House Building Finance Company Limited

Financial Statements
For the year ended December 31, 2015

Deloitte.

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

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

www.deloitte.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **HOUSE BUILDING FINANCE COMPANY LIMITED** (the Company) as at December 31, 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, 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 Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

Except for the matters discussed in para (a) below, 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, we report that:

a) Due to limitations of the IT system relating to advances, date of default for non-performing advances and the date of forced sale valuations against the advances given by the IT system is not accurate. The non-performing advances are being classified on sub-standard, doubtful and loss categories by dividing total defaulted amount with the amount of installment to calculate overdue period instead of calculating exact overdue period from the first date of default. Accordingly we have not been able to obtain sufficient appropriate audit evidence in respect of completeness, classification and accuracy of the amount of non-performing advances and related provision required in accordance with Prudential Regulations.

b) except for the matters discussed in para (a) above, in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

c) except for the matters discussed in para (a) above, in our opinion:

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

d) except for the effects of adjustments, if any, required due to matters referred in para (a) above, 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 Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

e) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

f) we draw attention to:

- note 1 to the financial statements which states that the Company has not complied with the minimum capital requirements stated in BSD Circular No. 19 of 2008 and BSD Circular No. 7 of 2009 dated September 5, 2008 and April 15, 2009 respectively as at the year end which should be Rs.6 billion net of losses. The said note also discloses the events subsequent to the reporting date relating to the decision made on conversion of borrowings (credit lines) from the State Bank of Pakistan (SBP) and settlement of mark-up thereon.

- note 13.5.3 to the financial statements, which states that the adoption of change in accounting treatment for long outstanding deferred credit balances is pending for approval from the Company's Board of Directors and the State Bank of Pakistan.

Our opinion is not qualified in respect of abovementioned matters.

Other Matter

The condensed interim financial information of the Company for the half-year ended June 30, 2014 and financial statements of the Company for the year ended December 31, 2014 were reviewed and audited respectively by another firm of chartered accountants who had expressed a qualified conclusion and opinion thereon dated April 22, 2016, respectively on adequacy of provisioning against non-performing advances in line with Prudential Regulations (refer para 'a' above), unreconciled transactions in bank reconciliation statements, replies received for confirmations sent to banks, reversal of income due to reprocessing adjustments, difference in balances between head office and branches relating to advances, difference in subsidiary and GL balances of advances and accounting for deferred credit balances and emphasis of matter paragraph on the non-compliance with the requirements of minimum capital requirement. Except for the matter relating to adequacy of provisioning against non-performing advances in line with Prudential Regulations and accounting for deferred credit balances, all matters were adequately addressed in the current year. Since the matter relating to adequacy of provisioning against non-performing advances is relevant in the current year also, we have reported it in paragraph 'a' above and the matter relating to accounting for deferred credit has been reported in the emphasis of matter paragraph along with the non-compliance with the requirements of minimum capital requirement.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Dated: 0 6 MAR 2017
Karachi

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	Note	2015	2014 Restated	2013 Restated
		(Rupees in '000)		
ASSETS				
Cash and balances with treasury banks	4	**82,376**	70,155	80,564
Balances with other banks	5	**107,638**	244,608	226,912
Lendings to financial institutions	6	-	2,006,302	2,439,321
Investments - net	7	**7,729,999**	7,145,567	8,033,214
Advances - net	8	**11,512,906**	10,205,586	9,592,843
Operating fixed assets	9	**373,236**	406,599	344,400
Deferred tax assets	10	-	-	-
Other assets	11	**876,296**	504,725	415,655
		20,682,451	20,583,542	21,132,909
LIABILITIES				
Bills payable		-	-	-
Borrowings	12	**11,242,300**	11,242,300	11,392,300
Deposits and other accounts		-	-	-
Sub-ordinated loans		-	-	-
Liabilities against assets subject to finance lease		-	-	-
Deferred tax liabilities		-	-	-
Other liabilities	13	**10,194,912**	8,163,793	8,036,975
		21,437,212	19,406,093	19,429,275
NET ASSETS		**(754,761)**	**1,177,449**	**1,703,634**
REPRESENTED BY				
Share capital	14	**3,001,000**	3,001,000	3,001,000
Reserves		**713,662**	713,662	713,005
Accumulated loss		**(4,789,697)**	(2,881,315)	(2,221,722)
		(1,075,035)	833,347	1,492,283
Advance against issue of capital	8.5	**218,143**	218,143	218,143
Surplus / (deficit) on revaluation of assets	15	**102,131**	125,959	(6,792)
		(754,761)	**1,177,449**	**1,703,634**
CONTINGENCIES AND COMMITMENTS	16			

The annexed notes from 1 to 39 form an integral part of these financial statements.

MANAGING DIRECTOR **DIRECTOR** **DIRECTOR** **DIRECTOR**

HOUSE BUILDING FINANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015	2014 Restated
		------- (Rupees in '000) -------	
Rental / mark-up / return / interest income	17	2,502,980	2,644,840
Rental / mark-up / return / interest expense	18	(1,068,019)	(1,073,546)
Rental / mark-up / return / interest income - net		1,434,961	1,571,294
Provision / reversal for non-performing advances - net	8.16.1	(566,180)	174,278
Provision for diminution in value of investments - net	7.9	39,101	27,770
Provision reversed against impairment of investment in an associate	7.8.1	35,507	-
		(491,572)	202,048
Reconciliation adjustments	19	(9,562)	266
Reversal due to relief package and reprocessing adjustments	20	(22,402)	(65,645)
		911,425	1,707,963
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		-	-
Dividend income		-	-
Income from dealing in foreign currencies		-	-
Gain / (loss) on sale of securities		4,882	(119)
Unrealized gain / (loss) on revaluation of investment classified as held for trading		-	-
Other income	21	63,578	53,608
Total non-mark-up / interest income		68,460	53,489
		979,885	1,761,452
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	22	(1,703,525)	(1,643,124)
Other provisions / write offs	23	(7,536)	19
Other charges	24	(7,303)	(10,239)
Total non-mark-up / interest expenses		(1,718,364)	(1,653,344)
		(738,479)	108,108
Extra-ordinary/unusual items		-	-
Share of profit before taxation from associate	7.8.1	9,774	-
(LOSS) / PROFIT BEFORE ALLOCATION FOR STATE BANK OF PAKISTAN SHARE		(728,705)	108,108
State Bank of Pakistan share of profit on credit lines	13.2.1	-	47,842
(LOSS) / PROFIT BEFORE TAXATION		(728,705)	155,950
Taxation	25	(123,255)	(152,666)
(LOSS) / PROFIT AFTER TAXATION		(851,960)	3,284
Basic & diluted earnings per share - Rupees	26	(2.84)	0.01

The annexed notes from 1 to 39 form an integral part of these financial statements.

MANAGING DIRECTOR DIRECTOR DIRECTOR DIRECTOR

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015	2014 Restated
		------ (Rupees in '000) -------	
(Loss) / profit after taxation for the year		**(851,960)**	3,284
Other comprehensive income			
Items not to be reclassified to profit and loss account in subsequent years			
- Actuarial loss on revaluation of defined benefit plan - net	29.3.2	**(1,056,422)**	(656,862)
Other comprehensive income transferred to equity		**(1,908,382)**	(653,578)
Components of other comprehensive income not reflected in equity			
- Surplus / (deficit) on revaluation of 'available-for-sale securities'		**(23,828)**	132,751
Total comprehensive income for the year		**(1,932,210)**	(520,827)

The annexed notes from 1 to 39 form an integral part of these financial statements.

MANAGING DIRECTOR DIRECTOR DIRECTOR DIRECTOR

HOUSE BUILDING FINANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Share capital	Statutory reserve*	Aceumulated loss	Total
	----------------	(Rupees in '000)	----------------	
Balance at January 01, 2014 - previously reported	3,001,000	713,005	(1,552,348)	2,161,657
Impact of restatement refer note 37	-	-	(674,732)	(674,732)
Balance as at January 01, 2014 - Restated	3,001,000	713,005	(2,227,080)	1,486,925
Comprehensive income for the year				
Profit after tax for the year	-	-	3,284	3,284
Other comprehensive income	-	-	(656,862)	(656,862)
	-	-	(653,578)	(653,578)
Transfer to statutory reserve *	-	657	(657)	-
Balance at December 31, 2014 - Restated	3,001,000	713,662	(2,881,315)	833,347
Comprehensive income for the year				
Loss after tax for the year	-	-	(851,960)	(851,960)
Other comprehensive income	-	-	(1,056,422)	(1,056,422)
	-	-	(1,908,382)	(1,908,382)
Transfer to statutory reserve *	-	-	-	-
Balance at December 31, 2015	**3,001,000**	**713,662**	**(4,789,697)**	**(1,075,035)**

* This represents reserve created under BPD circular No. 15 of 2004 which requires the Company to credit to its reserve an amount not less than 20% of its after tax profit till such time the reserve equals the amount of paid-up capital. Thereafter, a sum not less than 5% of its after tax profit shall be credited to the said reserve.

The annexed notes from 1 to 39 form an integral part of these financial statements.

MANAGING DIRECTOR | DIRECTOR | DIRECTOR | DIRECTOR

HOUSE BUILDING FINANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015	2014 Restated
		------- (Rupees in '000) -------	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(728,705)	155,950
Adjustments			
Provision / reversal for non-performing advances - net		566,180	(174,278)
Provision for diminution in value of investments - net		(39,101)	(27,770)
Provision reversed against impairment of investment in an associate		(35,507)	-
Reconciliation adjustments		9,562	(266)
Reversal due to relief package and reprocessing adjustments		22,402	65,645
Gain on disposal of operating fixed assets		(75)	(1,013)
Depreciation		34,885	25,664
Amortization of intangibles		75	294
Share of profit before taxation from an associate		(9,774)	-
Adjustments in cost and depreciation	9.2	4,233	-
		552,880	(111,724)
		(175,825)	44,226
Decrease / (increase) in operating assets			
Lendings to financial institutions		2,006,302	433,019
Advances - net		(1,905,464)	(614,679)
Other assets (excluding advance taxation - net)		(8,021)	(208,262)
		92,817	(389,922)
Increase / (decrease) in operating liabilities			
Borrowings		-	(150,000)
Other liabilities		974,697	(473,677)
		974,697	(623,677)
Income tax paid		(485,855)	(32,246)
Net cash generated from / (used in) operating activities		405,834	(1,001,619)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Investments (made) / realized - net		(524,828)	1,048,168
Capital expenditure		(5,830)	(40,281)
Proceed from disposal of operating fixed assets		75	1,018
Net cash (used in) / generated from investing activities		(530,583)	1,008,905
(Decrease) / increase in cash and cash equivalents (A+B)		(124,749)	7,286
Cash and cash equivalents at begining of the year		314,763	307,477
Cash and cash equivalents at end of the year	27	190,014	314,763

The annexed notes from 1 to 39 form an integral part of these financial statements.

MA

MANAGING DIRECTOR　　DIRECTOR　　DIRECTOR　　DIRECTOR

HOUSE BUILDING FINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. STATUS AND NATURE OF BUSINESS

House Building Finance Company Limited (the Company) is an unlisted public limited company incorporated in Pakistan on June 13, 2006 under the Companies Ordinance,1984. The registered office of the Company is situated at Finance and Trade Centre Building, Sharah-e-Faisal, Karachi, in the province of Sindh. Pursuant to a vesting order SRO.I/2007 dated July 25, 2007 issued by Finance Division - Government of Pakistan effective from January 01. 2007, the Company had taken over all assets, running business, contracts, liabilities and proceedings of the House Building Finance Corporation established in 1952 under the House Building Finance Corporation Act 1952 (XVIII of 1952) by the Government of Pakistan from closing of the business on December 31, 2006, and has also changed its name from House Building Finance Corporation Limited to House Building Finance Company Limited in 2010.

The Company is designated as a financial institution by the Federal Government and is providing financing facilities for the construction, reconstruction, renovation and purchase of houses through a network of 46 district offices and 10 zonal offices throughout Pakistan including Azad Jammu and Kashmir. According to credit rating report dated June 28, 2016 of JCR-VIS Credit Rating Company Limited, the long term and short term ratings of the Company are "A" and "A-2".

In accordance with BSD Circular No. 19 dated September 05, 2008 the minimum paid-up capital requirement (free of losses) of the Company at December 31, 2009 and in future periods is Rs. 6 billion. The paid-up capital of the Company (free of losses) as at December 31, 2015 is Rs. 1.79 billion - nagative. The State Bank of Pakistan (SBP) vide its letter No. BSD/BAID/659/2145/2012 dated February 16, 2012 granted exemption to the Company from the minimum capital requirement and Capital Adequacy Ratio till December 31, 2012 or completion of privatization / restructuring process, whichever is later.

The Ministry of Finance (MoF), vide its letter no. F. 6(9)-IF-II/2008, dated, November 18, 2016, has advised the Company to complete legal and corporate formalities for conversion of accrued markup on SBP Credit lines of Rs. 4.054 billion as of December 31, 2015 into ordinary shares of the Company. Further, vide letter no. FD-SEC/3014/405-2016, dated, April 23, 2016, which has also been advised by the MoF, vide its letter no. F. 6(9)-IF-II/2008, dated, November 18, 2016, the State Bank of Pakistan (SBP) has advised for conversion of SBP Credit Lines of Rs. 11,242 million into redeemable preference shares carrying mark-up @ 7.5% per annum, payable half-yearly on June 30 and December 31 each year and redeemable in ten years in one bullet payment on December 31, 2025. However, the Company has approached the MoF for Strategic Business Plan 2017-2021 that SBP's Credit Lines of Rs. 11,242 million should also be converted into ordinary shares.

The MoF vide its letter no. F.No.1(3) IF-II/2016-1122, dated, January 09, 2017 has approved the conversion of State Bank of Pakistan (SBP) credit lines of Rs. 11,242 million along with outstanding mark-up into ordinary shares as proposed by SBP vide letter no. FD-SEC/405-2016, dated, April 22, 2016. However, the final approval from the stakeholders is pending.

In view of the above, the shortfall against minimum capital requirement is temporary and the Company will be in compliance with the minimum capital requirement.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 (the Ordinance) and the directives issued

NHA

by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) including BSD Circular No. 04 dated February 17, 2006. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984. In case requirements differ, the provisions of the directives issued under the Companies Ordinance, 1984 and directives issued by SBP shall prevail.

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

2.2 Standards, interpretations and amendments to approved accounting standards not yet effective

The following standards, interpretations and amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial

Standards/Interpretations/Amendments	Effective date (accounting period beginning on or after)
IAS 1 Presentation of Financial Statements - Disclosure initiative (Amendments)	January 1, 2016
IAS 16 Property, Plant and Equipment - Clarification of acceptable methods of depreciation and amortization (Amendments)	January 1, 2016
IAS 27 Consolidated and Separate Financial Statements - Equity method in separate financial statements (Amendments)	January 1, 2016
IAS 28 Investments in Associates and Joint Ventures - Sale or contribution of assets between an investor and its associate or joint venture (Amendments)	January 1, 2016
IAS 38 Intangibles - Clarification of acceptable methods of depreciation and amortization (Amendments)	January 1, 2016
IFRS 10 Consolidated Financial Statements - Sale or contribution of assets between an investor and its associate or joint venture (Amendment	January 1, 2016
IFRS 11 Joint Arrangements - Accounting for acquisitions of interests in joint operations (Amendments)	January 1, 2016

Certain annual improvements have also been made to a number of IASs and IFRSs.

The Companys' management expects that the adoption of above amendments will not materially affect its financial statements in the period of initial application.

DYA

Further, the following new standard has been issued by the IASB, but has not yet been notified by the SECP for application in

Standards/Interpretations/Amendments

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments: Classification and Measurement
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

2.3 Standards, interpretations and amendments to approved accounting standards which became effective during the year

New standards relevant to the Company

- IAS 19 (Amendments) - Employee Benefits: Employee contributions

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

- IFRS 13 – Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

New standards and amendments not relevant to the Company

The following are some other new standards and amendments including certain annual improvements to several IFRS, effective for the year ended December 31, 2015. These new standards and amendments are not relevant to the Company's operations.

