714,284	2,000,000
Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
of which: instruments issued by subsidiaries subject to phase out	-	-
General provisions for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	28,386	16,548
Revaluation Reserves (net of taxes)	-	-
of which: Revaluation reserves on fixed assets	-	-
of which: Unrealized gains on AFS	-	-
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves	-	-
T2 before regulatory adjustments	1,742,670	2,016,548
Total regulatory adjustment applied to T2 capital	39.4.3 -	-
Tier 2 capital (T2) after regulatory adjustments	1,742,670	2,016,548
Tier 2 capital recognized for capital adequacy	-	-
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	1,742,670	2,016,548
TOTAL CAPITAL (T1 + admissible T2)	8,846,101	7,677,398
Total Risk Weighted Assets (RWA)	39.6 60,843,210	53,908,676
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	11.67%	10.50%
Tier-1 capital to total RWA	11.67%	10.50%
Total capital to RWA	14.54%	14.24%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	-	-
of which: capital conservation buffer requirement	-	-
of which: countercyclical buffer requirement	-	-
of which: D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	-	-
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	5.50%
Tier 1 minimum ratio	7.50%	7.00%
Total capital minimum ratio	10.25%	10.00%

39.4 Regulatory Adjustments and Additional Information

	Amount	Amounts subject to Pre- Basel III treatment	Amount	Amounts subject to Pre- Basel III treatment
	2015		2014	
-----Rupees in '000-----				
39.4.1 Common Equity Tier 1 capital: Regulatory adjustments				
- Goodwill (net of related deferred tax liability)	-	-	-	-
- All other intangibles (net of any associated deferred tax liability)	881,664	-	951,311	-
- Shortfall in provisions against classified assets	40,481	-	182,443	-
- Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	281,134	421,701	135,649	542,597
- Defined-benefit pension fund net assets	-	-	-	-
- Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	-	-
- Cash flow hedge reserve	-	-	-	-
- Investment in own shares/ CET1 instruments	-	-	-	-
- Securitization gain on sale	-	-	-	-
- Capital shortfall of regulated subsidiaries	-	-	-	-
- Deficit on account of revaluation of investments classified as AFS Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	14,415	-	149,580	-
- Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
- Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	8,977	13,466	76,371	305,483
- Amount exceeding 15% threshold	-	-	-	-
- of which: significant investments in the common stocks of financial entities	-	-	-	-
- of which: deferred tax assets arising from temporary differences	-	-	-	-
- National specific regulatory adjustments applied to CET1 capital	-	-	-	-
- Investments in TFCs of other banks exceeding the prescribed limit	-	-	-	-
- Any other deduction specified by SBP	-	-	-	-
- Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustments applied to CET1	1,226,671	435,167	1,495,354	848,080

39.4.2 Additional Tier-1 & Tier-1 Capital: regulatory adjustments

- Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-	-	-
- Investment in own AT1 capital instruments	-	-	-	-
- Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-	-
- Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the	-	-	-	-
- Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
- Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-	-
- Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustment applied to AT1 capital	-	-	-	-

39.4.3 Tier 2 Capital: regulatory adjustments

-	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-	-
-	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-	-
-	Investment in own Tier 2 capital instrument	-	-	-	-
-	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
-	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
	Total regulatory adjustment applied to T2 capital	-	-	-	-

39.4.4 Additional Information

2015

2014

Risk Weighted Assets subject to pre-Basel III treatment

-	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
	of which: deferred tax assets	435,158	848,080
	of which: Defined-benefit pension fund net assets	-	-
	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-

Amounts below the thresholds for deduction (before risk weighting)

	Non-significant investments in the capital of other financial entities	-	-
	Significant investments in the common stock of financial entities	28,972	27,943
	Deferred tax assets arising from temporary differences (net of related tax liability)	669,071	408,931

Applicable caps on the inclusion of provisions in Tier 2

	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-
	Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

KMA

39.5 Capital Structure Reconciliation

Step 1

As per published financial statements	Under regulatory scope of consolidation	As per published financial statements	Under regulatory scope of consolidation
2015		2014	
-----Rupees in '000-----			

Assets

Cash and balances with treasury banks
Balanced with other banks
Due to financial institutions
Investments
Islamic financing and related assets
Operating fixed assets
Deferred tax assets
Other assets
Total assets

10,847,429	10,847,429	6,465,268	6,465,268
1,560,544	1,560,544	3,741,342	3,741,342
3,911,763	3,911,763	10,005,950	10,005,950
15,278,354	15,278,354	19,560,668	19,560,668
47,644,690	47,644,690	47,022,578	47,022,578
2,671,911	2,671,911	2,667,194	2,667,194
1,392,003	1,392,003	1,541,433	1,541,433
3,625,816	3,625,816	3,344,347	3,344,347
86,932,510	86,932,510	94,348,780	94,348,780

Liabilities

Bills payable
Due to financial institutions
Deposits and other accounts
Sub-ordinated loans
Liabilities against assets subject to finance lease
Deferred tax liabilities
Other liabilities
Total liabilities

883,698	883,698	679,810	679,810
2,108,255	2,108,255	2,211,568	2,211,568
71,644,386	71,644,386	80,222,579	80,222,579
3,756,734	3,756,734	3,105,314	3,105,314
-	-	-	-
-	-	-	-
2,266,200	2,266,200	2,228,199	2,228,199
80,659,273	80,659,273	88,447,470	88,447,470

Represented by

Share capital (including advance against issuance of shares and discount)
Reserves
Accumulated loss
Minority Interest
Deficit on revaluation of Investments-net of tax
Total equity

8,263,614	8,263,614	8,263,614	8,263,614
159,348	159,348	111,259	111,259
(2,135,310)	(2,135,310)	(2,323,983)	(2,323,983)
-	-	-	-
(14,415)	(14,415)	(149,580)	(149,580)
6,273,237	6,273,237	5,901,310	5,901,310

Total liabilities & equity

86,932,510	86,932,510	94,348,780	94,348,780
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Step 2

As per published financial statements	Under regulatory scope of consolidation	As per published financial statements	Under regulatory scope of consolidation	Ref
2015		2014		
-----Rupees in '000-----				

Assets

Cash and balances with treasury banks
Balanced with other banks
Due from Financial institutions
Investments
<i>of which: Non-significant investments in the capital instruments of</i>
<i>banking, financial and insurance entities exceeding 10% threshold</i>
<i>of which: significant investments in the capital instruments issued by</i>
<i>banking, financial and insurance entities exceeding regulatory threshold</i>
<i>of which: Mutual Funds exceeding regulatory threshold</i>
<i>of which: reciprocal crossholding of capital instrument (separate for CET1,</i>
<i>AT1, T2)</i>
<i>of which: others (mention details)</i>
Islamic financing and related assets
<i>shortfall in provisions against classified assets</i>
<i>general provisions reflected in Tier 2 capital</i>
Operating fixed assets
Deferred Tax Assets
<i>of which: DTAs that rely on future profitability excluding those arising from</i>
<i>temporary differences</i>
<i>of which: DTAs arising from temporary differences exceeding regulatory</i>
<i>threshold</i>
Other assets
<i>of which: Goodwill</i>
<i>of which: Intangibles</i>
<i>of which: Defined-benefit pension fund net assets</i>
Total assets

