



faysabank

جائزہ عمل

2017
HALF YEAR

ENDED JUNE 30, 2017
UNAUDITED FINANCIAL STATEMENTS

CONTENTS

Corporate Information	2
Directors' Review	4
Auditors' Review Report	9
Condensed Interim Statement of Financial Position	10
Condensed Interim Profit and Loss Account	11
Condensed Interim Statement of Comprehensive Income	12
Condensed Interim Statement of Changes in Equity	13
Condensed Interim Cash Flow Statement	14
Notes to and Forming part of the Condensed Interim Financial Information	15

Registered Office
Faysal House, ST-2, Sharah-e-Faisal, Karachi
Tel: 021-32795200 Fax: 021-32795234

CORPORATE INFORMATION

Board of Directors

Mr. Farooq Rahmatullah Khan	Chairman/Non-Executive Director
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Vice Chairman/Non-Executive Director
Mr. Yousaf Hussain	President & CEO (confirmed July 27, 2017)
Mian Muhammad Younis	Independent Director
Mr. Imtiaz Ahmad Pervez	Non-Executive Director
Mr. Juma Hasan Ali Abul	Non-Executive Director
Mr. Abdulelah Ebrahim Mohamed AIQasimi	Non-Executive Director
Mr. Abdulla Abdulaziz Ali Taleb	Non-Executive Director
Mr. Fuad Azim Hashimi	Independent Director
Mr. Ali Munir	Independent Director

Board Audit & Corporate Governance Committee

Mian Muhammad Younis	Chairman
Mr. Juma Hasan Ali Abul	Member
Mr. Ali Munir	Member

Board Risk Management Committee

Mr. Imtiaz Ahmad Pervez	Chairman
Mr. Abdulelah Ebrahim Mohamed AIQasimi	Member
Mr. Abdulla Abdulaziz Ali Taleb	Member

Recruitment Nomination and Remuneration Committee

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Chairman
Mr. Juma Hasan Ali Abul	Member
Mian Muhammad Younis	Member
Mr. Fuad Azim Hashimi	Member
Mr. Ali Munir	Member

CORPORATE INFORMATION

Board Strategy Committee

Mr. Farooq Rahmatullah Khan
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Juma Hasan Ali Abul
Mr. Fuad Azim Hashimi

Chairman
Member
Member
Member

Syed Majid Ali

Chief Financial Officer

Mr. Aurangzeb Amin

Company Secretary & Head of Legal

M/s. A.F. Ferguson & Co, Chartered Accountants

Auditors

M/s. Mohsin Tayebaly & Co, Advocate

Legal Advisors

Registered Office

Faysal Bank Limited
Faysal House, St-02, Commercial Lain,
Main Shahrah-e-Faisal,
Karachi-Pakistan

UAN : (92-21) 111-747-747
Tel : (92-21) 3279-5200
Fax : (92-21) 3279-5226
Website: www.faysalbank.com

Share Registrar

M/s. Central Depository Company of
Pakistan Limited
(Share Registrar Department)
CDC House, 99-B, Block-B,
SMCHS, Main Shahra-e-Faisal,
Karachi-74400

Tel: (92-21) 111-111-500
Fax: (92-21) 34326053
Email: info@cdcpak.com

DIRECTORS' REVIEW

On behalf of the Board of Directors, I am pleased to present the Directors' Report of Faysal Bank Limited along with financial statements for the half year ended June 30, 2017.

Economic Update:

Real GDP growth maintained upward trajectory as it grew to 5.3% in FY 17 vis-à-vis 4.7% in the preceding year. Private sector credit off-take registered growth of 67.7%, resulting in expansion of the real sector. However, the country needs to do better on the external front. Forex reserves declined by 7.5% to USD 21.37 billion due to sliding exports & remittances, mushrooming imports and subsequent debt servicing payments.

Average headline inflation stood at 4.16%, which is higher than the last year but is still below the 6% target set at the beginning of the year. CPI inflation in FY'17 largely remained in the comfort zone whereas core inflation was resilient at 5.5%, indicating persistent aggregate demand. Since both these rates are below the policy rate, the GoP was able to maintain interest rates level throughout FY'17.