MA

Standards/Interpretations/Amendments	Effective date (accounting period beginning on or after)
- IAS 27 (Revised 2011) – Separate Financial Statements	1 January 2015
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	1 January 2015
- IFRS 10 – Consolidated Financial Statements	1 January 2015
- IFRS 11 – Joint Arrangements	1 January 2015
- IFRS 12 – Disclosure of Interests in Other Entities	1 January 2015

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments classified as held for trading and available-for-sale are measured at fair values, excluding investment in associate which is carried using equity method and staff retirement benefit schemes that are stated at the present value of the obligation.

2.5 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates were significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

a. Classification of investments

Held-for-trading

In classifying investments as "held-for-trading" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

Held-to-maturity

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

Available-for-sale

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

b. Impairment of available-for-sale investments

The Company determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

MA

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

The Company regularly reviews its loan portfolio and debt securities classified as investments to assess the amount of non-performing loans and advances and debt securities and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower, the forced sale value of securities and requirements of the Prudential Regulations are considered.

For portfolio impairment provision on consumer advances, the Company follows the general provision requirement set out in Prudential Regulations.

d. Employees retirement benefit plans

The liabilities for employees retirement benefits are determined as per actuarial advice using the Projected Unit Credit Method. The actuarial advice involves assumptions about discount rates, expected rates of return on assets, future salary increases and future pension increases as disclosed in note 29. Changes in these assumptions in future years may affect the liability / asset under these plans in future years.

e. Operating assets, depreciation and amortization and residual value

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charged and impairment.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements have been presented in Pakistani Rupee, which is the Company's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Bank balances

Cash and cash equivalents

It is carried in the balance sheet at cost and for the purpose of cash flow statement, it consist of cash in hand and balances with the State Bank of Pakistan (SBP) and other banks in current and deposit accounts.

Cash in transit

Collection in transit as on the reporting date received from the borrowers / partners at the branches is treated as cash in transit and included in the bank balances.

3.2 Lendings to / borrowings from financial institutions

The Company enters into transactions of borrowings (repos) from and lending (reverse repos) to financial institutions at contracted rates for a specified period of time. These are recorded as under:

MyA

Sale under repurchase obligations

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

Purchase under resale obligations

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

Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on time proportionate basis using effective interest rate method except for mark-up on impaired/delinquent lendings, which are recognized on receipt basis.

Other borrowings

These are recorded at the proceeds received. Mark-up on such borrowings is charged to the profit and loss account on time proportion basis using effective interest method.

3.3 Revenue recognition

- Rentals / markup / return on **regular advances and investments** is recognized on time proportion basis. Mark up / return on classified advances and investments is recognized on receipt basis.
- Additionally under **Ghar Aasan Scheme**, income is recognized on the basis of share in rental income and share in appreciation in value of property.
- Interest on housing finance under **interest bearing scheme** is not recognized since July, 2000 pursuant to the decision of the Honorable Supreme Court of Pakistan.
- Income from sale of **housing projects** is recognized using stage of completion of contract.
- Income on **deposits and investments other than equity instruments** is recognized on accrual basis.
- **Dividend income**, except for dividend on investment in associate accounted for under equity method, is recognized when the right to receive the dividend is established.
- Gain and loss on **sale of investments** are recognized in the profit and loss account.

3.4 Advances

Housing finance advance

Advances are stated net of general and specific provisions. The general and specific provisions are made in accordance with the requirements of the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and are charged to the profit and loss account.

D-4A

Non-performing advances are written off only when all possible courses of action to achieve recovery have proved unsuccessful. The Company determines write-offs in accordance with the criteria prescribed by the SBP.

3.5 **Investments**

Investments of the Company, other than investment in associate, are classified as held for trading, held-to-maturity and available for sale.

Initial measurement

All "regular way" purchases and sales of investments are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Investments are initially recognized at fair value ,which in the case of investments other than held-for-trading, includes transaction costs associated with the investments.

Subsequent measurement

(a) Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

(b) Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

(c) Available-for-sale

Quoted-securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account as shown in the statement of financial position below equity and charged to the profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. A decline in the carrying value is charged to the profit and loss account. The break-up value of these equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses.

Provision for diminution in the value of securities (except term finance certificates and sukuks) is made for impairment, if any. Provision for diminution in the value of term finance certificates is made as per the aging criteria prescribed by the Prudential Regulations issued by the SBP.

(d) Investment in associate

Investment in associate, where the company has significant influence, is accounted for using equity method of accounting wherein the Company's share of underlying net assets of the investee company is recognized as the carrying amount of such investment. Differences between the amount previously recognized and the amount calculated at each year end is recognized in the profit and loss account as share of profit or loss of associate. Any distribution received out of such profits is credited to the carrying amount of investment in associated undertaking.

MYA

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

The carrying values of investments are reviewed for impairment at each balance sheet date. Where any such indications exist that the carrying values exceed the estimated recoverable amounts, provision for impairment is made through the profit and loss account.

3.6 Operating fixed assets

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (if any). Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Depreciation on property and equipment is charged to income using the 'Straight Line Method' over the useful life of the asset at the rates mentioned in note 9.2. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation charge commences from the month when the asset is available for use and continues till the month the asset is discontinued either through disposal or retirement.

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

Any gain or loss on disposal of the assets is included in the profit and loss account in the year of disposal.

Intangibles

Intangible assets having finite useful life are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets comprise of cost of computer software and patents, which are amortized using the 'Straight Line Method' over their useful lives as stated in note 9.3.1 Amortization is charged from the month of acquisition and up to the month of deletion. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Costs associated with maintaining computer software are recognized as an expense when incurred.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the reporting date and represents expenditure incurred on property and equipment in the course of construction / development. These expenditure are transferred to relevant category of property and equipment as and when the assets become available for use.

Impairment of non-financial 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 recoverable amount is higher of an asset's fair value less cost to sell and value in use. The resulting impairment loss is taken to profit and loss account.

DUA

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

3.7 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

Deferred

Deferred tax is recognized using the liability method on all temporary differences, at the reporting date between the tax base of assets and liabilities and their carrying amounts for the financial reporting purposes. Deferred tax is calculated at the tax rates that are expected to apply when the differences are expected to reverse, based on the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax assets is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow whole or part of the asset to be recovered.

Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity, if any, in that case it is included in equity.

3.8 Employee benefits

a. Defined benefit plan

Pension Fund

The Company operates an approved funded pension scheme for all its employees who have been in full time employment for at least 10 years. The scheme provides pension based on the employees' last drawn pensionable salary. Contributions are made to the scheme on the basis of actuarial recommendation.

Post retirement medical benefits

The Company provides post retirement medical facility to an employee in the following events:

- Retirement
- Death/disability during or after service
- Early retirement from service

D4A

The Company's post retirement medical benefits' structure is as follows:

Executives / officers their spouse and dependent children	**Entitlement**
- for hospitalization	One gross pension
- for consultation/pathological test etc.	One gross pension
- for cost of medicine	One gross pension

Clerical staff	**Entitlement**
- for hospitalization	One gross pension
- for consultation/pathological test etc.	One gross pension
- for cost of medicine	Two gross pension

Non-clerical staff	**Entitlement**
- for hospitalization	One and half gross pension
- for consultation/pathological test etc.	One and half gross pension
- for cost of medicine	Three gross pension

The actuarial gains / losses on re-measurement of defined benefit obligations are recognized in the other comprehensive income.

b. Defined contribution plan

The Company also operates an approved non-contributory Provident Fund scheme for all its employees. Contributions are made to the Fund by the employees at the rate of 12% of their basic salaries in accordance with the Fund's rules.

c. Employees' compensated absences

Employees of the Company are entitled to carry forward and accumulate their unveiled leaves. The rules of the leave encashment scheme state that the employee shall be entitled to get 50% of his balance subject to maximum of 180 days i.e. he is allowed to accumulate his balance upto 365 days. The employees can avail their leave balance in excess of 365 days at any time as the excess balance will not be encased at retirement and will be lapsed. The Company provides for employees compensated absences on the basis of actuarial valuation in accordance with the requirements of IAS-19. Actuarial valuation of the scheme is carried out every year and the latest valuation was carried out at December 31, 2015.

d. Accounting policy - defined benefit plan

Actuarial gains and losses are recognized in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.

3.9 Foreign currency transactions and translations

Monetary assets and liabilities in foreign currency are translated into Rupees at the applicable rate of exchange prevailing at the reporting date. Foreign currency transactions during the year are translated into Pakistani Rupee applying the exchange rate at the date of respective transactions. Gains and losses on translation are included in profit and loss account currently.

DYA

3.10 Financial instruments

Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and bank balances, lending's to financial institutions, investments, advances, certain receivables, borrowings from financial institutions, deposits and certain other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward 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.

Off setting

Financial assets and financial liabilities are only offset and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

3.11 Provisions

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

3.12 Borrowing costs

Borrowing costs specific to a significant addition of a project during its construction / erection period is capitalized. Other borrowing costs are charged to the profit and loss account as and when incurred.

3.13 Earnings per share

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

3.14 Dividends and appropriation to reserves

Dividend and appropriation to reserves are recognized in the year in which these are approved, except appropriations required by the law, which are recorded in the period to which they pertain.

3.15 Demand charges

Demand charges (penalties) on late payment by the partners are credited to 'Deferred Credit' account. This amount is utilized for charity purposes after netting of recovery charges as approved by the Board.

		Note	2015	2014
			------- (Rupees in '000) -------	
4.	**CASH AND BALANCES WITH TREASURY BANKS**			
	State Bank of Pakistan			
	Local currency current account	4.1	**82,290**	70,062
	National Bank of Pakistan			
	Local currency deposit account	4.2	**86**	93
			82,376	70,155

4.1 This represents the amount required to be maintained by the Company in accordance with the SBP's regulations.

4.2 This bank account carry mark-up at rate 4% (2014: 4.5%) per annum.

5.	**BALANCES WITH OTHER BANKS**			
	Local currency deposit accounts	5.1	**107,638**	244,608

5.1 These bank accounts carry mark-up at rates ranging from 4% to 6% (2014: 6% to 9.25%) per annum.

		Note	2015	2014
			------- (Rupees in '000) -------	
6.	**LENDINGS TO FINANCIAL INSTITUTIONS**			
	Letters of placement	6.1	-	-
	Repurchase agreement lending (Reverse Repo)	6.2	-	2,006,302
			-	2,006,302
6.1	**Letters of placement**			
	Trust Investment Bank Limited (TIBL)	6.1.1	**5,909**	5,909
	First Dawood Investment Bank Limited (FDIBL)	6.1.2	**75,000**	75,000
			80,909	80,909
	Less: Provision against placements	6.1.3	**(80,909)**	(80,909)
			-	-

6.1.1 This represents clean placement made on November 17, 2008 for a period of 14 days at the mark-up rate of 28% per annum. The transaction remained unsettled at maturity and rescheduling have been made twice. Mark-up accrued upto February 15, 2012 has been received. The Company filed a suit against TIBL in the Banking Court for the recovery of outstanding principal along with mark-up. However, the Company on prudent basis has maintained 100% provision against outstanding receivable. The Banking Court decreed the case in favour of the Company on October 12, 2015. Execution application has been filed by the Company with notice issued to TIBL for attachment of assets of TIBL.

MA

6.1.2 This represents clean placement made on September 12, 2008 for a period of 94 days at the mark-up rate of 17% per annum. The transaction remained unsettled at maturity and consequently the Company filed a suit against FDIBL in the Sindh High Court (SHC) for the recovery of outstanding principal. However, the Company on prudent basis has maintained 100% provision against outstanding receivable amount in its books of accounts. The SHC decreed the case in favour of the Company on November 05, 2010. FDIBL has filed an appeal against the judgement of SHC in the Supreme Court of Pakistan, and the decision is pending.

	2015	2014
	------- (Rupees in '000) -------	
6.1.3 Particulars of provision		
Opening balance	**80,909**	80,909
Provision made during the year	-	-
Closing balance	**80,909**	80,909

6.2 Repurchase agreement lending (Reverse Repo)

	2015	2014
Saudi Pak Industrial and Agricultural Investment Company Limited	-	190,714
PAIR Investment Company Limited	-	402,244
Pak Oman Investment Company Limited	-	1,011,100
Pak Libya Holding Company (Private) Limited	-	402,244
	-	2,006,302

6.2.1 Particulars of lendings

	2015	2014
In local currency	-	2,006,302
In foreign currency	-	-
	-	2,006,302

6.2.2 These represented reverse repo lending at mark-up ranging from Nil (2014: 6.75 % to 10.5 %) per annum.

6.2.3 Securities held as collateral against lendings to financial institutions

	2015			2014		
	Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	Total
	------- (Rupees in '000') -------					
Market Treasury Bills	-	-	-	-	-	-
Pakistan Investment Bonds	-	-	-	2,006,302	-	2,006,302
	-	-	-	2,006,302	-	2,006,302

AYA

7. INVESTMENTS - NET

7.1 Investments by types

	Note	2015 Held by Company	2015 Given as collateral	2015 Total	2014 Held by Company	2014 Given as collateral	2014 Total
		------	------	------ (Rupees in '000')	------	------	------
Available-for-sale securities							
Market treasury bills		3,711,363	-	**3,711,363**	3,328,219	-	3,328,219
Pakistan Investment Bonds	7.2.1	3,847,233	-	**3,847,233**	3,510,028	-	3,510,028
GoP Ijarah Sukuks		-	-	-	100,284	-	100,284
Unlisted ordinary shares	7.2.2	500	-	**500**	500	-	500
Unlisted sukuk bonds	7.3	-	-	-	45,661	-	45,661
		7,559,096	-	**7,559,096**	6,984,692	-	6,984,692
Held-to-maturity securities							
Unlisted sukuk bonds	7.3	26,240	-	**26,240**	26,240	-	26,240
Unlisted term finance certificates	7.4	24,941	-	**24,941**	74,517	-	74,517
Term deposit receipts	7.5	2,344	-	**2,344**	2,344	-	2,344
Certificates of investment	7.6	67,500	-	**67,500**	67,500	-	67,500
		121,025	-	**121,025**	170,601	-	170,601
Investment in an associate							-
Takaful Pakistan Limited	7.8.1	44,331	-	**44,331**	35,507	-	35,507
		7,724,452	-	**7,724,452**	7,190,800	-	7,190,800
Less: Provision for diminution in value of investments	7.9	(96,584)	-	**(96,584)**	(135,685)	-	(135,685)
Less: Impairment of investment in an associated undertaking - Takaful Pakistan Limited	7.8.1	-	-	-	(35,507)	-	(35,507)
Investments (net of provisions)		7,627,868	-	**7,627,868**	7,019,608	-	7,019,608
Surplus on remeasurement of available-for-sale securities	15	102,131	-	**102,131**	125,959	-	125,959
		7,729,999	-	**7,729,999**	**7,145,567**	-	**7,145,567**

	Note	2015	2014
		------- (Rupees in '000) -------	
7.2 Investments by segments			
Government securities			
Market treasury bills		**3,711,363**	3,328,219
Pakistan Investment Bonds	7.2.1	**3,847,233**	3,510,028
GoP Ijarah Sukuks		-	100,284
Fully paid up ordinary shares			
Unlisted company	7.2.2	**500**	500
Term finance certificates, debentures, bonds and participation term certificates			
Unlisted sukuk bonds	7.3	**26,240**	71,901
Unlisted term finance certificates	7.4	**24,941**	74,517
Other investments			
Term deposit receipts	7.5	**2,344**	2,344
Certificates of investment	7.6	**67,500**	67,500
Investment in an associate			
Takaful Pakistan Limited (TPL)	7.8.1	**44,331**	35,507
		7,724,452	7,190,800
Less: Provision for diminution in value of investment	7.9	**(96,584)**	(135,685)
Less: Impairment of investment in an associated company TPL	7.8.1	-	(35,507)
Investments (net of provisions)		**7,627,868**	7,019,608
Surplus on remeasurement of available-for-sale securities	15	**102,131**	125,959
Total investments		**7,729,999**	7,145,567

7.2.1 These carry mark-up (coupon rate) ranging from 9.25% to 11.25% (2014: 11.25%).

7.2.2 This represent investment in 66,125 (2014: 66,125) ordinary shares of Rs.10 each in Resource and Engineering Management Corporation Limited. Full provision has been made against this investment.