10,847,429	10,847,429	6,465,268	6,465,268
1,560,544	1,560,544	3,741,342	3,741,342
3,911,763	3,911,763	10,005,950	10,005,950
15,278,354	15,278,354	19,560,668	19,560,668
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
47,644,690	47,644,690	47,022,578	47,022,578
40,481	40,481	182,443	182,443
28,386	28,386	16,548	16,548
2,671,911	2,671,911	2,667,194	2,667,194
1,392,003	1,392,003	1,541,433	1,541,433
702,835	702,835	678,245	678,245
8,978	8,978	76,371	76,371
3,625,816	3,625,816	3,344,347	3,344,347
-	-	-	-
881,664	881,664	951,311	951,311
-	-	-	-
86,932,510	86,932,510	94,348,780	94,348,780

Step 2

Liabilities & Equity

	As per published financial statements 2015	Under regulatory scope of consolidation	As per published financial statements 2014	Under regulatory scope of consolidation	Ref
	Rupees in '000				
Bills payable	883,698	883,698	679,810	679,810	
Due to Financial institutions	2,108,255	2,108,255	2,211,568	2,211,568	
Deposits and other accounts	71,644,386	71,644,386	80,222,579	80,222,579	
Sub-ordinated loans	3,756,734	3,756,734	3,105,314	3,105,314	m
of which: eligible for inclusion in AT1	2,042,450	2,042,450	1,105,314	1,105,314	n
of which: eligible for inclusion in Tier 2	1,714,284	1,714,284	2,000,000	2,000,000	
Liabilities against assets subject to finance lease	-	-	-	-	
Deferred tax liabilities	-	-	-	-	o
of which: DTLs related to goodwill	-	-	-	-	p
of which: DTLs related to intangible assets	-	-	-	-	q
of which: DTLs related to defined pension fund net assets	-	-	-	-	r
of which: other deferred tax liabilities	-	-	-	-	
Other liabilities	2,266,200	2,266,200	2,228,199	2,228,199	
Total liabilities	80,659,273	80,659,273	88,447,470	88,447,470	
Share capital	8,263,614	8,263,614	8,263,614	8,263,614	s
of which: amount eligible for CET1	-	-	-	-	t
of which: amount eligible for AT1	-	-	-	-	
Reserves	159,348	159,348	111,259	111,259	u
of which: portion eligible for inclusion in CET1 (provide breakup)	159,348	159,348	111,259	111,259	v
of which: portion eligible for inclusion in Tier 2	-	-	-	-	w
Accumulated losses	(2,135,310)	(2,135,310)	(2,323,983)	(2,323,983)	
Minority Interest	-	-	-	-	x
of which: portion eligible for inclusion in CET1	-	-	-	-	y
of which: portion eligible for inclusion in AT1	-	-	-	-	z
of which: portion eligible for inclusion in Tier 2	-	-	-	-	
Surplus on revaluation of assets	-	-	-	-	aa
of which: Revaluation reserves on Fixed Assets	-	-	-	-	
of which: Unrealized Gains/Losses on AFS	-	-	-	-	
In case of Deficit on revaluation (deduction from CET1)	(14,415)	(14,415)	(149,580)	(149,580)	ab
Total equity and liabilities	6,273,237	6,273,237	5,901,310	5,901,310	
Total Equity	86,932,510	86,932,510	94,348,780	94,348,780	

Step 3

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

	Component of regulatory capital reported by bank 2015 Rupees in '000	Source based on reference number from step 2	Component of regulatory capital reported by bank 2014 Rupees in '000	Source based on reference number from step 2
Share capital (including advance against issuance of shares)	11,073,354		10,136,218	
Discount against issuance of shares	(767,290)	(s)	(767,290)	(s)
Reserve for issue of Bonus Shares	-		-	
Statutory Reserves	159,348	(u)	111,259	(u)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-		-	
Accumulated losses	(2,135,310)	(w)	(2,323,983)	(w)
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)	-	(x)
CET 1 before Regulatory Adjustments	8,330,102		7,156,204	

Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	(j) - (o)	-	(j) - (o)
All other intangibles (net of any associated deferred tax liability)	881,664	(k) - (p)	951,311	(k) - (p)
Shortfall of provisions against classified assets	40,481	(f)	182,443	(f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	281,134	{(h) - (r)} * 40%	135,649	{(h) - (r)} * 20%
Defined-benefit pension fund net assets	-	{(l) - (q)} * 0%	-	{(l) - (q)} * 0%
Reciprocal cross holdings in CET1 instruments	-	(d)	-	(d)
Cash flow hedge reserve	-		-	
Investment in own shares/ CET1 instruments	-		-	
Securitization gain on sale	-		-	
Capital shortfall of regulated subsidiaries	-		-	
Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	14,415	(ab)	149,580	(ab)
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)	-	(a) - (ac) - (ae)
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)	-	(b) - (ad) - (af)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	8,977	(i)	76,371	(i)
Amount exceeding 15% threshold	-		-	
of which: significant investments in the common stocks of financial entities	-		-	
of which: deferred tax assets arising from temporary differences	-		-	
National specific regulatory adjustments applied to CET1 capital	-		-	
of which: Investment in TFCs of other banks exceeding the prescribed limit	-		-	
of which: Any other deduction specified by SBP (mention details)	-		-	
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-		-	
Total regulatory adjustments applied to CET1	1,226,671		1,495,354	

Common Equity Tier 1	7,103,431		5,660,850	
Additional Tier 1 (AT 1) Capital				
Qualifying Additional Tier-1 instruments plus any related share premium				
of which: Classified as equity	-	(t)	-	(t)
of which: Classified as liabilities	-		-	
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)	-	(y)
of which: instrument issued by subsidiaries subject to phase out	-		-	
AT1 before regulatory adjustments	-		-	
Additional Tier 1 Capital: regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-		-	
Investment in own AT1 capital instruments	-		-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	-		-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)	-	(ac)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)	-	(ad)
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-		-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-	
Total of Regulatory Adjustment applied to AT1 capital	-		-	
Additional Tier 1 capital	-		-	
Additional Tier 1 capital recognized for capital adequacy	-		-	
Tier 1 Capital (CET1 + admissible AT1)	7,103,431		5,660,850	
Tier 2 Capital				
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	1,714,284	(n)	2,000,000	(n)
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-		-	
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)	-	(z)
of which: instruments issued by subsidiaries subject to phase out	-		-	
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	28,386	(g)	16,548	(g)
Revaluation Reserves	-		-	
of which: Revaluation reserves on fixed assets	-	portion of (aa)	-	portion of (aa)
of which: Unrealized Gains/Losses on AFS	-		-	
Foreign Exchange Translation Reserves	-	(v)	-	(v)
Undisclosed/Other Reserves (if any)	-		-	
T2 before regulatory adjustments	1,742,670		2,016,548	
Tier 2 Capital: regulatory adjustments				
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-		-	
Reciprocal cross holdings in Tier 2 instruments	-		-	
Investment in own Tier 2 capital instrument	-		-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)	-	(ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)	-	(af)
Amount of Regulatory Adjustment applied to T2 capital	-		-	
Tier 2 capital (T2)	1,742,670		2,016,548	
Tier 2 capital recognized for capital adequacy	1,742,670		2,016,548	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-		-	
Total Tier 2 capital admissible for capital adequacy	1,742,670		2,016,548	
TOTAL CAPITAL (T1 + admissible T2)	8,846,101		7,677,398	