The significant economic development in FY'17 was the surge in private sector credit growth, primarily spurred by low interest rates & improved domestic demand. Private sector credit off-take reached a decade high of PKR 748 billion in FY'17 from PKR 446 billion in FY'16. On the fiscal front, deficit was recorded at 4.2%, missing the target of 3.7%, primarily owing to relatively slow growth in tax collection in FY'17 (8.6% in FY'17 as compared to 20.3% in the previous year). The most noticeable economic situation in FY'17 was the widening of the current account deficit by 149% to USD 12.09 billion from USD 4.86 billion in the previous year, second only to the record-high deficit of USD 13.87 billion in FY'08. This is primarily attributable to rise in imports by 17.7% from USD 41.26 billion in FY'16 to USD 48.55 billion in FY'17 (excluding import of services of USD 9.12 billion), food, machinery, transport & petroleum are major components that have contributed to the surge in imports. At the same time, exports have largely remained subdued due to overvalued rupee and increasing cost of doing business viz-a-viz regional competitors. In FY'17, exports declined by 1.4% to USD 21.66 billion (excluding export of services of USD 5.56 billion). Remittances have also registered a YoY decline of 3.08% from USD 19.92 billion in FY'16 to USD 19.30 billion in FY'17. If the widening current account deficit is not curtailed, it will complicate the balance of payments' situation, adversely affecting overall economic performance of the country.

Economic Outlook:

Going forward, we foresee a challenging road ahead for the economy in FY'18. With inflation slowly resurging due to growing aggregate demand, we see upward trajectory of interest rates in the country. The USD/PKR parity will remain under significant pressure due to a persistent current account deficit. Efforts to achieve the 6% GDP growth target set in the federal budget for FY'18 will be challenged by multiple factors such as political uncertainty, pre-election fiscal slippages and challenges on the balance of payments side. The main positive factor that may boost Pakistan's economy is the CPEC. The government expects significant financial flows from the project to shore up forex reserves and provide cushion to the current account. However, the cost of CPEC may become a bane for the economy in the medium term. Meanwhile, relatively low oil prices have greatly benefited the economy, and the stable price trend looks set to continue in future as well.

DIRECTORS' REVIEW

Bank's Performance:

The Bank is following a well-defined strategy with a focus on network expansion, mobilization of CASA deposits, selective growth in lending portfolio, cost efficiency, technology and gradual conversion to Islamic banking.

Some of the notable milestones achieved during the period under review are as follows:

Project Financing & Syndication

- The Bank participated in syndicated long term loan of PKR 13,000 Million with an amount of PKR 1,500 Million for a renowned cement plant arranged under Islamic mode of financing. The proceeds will be utilized for setting up a third production line of 6,700 tons of clinker per day at the existing plant location.
- We acted as co-arranger in syndicated long term financing facility of PKR 26,750 Million, with participation of PKR 2,950 Million, arranged for a leading telecom operator under a combination of both conventional and Islamic modes of financing.

Infrastructure Development

- The Bank expanded its network to 365 branches as 10 new branches were opened during the period under review. Currently the Bank has 207 conventional branches, 157 Islamic branches and 01 sub branch in 107 cities.
- ATM network has been increased from 344 machines to 359 machines, offering 24/7 services to the customers.

Product Development & New Initiatives

- Branches have been provided with mobile bio-metric solutions to enable onsite account opening.
- The Solitaire Preferred Banking service was revitalized to provide personalized services to high net worth customers.
- The first Solitaire Preferred Islamic Banking Centre was launched in the second quarter of 2017, making for a total network of 11 dedicated Solitaire Centres in Karachi, Lahore, Islamabad and Faisalabad.
- Bank launched four new insurance plans with EFU and Adamjee Insurance, designed to suit customer requirements.
- Bank launched new Islamic Takaful Plans with Adamjee and EFU Life as business partners, offering multiple Coverage and Premium Options.
- Implemented new version of Al Qist pool management system enhancing the pool management features. (Al Qist is a system based solution which distributes profit based on Shariah principles to Islamic banking customer from the income pool).

DIRECTORS' REVIEW

Training & Development:

- Islamic Banking Certificate Course conducted by SBP's training centre (NIBAF) has been completed by additional 12% of identified staff, bringing the completion rate to 70% of the targeted staff.
- More than 6,400 participants were trained through various training programs and clocked in a total of 47,776 training hours in the second quarter.
- 218 participants have been trained under the Islamic Branch Expansion Plan.
- A special Program Islamic Banking Level-1 was conducted for Corporate, CBSME and Trade teams to align them better with Islamic banking business practices.
- To re-enforce organizational values, Ethics and Values workshop was conducted for additional 136 employees during quarter 2.
- 70 Trainee Branch Service Officers (BSOs)-2017 successfully completed classroom training and are currently undergoing job rotations.