7.3 Particulars of investment in sukuk bonds

Name of issuer	Note	Rating	Mark-up rate	Total nominal value 2015	2014
				------- (Rupees in '000) -------	
Maple Leaf Cement Factory Limited (MLCFL) 15,000 (2014: 15,000) certificates Outstanding face value: Nil (2014: Rs. 3,044) each Maturity date: December 03, 2018 Chief Executive Officer: Mr. Tariq Sayeed Saigol	7.3.1	A (assigned by PACRA)	3 months KIBOR plus	-	45,661
Eden Housing Limited (EHL) 40,000 (2014: 40,000) certificates Outstanding face value: Rs. 656 (2014: Rs. 656) each Maturity date: June 29, 2014 Chief Executive Officer: Mr. Muhammad Amjad	7.3.2	Unrated	3 months KIBOR plus 3%	**26,240**	26,240

MA

7.3.1 As per the original terms of repayment, these sukuk bonds were to be repaid in eight equal semi-annual installments starting from June 2009 and maturing up till December 2013 along with mark-up at six months KIBOR plus 1.70%.

MLCFL paid mark-up till May 2009 and then defaulted the repayment of both principal and mark-up. In February 2010, MLCFL entered into a restructuring arrangement according to which Rs. 2.94 million of the outstanding mark-up from June 2009 to November 2009 would be paid and sukuk bonds would be issued for the remaining mark-up of Rs. 2.81 million. As per the restructuring agreement, new issued sukuk bonds are repayable in two years at mark-up of three months KIBOR plus 1%. However, the mark-up payment would be made on quarterly basis and the principal amount of Rs. 75 million is payable in thirty six quarterly installments starting from March 2010 and maturing up till December 2018.

During the year MLCFL has opted for early redemption option and in addition to it the Company sold MLCFL sukuk bonds on December 16, 2015.

7.3.2 As per the original terms of repayment, these sukuk bonds were to be repaid in eight equal semi-annual installments starting from June 2009 and maturing up till December 2012 along with mark-up of six months KIBOR plus 2.50%.

Eden Housing Limited (EHL) paid two installments of Rs. 25 million each and then defaulted the repayment. On June 30, 2010, EHL entered into a restructuring arrangement according to which outstanding principal of Rs. 150 million to be repaid on quarterly basis along with mark-up of KIBOR plus 2.5% and 3% for the first three years and fourth year, respectively. EHL defaulted for the two coupon mark-up due on March 29, 2014 and June 6, 2014 of Rs.13.120 million each. However, on prudent basis, the Company has maintained full provision of the outstanding principal amount.

7.4 This represents investment in 30,000 term finance certificates (TFCs) of Rs. 5,000 each of Pak Libya Holding Company (Private) Limited (PLHCPL) costing Rs. 124.096 million having maturity on February 07, 2016. These TFCs carry mark-up at six months KIBOR plus 1.60% per annum payable semi-annually, whereas principal is payable semi-annually commencing from August 07, 2013. The credit rating of TFCs is AA assigned by PACRA on June 26, 2015. Chief Executive Officer of PLHCPL is Mr. Abid Aziz.

7.5 This represents investment in term deposit receipts (TDRs) of Asset Investment Bank Limited (AIBL) for Rs.10 million on Sept 9, 1996 for one year. Up till May 20, 1999 AIBL have paid Rs. 10 million including mark-up and remaining principal amount is outstanding. Hence in January 2002, recovery suit was filed in Banking Court Karachi. Full provision has been made against these TDRs.

7.6 This represents investment in certificates of investment (COIs) of Rs. 200 million for three years and Rs. 25 million for three months in 1996 and 1998 respectively. Bankers Equity Limited (BEL) defaulted the repayment and went under liquidation on April 18, 2001, hence claims of BEL were placed before Sindh High Court (SHC). However, the Company on prudent basis has maintained 100% provision against outstanding principal amount in its books of accounts. Upto December 31, 2013, the Company received Rs. 157.5 million (70%) of the invested amount on the directive of SHC.

MA

	2015		2014	
	--- (Rupees in '000) ---		--- (Rupees in '000) ---	
	Amount	Rating	Amount	Rating
7.7 Quality of available-for-sale securities (at market value)				
Market treasury bills	**3,710,670**	**Sovereign**	3,333,929	Sovereign
Pakistan Investment Bonds (PIBs)	**3,950,057**	**Sovereign**	3,630,431	Sovereign
GoP Ijarah Sukuks	**-**		100,130	Sovereign
Unlisted ordinary shares				
Resource and Engineering Management Corporation Limited (fully provided)	**-**	**Unrated**	-	Unrated
	7,660,727		7,064,490	

	2015	2014
	--- (Rupees in '000) ---	
7.8 Investment in an associate - Takaful Pakistan Limited		
Place of incorporation — **Pakistan**		
Principal business — **Takaful**		
Number of shares held	**8,699,500**	8,699,500
Cost of investment - Rupees in '000	**87,000**	87,000
Assets - Rupees in '000	**577,443**	577,176
Liabilities - Rupees in '000	**405,073**	425,264
Net contribution revenue - Rupees in '000	**262,210**	183,381
Profit after tax - Rupees in '000	**30,426**	8,632
Percentage of investment	**29%**	29%
Break up value per share - Rupees	**5.75**	5.06
Earnings per share - basic and diluted	**1.01**	0.29
Latest available financial statements	**Dec 31, 2015**	Dec 31, 2014
Name of Chief Executive	**Dr. Syed Arif Hussain (CEO)**	Dr. Syed Arif Hussain (CEO)

	2015	2014
	--- (Rupees in '000) ---	
7.8.1 Carrying value of investment in an associate under equity method		
Carrying value of investment at beginning of the year	-	-
Share of profit before taxation from associate	**9,774**	-
Share of taxation from associate	**(950)**	-
	8,824	-
Reversal of impairment	**35,507**	-
Carrying value of investment at end of the year	**44,331**	-
7.9 Particulars of provision		
Balance at beginning of the year	**135,685**	163,455
Charge for the year	**6,560**	-
Reversal during the year	**(45,661)**	(27,770)
Balance at end of the year	**96,584**	135,685

DYA

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

7.10 Particulars of provision in respect of types and segment

	2015	2014
Available-for-sale securities		
Unlisted ordinary shares - Resource and Engineering Management Corporation Limited	**500**	500
Unlisted sukuks - Maple Leaf Cement Factory Limited	-	45,661
Held-to-maturity securities		
Term deposit receipts - Asset Investment Bank Limited	**2,344**	2,344
Unlisted sukuks bonds - Eden Housing Limited	**26,240**	19,680
Certificates of investment - Bankers Equity Limited	**67,500**	67,500
	96,584	135,685

8. ADVANCES - NET

	Note	2015	2014 Restated
		------- (Rupees in '000) -------	
In Pakistan - local currency			
Rental Sharing Schemes	8.2	**1,667,423**	1,735,832
Interest Bearing Schemes	8.3	**106,459**	107,042
Ghar Aasan Scheme	8.4	**3,595,700**	4,244,120
Pakistan Housing Authority (PHA)	8.5	-	-
Gawadar Employees Co-operative Housing Society (GECHS)	8.6	**19,949**	20,182
Shandar Ghar Scheme	8.7	**641,987**	868,007
Unearned income		**(374,754)**	(451,949)
		267,233	416,058
Financing facility for Small Builders	8.8	**7,116**	7,116
Ghar Aasan Flexi Scheme	8.9	**8,654,016**	5,972,006
Bisma & Saima Projects	8.10	**68,663**	74,802
New Small Builders	8.11	**82,344**	-
Housing finance to employees	8.12	**489,956**	462,371
Partners' death claims	8.13	**(190,798)**	(151,976)
Transitory district bank accounts - net	8.14	**(15,864)**	(8,856)
Advances - gross		**14,752,197**	12,878,697
Provision for non-performing advances			
Specific provision			
Rental Sharing Schemes	8.2	**1,651,711**	1,701,990
Interest Bearing Schemes	8.3	**106,459**	107,042
Ghar Aasan Scheme	8.4	**917,136**	538,913
Gawadar Employees Co-operative Housing Society	8.6	**19,949**	20,182
Shandar Ghar Scheme	8.7	**253,463**	93,741
Financing facility for Small Builders	8.8	**6,480**	6,268
Ghar Aasan Flexi Scheme	8.9	**127,798**	83,890
Housing finance to employees	8.12	**5,550**	-
General provision	8.15	**150,745**	121,085
		(3,239,291)	(2,673,111)
Advances - net of provision		**11,512,906**	10,205,586

DYA

	2015	2014 Restated
	------- (Rupees in '000) -------	
8.1 Particulars of advances (gross)		
Short term (up to one year)	**2,141,762**	3,093,650
Long term (over one year)	**12,610,435**	9,785,047
	14,752,197	12,878,697

8.2 This represents advances under Profit & Loss Sharing Scheme, Simplified Scheme, New Simplified Scheme (NSS), Gothabad Scheme and loan to Brecast Industries (Pvt.) Limited. No additional disbursement of advance under these schemes has been made since 2000. Advances under NSS have been provided upto 98% (December 31, 2014: 97%) of the gross advance whereas advances under rest of the schemes are fully provided.

8.3 No new disbursement has been made under this scheme since the year 1979. In pursuance of the decision of the Honorable Supreme Court of Pakistan, the Company has not accrued interest on these advances since July 01, 2000. All advances under this category has been classified as "Loss" and fully provided.

8.4 This scheme was based on Diminishing Musharaka for construction, purchase of houses and replacement of existing housing advance obtained by applicants from another financial institutions - Balance Transfer Facility (BTF) with maximum financing limit of Rs. 7.5 million. This advance is repayable by the partners in 36 to 240 monthly installments. The net annual rental income is 5% of the total assessed cost of the house, subject to upward revision of annual rent on cumulative basis at 25% after every 3 years. For disbursements after May 26, 2008, constant net annual rental income of 15.5% is charged on daily product basis on the value of outstanding units. In addition, the Company shares appreciation in the value of the house at rates ranging between 2.5% to 12.5% per annum assessed for various localities. New disbursement under this scheme has been discontinued from February 11, 2009. Provision has been made in accordance with the prudential regulations.

8.5 **Suspension of mark-up on Pakistan Housing Authority (PHA)**

The Ministry of Finance (MoF) paid Rs. 44 million to the Company during 2009 and the remaining amount of Rs. 174.14 million during the year ended December 31, 2010 against outstanding amount of advance to PHA as the transaction was guaranteed by the Federal Government. However, the MoF through its letter No. F.10(4)IF-II/2000-594 dated April 17, 2010 instructed the Ministry of Housing & Works (MoH&W) to pay this amount to the Company on behalf of PHA and necessary provision in this regard should be made in the Federal Budget. The MoF in its letter further advised that the amount of Rs. 218.14 paid to the Company be utilised for increase in the paid up capital. Accordingly, this amount has been disclosed as "Advance against issue of capital" in these financial statements.

Following the recognition of the said balance of Rs. 218.14 million as "Advance against issue of capital" the balance of accrued mark-up is long overdue, accordingly the Company has suspended the recording of this mark-up income with retrospective impact in accordance with the requirement of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', details of which has been shown in note 37 of the financial statements.

8.6 As per the arrangement Gawader Employees' Co-operative Housing Society (GECHS) is required to adjust the principal amount of advance of Rs. 47.50 million within thirty three months from December 26, 2006 through transfer of balance in each individual case of the allottees of house under Ghar Aasan Scheme and under Ghar Aasan Flexi Scheme after completion and handing over possession of houses. Until the transfer of advances to individuals, GECHS shall pay profit @ 13% per annum. Upto December 31, 2015, advances of Rs. 34.921 million

MYA

(2014 : Rs. 30.208 million), were transferred to 83 (2014 : 82) individual cases: i.e., 67 cases (2014: 67) under Ghar Aasan Scheme, and 16 cases (2014: 15) under Ghar Aasan Flexi Scheme amounting to Rs. 29.054 million (2014: 24.831 million) and Rs. 5.867 million (2014: 5.377 million) respectively.

Final profit and loss sharing will be subject to final settlement of accounts which shall be made within three months of the completion of the project which will be audited by the person authorized by the Company. The advance is secured against mortgage of land. However, the Company has made provision of full amount on prudent basis.

8.7 Advances under Shandar Ghar Scheme for renovation of houses only with maximum financing limit of Rs. 2.5 million are based on Murabaha approved by the Board of Directors on January 20, 2004 . The advance is repayable by the partners in 12 to 120 monthly installments. The Murahaba profit varies from 8% to 13.5% (2014 : 8% to 13.5%) per annum. New disbursement under this scheme has been discontinued from February 11, 2009. Provision has been made in accordance with the prudential regulations.

8.8 Advances under 'Finance facility for Small Builders' for construction of individual houses and apartments for sale to the general public with maximum financing limit of Rs. 7.5 million is based on Musharaka financing approved by the Board of Directors in August 2007. This advance is for a period of 12 to 18 months, extendable for further 3 months, to be repaid at the end of the tenor along with the profit ranging from 13% to 18% (2014 : 13% to 18%) per annum, or is transferable to the buyer of the house/apartment under Ghar Aasan Scheme. New disbursement under this scheme has been discontinued from November 17, 2009. Provision has been made in accordance with the prudential regulations.

8.9 Advances under Ghar Aasan Flexi Scheme for construction, renovation and purchase of house and replacement of existing housing facility – Balance Transfer Facilities (BTF) with maximum financing limit of Rs.10 million is based on Diminishing Musharaka. This advance is repayable by the partners in 36 to 240 monthly installments. The rental income for salaried person and business person is one year KIBOR with a spread of 3.25% and 3.50% (2014: 3.25% and 3.50%) respectively per annum.

There are two installment plans under this scheme; variable installment plan and fixed investment plan. New disbursement under variable installment plan has been discontinued effective from July 27, 2009. Provision has been made in accordance with the prudential regulations.

8.10 Advances under 'Saima and Bisma Project' for construction of individual houses and apartments with maximum financing limit of Rs. 10 million is based on Musharaka financing. This advance is for a period 12 to 18 months and profit is calculated on the basis of 2 years fixed KIBOR rate. The payment of installments is commenced from the next month of the completion of construction of houses and apartments. Provision has been made in accordance with the prudential regulations.

8.11 The Company introduced new scheme in the name of New Small Builder Scheme to facilitate the small contractors / individuals who are in business of selling and / or building houses and / or flats.

Maximum financing limit is Rs. 10 million with the tenure of 12 to 24 months. Provision has been made in accordance with the prudential regulations.

8.12 Housing advance is given to employees as per the terms of employment for purchase of land, renovation or construction of houses, at concessional rates. Provision has been made in accordance with the prudential regulations.

8.13 This represents the insurance claims received from State Life Insurance Corporation of Pakistan (SLICP) on behalf of the partners' passed away. Subsequently this will pay to respective partners' heirs.

8.14 This net balance mainly includes unpresented cheques of disbursements and unidentified collections in bank accounts at district and zonal offices.

8.15 General provision against advances has been determined in accordance with the requirements of Prudential Regulations (R-4) issued by the State Bank of Pakistan on regular portfolio of consumer financing.