39.6 Risk-Weighted Exposures

Risk-Weighted Exposures	2015		2014	
	-----Rupees in '000-----			
Credit Risk	Capital Requirement	Risk weighted Assets	Capital Requirement	Risk weighted Assets
On-Balance sheet				
Portfolios subject to standardized approach (Simple or Comprehensive)				
Cash & cash equivalents	-	-	-	-
Sovereign	448	3,199	778	5,188
Public Sector entities	53,284	380,598	30,547	203,649
Banks	111,326	795,184	213,047	1,420,313
Corporate	5,321,939	38,013,852	4,997,810	33,318,733
Retail	239,471	1,710,508	104,642	697,610
Residential Mortgages	58,312	416,516	88,523	590,152
Past Due loans	171,782	1,227,012	188,328	1,255,519
Operating fixed assets	250,634	1,790,246	257,382	1,715,882
Other assets	795,806	5,684,327	788,626	5,257,506
	7,003,002	50,021,442	6,669,683	44,464,552
Portfolios subject to Internal Rating Based (IRB) Approach				
Corporate, Sovereign, Corporate, Retail, Securitization etc.	-	-	-	-
Off-Balance sheet				
Non-market related				
Financial guarantees, acceptances, performance related commitments, trade related etc.	693,942	4,956,728	633,531	4,223,543
Market related				
Foreign Exchange contracts.	4,634	33,098	9,221	61,472
Equity Exposure Risk in the Banking Book				
Under simple risk weight method				
- Listed	10,140	72,429	8,703	58,020
- Unlisted	7,922	56,587	10,479	69,858
Under Internal models approach				
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	6,344	45,317	22,143	147,623
Equity position risk	68,762	491,157	47,770	318,468
Foreign Exchange risk	5,611	40,075	24,989	166,592
Capital Requirement for portfolios subject to Internal Models Approach	-	-	-	-
Operational Risk				
Capital Requirement for operational risks	717,693	5,126,377	659,782	4,398,548
	1,515,048	10,821,768	1,416,618	9,444,124
Total Risk-Weighted Exposures	8,518,050	60,843,210	8,086,301	53,908,676

39.6.1 Capital Adequacy Ratios

	2015		2014	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	11.67%	5.50%	10.50%
Tier-1 capital to total RWA	7.50%	11.67%	7.00%	10.50%
Total capital to total RWA	10.25%	14.54%	10.00%	14.24%

39.7 Main Features Template of Regulatory Capital Instruments

		COMMON SHARES	TIER II SUKUK
1	Issuer	Al Baraka Bank (Pakistan) Limited	Al Baraka Bank (Pakistan) Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	Not Applicable	AlBaraka Bank (Pakistan) Limited - Tier II Sukuk
3	Governing law(s) of the instrument	Laws applicable in Pakistan	Laws applicable in Pakistan
Regulatory treatment			
4	Transitional Basel III rules	Common equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common equity Tier 1	Ineligible
6	Eligible at solo/ group/ group&solo	Solo	Solo
7	Instrument type	Common shares	Subordinated Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	7,103,432	1,714,284
9	Par value of instrument	Rs 10 per share	Rs 1 million per certificate
10	Accounting classification	Shareholder equity	Liability - subordinated loans
11	Original date of issuance	2005-2010	September 2014
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	26 September 2021
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	Not Applicable	25 September 2019
16	Subsequent call dates, if applicable	Not Applicable	Any time after the option call date
Coupons / dividends			
17	Fixed or floating dividend/ coupon	Not Applicable	Floating
18	coupon rate and any related index/ benchmark	Not Applicable	6 months Kibor + 1.25% per annum
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non cumulative	Non cumulative
23	Convertible or non-convertible	Non Convertible	Convertible
24	If convertible, conversion trigger (s)	Not Applicable	The Instrument is subject to loss absorbency, under which SBP may convert the instrument, fully or partially, into common ordinary shares upon the occurrence of a non-viability trigger event (the "PONV"). The conversion shall be based on the price as agreed with SBP.
25	If convertible, fully or partially	Not Applicable	May convert fully or partially upon the occurrence of PONV.
26	If convertible, conversion rate	Not Applicable	To be determined in the case of Trigger event.
27	If convertible, mandatory or optional conversion	Not Applicable	Mandatory
28	If convertible, specify instrument type convertible into	Not Applicable	Common Equity Tier 1
29	If convertible, specify issuer of instrument it converts into	Not Applicable	AlBaraka Bank (Pakistan) Limited
30	Write-down feature	NO	
31	If write-down, write-down trigger(s)	Not Applicable	The Instrument is subject to loss absorbency, under which SBP, may either convert into common ordinary shares or immediately write off upon the occurrence of a non-viability trigger event (the "PONV").
32	If write-down, full or partial	Not Applicable	May be written down fully or may be written off partially
33	If write-down, permanent or temporary	Not Applicable	Permanent
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated debt as shareholders' equity represents residual interest	Subordinate to all other indebtedness to the Bank including depositors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not Applicable	Not Applicable

39.8 Leverage ratio

In 2013, SBP issued instructions for computation of Tier 1 Leverage Ratio. In line with these instructions, parallel run period for leverage ratio commenced from 31 December 2013 and will end on 31 December 2017. During this period, bank has to maintain Tier 1 Leverage ratio of 3%.

	2015	2014
	----- Rupees in '000 -----	
Tier-1 Capital	7,103,432	5,660,849
Total Exposures	99,035,459	105,349,397
Leverage Ratio	7.17%	5.37%

40. RISK MANAGEMENT

The primary goal of risk management is to identify, assess and monitor risks inherent in the activities of the Bank and take adequate measures to manage and control these risks on timely basis. This will help in achieving sustainable business growth and financial and non-financial targets with better protection and soundness. The Bank's aim is to achieve an appropriate balance between risk and return and minimizing potential adverse effects on the Bank's financial performance.

This section presents information about 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 (note 40.1).
- Market risk is exposure to market variables such as benchmark rates, exchange rates and equity indices (note 42).
- Liquidity risk is the potential loss arising from Bank's inability to meet its obligations when due (note 44).
- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events and Shariah non compliance (note 46)

The objective of risk management is to effectively manage uncertainties that arise in the normal course of business activities. The Bank manages the risk through a framework of risk management, policies and principles, organizational structures, and risk measurement and monitoring processes that are closely aligned with the business activities of the Bank.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Committee (BRC) regularly monitors the Bank's risk profile.
- The Bank has set up objectives and policies to manage the risks that arise in connection with the Bank's activities. The risk management framework and policies of the Bank are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in the operations of the Bank.
- The establishment of the overall financial risk management objectives is consistent and tandem with the strategy to create and enhance shareholders value, while guided by a prudent and robust framework of risk management policies.
- The structure of risk management function is closely aligned with the organizational structure of the Bank.

Risk management organization

The Board through its sub-committee called BRC oversees the overall risk of the Bank. The Risk Management Department (RMD) is the organizational arm performing the functions of identifying, measuring, monitoring and controlling the various risk and assists the apex level committee and the various sub-committees in conversion of policies into action.

The BRC comprises Executive, Directors, Non Executive Directors and the Chief Risk Officer. One of the Non Executive directors of the Bank chairs the BRC, who is responsible for planning, management and control of the aforementioned risks of the Bank.

The BRC has delegated some of its tasks of risk management to sub committees which are as follows:

Name of the committees	Chaired by
Credit committee	Chief Executive Officer
Asset and liability management committee (ALCO)	Chief Executive Officer

Credit committee is responsible for approving and monitoring all financing transactions and also the overall quality of the asset portfolio. For this purpose it has formulated credit policy so as to effectively monitor the risk profile of the Bank's asset portfolio and to ensure strict adherence to the SBP's Prudential Regulations, Banking Companies Ordinance, 1962 and any other regulatory requirement.

ALCO has the responsibility for the formulation of overall strategy and oversight of the assets liability management function. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of overall funding mix and avoidance of reliance on large deposits. The Board have approved a comprehensive liquidity management policy.