Corporate Social Responsibility:

- During the period under review, Bank gifted a van to a charity organization, engaged in free rehabilitation services for disabled persons.
- 10 staff members were sent for Hajj through balloting.

Change of President & CEO:

Mr. Nauman Ansari, ex-President & CEO, decided to leave the Bank upon completion of his term. The Board of Directors has appointed Mr. Yousaf Hussain, formerly Chief Risk Officer, as the new President & CEO of Faysal Bank Ltd. Mr. Yousaf is a seasoned banker with over 22 years of experience primarily with ABN AMRO and last 9 years with Faysal Bank.

Future Outlook:

In line with the Bank's strategic decision of gradual conversion of Faysal Bank into an Islamic Bank, 50 new Islamic branches are scheduled to be opened in 2017. In the first half of the year, 10 branches were opened and 01 conventional branch was converted into an Islamic branch. Bank is in the process of developing a seamless end-to-end branch conversion solution for swift yet efficient branch conversions.

New branches are generating low-cost core deposits and will also cater to banking requirements of individuals and corporate entities. Alongside deposit mobilization, the emphasis is also on developing Shariah-compliant financing products that meet the needs of a large and diversified customer base.

DIRECTORS' REVIEW

Financial Highlights:

	June 2017	June 2016
	PKR in Million	
Operating Profit	4,317	4,805
Reversal / provision for non-performing advances	519	(454)
Reversal for diminution in value of investments	6	9
Provision against off balance sheet obligations	-	4
	525	(441)
Profit before tax	4,842	4,364
Provision for taxation	(1,983)	(1,546)
Profit after tax	2,859	2,818
Earnings per share – Rupees	2.17	2.14

Banking industry is experiencing low interest rate scenario since many years. In order to maintain margins, Bank shifted its focus to generation of low cost CASA deposits and vigorous recovery efforts from delinquent clients. For the first half of 2017, Bank's margin is PKR 7.010 bln against PKR 6.061 bln of last year. Last year income includes substantial capital gain realized through sale of government securities. Bank has earned Profit after Tax (PAT) of PKR 2.859 bln during 1st half of the year against PKR 2.818 bln earned during corresponding period despite imposition of super tax amounting to PKR 259 mln. As a result, EPS of the Bank increased to PKR 2.17 from PKR 2.14 as compared to corresponding period.

The Bank's deposit composition was further improved as CASA deposits grew from 67.1% to 70.3%. This had a positive impact on cost of deposits which reduced by 22 bps. The planned expansion in branch network is supplementing these efforts. Additionally, intensified recovery efforts from delinquent clients & strict monitoring of administrative expenses were continued to supplement bottom-line. NPLs recoveries contributed PKR 509.9 mln (net of NPL charge) to the profitability. Administrative expenses increased marginally by 6% and are being managed through strict surveillance despite inflationary impact and new branch openings.

Bank is also making renewed efforts to increase non-funded income through increase in trade & consumer products volumes.

In terms of the balance sheet, the Bank increased its capital base through profit retention which now stands at PKR 31.97 billion, while Capital Adequacy Ratio (CAR) of 16.14% is comfortably above SBP's minimum requirement. Deposits increased by PKR 14.19 billion in the first half of the year to reach PKR 354.5 billion. Total assets of the Bank are now in excess of PKR 475 billion. NPL coverage has shown consistent improvement in recent past and now stands at 85.8% as of June 30, 2017 against 81.7% on December 31, 2016. This ratio reflects that the

DIRECTORS' REVIEW

Bank has adequate provision against non-performing loans and there is low likelihood of further major provisioning in near future.

Credit Rating:

JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings based on financial statements for the year ended December 31, 2016:

Long-Term AA

Short-Term A1+

Stable outlook has been assigned to the ratings by both the rating agencies. Definitions of JCR-VIS for the assigned ratings are reproduced below:

“AA: High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A1+: High certainty of timely payment. Short term liquidity including internal operating factors and/or access to alternative sources of funds is outstanding and safety is just below risk free Government of Pakistan short-term obligations.”

Definitions of PACRA for the assigned ratings are reproduced below:

“AA: Very high credit quality. AA rating denotes a very low expectation of credit risk. It indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A1+: Obligations supported by the highest capacity for timely repayment.”