MA

8.16 Advances include Rs. 4,909 million (2014: Rs.5,742 million) which have been placed under non-performing status as detailed below:

	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000')								
Category of Classification									
Other Assets Especially Mentioned (OAEM)	539,387	-	539,387	-		-	-	-	-
Substandard	539,359	-	539,359	13,004	-	13,004	13,004	-	13,004
Doubtful	483,924	-	483,924	9,574	-	9,574	9,574	-	9,574
Loss	3,346,546	-	3,346,546	3,065,968	-	3,065,968	3,065,968	-	3,065,968
	4,909,216	-	4,909,216	3,088,546	-	3,088,546	3,088,546	-	3,088,546
General provision	-	-	-	150,745	-	150,745	150,745	-	150,745
	4,909,216	-	**4,909,216**	**3,239,291**	-	**3,239,291**	**3,239,291**	-	**3,239,291**

	2014								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000')								
Category of Classification									
Other Assets Especially Mentioned (OAEM)	864,566	-	864,566		-	-	-	-	-
Substandard	781,815	-	781,815	14,827	-	14,827	14,827	-	14,827
Doubtful	732,697	-	732,697	10,755	-	10,755	10,755	-	10,755
Loss	3,363,000	-	3,363,000	2,526,444	-	2,526,444	2,526,444	-	2,526,444
	5,742,078	-	5,742,078	2,552,026	-	2,552,026	2,552,026	-	2,552,026
General provision	-	-	-	121,085	-	121,085	121,085	-	121,085
	5,742,078	-	5,742,078	2,673,111	-	2,673,111	2,673,111	-	2,673,111

8.16.1 Particulars of provision against non-performing advances

	2015			2014		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
Balance at beginning of the year	2,552,026	121,085	2,673,111	2,756,399	90,990	2,847,389
Charge for the year	587,617	29,660	617,277	43,009	30,095	73,104
Reversal during the year	(51,097)	-	(51,097)	(247,382)	-	(247,382)
	536,520	29,660	566,180	(204,373)	30,095	(174,278)
Balance at end of the year	**3,088,546**	150,745	3,239,291	2,552,026	121,085	2,673,111

MA

8.16.2 Non-performing advances are classified and disclosed in substandard, doubtful and loss category based on number of installments outstanding from the customers. The management is of the view that this is the appropriate method for ascertaining classification of advances.

8.16.3 The SBP vide BSD Circular No. 10 of 2009 dated October 20, 2009 had allowed banks/DFIs to avail benefit of forced sales value of collaterals mortgaged with them while determining provisioning requirement against non-performing financing. Further, SBP vide BSD Circular No.1 of 2011 dated October 21, 2011 made certain amendments in the Prudential Regulations for Consumer Financing with respect to allowing additional benefit of forced sales value (FSV) of mortgage properties held as collateral against housing finances. According to the said circular, the impact on profitability due to availing FSV benefit shall not be available for payment of cash dividend or stock dividend. As at December 31, 2015, had FSV benefit of IH&SMEFD Circular No. 04 of 2014 not been taken, loss for the year before taxation would have been increased by Rs. 634.8 million respectively.

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

8.17 **Particulars of loan / advances to Associated Companies, Directors etc.**

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

	2015	2014
	------- (Rupees in '000) -------	
Balance at beginning of the year	**627,102**	658,549
Loan / advances granted during the year	**137,250**	92,484
Repayments / adjustments	**(149,999)**	(123,931)
Balance at end of the year	**614,353**	627,102

8.18 There were no debts given to any companies or firms in which the directors of the Company are interested as directors, partners or in case of private companies, as members during the year.

DVA

9. OPERATING FIXED ASSETS

	Note	2015	2014 Restated
		----- (Rupees in '000) -----	
Capital work-in-progress	9.1	**11,684**	17,729
Property and equipment	9.2	**359,270**	386,608
Intangible assets	9.4	**2,282**	2,262
		373,236	406,599

9.1 Capital work-in-progress

	2015	2014 Restated
Civil works	**11,069**	17,114
Software designing and development	**615**	615
	11,684	17,729

9.2 Property & equipment

	Freehold land	Office premises	Furniture and fixtures	Electrical installations	Office equipment	Computer equipment	Motor vehicles	Total
	----- (Rupees in '000) -----							
Year ended December 31, 2015								
Opening net book value	11,640	325,131	28,706	9,475	8,305	2,876	475	386,608
Additions	-	-	1,780	-	4,855	226	5,011	11,872
Disposals								
Cost	-	-	(25)	-	(174)	(24,866)	(24)	(25,089)
Depreciation	-	-	25	-	174	24,866	24	25,089
	-	-	-	-	-	-	-	-
Depreciation charge	-	(19,092)	(7,579)	(2,956)	(2,770)	(2,001)	(487)	(34,885)
Adjustments in								
- cost*	-	-	(80)	2	(3,211)	(1,036)	46	(4,279)
- depreciation*	-	(2)	82	(2)	(73)	(5)	(46)	(46)
	-	(2)	2	-	(3,284)	(1,041)	-	(4,325)
Closing net book value	11,640	306,037	22,909	6,519	7,106	60	4,999	359,270
As at December 31, 2015								
Cost	11,640	389,171	82,610	42,583	49,095	94,117	58,501	727,717
Accumulated depreciation	-	(83,134)	(59,701)	(36,064)	(41,989)	(94,057)	(53,502)	(368,447)
Net book value	11,640	306,037	22,909	6,519	7,106	60	4,999	359,270
Annual rate of depreciation (%)	-	5	10	10	15 - 33.33	33.33	20	

	Freehold land	Office premises	Furniture and fixtures	Electrical installations	Office equipment	Computer equipment	Motor vehicles	Total
	----- (Rupees in '000') -----							
As at January 01, 2014								
Cost	11,640	80,948	80,749	42,581	43,425	117,486	55,538	432,367
Accumulated depreciation	-	(56,140)	(44,557)	(30,147)	(35,807)	(114,044)	(55,136)	(335,831)
Net book value	11,640	24,808	36,192	12,434	7,618	3,442	402	96,536
Year ended December 31, 2014 - Restated								
Opening net book value	11,640	24,808	36,192	12,434	7,618	3,442	402	96,536
Additions	-	308,223	259	-	4,595	2,443	220	315,740
Disposals								
Cost	-	-	(73)	-	(395)	(136)	(2,290)	(2,894)
Depreciation	-	-	73	-	390	136	2,290	2,889
	-	-	-	-	(5)	-	-	(5)
Depreciation charge	-	(7,900)	(7,745)	(2,959)	(3,903)	(3,009)	(147)	(25,663)
Closing net book value	11,640	325,131	28,706	9,475	8,305	2,876	475	386,608
As at December 31, 2014 - Restated								
Cost	11,640	389,171	80,935	42,581	47,625	119,793	53,468	745,213
Accumulated depreciation	-	(64,040)	(52,229)	(33,106)	(39,320)	(116,917)	(52,993)	(358,605)
Net book value	11,640	325,131	28,706	9,475	8,305	2,876	475	386,608

*This represents adjustments in order to reconcile assets as per subsidiary and general ledger.

MYA

9.2.1 Disposal of operating fixed assets

Particulars	Cost	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particular of buyers
Items having cost less than one million rupees or book value less than two hundred and fifty thousand rupees						
Furniture and fixtures	25	-	-	-	Auction	Various
Computer equipment	24,866	-	63	63	Auction	Various
Office equipment	162	-	-	-	Auction	Various
Mobile phones	12	-	3	3	Settlement	Ex Zonal Chief & Ex AVP
Motor vehicles	24	-	9	9	Auction	Various
2015	**25,089**	-	**75**	**75**		
2014	2,894	5	1,018	1,013		

9.3 Until last year, a building was recognized under capital work-in-progress amounting to Rs. 260.34 million in the financial statements and an amount of Rs. 47.88 million was recognized as commitment against pending contractor's bill. Management received the completion certificate dated October 10, 2014 from the said contractor in respect of the building. Since the building was available for use last year, accordingly the management has rectified error and capitalized the building at its cost in the prior year. The financial statements have been restated in accordance with the requirement of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', details of which has been shown in note 37 of the financial statements.

ruh

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

9.4 Intangibles

	Note	2015	2014
Year ended December 31,			
Opening net book value		**2,262**	2,363
Additions		**95**	193
Disposals			
Cost		**-**	-
Depreciation		**-**	-
		-	-
Amortization charge	9.4.1	**(75)**	(294)
Closing net book value		**2,282**	2,262
As at January 01,			
Cost		**9,874**	9,779
Accumulated amortization		**(7,592)**	(7,517)
Net book value		**2,282**	2,262

9.4.1 The cost is being amortized over a period of 3 years.

10. DEFERRED TAX ASSETS

10.1 Deferred tax asset amounting to Rs. 2,370 million has not been recognized as the management believes that it is not probable that taxable profit will be available in the foreseeable future against which these deductible temporary differences can be utilized.

10.2 As at December 31, 2014, the Company recognized deferred tax asset amounting to Rs. 544 million on the deductible temporary differences of actuarial loss of defined benefit plan. This recognition was not in line with the basic assessment judgement made by the management in respect of deferred tax asset recognition. Accordingly, the management has rectified error relating to prior years. The management has restated the financial statements in accordance with the requirement of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', details of which has been shown in note 37 of the financial statements.

11. OTHER ASSETS

	Note	2015	2014 Restated
		------- (Rupees in '000) -------	
Mark-up income accrued in local currency			
Investments		**190,257**	187,165
Advances		**46,871**	42,263
Advance for purchase of land - housing projects	11.1	**50,470**	50,470
Advances, deposits, advance rent and other prepayments		**158,338**	174,394
Advance financial relief to employees	11.2	**-**	-
Advance taxation (payments less provision)		**444,440**	80,890
Other receivable against advances		**36,390**	20,013
Assets acquired from Pakistan Refugees Rehabilitation Finance Corporation (PRRFC)	11.3	**-**	-
		926,766	555,195
Less: Provision held against other assets	11.1.1	**(50,470)**	(50,470)
		876,296	504,725

MAf

11.1 This represents an advance payment made in 2007 i.e. 25% of the purchase cost of two pieces of land measuring 163 acres situated in Gwadar. The Company intend to construct low cost houses on this land to promote affordable housing facilities to low income groups of the residents of Gwadar. Currently, negotiations for purchase of it at revised value is in progress. The management on prudent basis, has made full provision against this amount.

	2015	2014 Restated
	------- (Rupees in '000) -------	
11.1.1 Particulars of provision against other assets		
Balance at beginning of the year	**50,470**	50,470
Charge for the year	**-**	-
Balance at end of the year	**50,470**	50,470

11.2 Financial relief in lieu of bouns to employees amounting to Rs. 130.4 million paid in financial year 2012, 2013 and 2014 was subject to approval of the Board. The board approval was made before the financial statements for the financial year 2014 was approved, therefore this amount should have been recorded as expense in the financial year 2014. Accordingly, the management has rectified errors relating to prior years. The management has restated the financial statements in accordance with the requirement of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. details of which has been shown in note 37 of the financial statements.

11.3 As directed vide SRO 499(1)/80 dated May 13, 1980 by Finance Division - Government of Pakistan, the Company (formerly HBFC) took over assets and liabilities of PRRFC. Further, as per the directive of the Government of Pakistan all assets and liabilities are shown distinctively as below, however the Company does not have any control over these assets and liabilities.

	Note	2015	2014
		------- (Rupees in '000) -------	
Pakistan Refugees Rehabilitation Finance Company assets			
Assets			
Fixed assets		**1**	1
Cash and bank balances		**518**	518
Investments		**253**	253
Loans and advances		**16,583**	16,583
Inter-centre adjustment		**2,432**	2,432
Other receivables		**1,992**	1,992
Sundry debtors		**200**	200
Advances, deposits and prepayments		**227**	227
		22,206	22,206
Provision for doubtful debts		**(2,579)**	(2,579)
		19,627	19,627
Liabilities			
Sundry creditors		**93**	93
Accrued expenses		**38**	38
Return on capital		**7,371**	7,371
Other liabilities		**129**	129
		7,631	7,631
Net assets		**11,996**	11,996

12. BORROWINGS

	Note	2015	2014
In Pakistan - local currency	12.1	**11,242,300**	11,242,300
Outside Pakistan - foreign currency		**-**	-
		11,242,300	11,242,300

NYA

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

12.1 **Detail of borrowings**

	Note	2015	2014
Secured			
Borrowings from the State Bank of Pakistan (SBP)	12.1.1	**11,242,300**	11,242,300

12.1.1 The credit lines from SBP are secured by certificates issued by the Company under House Building Finance Corporation (Issue and Redemption of Certificates) Rules, 1982 that are guaranteed by the Government of Pakistan (GoP).

The credit lines are repayable as follows:

Credit line number	Amount of credit lines	Repayment period expired on
	--- Rupees in '000 ---	
58	1,400,000	June 25, 2006
59	1,833,000	September 07, 2007
60	1,850,000	June 30, 2008
61	2,406,000	August 08, 2008
62	2,200,000	November 10, 2010
63	1,053,300	July 12, 2011
64	500,000	February 26, 2012
	11,242,300	

As per the above schedule, credit line no. 58 to 64 were payable on respective repayment date but were not paid. In pursuance of the Company's request, the SBP, through its letter no. SMED Refinance 900/06-2071, dated September 02, 2006, advised the Company to pay mark-up @ 9.5% for utilization of the said amount till the date of repayment of principal amount of credit lines. SBP has also clarified on request of the Company that the mark-up so charged is the regular remuneration for credit lines.

The MoF vide its letter no. F.No.1(3) IF-II/2016-1122, dated, January 09, 2017 has approved the conversion of State Bank of Pakistan (SBP) credit lines of Rs. 11,242 million along with outstanding mark-up into ordinary shares (Note 1).

13. **OTHER LIABILITIES**

	Note	2015	2014 Restated
		------- (Rupees in '000) -------	
Mark-up expense accrued in local currency			
Sukuk bonds	13.1	**58**	58
Borrowings from the State Bank of Pakistan (SBP)	13.2	**4,053,741**	2,985,722
Accrued expenses	13.3	**108,876**	445,809
Retirement and other service benefits	29	**4,356,942**	3,156,572
Refundable to customers against advances		**12,121**	15,228
Insurance premium payable	13.4	**51,887**	38,754
Deferred credits	13.5	**1,596,859**	1,502,011
Reimbursement of claims by Government of Pakistan		**579**	579
Retention money payable		**6,711**	11,009
Application fee - Gwadar Project		**3,881**	3,881
Agents' deposit money		**185**	385
Others		**3,072**	3,785
		10,194,912	8,163,793

13.1 This represents mark-up accrued on sukuk bonds issued to various financial institutions.

MA

	Note	2015	2014
		------- (Rupees in '000) -------	
13.2 Mark-up expense accrued in local currency Borrowings from the State Bank of Pakistan (SBP)			
Balance at beginning of the year		**2,985,722**	3,965,546
Add: Mark-up accrued on SBP credit lines	12.1.1	**1,068,019**	1,068,018
Share of (loss) / profit	13.2.1	-	(47,842)
		4,053,741	4,985,722
Less: Repayment		-	(2,000,000)
Balance at end of the year		**4,053,741**	2,985,722

13.2.1 No profit and loss sharing is made in the year 2015 as all credit lines became over due in the year 2012 and hence mark-up was charged thereon.

13.3 Increment of salary expense amounting to Rs. 307.35 for the financial year 2012, 2013 and 2014 paid in 2015, and bonus amounting to Rs. 51.7 for the financial year 2014 paid in 2015 was approved before approval of 2014 financial statements, however these were not recorded in 2014. Accordingly, the management has rectified errors relating to prior years. The management has restated the financial statements in accordance with the requirement of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', details of which has been shown in note 37 of the financial statements.

13.4 Monthly insurance premium is payable to State Life Insurance Corporation of Pakistan (SLICP) against the insurance of outstanding dues from the partners in case of their death or total disablement and insurance premium payable to Takaful Pakistan Limited against insurance of mortgage property. The amount of these premiums are recoverable from partners in their monthly installments.