The Board has constituted an Audit Committee. The Audit Committee works to ensure that the best practices of the Code of Corporate Governance and other policies and procedures are being complied with.

The Bank's Risk Management, Compliance and Internal Audit and Legal Departments support the risk management function. The role of the risk management department is to quantify the risk and the quality and integrity of the Bank's risk-related data. The Compliance Department ensures that all the directives and guidelines issued by SBP are being complied with in order to mitigate the compliance and operational risks. Internal Audit Department reviews the compliance of internal control procedures with internal and regulatory standards.

40.1 Credit Risk

Credit risk is the risk of loss to Bank as a result of failure by a client or counterparty to meet its contractual obligations when due. Exposure to credit risks for the Bank arises primarily from financing and investing activities.

The management of credit risk is governed by credit policies approved by the Board. The procedures set out the relevant approval authorities, limit, risks, credit ratings and other matters involved in order to ensure sound credit granting standards.

The Bank has a well defined credit structure duly approved by the Board under which delegated authorities at various levels are operating and which critically scrutinize and sanction credit. The emphasis is to provide short to medium term trade related islamic financing and related assets to reputable names, which are self liquidating and Shariah compliant. The risk appraisal system of the Bank has enabled it to build a sound portfolio.

Credit risk management framework forms part of the overall business strategy and credit operations of the Bank. The principles for credit risk management have been laid down in the Bank's credit risk policy, credit manual and credit operations procedure manuals. The policy has been developed in accordance with the requirements of the State Bank of Pakistan and is reviewed and updated (where required) on periodic basis.

The Board of Directors has approved the Internal Credit Risk Rating Policy for customers, establishing a rating mechanism for identifying and measuring the credit risk against each obligor / transaction. The mechanism considers factors such as management, financial health and macro / micro economic factors and the facility structuring. The Internal Credit Risk Rating System which has been implemented in the Bank assigns risk grades to credit portfolio in nine categories whereas three grades have been assigned to classified islamic financing and related assets. The system has played a significant role in the decision making, monitoring and capital adequacy processes relating to credit risk management.

The Bank has a rigorous pre-approval evaluation process of credit risk embedded in each credit transactions executed by the business units. The entire process broadly encompasses, gathering relevant information on the borrower, credit investigations and visits, detailed credit appraisal and credit risk assessment and measurement. In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, credit limit structure includes internal limits as established by the senior management and the BOD. Internal limits include limits with respect to BOD approved risk appetite, industry/sector, credit approval authority and exposure with financial institutions. All these limits are monitored on regular basis and exceptions are reported to the relevant authorities for their timely action where necessary.

Besides managing credit risk at transaction level, the Bank regularly monitors credit risk at portfolio level and ensures that no undue concentration of risk is present in the overall credit exposure. The Bank has well established management information set-up which allows efficient and effective assessment, monitoring and management of its credit risk profile in various dimensions.

Provisions are determined in accordance with the requirements of the SBP. The authority to determine provisions and credit valuation adjustments for impaired claims, vests in Credit Operations Department and is according to the SBP regulations.

40.1.1 Segmental information

40.1.1.1 Segments by class of business

	2015					
	Islamic financing and related assets (Gross)		Deposits		Contingencies and commitments	
	Rupees in 000	%	Rupees in 000	%	Rupees in 000	%
Agriculture, forestry, hunting and fishing	1,118,080	2.21%	784,072	1.09%	163,937	1.03%
Mining and quarrying	162,981	0.32%	1,001,098	1.40%	-	0.00%
Textile	6,687,114	13.23%	1,263,951	1.76%	546,871	3.44%
Chemical and pharmaceuticals	6,009,172	11.89%	1,773,145	2.47%	2,273,059	14.31%
Cement	311,207	0.62%	441,232	0.62%	67,281	0.42%
Sugar	3,487,646	6.90%	313,985	0.44%	19,796	0.12%
Footwear and leather garments	860,047	1.70%	341,715	0.48%	147,707	0.93%
Automobile and transportation equipment	1,255,193	2.48%	40,429	0.06%	248,954	1.57%
Electronics and electrical appliances	1,464,871	2.90%	324,031	0.45%	1,198,822	7.55%
Construction	1,833,644	3.63%	903,871	1.26%	1,436,435	9.04%
Power (electricity), gas, water, sanitary	3,041,464	6.02%	75,282	0.11%	398,335	2.51%
Wholesale and retail trade	2,048,237	4.05%	1,493,382	2.08%	593,367	3.74%
Exports / imports	1,155,219	2.29%	793,642	1.11%	208,394	1.31%
Transport, storage and communication	1,741,255	3.44%	269,079	0.38%	99,856	0.63%
Financial	216,549	0.43%	3,609,229	5.04%	4,599,439	28.95%
Insurance	-	0.00%	475,212	0.66%	-	0.00%
Services	4,330,884	8.57%	9,666,836	13.49%	180,519	1.14%
Individuals / staff	3,357,643	6.64%	32,217,476	44.97%	7,000	0.04%
Food products and beverages	6,450,914	12.76%	6,847,147	9.56%	939,150	5.91%
Others	5,016,022	9.92%	9,009,572	12.57%	2,756,931	17.36%
	50,548,142	100%	71,644,386	100.00%	15,885,853	100.00%

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2014

	Islamic financing and related assets (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, forestry, hunting and fishing	427,535	0.86%	581,209	0.72%	142,792	0.74%
Mining and quarrying	245,633	0.49%	1,919,290	2.39%	86,708	0.45%
Textile	7,580,482	15.21%	995,149	1.24%	597,633	3.11%
Chemical and pharmaceuticals	5,027,869	10.09%	4,696,357	5.85%	1,818,965	9.48%
Cement	-	0.00%	5,683	0.01%	59,413	0.31%
Sugar	3,497,550	7.02%	112,970	0.14%	300,000	1.56%
Footwear and leather garments	861,591	1.73%	233,292	0.29%	107,596	0.56%
Automobile and transportation equipment	1,304,175	2.62%	13,428	0.02%	90,483	0.47%
Electronics and electrical appliances	1,760,169	3.53%	351,938	0.44%	338,256	1.76%
Construction	1,338,134	2.69%	955,749	1.19%	1,641,429	8.55%
Power (electricity), gas, water, sanitary	5,753,311	11.54%	1,680,586	2.09%	507,560	2.64%
Wholesale and retail trade	1,561,187	3.13%	1,104,533	1.38%	559,533	2.92%
Exports / imports	952,002	1.91%	730,942	0.91%	419,412	2.19%
Transport, storage and communication	1,581,212	3.17%	173,147	0.22%	47,001	0.24%
Financial	296,451	0.59%	10,156,501	12.66%	8,477,092	44.18%
Insurance	1,941	0.00%	31,494	0.04%	-	0.00%
Services	2,673,358	5.36%	12,699,747	15.83%	471,369	2.46%
Individuals / staff	2,309,810	4.63%	28,235,115	35.20%	21,650	0.11%
Food products and beverages	6,362,040	12.78%	6,598,657	8.23%	489,639	2.56%
Others	6,299,831	12.65%	8,946,792	11.15%	3,013,053	15.71%
	49,834,281	100.00%	80,222,579	100.00%	19,189,584	100.00%

40.1.1.2 Segment by sector

2015

	Islamic financing and related assets (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / government	1,931,211	3.82%	3,154,018	4.40%	252,717	1.59%
Private	48,616,931	96.18%	68,490,368	95.60%	15,633,136	98.41%
	50,548,142	100.00%	71,644,386	100.00%	15,885,853	100.00%