Acknowledgement:

I, along with members of the board of directors' and staff acknowledge Mr. Nauman Ansari's services and contribution towards development of the bank and wish him all the best in his future endeavors.

I would also like to take this opportunity to thank the shareholders on behalf of the Board and Management for their trust in the Bank. I am also grateful to the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their continued support and guidance, and to the customers for their patronage. I would also like to express sincere appreciation for the employees of the Bank for their dedication and hard work.

On behalf of the Board of Directors
President & CEO

Karachi

Dated: August 23, 2017

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Faysal Bank Limited** as at June 30, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2017 and June 30, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity.' A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Engagement Partner: **Shahbaz Akbar**
Dated: August 25, 2017
Karachi

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks		36,408,169	37,239,302
Balances with other banks	9	2,019,111	1,139,375
Lendings to financial institutions	10	4,598,303	5,000,000
Investments	11	195,233,058	170,210,137
Advances	12	213,808,943	204,830,997
Operating fixed assets	13	12,150,664	12,111,881
Deferred tax assets - net		2,017,699	2,264,212
Other assets		12,345,543	11,668,757
		478,581,490	444,464,661
LIABILITIES			
Bills payable		7,382,722	5,982,285
Borrowings		69,889,653	52,806,084
Deposits and other accounts	14	354,499,391	340,306,404
Sub-ordinated loans		748,500	1,497,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		8,844,723	8,864,563
		441,364,989	409,456,336
NET ASSETS		37,216,501	35,008,325
REPRESENTED BY			
Share capital		13,197,361	11,997,601
Reserves		7,095,815	7,158,248
Unappropriated profit		11,680,618	9,985,870
		31,973,794	29,141,719
Surplus on revaluation of assets - net of tax		5,242,707	5,866,606
		37,216,501	35,008,325

CONTINGENCIES AND COMMITMENTS

15

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2017

Note	Quarter ended		Half year ended		
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	
----- Rupees '000 -----					
Mark-up / return / interest earned	7,271,862	6,512,752	14,180,734	13,280,605	
Mark-up / return / interest expensed	3,774,833	3,596,571	7,170,683	7,219,267	
Net mark-up / interest income	3,497,029	2,916,181	7,010,051	6,061,338	
(Reversal of provision) / provision against non-performing loans and advances - net	12.2	(287,618)	376,634	(509,924)	503,268
Provision for consumer and small enterprise loans - general	12.3	25,970	5,713	44,513	1,220
Reversal against off balance sheet obligations (Reversal of provision) / provision for diminution in value of investments - net	11.4	-	(4,285)	-	(4,086)
Recoveries against written-off debts - net		37,929	(2,610)	(5,846)	(8,865)
		(23,948)	(25,660)	(53,508)	(50,664)
		(247,667)	349,792	(524,765)	440,873
Net mark-up / interest income after provisions		3,744,696	2,566,389	7,534,816	5,620,465
Non mark-up / interest income					
Fee, commission and brokerage income		719,432	767,988	1,382,749	1,342,271
Dividend income		66,734	127,542	80,319	180,366
Income from dealing in foreign currencies		295,863	279,916	585,118	522,203
Gain on sale of securities - net		65,364	1,396,033	1,030,616	2,110,773
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		5,427	(7,998)	3,342	6,192
Other income		85,073	72,322	151,328	155,452
Total non mark-up / interest income		1,237,893	2,635,803	3,233,472	4,317,257
		4,982,589	5,202,192	10,768,288	9,937,722
Non mark-up / interest expenses					
Administrative expenses		3,021,076	2,876,213	5,808,043	5,466,770
Other provisions - net		-	10,020	-	10,020
Other charges		40,417	36,699	100,226	86,870
Total non mark-up / interest expenses		3,061,493	2,922,932	5,908,269	5,563,660
		1,921,096	2,279,260	4,860,019	4,374,062
Share of loss of associate	11.3.1	(9,346)	(2,545)	(17,954)	(9,797)
Extraordinary / unusual items		-	-	-	-
Profit before taxation		1,911,750	2,276,715	4,842,065	4,364,265
Taxation - Current		692,176	752,057	1,716,055	1,597,875
Taxation - Prior years		(367,134)	(393,128)	(330,599)	(393,128)
Taxation - Deferred		595,048	457,036	597,183	341,402
		920,090	815,965	1,982,639	1,546,149
Profit after taxation		991,660	1,460,750	2,859,426	2,818,116
----- Rupees -----					
Basic earnings per share	16	0.75	1.11	2.17	2.14