	Note	2015	2014
		------- (Rupees in '000) -------	
13.5 Deferred credits			
Balance at beginning of the year		**1,502,011**	1,383,827
Demand charges - net of recovery expenses		**13,485**	6,220
Provision against insurance receivable from partners		**(9,658)**	79
Profit received on investment from deferred credits		**91,021**	111,885
Balance at end of the year	13.5.1	**1,596,859**	1,502,011

13.5.1 Deferred credit balance as at end of the year comprises of:

	Note	2015	2014
Demand charges - net of recovery expenses	13.5.2 & 13.5.3	**556,918**	543,433
Profit/commission received from State Life Insurance Corporation - net of death claims	13.5.4	**208,562**	208,562
Provision against insurance receivable from partners		**(260,817)**	(251,159)
		(52,255)	(42,597)
Unidentifiable insurance premium contribution received from borrowers / partners during prior years	13.5.5	**52,503**	52,503
Property insurance		**(12,495)**	(12,495)
		40,008	40,008
Income from investments from deferred credit balance	13.5.6	**1,157,188**	1,066,167
		1,701,859	1,607,011
Donations	13.5.7	**(105,000)**	(105,000)
		1,596,859	1,502,011

M/A

	2015	2014
	------- (Rupees in '000) -------	
13.5.2 Demand charges - net of recovery expenses		
Demand charges recovered	**664,302**	650,271
Less: Recovery charges paid		
Balance at beginning of the year	**(106,838)**	(104,589)
During the year	**(546)**	(2,249)
	(107,384)	(106,838)
Balance at end of the year	**556,918**	543,433

13.5.3 This represents demand charges recovered after June 30, 2000 net of recovery expenses, transferred to this account in accordance with the requirement of section 24(20)(d) of the House Building Finance Corporation (HBFC) Act, 1952 as amended by the HBFC (Amendment) Ordinance, 2001. The Board of Directors has approved that this amount will be used for meeting direct recovery expenses and for charitable purposes. However, the adoption of change in accounting treatment for long outstanding deferred credit balances is pending for approval from the Company's Board of Directors and the State Bank of Pakistan.

13.5.4 According to the agreement with SLIC, death claims lodged after the profit / commission distribution will be adjusted by the Company through profit / commission charged to deferred credit account.

13.5.5 This represents amount received in prior years' on account of Group Insurance Premium from individual borrowers / partners on account of rate differences. As at December 31, 2000 these amounts were pending allocation to individual partners / borrowers. Due to non-availability of the relevant records, these amounts have been transferred to this account after approval of the Board of Directors of the Company and will be used for relief of widows, orphans and incapacitated partners which are not covered by any other relief package or group insurance policy.

13.5.6 This represents income from investments allocation against the income earned up to the current year by the Company in respect of the items reflected in the deferred credit account using average yield.

13.5.7 In 2012 donation of Rs. 2.5 million were paid to IBA Endowment Fund, in 2011 Rs. 2.5 million was paid to Sindh Institute of Urology and Transplantation (SIUT) and in 2010, Rs. 100 million were donated to Prime Minister Flood Relief Fund.

14. SHARE CAPITAL

14.1 Authorized Capital

2015	2014		2015	2014
Number of Shares			------- (Rupees in '000) -------	
600,000,000	600,000,000	Ordinary shares of Rs.10/- each	**6,000,000**	6,000,000

14.2 Issued, subscril Issued, subscribed and paid up capital

		Ordinary shares of Rs 10 each:		
6	6	- Fully paid in cash	-	-
300,000,000	300,000,000	- Issued for consideration other than cash	**3,000,000**	3,000,000
100,000	100,000	- Shares issued for consideration in cash	**1,000**	1,000
300,100,006	300,100,006		**3,001,000**	3,001,000
		Pattern of share holdings:		
187,562,506	187,562,506	- Federal Government	**1,875,625**	1,875,625
112,537,500	112,537,500	- State Bank of Pakistan	**1,125,375**	1,125,375
300,100,006	300,100,006		**3,001,000**	3,001,000

MA

14.3 As at December 31, 2015, the Company has negative equity of Rs. 754.8 million against the minimum required equity of Rs. 6 billion as prescribed by the SBP for DFIs through BSD Circular No.19 dated September 05, 2008. The State Bank of Pakistan vide its letter No. BSD/BAID/659/2145/2012 dated February 16, 2012 granted exemption to the Company from the minimum capital requirement till December 31, 2012 or completion of privatization / restructuring process, whichever is later. The Company is in process of financial restructuring and proposal in this regard was submitted to the Ministry of Finance and SBP.

The MoF vide its letter no. F.No.1(3) IF-II/2016-1122, dated, January 09, 2017 has approved the conversion of State Bank of Pakistan (SBP) credit lines of Rs. 11,242 million along with outstanding mark-up into ordinary shares (Note 1).

In view of the above, the shortfall against minimum capital requirement is temporary and the Company will be in compliance with the minimum capital requirement.

15. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS

	2015	2014
	------- (Rupees in '000) -------	
Available-for-sale securities		
Market treasury bills	**(693)**	5,710
Pakistan Investment Bonds (PIBs)	**102,824**	120,403
GoP Ijarah Sukuks	-	(154)
	102,131	125,959

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

	2015	2014
Claims not acknowledged as debt	**47,990**	47,990

In the year 1995, the Company entered into an agreement with SMS Courier (Pvt) Limited (SMSCPL), a courier service company. Subsequently, due to unsatisfactory service, the Company terminated the agreement with SMSCPL. SMSCPL claimed indemnity of loss for Rs. 39.89 million and filed a suit for recovery from the Company which is pending for adjudication in Honourable Sindh High Court. The legal advisor of the Company is of the opinion that no economic outflow is expected in this respect.

In the year 2008, the Company entered into an agreement with Liaquat National Hospital (LNH) in Karachi for providing medical facilities/treatments to employees of the Company and their dependents. LNH lodged a claim of Rs. 8.1 million against the Company which include bills of the individuals who were not referred by the Company to LNH, as these were neither the Company's employees nor their dependents. Currently, the case is pending for adjudication in Honourable Sindh High Court. The legal advisor of the Company is of the opnioin that no economic outflow is expected.

MA

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

16.2 **Commitments**

Loans sanctioned but not disbursed		**417,492**	228,105
Equity investment in Pakistan Mortgage Refinance Company Limited		**200,000**	200,000
Land purchased for Gawadar Housing Projects		**149,700**	149,700
Land purchased for Gawadar Office		**9,750**	9,750
Rental due under operating lease agreements in respect of vehicles			
Not later than one year		**1,025**	2,226
Later than one year but not later than five years		**206**	1,317

17. RENTAL/MARK-UP/RETURN/INTEREST INCOME

	Note	2015	2014
		------- (Rupees in '000) -------	
On advance to customers		**1,723,498**	1,672,242
On investment in securities:			
Available-for-sale	17.1	**744,540**	699,668
Held-to-maturity		**4,251**	10,994
On lending to financial institutions:			
Letters of placement		**617**	2,141
Repurchase agreement lending (Reverse Repo)		**16,477**	243,794
On bank balances		**13,597**	16,001
		2,502,980	2,644,840

17.1 This amount is net-off with mark-up accrued on deferred credit balance amounting to 91 million @ 6.06% (2014: Rs. 111.9 million @ 8.09%).

18. RENTAL/MARK-UP/RETURN/INTEREST EXPENSE

	Note	2015	2014
Mark-up on State Bank of Pakistan credit lines	13.2	**1,068,019**	1,068,019
Mark-up on sukuk certificates		**-**	5,527
		1,068,019	1,073,546

19. RECONCILIATION ADJUSTMENTS

	Note	2015	2014
Tagged accounts settled	19.1	**(9,562)**	266

19.1 This represents adjustment made in head office records for accounts closed at district offices while balance appearing at head office records.

20. REVERSAL DUE TO RELIEF PACKAGE AND REPROCESSING

	Note	2015	2014
Relief package and settlement scheme	20.1	**1,021**	36,987
Reprocessing and closing adjustment	20.2	**17,194**	28,658
Waiver to partner accounts		**4,187**	-
		22,402	65,645

20.1 This represents reversal of rental income which was credited to profit and loss account in previous years. This reversal has been made as a result of relief package and settlement scheme announced by the Board of Directors.

Ngt

20.2 This represents reversal of income recognized in previous years based on reconciliations of collection and disbursement.

20.3 This represents waiver of mark-up to partners under relief pacakage.

21. OTHER INCOME

	Note	2015	2014
		------- (Rupees in '000) -------	
Inspection and application fee		**24,078**	16,893
Gain on disposal of operating fixed assets	9.2.1	**75**	1,013
Miscellaneous	21.1	**39,425**	35,702
		63,578	53,608

21.1 This represents advance unit purchase charges for Gas Flexi, income earned on employee house building finance and conveyenace advances.

22. ADMINISTRATIVE EXPENSES

	Note	2015	2014 Restated
		------- (Rupees in '000) -------	
Salaries, allowances, and other perquisites	13.3	**985,822**	993,504
Charge for defined benefit plan - pension	29.3	**333,622**	201,378
Post retirement medical benefits	29.3	**113,183**	132,338
Employees' compensated absences		**56,484**	90,898
Repairs and maintenance		**37,252**	35,518
Legal and professional		**28,503**	59,900
Rent, taxes, insurance, electricity, etc.		**38,557**	40,008
Stationery and printing		**12,418**	9,803
Advertisement and publicity		**13,042**	14,751
Auditors' remuneration	22.1	**2,500**	2,735
Depreciation	9.2	**34,885**	25,664
Amortization of intangibles	9.4	**75**	294
Traveling and conveyance		**15,505**	9,328
Postage and telephone		**16,989**	15,196
Entertainment		**3,976**	3,170
Security guards		**4,356**	2,577
Subscription and publication		**507**	177
Education and training		**1,757**	826
Others		**4,092**	5,059
		1,703,525	1,643,124

22.1 Auditors' remuneration

	2015	2014
	------- (Rupees in '000) -------	
Audit fee	**1,100**	1,100
Half yearly review	**385**	385
Special certification, internal control over financial reporting, other reviews and sundry advisory fee	**1,015**	1,250
	2,500	2,735

23. OTHER PROVISIONS / WRITE OFFS

	2015	2014
Provision for doubtful receivable insurance premium from partners	**7,536**	(19)

NYA

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

24. OTHER CHARGES

Penalty imposed by State Bank of Pakistan		294	3,077
Commission and bank charges		7,009	7,162
		7,303	10,239

25. TAXATION

	Note	2015	2014
Company			
Current			
- for the year		122,305	152,666
- for prior years		-	-
		122,305	152,666
Deferred			
- for the year	10.1	-	-
		122,305	152,666
Associate			
Current tax			
- for the year	7.8.1	950	-
- for prior years		-	-
		950	-
Deferred tax			
- for the year		-	-
		950	-
		123,255	152,666

25.1 Relationship between accounting (loss) / profit and taxation

	2015	2014
Accounting (loss) / profit before taxation	(728,705)	155,950
Tax on accounting profit @ 32% (2014: 33%)	-	51,464
Tax effects:		
- Share of taxation from an associate	950	-
- Super tax @ 3%	-	24,020
- Expenses that are not deductible for determining taxable profit	122,305	128,646
	123,255	152,666

25.2 Federal Board of Revenue (FBR) while assessing taxable income for the tax years 2010, 2012, 2013 and 2014 has disallowed certain expenses and added to income certain amounts on account of mark-up on SBP credit lines, demand charges, other provision/write-off etc. and raised demands of Rs. 253, Rs. 312, Rs. 385 and Rs. 274 million for the tax years 2010, 2012, 2013 and 2014 respectively. Against demand raised by FBR, the Company has paid Rs. 464 million*. The Company appeals for the tax years 2010, 2012 and 2013 are pending before Appellate Tribunal Inland Revenue and 2014 before Commissioner Appeals for disallowances of expenses on account of mark-up on SBP credit lines, demand charges and other provisions amounting to Rs. 3,447 million.
*Out of Rs. 464 million, Rs. 100 million was paid subsequent to the year end.

26. BASIC & DILUTED (LOSS) / EARNINGS PER SHARE

	2015	2014 Restated
	------- (Rupees in '000) -------	
(Loss) / profit for the year - Rupees in '000	(851,960)	3,284
Weighted average number of ordinary shares	300,100,006	300,100,006
Basic / diluted (loss) / earnings per share - Rupee	(2.84)	0.01

MA

26.1 Diluted earnings / (loss) per share has not been presented as the Company does not have any convertible instruments in issue at December 31, 2015 and 2014 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2015	2014
			------- (Rupees in '000)	-------
27.	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	4	**82,376**	70,155
	Balances with other banks	5	**107,638**	244,608
			190,014	314,763
28.	**STAFF STRENGTH**			
	As at end of the year			
	Permanent		**698**	734
	Contractual basis		**51**	9
29.	**RETIREMENT AND OTHER SERVICE BENEFITS**			
	Pension		**2,887,120**	1,842,450
	Post retirement medical benefits		**901,830**	791,891
	Employees' compensated absences		**567,992**	522,231
			4,356,942	3,156,572

29.1 **Principal actuarial assumptions**

The principal assumptions used in actuarial valuations carried out by the independent actuary as at December 31, 2015, under the 'Projected Unit Credit' method, are as follows:

	Pension Fund		Post retirement medical benefits		Compensated absences	
	2015	2014	**2015**	2014	**2015**	2014
Discount rate per annum	**10%**	11.75%	**10%**	11.75%	**10%**	11.75%
Expected per annum rate of return on plan assets	**10%**	11.75%	-	-	-	-
Expected per annum rate of increase in future salaries	**10%**	11.75%	-	-	**10%**	11.75%
Indexation of pension	**9%**	9.25%	-	-	-	-
Indexation of medical benefits	-	-	**2.5%**	3.5%	-	-

29.2 **Reconciliation of payable to defined benefit plan**

	Pension Fund		Post retirement medical benefits	
	2015	2014	**2015**	2014
	------ (Rupees in '000)	------	------- (Rupees in '000)	-------
Present value of defined benefit obligations	**5,721,530**	4,559,650	**901,830**	791,891
Fair value of plan assets	**(2,834,410)**	(2,717,200)	-	-
Net liability at end of the year	**2,887,120**	1,842,450	**901,830**	791,891

M/A

	Pension Fund		Post retirement medical benefits	
	2015	2014	2015	2014
	------ (Rupees in '000) ------		------- (Rupees in '000) -------	
29.2.1 Movement in present value of defined benefit obligations				
Present value of defined benefit obligations at beginning of the year	**4,559,650**	3,237,201	**791,891**	939,992
Current service cost	**136,409**	100,207	**21,342**	25,113
Interest cost	**516,484**	413,131	**91,841**	107,225
Benefits paid during the year	**(328,088)**	(118,527)	**(20,530)**	(15,206)
Remeasurement: actuarial loss / (gain)	**837,075**	927,638	**17,286**	(265,233)
Present value of defined benefit obligations at end of the year	**5,721,530**	4,559,650	**901,830**	791,891
29.2.2 Movement in fair value of plan assets				
Fair value of plan assets at beginning of the year	**2,717,200**	2,399,696		
Expected return on plan assets	**319,271**	311,961		
Benefits paid by the Company	**278,088**	118,527		
Contributions made by the Company	**50,000**	-		
Benefits paid during the year	**(328,088)**	(118,527)		
Remeasurement: actuarial loss / (gain)	**(202,061)**	5,543		
Fair value of plan assets at end of the year	**2,834,410**	2,717,200		