2014

	Islamic financing and related assets (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / government	2,645,238	5.31%	4,254,909	5.30%	252,717	1.32%
Private	47,189,043	94.69%	75,967,670	94.70%	18,936,867	98.68%
	49,834,281	100.00%	80,222,579	100.00%	19,189,584	100.00%

40.1.1.3 Details of non-performing islamic financing and related assets and specific provisions by class of business segment

2015

2014

	Classified Islamic Financing	Specific Provisions Held	Classified Islamic Financing	Specific Provisions Held
	------(Rupees in '000)-----			
Agriculture, forestry, hunting and fishing	34,751	30,995	34,751	-
Chemical & pharmaceuticals	496,838	198,563	489,418	152,514
Textile	1,835,637	1,657,729	2,304,397	1,744,769
Sugar	329,644	40,980	-	-
Footwear & leather garments	40,591	34,873	35,091	34,873
Electronics and electrical appliances	25,731	21,595	68,366	31,967
Construction	378,536	294,761	326,904	255,128
Power (electricity), gas, water, sanitary	4,062	4,062	4,062	4,062
Wholesale / retail trade	210,844	111,153	248,922	107,739
Exports / imports	102,619	93,963	110,826	105,182
Transport, storage and communication	101,666	39,459	35,771	2,602
Financial	1,898	926	1,898	954
Services	85,215	60,443	85,715	35,346
Individuals	81,848	41,596	111,801	55,740
Food products and beverages	105,377	56,077	86,834	52,692
Others	207,304	187,891	231,861	211,587
	4,042,561	2,875,066	4,176,617	2,795,155

40.2 Credit Risk – General Disclosures

The Bank has adopted Standardised Approach, under Basel III.

40.3 Credit Risk: Standardized Approach

The Bank use rating assigned by JCR-VIS and PACRA as External Credit Assessment Institutions (ECAI) for the purpose of risk weighing its exposure. In the case of foreign currency exposure, ratings assigned by S&P and Moody's have been applied.

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

Exposure	MOODY'S	S&P	JCR-VIS	PACRA
Corporate	-	-	✓	✓
Banks	✓	✓	✓	✓
Sovereigns	✓	-	-	-

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

For exposure amounts after risk mitigation subject to the standardised approach, amount of Bank's outstandings (rated and unrated) in each risk bucket as well as those that are deducted are as follows:

Exposure	Rating category No.	Amount outstanding	Deduction CRM* Rupees in '000	Net Amount
Corporate	1	3,067,296	376,965	2,690,331
	2	2,685,616	10,707	2,674,909
	3,4	137,776	-	137,776
	Unrated-1	26,895,160	1,217,839	25,677,321
	Unrated-2	8,473,761	349,676	8,124,085
		41,259,609	1,955,187	39,304,422
Banks	1,2,3	3,974,464	3,993	3,970,471
Sovereigns etc.		23,748,008	-	23,748,008
Public sector enterprises	1	1,896,841	-	1,896,841
	2,3	2,461	-	2,461
	Unrated	2,030,469	2,030,469	-
		3,929,771	2,030,469	1,899,302
Others		12,634,035	28,336	12,605,699
Total		85,545,887	4,017,985	81,527,902

* CRM= Credit Risk Mitigation

Main types of collateral taken by the Bank are:

- Cash margin
- Lien on deposits
- Government guarantee
- Bank guarantee

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

40.4 Equity position in the banking and trading book

The Bank classifies and value its investments portfolio in accordance with the directions of SBP.

Trading book

Trading book consists of positions in financial instruments held either with a trading intent or in order to hedge other elements of the trading book. Positions held in trading book are marked to market and any valuation difference is charged / credited to profit and loss account in case of held for trading securities and to equity in case of available for sale securities.

Banking book

All instruments / positions which are not part of the trading book.

41. GEOGRAPHICAL SEGMENT ANALYSIS

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	Rupees in '000			
Pakistan	406,609	86,932,510	6,273,237	15,885,853
	406,609	86,932,510	6,273,237	15,885,853
	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	Rupees in '000			
Pakistan	216,588	94,348,780	5,901,310	19,189,584
	216,588	94,348,780	5,901,310	19,189,584

42. MARKET RISK

42.1 Market risk is the risk that the Bank's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as profit rates, credit spreads, commodity prices, equity prices and foreign exchange rates.

The main objective of the Bank's market risk management is to minimize market risk and to facilitate business growth within a controlled and transparent risk management framework.

Market risk arise from investment in sukuk, equities and dealing in foreign exchange transactions.

Market risk is being monitored by ALCO and performs following functions in relation to market risk:

- Regular periodic review of market risk, based on economic review reports.
- Keeps an eye on the structure / composition of Bank's assets and liabilities and decide upon product pricing for deposits, islamic financing and related assets.
- Develop future business strategy in view of the latest trends / policy in the market, economic conditions and local regulatory requirements.
- Review and recommend to the Board of Directors, new opportunities for generating revenues.

42.2 Foreign Exchange Risk

Foreign exchange risk arises from the fluctuation in the value of financial instruments consequent to the changes in foreign exchange rates. Objective of foreign exchange risk management function is to minimize the adverse impact of foreign exchange assets and liabilities mismatch and maximize the earnings. The Bank manages this risk by setting and monitoring dealer, currency, inter exposures, stop loss and counter party limits for on and off balance sheet financial instruments.

	2015				2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000							
Pakistan rupee	82,162,304	74,317,865	(1,605,378)	6,239,061	89,589,703	83,446,300	(153,158)	5,990,245
United States dollar	4,509,118	5,724,816	1,079,163	(136,535)	4,513,309	4,457,121	(438,179)	(381,991)
Great Britain pound	101,649	341,888	335,321	95,082	126,604	291,101	289,641	125,144
Euro	61,850	188,037	183,923	57,736	43,717	160,433	263,855	147,139
Arab Emirates Dirham	84,830	67,649	-	17,181	51,438	74,128	-	(22,690)
Japanese Yen	11,356	19,018	6,971	(691)	20,163	18,387	37,841	39,617
Swiss Frank	1,403	-	-	1,403	3,846	-	-	3,846
	86,932,510	80,659,273	-	6,273,237	94,348,780	88,447,470	-	5,901,310

The exposures of the Bank to foreign exchange risk is also restricted by the statutory limit on aggregate exposure prescribed by the SBP.

42.3 Equity position risk

Equity position risk is the risk to earning from adverse changes in the value of equity portfolio of the Bank.

Counter parties limits are considered to limit risk concentration. The Bank invests in those equities which are Shariah compliant as advised by the Shariah advisor.

43. MISMATCH OF YIELD RATE SENSITIVE ASSETS AND LIABILITIES

2015

-----Exposed to Yield/ profit rate risk-----

Effective yield	Total	Upto 1 month	Over 6 months to 1 year					Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-profit bearing financial instruments
			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					
Rupees in '000												
On-balance sheet financial instruments												
Assets												
		10,847,429	-	-	-	-	-	-	-	-	-	10,847,429
Cash and balances with treasury banks	-	1,560,544	1,041,214	-	-	-	-	-	-	-	-	519,330
Balances with other banks	5.92%	3,911,763	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	6.00%	15,278,354	1,329,038	502,678	2,080,047	-	-	-	-	-	-	331,138
Investments	5.02%	47,644,690	1,000,000	13,402,304	-	-	-	-	-	-	-	2,989,153
Islamic financing and related assets	9.25%	3,052,218	9,718,354	22,690,506	6,373,089	198,765	50,251	382,673	187,137	237,988	-	3,052,218
Other assets	-	82,294,998	11,759,568	6,690,724	36,595,488	8,453,136	198,765	50,251	382,673	187,137	237,988	17,739,268
Liabilities												
Bills payable	-	883,698	-	-	-	-	-	-	-	-	-	883,698
Due to financial institutions	3.93%	2,108,255	110,590	891,600	-	-	-	-	-	-	-	-
Deposits and other accounts	4.63%	71,644,386	54,040,934	1,106,065	-	-	-	-	-	-	-	17,603,452
Sub-ordinated loans	7.85%	3,756,734	-	1,714,284	-	-	-	-	-	-	-	2,042,450
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	2,252,493	-	-	-	-	-	-	-	-	-	2,252,493
		80,645,566	54,151,524	2,820,349	891,600	-	-	-	-	-	-	22,782,093
On-balance sheet gap												
		1,649,432	(42,391,956)	3,870,375	35,703,888	8,453,136	198,765	50,251	382,673	187,137	237,988	(5,042,825)
Non financial assets												
Operating fixed assets		2,671,911	-	-	-	-	-	-	-	-	-	-
Other assets		573,598	-	-	-	-	-	-	-	-	-	-
Deferred tax assets		1,392,003	-	-	-	-	-	-	-	-	-	-
		4,637,512	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
Other liabilities		13,707	-	-	-	-	-	-	-	-	-	-
		6,273,237	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Forward lendings		-	-	-	-	-	-	-	-	-	-	-
Forward borrowings		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / profit risk sensitivity gap												
		(42,391,956)	3,870,375	35,703,888	8,453,136	198,765	50,251	382,673	187,137	237,988	(5,042,825)	
Cumulative yield / profit risk sensitivity gap												
		(42,391,956)	(38,521,581)	(2,817,693)	5,635,443	5,834,208	5,884,459	6,267,132	6,454,269	6,692,257	1,649,432	

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-----Exposed to Yield/ profit rate risk-----

On-balance sheet financial instruments	Effective yield	Total	Upto 1 month	Over 6 months to 1 year						Over 5 to 10 years	Above 10 years	Non-profit bearing financial instruments
				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			
Assets												
Cash and balances with treasury banks	-	6,465,268	-	-	-	-	-	-	-	-	-	6,465,268
Balances with other banks	8.62%	3,741,342	3,468,073	-	-	-	-	-	-	-	-	273,269
Due from financial institutions	9.62%	10,005,950	513,112	-	2,237,576	7,255,262	-	-	-	-	-	-
Investments	8.36%	19,560,668	1,208,000	3,894,440	13,855,094	-	-	-	-	-	-	603,134
Islamic financing and related assets	11.84%	47,022,578	8,968,798	7,057,590	23,351,211	2,980,532	315,016	11,157	67,058	57,677	452,562	3,760,977
Other assets	-	2,725,319	-	-	-	-	-	-	-	-	-	2,725,319
		89,521,125	14,157,983	10,952,030	39,443,881	10,235,794	315,016	11,157	67,058	57,677	452,562	13,827,967
Liabilities												
Bills payable	-	679,810	-	-	-	-	-	-	-	-	-	679,810
Due to financial institutions	8.84%	2,211,568	-	766,582	1,443,900	-	-	-	-	-	-	1,086
Deposits and other accounts	6.53%	80,222,579	65,478,559	-	-	-	-	-	-	-	-	14,744,020
Sub-ordinated loans	11.43%	3,105,314	-	2,000,000	-	-	-	-	-	-	-	1,105,314
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	2,215,307	-	-	-	-	-	-	-	-	-	2,215,307
		88,434,578	65,478,559	2,766,582	1,443,900	-	-	-	-	-	-	18,745,537
On-balance sheet gap		1,086,547	(51,320,576)	8,185,448	37,999,981	10,235,794	315,016	11,157	67,058	57,677	452,562	(4,917,570)
Non financial assets												
Operating fixed assets		2,667,194										
Other assets		619,028										
Deferred tax asset		1,541,433										
		4,827,655										
Non financial liabilities												
Other liabilities		12,892										
Total net assets		5,901,310										
Off-balance sheet financial instruments												
Forward lendings		-	-	-	-	-	-	-	-	-	-	-
Forward borrowings		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / profit risk sensitivity gap		(51,320,576)	8,185,448	37,999,981	10,235,794	315,016	11,157	57,677	67,058	452,562	(4,917,570)	
Cumulative yield / profit risk sensitivity gap		(51,320,576)	(43,135,128)	(5,135,147)	5,100,647	5,415,663	5,426,820	5,493,878	5,551,555	6,004,117	1,086,547	

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

Profit rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market profit rates.

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44. LIQUIDITY RISK

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet its obligation when due.

ALCO has the responsibility for the formulation of overall strategy and oversight of the assets liability management function. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of overall funding mix and avoidance of reliance on large individual deposits. The Board of Directors have approved a comprehensive liquidity management policy.

45. MATURITIES OF ASSETS AND LIABILITIES**45.1 Maturities of assets and liabilities based on expected maturities**

During the year, the Bank has conducted a behavioral study based on five years data to determine the expected maturities of non contractual deposit (saving and current). Accordingly, Saving and current accounts have been bucketed on the basis of aforementioned study conducted by the Bank as disclosed below.

		31 December 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									
Cash and balances with treasury banks		10,847,429	8,804,979	-	-	-	2,042,450	-	-	-	-
Balances with other banks		1,560,544	1,560,544	-	-	-	-	-	-	-	-
Due from financial institutions		3,911,763	-	1,329,038	502,678	2,080,047	-	-	-	-	-
Investments		15,278,354	294,481	573,884	-	-	12,466,643	-	1,000,000	943,346	-
Islamic financing and related assets		47,644,690	7,999,234	5,904,447	12,031,168	3,873,689	4,953,464	4,438,785	6,423,344	1,701,909	318,650
Operating fixed assets		2,671,911	14,087	28,174	348,007	84,522	169,043	169,343	318,314	207,241	1,333,180
Deferred tax assets		1,392,003	-	-	-	-	-	1,392,003	-	-	-
Other assets		3,625,816	473,967	552,565	330,346	1,111,799	681,005	469,829	6,305	-	-
		86,932,510	19,147,292	8,388,108	13,212,199	7,150,057	20,312,605	6,469,960	7,747,963	2,852,496	1,651,830
LIABILITIES											
Bills payable		883,698	883,698	-	-	-	-	-	-	-	-
Due to financial institutions		2,108,255	110,589	1,106,066	891,600	-	-	-	-	-	-
Deposits and other accounts		71,644,386	7,432,019	9,888,280	6,865,263	9,415,959	9,020,649	8,766,027	9,420,954	8,126,426	2,708,809
Sub-ordinated loans		3,756,734	-	142,857	-	142,857	2,328,164	285,714	571,428	285,714	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities		-	-	-	-	-	-	-	-	-	-
Other liabilities		2,266,200	616,321	322,975	25,991	159,884	223,717	386,244	512,146	18,922	-
		80,659,273	9,042,627	11,460,178	7,782,854	9,718,700	11,572,530	9,437,985	10,504,528	8,431,062	2,708,809
NET ASSETS		6,273,237	10,104,665	(3,072,070)	5,429,345	(2,568,643)	8,740,075	(2,968,025)	(2,756,565)	(5,578,566)	(1,056,979)
REPRESENTED BY											
Share capital		8,935,200									
Advance against issuance of shares		95,704									
Discount on issuance of shares		(767,290)									
Reserves		159,348									
Accumulated loss		(2,135,310)									
Deficit on revaluation of investments - net of tax		(14,415)									
		6,273,237									