29.3 Charge for defined benefit plan

	Pension Fund		Post retirement medical benefits	
29.3.1 Expense recognized in profit and loss account				
Current service cost	**136,409**	100,207	**21,342**	25,113
Net interest expense	**197,213**	101,170	**91,841**	107,225
Expense for the year	**333,622**	201,377	**113,183**	132,338
29.3.2 Remeasurement actuarial loss / (gain) recognised in other comprehensive income				
Actuarial loss / (gain) on defined benefit obligations	**837,075**	927,638	**17,286**	(265,233)
Actuarial loss / (gain) on fair value of plan assets	**202,061**	(5,543)	-	-
	1,039,136	922,095	**17,286**	(265,233)
29.4 Net recognized liability				
Net liability at beginning of the year	**1,842,450**	837,505	**791,891**	939,992
Expense recognised in profit and loss account	**333,622**	201,377	**113,183**	132,338
Benefits paid by the Company	**(278,088)**	(118,527)	**(20,530)**	(15,206)
Contributions during the year	**(50,000)**	-		
Remeasurement loss / (gain) recognised in other comprehensive income	**1,039,136**	922,095	**17,286**	(265,233)
Net liability at end of the year	**2,887,120**	1,842,450	**901,830**	791,891
29.5 Components of plan assets				
Government securities and TFC's	**2,833,177**	2,716,942		
Bank balances	**1,233**	258		
	2,834,410	2,717,200		

QYA

29.5.1 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

29.6 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Pension Fund	Post retirement medical benefits
	------- (Rupees in '000) -------	
Increase in Discount Rate by 1 %	5,046,880	800,811
Decrease in Discount Rate by 1 %	(6,561,464)	(1,024,608)
Increase in expected future increment in salary by 1%	5,947,343	-
Decrease in expected future increment in salary by 1%	(5,514,768)	-
Increase in expected future increment in pension by 1%	6,330,887	-
Decrease in expected future increment in pension by 1%	(5,213,214)	-
Increase in expected future increment in medical benefit by 1%	-	990,901
Decrease in expected future increment in medical benefit by 1%	-	824,897

29.7 Five year's data on surplus / deficit of the plan and actuarial adjustments

	2015	2014	2013	2012	2011
	(Rupees in '000)				
Pension Fund					
Present value of defined benefit obligations	**5,721,530**	4,559,650	3,237,201	3,140,201	2,620,728
Fair value of plan assets	**(2,834,410)**	(2,717,200)	(2,399,696)	(2,205,520)	(1,887,567)
	2,887,120	1,842,450	837,505	934,681	733,161
Actuarial (gain) / loss on defined benefit obligations	**837,075**	927,638	(247,879)	225,750	94,017
Actuarial (loss) / gain on plan assets	**(202,061)**	5,543	59,458	(72,569)	(12,438)
Post retirement medical benefits					
Present value of defined benefit obligations	**17,286**	638,194	738,826	1,003,934	939,992
Actuarial (gain) / loss on obligation	-	225,831	53,154	163,563	(189,627)

MA

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

29.8 Employees' compensated absences

Balance at beginning of the year	**522,231**	434,903
Expense for the year	**56,484**	90,898
Benefits paid	**(10,723)**	(3,570)
Balance at end of the year	**567,992**	522,231

30. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Managing Director*		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000')					
Directors fees	-	-	**670**	230	-	-
Managerial remuneration	**7,535**	2,851	-	-	**20,730**	20,219
Rent and house maintenance	**3,451**	1,710	-	-	**14,481**	14,475
Utilities	**628**	239	-	-	**996**	1,174
Medical	**129**	236	-	-	**3,684**	3,649
Charge for defined benefit plan	-	1,466	-	-		12,594
Others	**6,495**	1,540	-	104	**11,435**	14,557
	18,238	8,042	**670**	334	**51,326**	66,668
Number of persons	**1**	1	**8**	7	**18**	22

* Managing Director was appointed on May 14, 2014.

30.1 Executive means employee, other than the Chief Executive and Directors, whose basic salary exceed five hundred thousand rupees in a financial year.

30.2 The Company also provides free use of the Company maintained car to Managing Director and Executives in accordance with their entitlements.

MA

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments other than those classified as held to maturity is based on quoted market price. 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 fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for non-performing advances has been calculated in accordance with the Company's accounting policy as stated in note 3.4 to these financial statements.

The repricing profile, effective rates and maturities are stated in note 34.2 and 34.3.

The management is of the view that 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 advances are frequently repriced.

32. RELATED PARTY TRANSACTIONS

Related parties comprise associated undertaking, retirement benefit plans, directors and key management personnel of the Company. These transactions were made on substantially the same commercial terms as those prevailing at the time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk. There were no transactions with the key management personnel other than those under the terms of their employment. Details of transactions with the related parties other than those which have been disclosed elsewhere in these financial statements, are as follows:

Relationship	Nature of Transaction	2015	2014
		----- (Rupees in '000) -----	
Associated undertaking			
Takaful Pakistan Limited	Insurance premium paid	**9,646**	9,226
Key management personnel	Proceeds from disposal of operating fixed assets	**3**	5
	Loans and advances	**7,752**	11,487
Retirement and other service benefits	Pension fund	**15,287**	7,896
	Post retirement medical benefits	**4,775**	3,789
	Benevolent fund	-	31

The related party status of outstanding receivables and payables as at December 31, 2015 are included in respective notes to the financial statements.

Remuneration to key management personnel is disclosed in Note 30 to these financial statements.

AYA

33. CAPITAL ADEQUACY

State Bank of Pakistan (SBP) requires Banks/DFIs to maintain regulatory capital for credit, market and operational risks which should atleast be equal to 10% of total risk weighted assets. As per SBP BPRD Circular no 06 dated August 15, 2013 wherein SBP has asked banks/DFIs to implement Basel III reforms issued by the Basel Committee on Banking Supervision (BCBS) to further strengthen the capital related rules. The Company has implemented Basel III framework in the light of SBP instructions. The Company monitors its capital adequacy ratio and endeavours to maintain it at a level sufficiently higher than the minimum regulatory requirement. The Company calculates capital requirement as per Basel III regulatory framework, using the Standardized Approach for Credit Risk and Market Risk whereas Basic Indicator Approach for Operational Risk.

Objectives of Capital Management

The capital management objectives of the Company are as follows:
- To maintain sufficient capital to support overall business strategy, expansion and growth;
- To integrate capital allocation decisions with the strategic and financial planning process;
- To meet the regulatory capital adequacy ratios as defined by SBP;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide adequate return to shareholders; and
- To have a prudent buffer to protect the Company under different economic and stress scenarios caused by unexpected and unforeseeable events.

In order to strengthen the solvency of Development Financial Institutions (DFIs), SBP through its BSD Circular No. 19 of 2008 dated September 5, 2008 has asked to raise their minimum paid up capital to Rs. 6 billion (free of losses) up to December 31, 2009. However, there is a shortfall of Rs. 7.79 billion in minimum capital requirement (free of losses). In order to meet the shortfall, the Company has approached its shareholders i.e. Ministry of Finance and State Bank of Pakistan, to inject the required capital, the eventual outcome of which has been disclosed in Note 1.

SBP through its BSD Circular No. 07 of 2009 dated April 15, 2009 has also asked to achieve the minimum Capital Adequacy Ratio (CAR) of 10%. The capital adequacy ratio (CAR) of the Company stands at 6.38% of its risk weighted exposures as at December 31, 2015. The Company has maintained capital adequacy ratio well below 10%.

The capital adequacy ratio of the Company was subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its circular BPRD Circular No. 06 of 2013 dated August 15, 2013.

These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

Under Basel III guidelines banks / DFIs are required to maintain the following ratios on an ongoing basis:

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

S. no.	Ratio	2013	2014	2015	2016	2017	2018	2019
1	CET-1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	TIER-1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	CCB	-	-	0.25%	0.65%	1.28%	1.90%	2.50%
6	Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%

The Company's regulatory capital under Basel III framework is analyzed in following terms:

1. Tier 1 Capital (going-concern capital)

   i. Common Equity Tier 1 (CET 1)
   ii. Additional Tier 1 (AT1)

2. Tier 2 Capital (gone-concern capital)

Common Equity Tier 1 (CET1)

Common Equity Tier 1 capital consist sum of the following items:

i. Fully paid up (common shares) capital / assigned capital.
ii. Balance in share premium account
iii. Reserve for Issue of Bonus Shares
iv. General/ Statutory Reserves as disclosed on the balance-sheet
v. Minority Interest (In case of consolidation)
vi. Un-appropriated / un remitted profits (net of accumulated losses, if any)
vii. Less regulatory adjustments applicable of CET1 as specified in Basel III

Additional Tier 1 Capital (AT1)

Additional Tier capital shall consist of the following items:

i. Instruments issued by banks that meet the qualifying criteria for AT1 as specified in Basel III
ii. Share premium resulting from the issuance of AT instruments.
iii. Minority interest i.e. AT1 issued by consolidated parties to third parties.
iv. Less regulatory adjustments applicable on AT1 as specified in Basel III

Tier 2 Capital (Gone Concern Capital or Supplementary Capital)

The Tier 2 capital (or gone concern capital) shall include the following elements:

i. Subordinated debt/instruments (meeting eligibility criteria as specified in Basel III)
ii. Share premium resulting from the issue of instruments included in Tier 2.
iii. Minority Interest i.e. Tier -2 issued by consolidated subsidiaries to third partied as specified in Basel III
iv. Revaluation reserves (net of deficits, if any)
v. General provisions or general Reserves for loan losses
vi. Foreign Exchange Translation Reserves
vii. Undisclosed Reserves
viii. Less regulatory adjustments applicable on Tier -2 capital as specified in Basel III

			2015	2014 Restated
			---- (Rupees in '000) -----	
33.1	**CAPITAL STRUCTURE**			
	Common Equity Tier 1 Capital (CET 1): Instruments & Reserves			
1.	Fully Paid-up Capital / Capital deposited with SBP		3,001,000	3,001,000
2.	Advance against issue of capital		218,143	218,143
3.	Reserve for issue of Bonus Shares		-	-
4.	General / Statutory Reserves (as disclosed on Balance Sheet)		713,662	713,662
5.	Unappropriated / unremitted profits - net of accumulated losses, if any (losses as negative number)		(4,789,697)	(2,881,315)
6.	Minority Interests arising from CET1 capital instruments issued to third party by consolidated company subsidiaries (from "Consolidation sheet")		-	-
	CET 1 before Regulatory Adjustments		(856,892)	1,051,490
	Common Equity Tier 1 Capital (CET 1): Regulatory Adjustments			
7.	Goodwill (net of any associated deferred tax liability)		-	-
8.	All other intangibles (net of any associated deferred tax liability)		1,159	575
9.	Shortfall in provisions required against classified assets (without considering any tax impact)		-	-
10.	Deferred tax assets (net of any associated deferred tax liability) excluding DTAs arising from temporary differences such as allowance for credit losses		-	-
11.	Defined benefit pension fund assets (net of any associated deferred tax liability)		-	-
12.	Reciprocal cross holdings in CET1 capital instruments of banking, financial, and insurance entities		-	-
13.	Cash flow hedge reserve		-	-
14.	Investment in own shares / CET1 instruments		-	-
15.	Any increase in equity capital resulting from a securitization transaction		-	-
16.	Capital shortfall of regulated subsidiaries		-	-
17.	Deficit on account of revaluation from Company's holdings of property / AFS		-	-
18.	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the company does not own more than 10% of the issued share capital (amount above 10% threshold)		-	-
19.	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)		17,732	-
20.	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		-	-
21.	Amount exceeding 15% threshold (significant Investments and DTA)		-	-
22.	National specific regulatory adjustments applied to CET1 capital		-	-
23.	Investment in TFCs of other banks exceeding the precribed limit		-	-
24.	Any other deduction specified by SBP		-	-
25.	Adjustment to CET1 to cover shortfall in AT1 adjustments		-	-
	Total Regulatory Adjusment applied to CET 1		18,891	575
	Common Equity Tier 1	a	(875,783)	1,050,915
	Additional Tier 1 (AT 1) Capital			
26.	Qualifying Additional Tier-1 instruments plus any related share premium		-	-
27.	of which: Classified as equity		-	-
28.	of which: Classified as liabilities		-	-
29.	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT1 - from "Consolidation sheet")		-	-
	AT1 before Regulatory Adjustments		-	-
	Additional Tier 1 (AT 1) Capital: Regulatory Adjustment			
30.	Investment in mutual funds exceeding the precribed limit (SBP Specific Adjustment)		-	-
31.	Investment in own AT1 capital instruments		-	-
32.	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial, and insurance entities		-	-
33.	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the company does not own more than 10% of the issued share capital (amount above 10% threshold)		-	-
34.	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		-	-
35.	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		-	-
36.	Adjustment to AT1 to cover shortfall in T2 adjustments		-	-
	Total of Regulatory Adjustment applied to AT1 capital		-	-
	Additional Tier 1 Capital recognized for Capital Adequacy (b)	b	-	-
	Tier 1 Capital (CET 1 + Admissible AT 1)	(c = a+b)	(875,783)	1,050,915
	Tier 2 Capital			
37.	Qualifying (Basel III) Tier 2 capital instruments		-	-
38.	Capital instruments subject to phase out from tier 2		-	-
39.	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)		-	-
40.	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets		91,792	96,204
41.	Revaluation Reserves (deficit) / surplus on AFS		102,131	125,959
	T2 before regulatory adjustments		193,923	222,163

Deyd

			2015	2014 Restated
			----- (Rupees in '000) -----	
	Tier 2 (T2) Capital: Regulatory Adjustment			
42.	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-	-
43.	Reciprocal cross holdings in Tier 2 instruments		-	-
44.	Investment in own Tier 2 capital instrument		-	-
45.	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the company does not own more than 10% of the issued share capital (amount above 10% threshold)		-	-
46.	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		-	-
	Amount of Regulatory Adjustment applied to T2 capital		-	-
	Tier 2 Capital (T2)			
47.	Tier 2 Capital (T2) recognized for capital adequacy		193,923	222,163
48.	Excess Additional Tier 1 Capital recognized in Tier 2 Capital		-	-
	Total Tier 2 Capital admissible for Capital Adequacy (d)	d	193,923	222,163
	TOTAL CAPITAL (T1 + admissible T2)	(e = c+d)	(681,860)	1,273,077
	Total Risk Weighted Assets	f	10,689,382	11,106,134
49.	Total Credit Risk Weighted Assets		7,343,371	7,696,284
50.	Total Market Risk Weighted Assets		589,013	806,614
51.	Total Operational Risk Weighted Assets		2,756,998	2,603,236
	Capital Adequacy Ratios (in percentage of Risk Weighted Assets)			
52.	CET1 to total RWA	(a/i)	-8.19%	9.46%
53.	Tier-1 capital to total RWA	(c/i)	-8.19%	9.46%
54.	Total capital to RWA	(e/i)	-6.38%	11.46%
	Limits (Maxima/ Minima)			
55.	CET1 to total RWA		6.00%	5.50%
56.	ADT1 to total RWA		1.50%	1.50%
57.	Tier-1 capital to total RWA		7.50%	7.00%
58.	Tier-2 capital to total RWA		2.50%	3.00%
59.	Total capital to RWA		10.00%	10.00%
60.	Capital Conservation Buffer		0.25%	-
61.	Total capital plus CCB		10.25%	10.00%

33.2 CAPITAL STRUCTURE RECONCILIATION

STEP 1

	Balance Sheet as in the published financial statements	Under Regulatory scope
ASSETS		
Cash and balances with treasury banks	82,376	82,376
Balances with other banks	107,638	107,638
Lendings to financial institutions	-	-
Investments - net	7,729,999	7,729,999
Advances - net	11,512,906	11,512,906
Operating fixed assets	373,236	373,236
Deferred tax asset	-	-
Other assets	876,296	876,296
	20,682,451	20,682,451
LIABILITIES		
Bills payable	-	-
Borrowings	11,242,300	11,242,300
Deposits and other accounts	-	-
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	10,194,912	10,194,912
	21,437,212	21,437,212
NET ASSETS	(754,761)	(754,761)
REPRESENTED BY		
Share capital	3,001,000	3,001,000
Reserves	713,662	713,662
Accumulated loss	(4,789,697)	(4,789,697)
	(1,075,035)	(1,075,035)
Advance against issue of capital	218,143	218,143
(Deficit) / surplus on revaluation of assets	102,131	102,131
	(754,761)	(754,761)