Maturities of assets and liabilities based on expected maturities - (continued)

31 December 2014

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Rupees in '000										
ASSETS										
Cash and balances with treasury banks	6,465,268	5,359,954	-	-	-	1,105,314	-	-	-	-
Balances with other banks	3,741,342	3,741,342	-	-	-	-	-	-	-	-
Due from financial institutions	10,005,950	513,112	-	2,237,576	7,255,262	-	-	-	-	-
Investments	19,560,668	210,882	143,591	-	3,771,023	887,713	12,478,090	1,000,000	1,069,369	-
Islamic financing and related assets	47,022,578	6,442,274	8,563,123	14,024,247	2,478,265	2,357,845	2,100,924	6,198,561	4,253,505	603,834
Operating fixed assets	2,667,194	12,874	25,747	282,380	198,291	154,485	154,819	286,924	248,833	1,302,841
Deferred tax assets	1,541,433	-	-	-	-	-	-	1,541,433	-	-
Other assets	3,344,347	1,275,317	198,287	122,318	649,103	1,099,322	-	-	-	-
	94,348,780	17,555,755	8,930,748	16,666,521	14,351,944	5,604,679	14,733,833	9,026,918	5,571,707	1,906,675
LIABILITIES										
Bills payable	679,810	679,810	-	-	-	-	-	-	-	-
Due to financial institutions	2,211,568	1,086	766,582	1,443,900	-	-	-	-	-	-
Deposits and other accounts	80,222,579	14,249,593	9,480,209	10,323,389	10,125,673	8,567,249	7,370,455	20,106,011	-	-
Subordinated loans	3,105,314	-	142,857	-	142,857	1,391,028	285,714	571,429	571,429	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,228,199	988,604	260,195	28,915	130,383	198,666	236,502	384,934	-	-
	88,447,470	15,919,093	10,649,843	11,796,204	10,398,913	10,156,943	7,892,671	21,062,374	571,429	-
NET ASSETS	5,901,310	1,636,662	(1,719,095)	4,870,317	3,953,031	(4,552,264)	6,841,162	(12,035,456)	5,000,278	1,906,675
REPRESENTED BY										
Share capital	8,935,200									
Advance against issuance of shares	95,704									
Discount on issuance of shares	(767,290)									
Reserves	111,259									
Accumulated loss	(2,323,983)									
Deficit on revaluation of investments - net of tax	(149,580)									
	5,901,310									



45.2 Maturities of assets and liabilities based on contractual maturities

31 December 2015

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Rupees in '000										
ASSETS										
Cash and balances with treasury banks	10,847,429	8,804,979	-	-	-	2,042,450	-	-	-	-
Balances with other banks	1,560,544	1,560,544	-	-	-	-	-	-	-	-
Due from financial institutions	3,911,763	-	1,329,038	502,678	2,080,047	-	-	-	-	-
Investments	15,278,354	294,481	573,884	-	-	12,466,643	-	1,000,000	943,346	-
Islamic financing and related assets	47,644,690	7,999,234	5,904,447	12,031,168	3,873,689	4,953,464	4,438,785	6,423,344	1,701,909	318,650
Operating fixed assets	2,671,911	14,087	28,174	348,007	84,522	169,043	169,343	318,314	207,241	1,333,180
Deferred tax assets	1,392,003	-	-	-	-	-	1,392,003	-	-	-
Other assets	3,625,816	473,967	552,565	330,346	1,111,799	681,005	469,829	6,305	-	-
	86,932,510	19,147,292	8,388,108	13,212,199	7,150,057	20,312,605	6,469,960	7,747,963	2,852,496	1,651,830
LIABILITIES										
Bills payable	883,698	883,698	-	-	-	-	-	-	-	-
Due to financial institutions	2,108,255	110,589	1,106,066	891,600	-	-	-	-	-	-
Deposits and other accounts	71,644,386	56,190,574	5,554,187	3,072,931	3,998,342	894,223	639,601	1,294,528	-	-
Sub-ordinated loans	3,756,734	-	142,857	-	142,857	2,328,164	285,714	571,428	285,714	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,266,200	616,321	322,975	25,991	159,884	223,717	386,244	512,146	18,922	-
	80,659,273	57,801,182	7,126,085	3,990,522	4,301,083	3,446,104	1,311,559	2,378,102	304,636	-
NET ASSETS	6,273,237	(38,653,890)	1,262,023	9,221,677	2,848,974	16,866,501	5,158,401	5,369,861	2,547,860	1,651,830
REPRESENTED BY										
Share capital	8,935,200									
Advance against issuance of shares	95,704									
Discount on issuance of shares	(767,290)									
Reserves	159,348									
Accumulated Loss	(2,135,310)									
Deficit on revaluation of investments - net of tax	(14,415)									
	<u>6,273,237</u>									

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Maturities of assets and liabilities based on contractual maturities (continued)

31 December 2014

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Rupees in '000										
ASSETS										
Cash and balances with treasury banks	6,465,268	5,359,954	-	-	-	1,105,314	-	-	-	-
Balances with other banks	3,741,342	3,741,342	-	-	-	-	-	-	-	-
Due from financial institutions	10,005,950	513,112	-	2,237,576	7,255,262	-	-	-	-	-
Investments	19,560,668	210,882	143,591	-	3,771,023	887,713	12,478,090	1,000,000	1,069,369	-
Islamic financing and related assets	47,022,578	6,442,274	8,563,123	14,024,247	2,478,265	2,357,845	2,100,924	6,198,561	4,253,505	603,834
Operating fixed assets	2,667,194	12,874	25,747	282,380	198,291	154,485	154,819	286,924	248,833	1,302,841
Deferred tax assets	1,541,433	-	-	-	-	-	-	1,541,433	-	-
Other assets	3,344,347	1,275,317	198,287	122,317	649,104	1,099,322	-	-	-	-
	94,348,780	17,555,755	8,930,748	16,666,520	14,351,945	5,604,679	14,733,833	9,026,918	5,571,707	1,906,675
LIABILITIES										
Bills payable	679,810	679,810	-	-	-	-	-	-	-	-
Due to financial institutions	2,211,568	1,086	766,582	1,443,900	-	-	-	-	-	-
Deposits and other accounts	80,222,579	61,157,345	4,149,782	4,459,920	6,927,418	1,104,652	973,944	1,449,518	-	-
Sub-ordinated loans	3,105,314	-	142,857	-	142,857	1,391,028	285,714	571,429	571,429	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,228,199	988,604	260,195	28,917	130,381	198,666	236,502	384,934	-	-
	88,447,470	62,826,845	5,319,416	5,932,737	7,200,656	2,694,346	1,496,160	2,405,881	571,429	-
NET ASSETS	5,901,310	(45,271,090)	3,611,332	10,733,783	7,151,289	2,910,333	13,237,673	6,621,037	5,000,278	1,906,675
REPRESENTED BY										
Share capital	8,935,200									
Advance against issuance of shares	95,704									
Discount on issuance of shares	(767,290)									
Reserves	111,259									
Accumulated loss	(2,323,983)									
Deficit on revaluation of investments - net of tax	(149,580)									
	5,901,310									

Current and saving deposits have been classified under maturity upto one month as these do not have any contractual maturity.

46. OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events and Shariah non-compliance. In this regard, an Operational Risk Management unit has been established within the Risk Management Department.

The Bank has Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average annual gross income of the Bank over the past three years with 15% as per guidelines issued by SBP.