DZA

STEP 2

	Balance Sheet as in the published financial statements	Under regulatory scope	Reference
ASSETS			
Cash and balances with treasury banks	82,376	82,376	
Balances with other banks	107,638	107,638	
Lendings to financial institutions	-	-	
Investments - net	7,729,999	7,729,999	
of which: Non significant capital investment in capital of other financial institution exceeding 10% threshhold	-	-	a
of which: Non significant capital investment in financial sector entities exceeding regulatory threshhold	-	-	b
of which: Mutual Fund exceeding regulatory threshhold	-	-	c
of which: reciprocal crossholding of capital instrument	-	-	d
of which: others	-	-	e
Advances	11,512,906	11,512,906	
of which: Shortfall in provision / excess of EL amount over eligible provision under IRB	-	-	f
of which: General provision reflected in Tier 2 Capital	91,792	91,792	g
Operating fixed assets	373,236	373,236	
of which: Intangibles	1,159	1,159	h
Other assets	876,296	876,296	
TOTAL ASSETS	20,682,451	20,682,451	
LIABILITIES			
Bills payable	-	-	
Borrowings	11,242,300	11,242,300	
Deposits and other accounts	-	-	
Sub-ordinated loans	-	-	
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
Other liabilities	10,194,912	10,194,912	
	21,437,212	21,437,212	
NET ASSETS	(754,761)	(754,761)	
Share capital	3,001,000	3,001,000	
of which: amount eligible for CET 1	3,001,000	3,001,000	i
of which: amount eligible for AT 1	-	-	j
Reserves	713,662	713,662	
of which: amount eligible for CET 1	713,662	713,662	k
of which: amount eligible for Tier 2	-	-	l
Accumulated loss	(4,789,697)	(4,789,697)	m
Minority Interest	-	-	
of which: amount eligible for CET 1	-	-	n
of which: amount eligible for AT 1	-	-	o
of which: amount eligible for Tier 2	-	-	p
Advance against issue of capital	218,143	218,143	
(Deficit) / surplus on revaluation of assets	102,131	102,131	
of which: Revaluation reserve on property	-	-	q
of which: unrealized Gain / Loss on AFS	102,131	102,131	r
In case of Deficit on revaluation (deduction from CET1)	-	-	s
	(754,761)	(754,761)	

STEP 3

	Component of regulatory capital reported by Company	Source based on reference number from Step 2
Common Equity Tier 1 Capital (CET 1): Instruments & Reserves		
Fully Paid-up Capital/ Capital deposited with SBP	3,001,000	i
Balance in Share Premium Account	218,143	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves (as disclosed on Balance Sheet)	713,662	k
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated/unremitted profits - net of accumulated losses, if any (losses as negative number)	(4,789,697)	m
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (from "Consolidation sheet")	-	
CET 1 before Regulatory Adjustments	(856,892)	

MYA

		Component of regulatory capital reported by Company	Source based on reference number from Step 2
Common Equity Tier 1 Capital (CET 1): Regulatory Adjustments			
Goodwill (net of any associated defered tax liability)		-	
All other intangibles (net of any associated defered tax liability)		1,159	h
Shortfall in provisions required against classified assets (without considering any tax impact)		-	f
Deferred tax assets (net of any associated deferred tax liability) excluding DTAs arising from temporary differences such as allowance for credit losses		-	
Defined benefit pension fund assets (net of any associated deferred tax liability)		-	
Reciprocal cross holdings in CET1 capital instruments of banking, financial, and insurance entities		-	d
Cash flow hedge reserve		-	
Investment in own shares/ CET1 instruments		-	
Any increase in equity capital resulting from a securitization transaction		-	
Capital shortfall of regulated subsidiaries		-	
Deficit on account of revaluation from Company's holdings of property/ AFS		-	s
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the company 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 (amount above 10% threshold)		17,732	
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)			
Amount exceeding 15% threshold (significant Investments and DTA)		-	
National specific regulatory adjustments applied to CET1 capital		-	
Investment in TFCs of other banks exceeding the precribed limit		-	
Any other deduction specified by SBP		-	
Adjustment to CET1 to cover shortfall in AT1 adjustments		-	
Total Regulatory Adjusment applied to CET 1		18,891	
Common Equity Tier 1	a	(875,783)	
Additional Tier 1 (AT 1) Capital			
Qualifying Additional Tier-1 instruments plus any related share premium		-	
of which: Classified as equity		-	i
of which: Classified as liabilities		-	
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT1 - from "Consolidation sheet")		-	
AT1 before Regulatory Adjustments		-	

		Component of regulatory capital reported by Company	Source based on reference number from Step 2
Additional Tier 1 (AT 1) Capital: Regulatory Adjustment			
Investment in mutual funds exceeding the precribed limit (SBP Specific Adjustment)		-	e
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 company 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		-	
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		-	
Adjustment to AT1 to cover shortfall in T2 adjustments		-	
Total of Regulatory Adjustment applied to AT1 capital		-	
Additional Tier 1 Capital recognized for Capital Adequacy	b	-	
Tier 1 Capital (CET 1 + Admissible AT 1)	(c = a+b)	(875,783)	
Tier 2 Capital			
Qualifying (Basel III) Tier 2 capital instruments		-	
Capital instruments subject to phase out from tier 2		-	
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)		-	
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets		91,792	g
Revaluation Reserves (deficit) / surplus on AFS		102,131	r
T2 before regulatory adjustments		193,923	

PMA

	Component of regulatory capital reported by Company	Source based on reference number from Step 2
Tier 2 (T2) Capital: Regulatory Adjustment		
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 company 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	-	
Amount of Regulatory Adjustment applied to T2 capital	-	
Tier 2 Capital (T2)		
Tier 2 Capital (T2) recognized for capital adequacy	193,923	
Excess Additional Tier 1 Capital recognized in Tier 2 Capital	-	
Total Tier 2 Capital admissible for Capital Adequacy	193,923	d
TOTAL CAPITAL (T1 + admissible T2)	(681,860)	(e = c+d)

33.3 **Capital Adequacy**

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

	Capital Requirement 2015	Capital Requirement 2014 Restated	Risk Weighted Assets 2015	Risk Weighted Assets 2014 Restated
	(Rupees in '000)			
Credit Risk				
- On Balance Sheet				
Corporate Portfolio	-	656	-	6,560
Banks/DFIs	2,153	45,018	21,528	450,182
Public Sector Entities	-	-	-	-
Sovereign / Cash & Cash Equivalent	-	-	-	-
Loans secured against residential property	345,060	250,092	3,450,597	2,500,916
Retail	-	-	-	-
Past due Loans	182,067	319,005	1,820,668	3,190,052
Operating Fixed Asset	37,208	40,602	372,077	406,024
Other Assets	86,043	49,587	860,431	495,872
Unlisted equity investments (other than that deducted from capital) held in the company book	3,990	-	39,897	
Listed Equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in the company book	-	-	-	-
	656,521	704,961	6,565,198	7,049,606
- Off Balance Sheet				
Non Market related exposures	77,817	64,668	778,173	646,678
Total Credit Risk	734,338	769,628	7,343,371	7,696,284
Market Risk				
Interest Rate Risk	58,901	80,661	589,013	806,614
Operation Risk	275,700	260,324	2,756,998	2,603,236
	1,068,939	1,110,613	10,689,382	11,106,134

		2015	2014
		(Rupees in '000)	
Capital Adequacy Ratio			
Total eligible regulatory capital held	e	(681,860)	1,273,077
Total Risk Weighted Assets	i	10,689,382	11,106,134
Capital Adequacy Ratio	(e/i)	-6.38%	11.46%

A/A

34. RISK MANAGEMENT

Financial Institutions are exposed to various risks in pursuit of their business objectives. The nature and complexity of these risks has rapidly changed over time. The failure to adequately manage these risks not only results in business losses but also places hurdles in achieving strategic objectives. Consequently, a solid and vigorous risk management framework in the organization is required.

The Company's risk Management Policy is in line with the Risk Management Guidelines of State Bank of Pakistan and Basel III Accord. The Risk Management Policy is approved by the Board of Directors.

The risk management policies and procedures cover all activities of the Company including credit evaluation, treasury and investment operations. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Company's risk exposure is within the limits established by the Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Company.
- The expected payoffs compensate the risks taken by the company.

Risk profile of the Company

The key risks are credit risk, liquidity risk, market risk and operational risk.

Risk Structures and

Organizational framework for Risk Management includes the following:

The Board of Directors is responsible for overall supervision of the risk management process. A Board Risk Management Committee has been formed to regularly review risk related activities of the organization. The Board Risk Management Committee is responsible to establish and implement risk management framework of the Company. Individual risks are reviewed and controlled by various committees at management level like Assets and Liabilities Committee and Credit Committee.

Risk Management Department is responsible for coordinating and implementing all the risk management activities of the Company. It ensure that risks remain within the boundaries as defined by the Board, comply with the risk parameters and prudential limits and work out remedial measures. The core function is to identify, measure, monitor and report key risks to which company may be exposed. It works in close coordination with all the functions and business units that are involved in risk taking.

Risk Management department undertakes the following activities on regular basis utilizing the overall risk framework:

- Formulate policies and guidelines for managing all risk categories.
- Develop systems and procedures. These systems and procedures should be capable of accurate measurement of the risks to identify deviation from approved risk parameters.
- Facilitate introduction and implementation of prudent practices for risk management.
- Facilitate management in business decisions by providing analytical risk reviews.
- Communicate and liaise with other functions and business units in carrying out risk reviews, analysis and mitigation activities.

MA

34.1 Credit Risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer or counterparty's willingness to meet

Housing Finance is the core function of the Company and credit risk is the major risk faced by the Company. Credit risk is incurred mainly in the following two areas of its operations: -

- In its credit operations, where it provides housing finance to retail or wholesale clients; and

- In treasury operations where credit risk is incurred with counterparties in its investments in financial markets and instruments.

Overall credit risk is monitored by Credit Committee at Head Office, which reviews and recommends improvements in credit policies and monitors portfolio behavior. To further strengthen credit risk management and credit setup, proper delegation of credit decisions at committee level with appropriate approving limits has been made.

Following measures have been applied to govern credit policy of the Company: -

- Lending process and decision is based on a full appreciation of the risks inherent in the transaction.

Management monitors credit portfolio through MIS reports.

- Stress testing for individual credits and the overall credit portfolio under adverse changes in the conditions / environment in which the borrowers operate.

- The Company has instituted an effective system for monitoring servicing of its performing credit portfolio and collection of non performing portfolio.

- The Company creates loan loss provisions against non-performing advances in accordance with Prudential Regulations issued by SBP.

34.1.1 Credit Risk Mitigation

It is the Company's policy to reduce or mitigate credit risk on credit facilities or exposures, by securing these with collaterals. To correctly assess the extent to which the collateral mitigates the credit risk the collateral must be valued according to a specified valuation method, documented and monitored.

In this regard following steps have been taken: -

- Outsourcing of property title verification.
- Outsourcing of borrower income verification.
- Outsourcing of property valuation.

Credit Risk is also mitigated through a set up of sub credit committee at Zonal and Regional level for credit approvals depending upon the level of risk assumed. Overall credit risk is monitored by central credit committee which reviews and recommends improvements in credit policies and monitors portfolio behavior.

To strengthen credit risk management and to fulfill SBP requirements, the company is working to develop and implement internal credit risk rating system for its entire credit portfolio.

DYA

Collateral & Security

Collateral is an important mitigate of credit risk. All the residential mortgages are collateralized. Valuation of the collateral is taken within agreed parameters. The legal mechanism by which collaterals is pledged and the company's procedures ensure that the company has clear rights over the collaterals and may liquidate, retain or take legal possession of it in a timely manner in the event of default.

Insurance Cover

- Every borrower and guarantor is insured for life and disability for repayment of the balance amount of the loans.

- Every property taken as collateral is insured.

Credit Concentration Risk

Concentration of credit risk is the risk related to the degree of diversification in the credit portfolio, i.e. the risk inherent in doing business with large customers or not being equally exposed across borrower types and geographical regions. The concentration risk can arise in loan book as well as investment book.

34.1.2 Segmental information

Segmental Information is presented in respect of the class of business and geographical distribution of Advances, Deposits, Contingencies and Commitments.

MA

34.1.2.1 Segments by class of business

Housing finance	2015					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Individuals	14,716,790	99.76	-	-	417,492	53.65
Others	35,407	0.24	-	-	360,681	46.35
	14,752,197	**100.00**	-	-	**778,173**	**100.00**

	2014 - Restated					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Individuals	12,843,057	99.72	-	-	228,105	38.59
Others	35,640	0.28	-	-	362,993	61.41
	12,878,697	100	-	-	591,098	100.00

34.1.2.2 Segment by sector

Housing finance	2015					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	26,777	0.18	-	-	200,000	25.70
Private	14,725,420	99.82	-	-	578,173	74.30
	14,752,197	**100**	-	-	**778,173**	**100**

	2014 - Restated					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	27,010	0.21	-	-	200,000	28.79
Private	12,851,687	99.79	-	-	391,098	71.21
	12,878,697	100	-	-	591,098	100

AYA

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

	2015		2014 Restated	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	------------------- (Rupees in '000) -------------------			
Individuals	**4,873,809**	**3,053,138**	4,789,357	2,516,384
Others	**35,406**	**35,406**	35,640	35,640
	4,909,215	**3,088,544**	4,824,997	2,552,024

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

	2015		2014 Restated	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	------------------- (Rupees in '000) -------------------			
Public/ Government	**26,777**	**26,777**	27,010	27,010
Private	**4,882,439**	**3,061,767**	4,797,987	2,525,014
	4,909,216	**3,088,544**	4,824,997	2,552,024

34.1.2.5 Geographical segment analysis

	Profit / (loss) before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	------------------- (Rupees in '000) -------------------			
2015				
Pakistan	**(728,705)**	**20,682,451**	**(754,761)**	**778,173**
2014 - Restated				
Pakistan	155,950	20,583,542	1,177,449	591,098

MA

34.2 Mismatch of Interest Rate Sensitive Assets and Liabilities

34.2.1 Yield / Interest rate risk

Yield / interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market yield / interest rates. Sensitivity to yield / interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through matching the repricing of assets and liabilities and off-balance sheet instruments. The Company is exposed to yield / interest risk in respect of the following:

		2015										
		Exposed to yield / interest risk										Non-interest bearing financial instruments
	Effective yield/ interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		(Rupees in '000')										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		82,376	-	-	-	-	-	-	-	-	-	82,376
Balances with other banks	5.00% - 12.5%	107,638	107,638	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	13.87%-15.2%	-	-	-	-	-	-	-	-	-	-	-
Investments - net	11.65% - 16.04%	7,729,998	543,779	1,536,906	24,980	5,315,197	-	206,005	103,131	-	-	-
Advances - net	5% -19%	11,512,907	124,526	202,874	307,598	633,384	1,272,426	1,235,336	2,292,166	3,853,170	1,591,427	-
Other assets		876,294	-	-	-	-	-	-	-	-	-	876,294
		20,309,213	775,943	1,739,780	332,578	5,948,581	1,272,426	1,441,341	2,395,297	3,853,170	1,591,427	958,670
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings	9.50% - 14.59%	11,242,300	11,242,300	-	-	-	-		-	-	-	
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-										
Deferred tax liabilities		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		10,194,911	-	-	-	-	-	-	-	-	-	10,194,911
		21,437,211	11,242,300	-	-	-	-	-	-	-	-	10,194,911
On-balance sheet gap		(1,127,998)	(10,466,357)	1,739,780	332,578	5,948,581	1,272,426	1,441,341	2,395,297	3,853,170	1,591,427	(9,236,241)
Off-balance sheet financial instruments												
Forward Lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowings		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			(10,466,357)	1,739,780	332,578	5,948,581	1,272,426	1,441,341	2,395,297	3,853,170	1,591,427	(9,236,241)
Cumulative Yield/Interest Risk Sensitivity Gap			(10,466,357)	1,739,780	332,578	5,948,581	1,272,426	1,441,341	2,395,297	3,853,170	1,591,427	(9,236,241)