The Bank ensures that the key operational risks are managed in a timely and effective manner by raising awareness of operational risk, improving early warning information and allocating risk ownership and responsibilities. The Bank has developed policies, guidelines and manuals necessary for the mitigation of operational risk.

The Bank is also supervised by the Shariah Board which sets out guidelines, policies and procedures for the Bank to ensure that all its activities and products are Shariah compliant. The internal audit function of the Bank performs regular audit on various operations of the Bank and monitors the key risk exposure areas to ensure that internal control procedures are in place and those procedures are able to mitigate risk associated with operational activities.

A business continuity program have also been formulated and approved by the Board of Directors to ensure uninterrupted flow of operations of the Bank.

47. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL

47.1 General remunerative depositor's pool / IERS Pools

General remunerative depositor's pool	Profit sharing ratio (average)	Profit rate and weightage announcement period	Mudarib share (Rupees in '000)	Percentage of Mudarib Share transferred through Hiba	Profit rate return earned	Profit rate return distributed
PKR Pool	34%	Monthly	1,741,430	20.7%	8.7%	6.2%
FCY Pool	67%	Monthly	18,896	35.1%	1.4%	0.7%
Islamic Export Refinance Pool	78%	Monthly	-	-	9.3%	5.0%

48. GENERAL

48.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate the comparison. However, no significant reclassification were made.

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

49. DATE OF AUTHORISATION

These financial statements were authorized for issue on 19 February 2016 by the Board of Directors of the Bank.


Chairman


Chief Executive Officer


Director


Director

STATEMENT SHOWING WRITTEN-OFF FINANCING OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED 31 DECEMBER 2015

Annexure - I

Sr. No.	Name of the borrower	Name of individuals/ partners/ directors (with NIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Rupees in thousands			
				Principal	Profit	Other financial	Total	Principal	Profit	Waiver Other financial	Total (9+10+11)
				5	6	7	8	9	10	11	12
1	Amjad Malik	Amjad Malik (42201-4267542-7)	Allah Ditta Shahid	9,672	8,169	33	17,874	1,672	8,169	33	9,874
2	Ittefaq Enterprises	Muhammad Shoaib Kiyani (37406-1929463-9)	Muhammad Yaqoob Kiyani	6	483	3,999	4,488	-	403	3,999	4,402
3	Paradise Spinning Mills (Pvt) Ltd	1) Surriya Begum (35201-4852351-2) 2) Muner Ahmed Malik (35201-4383429-3) 3) Hamid Munir (35201-9848441-5)	1) Munir Ahmed Malik 2) Abdul Majeed 3) Munir Ahmed Malik	119,915	7,979	-	127,894	9,915	7,979	-	17,894
4	Khan Embroidery	Abdul Malik Khan (35202-3907202-9)	Manzoor Hussain Khan	58	532	1,467	2,057	-	532	1,467	1,999
5	Mohammad Waseem	Mohammad Waseem (42301-0924362-1)	Naseer Ahmed	3,057	1,693	868	5,618	-	1,892	868	2,760
6	Zeeshan Haider Sheikh	Zeeshan Haider Sheikh (35201-5135642-9)	Fiaz Ali Sheikh	5,600	2,329	3,155	11,084	-	1,929	3,155	5,084
7	Khan Engineering Works	Agha Shahdad Khan (35201-1058053-3)	Zaheer ud Din	8,045	665	2,043	10,753	-	432	2,043	2,475
8	Usman Engineering Industries	1) Taj Muhammad (36502-6503888-7) 2) Muhammad Niaz (36502-3387095-3) 3) Mian Mushtaq Ahmad (42000-5212204-5)	Muhammad Ismail	25,000	1,002	13,001	39,003	-	1,002	13,001	14,003
9	Stone Crete (Pvt) Ltd	1) Maqbool Hussain (42301-6903815-9) 2) Imdad Ali (42301-4805261-7)	1) Muhammad Hussain 2) Ladhoo Khan	13,820	4,767	8,342	26,929	1,220	4,673	8,342	14,235
10	Chenab Limited	1) Mian Muhammad Latif (33100-0609997-1) 2) Mian Muhammad Javid Iqbal (33100-0927131-3) 3) Muhammad Naeem (33100-0610000-3) 4) Muhammad Farhan Latif (33100-0610003-5) 5) Muhammad Faisal Latif (33100-0610005-5) 6) Shahnaz Latif (33100-3155442-2) 7) Muhammad Zeeshan Latif (33100-0610004-9)	1) Muhammad Saleem 2) Muhammad Saleem 3) Muhammad Saleem 4) Muhammad Latif 5) Mian Muhammad Latif 6) Mian Muhammad Latif 7) Mian Muhammad Latif	432,554	57,346	-	489,900	-	63,927	-	63,927
11	AlWahab Associates	Abdul Wahab (42201-4854082-1)	Muhammad Haider	11,409	-	6,214	17,623	-	-	6,214	6,214
12	Business Syndicate	Abdul Samad Moon (42301-4023903-3)	Haroon Moon	1,932	159	2,021	4,112	-	-	2,021	2,021
				631,068	85,124	41,143	757,335	12,807	90,938	41,143	144,888

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Annexure - II

STATEMENT SHOWING CHARITY PAID OF RUPEES 100,000 OR ABOVE DURING THE YEAR ENDED
31 DECEMBER 2015

Names	Rupees in thousands	
	2015	2014
Shaukat Khanum Memorial Trust	10,000	-
Patients Aid Foundation	4,600	7,500
Citizens Foundation	2,750	8,250
Family Educational Services Foundation	2,000	-
Afzal Memorial Thalassemia Foundation	1,500	1,750
Sayeban Pakistan	1,470	3,425
Hands Pakistan	1,000	1,000
Burn and Children Care Welfare Organization	1,000	-
Care Foundation	1,000	-
Meher Un Nissa	1,000	-
Hira Foundation School	850	-
Lady Willingdon Hospital	550	600
Sundas Foundation	500	500
Ihsan Trust	500	-
Samreen	400	-
Marie Adelaide Leprosy Centre	250	1,000
Mohammad Bashir	250	-
Muhammad Akram	250	-
Students Of Wah Engineering College	210	420
Association For Rehabilitation Of Challenging People	200	-
Zeenat Ullah	200	-
Arif Ali	199	-
Abdul Qayyum	170	-
Hukum Rawa Bacha	125	-
Zahida Sohail	121	-
Razia Kausar	100	-
Muhammad Jameel	100	-
Sina Health, Education and Welfare Trust	-	5,084
Diya Pakistan	-	5,000
Patients Behbud Society For AKUH	-	2,500
Lahore Business Association For Rehabilitation Of The Disabled	-	2,000
Child Aid Association	-	1,500
Medel Pakistan	-	1,500
Dar Ul Sukun	-	1,000
Khair Un Nissa Hospital Foundation	-	1,000
Muktaran Rafiq Foundation	-	1,000
Centre Of Development Of Social Services	-	500
Hope	-	500
Sos Children's Village.	-	500
Foundation For Rehabilitation & Education Of Slow Children	-	300
Koohi Goth Hospital	-	300
Medical Aid Foundation	-	300
Ms Shahida Zubair	-	230
Bunyard Literacy Community Council	-	200
Clapp Hospital	-	200
International Wheel Chair Cricket Association	-	200
Marghzar Welfare Society	-	200
Patients Welfare Association Mayo Hospital	-	200
Ms Shahnaz Begum	-	200
Sir Ganga Ram Hospital	-	200
Mr. Sabir	-	166
Patient Welfare Association, Jinnah Hospital	-	100
Syed Irshad Ul Haq	-	100
	31,295	49,425

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