DYA

34.2 Mismatch of Interest Rate Sensitive Assets and Liabilities

34.2.1 Yield / Interest rate risk

Yield / interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market yield / interest rates. Sensitivity to yield / interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through matching the repricing of assets and liabilities and off-balance sheet instruments. The Company is exposed to yield / interest risk in respect of the following:

	Effective yield/ interest rate	2015 Total	Exposed to yield / interest risk Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
		(Rupees in '000')										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		82,376	-	-	-	-	-	-	-	-	-	82,376
Balances with other banks	5.00% - 12.5%	107,638	107,638	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	13.87%-15.2%	-	-	-	-	-	-	-	-	-	-	-
Investments - net	11.65% - 16.04%	7,729,998	543,779	1,536,906	24,980	5,315,197	-	206,005	103,131	-	-	-
Advances - net	5% -19%	11,512,907	124,526	202,874	307,598	633,384	1,272,426	1,235,336	2,292,166	3,853,170	1,591,427	-
Other assets		876,294	-	-	-	-	-	-	-	-	-	876,294
		20,309,213	775,943	1,739,780	332,578	5,948,581	1,272,426	1,441,341	2,395,297	3,853,170	1,591,427	958,670
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings	9.50% - 14.59%	11,242,300	11,242,300	-	-	-	-	-	-	-	-	-
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-										
Deferred tax liabilities		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		10,194,911	-	-	-	-	-	-	-	-	-	10,194,911
		21,437,211	11,242,300	-	-	-	-	-	-	-	-	10,194,911
On-balance sheet gap		(1,127,998)	(10,466,357)	1,739,780	332,578	5,948,581	1,272,426	1,441,341	2,395,297	3,853,170	1,591,427	(9,236,241)
Off-balance sheet financial instruments												
Forward Lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowings		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			(10,466,357)	1,739,780	332,578	5,948,581	1,272,426	1,441,341	2,395,297	3,853,170	1,591,427	(9,236,241)
Cumulative Yield/Interest Risk Sensitivity Gap			(10,466,357)	1,739,780	332,578	5,948,581	1,272,426	1,441,341	2,395,297	3,853,170	1,591,427	(9,236,241)

2014 - Restated

	Effective yield/ interest rate	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	Non-interest bearing financial instruments
			Exposed to yield / interest risk									
		(Rupees in '000')										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		70,155	-	-	-	-	-	-	-	-	-	70,155
Balances with other banks	5.00% - 12.5%	244,608	244,608	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	13.87%-15.2%	2,006,302	2,006,302	-	-	-	-	-	-	-	-	-
Investments - net	11.65% - 16.04%	7,145,567	104,326	343,081	825,185	2,166,130	3,705,715	433	697	-	-	-
Advances - net	5% -19%	10,205,586	814,520	149,277	228,077	469,465	944,027	899,312	1,708,780	3,257,862	1,734,266	-
Other assets		504,725	-	-	-	-	-	-	-	-	-	504,725
		20,176,943	3,169,756	492,358	1,053,262	2,635,595	4,649,742	899,745	1,709,477	3,257,862	1,734,266	574,880
Liabilities												
Bills payable		-	-	-	-	-	-	-	-	-	-	-
Borrowings	9.50%	11,242,300	11,242,300	-					-	-	-	
Deposits and other accounts		-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		8,163,793	-	-	-	-	-	-	-	-	-	8,163,793
		19,406,093	11,242,300	-	-	-	-	-	-	-	-	8,163,793
On-balance sheet gap		770,850	(8,072,544)	492,358	1,053,262	2,635,595	4,649,742	899,745	1,709,477	3,257,862	1,734,266	(7,588,913)
Off-balance sheet financial instruments												
Forward Lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowings		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			(8,072,544)	492,358	1,053,262	2,635,595	4,649,742	899,745	1,709,477	3,257,862	1,734,266	(7,588,913)
Cumulative Yield/Interest Risk Sensitivity Gap			(8,072,544)	492,358	1,053,262	2,635,595	4,649,742	899,745	1,709,477	3,257,862	1,734,266	(7,588,913)

34.2.2 **Reconciliation of Assets and Liabilities exposed to Yield/Interest Rate Risk with Total Assets and Liabilities**

	December 31, 2015	December 31, 2014 Restated
	(Rupees in '000)	
Total financial assets	20,309,213	20,176,943
Operating fixed assets	373,236	362,572
Deferred tax assets	-	-
Total assets as per balance sheet	20,682,449	20,539,515
Total financial liabilities	21,437,211	19,406,093

JYA

34.3 Liquidity Risk

Liquidity risk is the risk caused, among others by the inability of the Company to settle liabilities at due date. Objectives of our liquidity management is to ensure that the Company is able to honor all its financial commitments on an ongoing basis without (i) effecting the Company's cost of funds (ii) adversely effecting ability to raise funds and (iii) resorting to sale of assets.

Asset and Liability Committee (ALCO), Treasury, Finance Division and Risk Management Department each have a role in management of liquidity risk.

The management in the year 2008 has floated Sukuk Certificates worth Rs. 1.5 billion which were fully subscribed indicating Company's strength/ability to raise funds from the market in case of need.

34.3.1 Maturities of Assets and Liabilities

	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	82,376	82,376	-	-	-	-	-	-	-	-
Balances with other banks	107,638	107,638	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments - net	7,729,998	543,779	1,536,906	24,980	5,315,197	-	206,005	103,131	-	-
Advances - net	11,512,907	124,526	202,874	307,598	633,384	1,272,426	1,235,336	2,292,166	3,853,170	1,591,427
Operating fixed assets	373,237	1,758	3,516	5,275	22,232	21,098	21,098	40,650	92,950	164,660
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	876,294	2,708	286,642	7,617	18,543	176,649	292,927	24,863	62,157	4,188
	20,682,450	862,785	2,029,938	345,470	5,989,356	1,470,173	1,755,366	2,460,810	4,008,277	1,760,275
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	11,242,300	11,242,300	-	-	-	-		-	-	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	10,194,911	34,539	41,742	75,683	437,540	1,524,724	1,445,066	2,490,547	87,139	4,057,931
	21,437,211	11,276,839	41,742	75,683	437,540	1,524,724	1,445,066	2,490,547	87,139	4,057,931
Net assets / (liabilities)	**(754,761)**	**(10,414,054)**	**1,988,196**	**269,787**	**5,551,816**	**(54,551)**	**310,300**	**(29,737)**	**3,921,138**	**(2,297,656)**
Share capital	3,001,000									
Reserves	713,662									
Accumulated loss	(4,789,697)									
Advance against issue of capital	218,143									
Surplus / (deficit) on revaluation of assets	102,131									
	(754,761)									

Information relating to above disclosure is not available through system, therefore is based on management best estimate.

	2014 - Restated									
	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	70,155	70,155	-	-	-	-	-	-	-	-
Balances with other banks	244,608	244,608	-	-	-	-	-	-	-	-
Lendings to financial institutions	2,006,302	2,006,302	-	-	-	-	-	-	-	-
Investments - net	7,145,567	104,326	343,081	825,185	2,166,130	3,705,715	433	697	-	-
Advances - net	10,205,586	814,520	149,277	228,077	469,465	944,027	899,312	1,708,780	3,257,862	1,734,266
Operating fixed assets	406,599	684	1,367	2,051	281,241	8,205	8,204	14,944	23,855	66,048
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	504,725	3,224	139,619	106,475	22,703	83,955	62,263	27,323	53,308	5,855
	20,583,542	3,243,819	633,344	1,161,788	2,939,539	4,741,902	970,212	1,751,744	3,335,025	1,806,169
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	11,242,300	11,242,300	-	-	-	-	-	-	-	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,163,793	2,620,368	70,040	136,033	340,697	1,125,794	1,077,347	1,909,767	345,348	538,399
	19,406,093	13,862,668	70,040	136,033	340,697	1,125,794	1,077,347	1,909,767	345,348	538,399
Net assets / (liabilities)	**1,177,449**	**(10,618,849)**	**563,304**	**1,025,755**	**2,598,842**	**3,616,108**	**(107,135)**	**(158,023)**	**2,989,677**	**1,267,770**
Share capital	3,001,000									
Reserves	713,662									
Accumulated loss	(2,881,315)									
Advance against issue of capital	218,143									
Surplus / (deficit) on revaluation of assets	125,959									
	1,177,449									

Some assets/ liabilities of the Company do not have contractual maturity date. The period in which these assets/ liabilities are assumed to mature are on the basis of expected date on which the assets/ liabilities will be realized/ settled.

Information relating to above disclosure is not available through system, therefore is based on management best estimate.

DMA

34.2.2 Operational Risk Disclosures-Basel II Specific

The Company is currently using the Basic Indicator approach to calculate the capital charge for Operational Risk as per Basel III regulatory framework. The Company's operational risk management framework has been developed to create an environment within which operational risk can be identified, measured, managed and monitored in a consistent manner.

35. CORRESPONDING FIGURES

There were no major account balances reclassified or rearranged during the year.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

	2015									
	Carrying Amount						Fair value			
	Held-for-trading	Available-for-sale	Held-to-maturity	Loan and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)									
Financial assets measured at fair value										
Investments										
Market treasury bills	-	3,711,363	-	-	-	3,711,363	-	3,710,670	-	3,710,670
Pakistan Investment Bonds	-	3,847,233	-	-	-	3,847,233	-	3,950,058	-	3,950,058
GoP Ijarah Sukuks	-	-	-	-	-	-	-	-	-	-
Unlisted ordinary shares	-	500	-	-	-	500	-	-	-	-
Unlisted sukuk bonds	-	-	-	-	-	-	-	-	-	-
	-	7,559,096	-	-	-	7,559,096	-	7,660,728	-	7,660,728
Financial assets not measured at fair value										
Cash and balances with treasury banks	-	-	-	82,376	-	82,376	-	82,376	-	82,376
Balances with other banks	-	-	-	107,638	-	107,638	-	107,638	-	107,638
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments						-				
Unlisted sukuk bonds	-	-	26,240	-	-	26,240	-	-	-	-
Unlisted term finance certificates	-	-	24,941	-	-	24,941	-	-	-	-
Term deposit receipts	-	-	2,344	-	-	2,344	-	-	-	-
Certificates of investments	-	-	67,500	-	-	67,500	-	-	-	-
Advances	-	-	-	11,512,906	-	11,512,906	-	-	-	-
Other assets	-	-	-	876,296	-	876,296	-	-	-	-
	-	-	121,025	12,579,216	-	12,700,241	-	190,014	-	190,014
	-	7,559,096	121,025	12,579,216	-	20,259,337	-	7,850,742	-	7,850,742
Financial liabilities not measured at fair value										
Borrowings	-	-	-	-	(11,242,300)	(11,242,300)	-	-	-	-
Other Liabilities	-	-	-	-	(10,194,912)	(10,194,912)	-	-	-	-
	-	-	-	-	(21,437,212)	(21,437,212)	-	-	-	-
	-	7,559,096	121,025	12,579,216	(21,437,212)	(1,177,875)	-	7,850,742	-	7,850,742

PYA

2014 - Restated

	Carrying Amount						Fair value			
	Held-for-trading	Available-for-sale	Held-to-maturity	Loan and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)									
Financial assets measured at fair value										
Investments										
Market treasury bills	-	3,328,219	-	-	-	3,328,219	-	3,333,929	-	3,333,929
Pakistan Investment Bonds	-	3,510,028	-	-	-	3,510,028	-	3,630,431	-	3,630,431
GoP Ijarah Sukuks	-	100,284	-	-	-	100,284	-	100,130	-	100,130
Unlisted ordinary shares	-	500	-	-	-	500	-	-	-	-
Unlisted sukuk bonds	-	45,661	-	-	-	45,661	-	-	45,661	45,661
	-	6,984,692	-	-	-	6,984,692	-	7,064,490	45,661	7,110,151
Financial assets not measured at fair value										
Cash and balances with treasury banks	-	-	70,155	-	-	70,155	-	70,155	-	70,155
Balances with other banks	-	-	244,608	-	-	244,608	-	244,608	-	244,608
Lendings to financial institutions	-	-	2,006,302	-	-	2,006,302	-	-	-	-
Investments						-				
Unlisted sukuk bonds	-	-	26,240	-	-	26,240	-	-	-	-
Unlisted term finance certificates	-	-	74,517	-	-	74,517	-	-	-	-
Term deposit receipts	-	-	2,344	-	-	2,344	-	-	-	-
Certificates of investments	-	-	67,500	-	-	67,500	-	-	-	-
Advances	-	-	10,205,586	-	-	10,205,586	-	-	-	-
Other assets	-	-	504,725	-	-	504,725	-	-	-	-
	-	-	13,201,977	-	-	13,201,977	-	314,763	-	314,763
	-	6,984,692	13,201,977	-	-	20,186,669	-	7,379,253	45,661	7,424,914
Financial liabilities not measured at fair value										
Borrowings	-	-	-	-	(11,242,300)	(11,242,300)	-	-	-	-
Other Liabilities	-	-	-	-	(8,163,793)	(8,163,793)	-	-	-	-
	-	-	-	-	(19,406,093)	(19,406,093)	-	-	-	-
	-	6,984,692	13,201,977	-	(19,406,093)	780,576	-	7,379,253	45,661	7,424,914

The fair value of financial assets and liabilities not carried at fair value are not significantly different from their carrying values since assets and liabilities are either short term in nature or in case of loans are frequently repriced.

DMA

37. IMPACT OF RESTATEMENT

S. no.	Description	Note Ref.	Accumulated loss as at December 31, 2013	Profit for financial year 2014	Other comprehensive loss transferred to equity for financial year 2014	Advances - Pakistan Housing Authority (PHA)	Capital work-in-progress	Property and equipment	Deferred tax assets	Advance financial relief to employees	Accrued expenses
			(Rupees in '000)								
	Amounts previously reported		(1,552,348)	152,169	(433,529)	218,143	278,072	82,238	544,578	130,436	(247,989)
1	PHA mark-up written off	8.5	(218,143)			(218,143)					
2	Capitalization of property	9.3					(260,343)	260,343			
3	Capitalization of property	9.3						47,881			(47,881)
4	Depreciation of property capitalized	9.3		(3,854)				(3,854)			
5	Deferred tax asset reversed	10.2	(321,245)		(223,333)				(544,578)		
6	Financial relief for 2012 and 2013	11.2	(90,011)							(90,011)	
7	Financial relief for 2014	11.2		(40,425)						(40,425)	
8	Increment in salary and allowances - prior to 2014	13.3	(202,750)								(202,750)
9	Increment in salary and allowances - 2014	13.3		(104,606)							(104,606)
10	Reversal of prior year bonus	13.3	157,417								157,417
			(2,227,080)	**3,284**	**(656,862)**	-	**17,729**	**386,608**	-	-	**(445,809)**

MA

38. DATE OF AUTHORIZATION

These financial statements were approved and authorized for issue on 0 6 MAR 2017 by the Board of Directors of the Company.

39. GENERAL

39.1 Figures have been rounded-off to the nearest thousand rupees except stated otherwise.

39.2 Captions as prescribed in BSD circular No. 4 dated February 17, 2006 issued by the State Bank of Pakistan in respect of which no amounts are outstanding have not been reproduced in these financial statements except for in the balance sheet and the profit and loss account.

MANAGING DIRECTOR	DIRECTOR	DIRECTOR	DIRECTOR