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2017

	Quarter ended		Half year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	----- Rupees '000 -----			
Profit after taxation for the period	991,660	1,460,750	2,859,426	2,818,116
Other comprehensive income:				
Items that will not be reclassified to profit and loss account	-	-	-	-
Comprehensive income transferred to equity	991,660	1,460,750	2,859,426	2,818,116
Items that may be reclassified subsequently to profit and loss account				
Components of comprehensive income not reflected in equity				
- Net change in value of available for sale securities	(126,129)	(917,405)	(905,868)	(781,931)
- Deferred tax asset on change in value of available for sale securities	44,145	319,093	317,053	273,676
	(81,984)	(598,312)	(588,815)	(508,255)
Total comprehensive income	909,676	862,438	2,270,611	2,309,861

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2017

Particulars	Share capital	Reserves						Unappropriated profit	Total
		Capital				Statutory reserve	Sub Total		
		Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase note 3.7	Reserve arising on amalgamation				
Rupees '000									
Balance as at January 1, 2016 (audited)	11,997,601	-	10,131	1,006,607	23,952	5,382,071	6,422,761	7,638,330	26,058,692
Total comprehensive income for the period from January 1, 2016 to June 30, 2016									
Profit after taxation for the half year ended June 30, 2016	-	-	-	-	-	-	-	2,818,116	2,818,116
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	2,818,116	2,818,116
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(62,433)	-	-	(62,433)	-	(62,433)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	62,084	62,084
Transactions with owners directly recognised in equity									
Final cash dividend - December 31, 2015 declared subsequent to the year end at Rs. 1 per share	-	-	-	-	-	-	-	(1,199,760)	(1,199,760)
Balance as at June 30, 2016 (un-audited)	11,997,601	-	10,131	944,174	23,952	5,382,071	6,360,328	9,318,770	27,676,699
Total comprehensive income for the period from July 1, 2016 to December 31, 2016									
Profit after taxation for the half year ended December 31, 2016	-	-	-	-	-	-	-	1,483,656	1,483,656
Other comprehensive income for the period	-	-	-	-	-	-	-	16,719	16,719
Total comprehensive income for the period	-	-	-	-	-	-	-	1,500,375	1,500,375
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(62,434)	-	-	(62,434)	-	(62,434)
Transfer to statutory reserve	-	-	-	-	-	860,354	860,354	(860,354)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	27,079	27,079
Balance as at December 31, 2016 (audited)	11,997,601	-	10,131	881,740	23,952	6,242,425	7,158,248	9,985,870	29,141,719
Profit after taxation for the half year ended June 30, 2017	-	-	-	-	-	-	-	2,859,426	2,859,426
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	2,859,426	2,859,426
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(62,433)	-	-	(62,433)	-	(62,433)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	35,082	35,082
Transactions with owners recognised directly in equity									
- Transfer to reserve for issue of bonus shares	-	1,199,760	-	-	-	-	1,199,760	(1,199,760)	-
- Bonus shares issued	1,199,760	(1,199,760)	-	-	-	-	(1,199,760)	-	-
	1,199,760	-	-	-	-	-	-	(1,199,760)	-
Balance as at June 30, 2017 (un-audited)	13,197,361	-	10,131	819,307	23,952	6,242,425	7,095,815	11,680,618	31,973,194

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016
-----Rupees '000-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,842,065	4,364,265
Less: Dividend income	(80,319)	(180,366)
	<u>4,761,746</u>	<u>4,183,899</u>
Adjustments for non-cash and other items:		
Depreciation	388,468	334,401
Amortisation	90,635	106,852
Deprication on non-banking assets	6,791	-
Workers' Welfare Fund	100,061	93,171
(Reversal of provision) / provision against non-performing loans and advances - net	(509,924)	503,268
Provision for consumer and small enterprise loans - general	44,513	1,220
Reversal of provision for diminution in value of investments - net	(5,846)	(8,865)
Charge of other provisions - net	-	10,020
Reversal of provision against off balance sheet obligations	-	(4,086)
Unrealised gain on revaluation of investments classified as held for trading	(3,342)	(6,192)
Net profit on disposal of property and equipment	(11,142)	(53,490)
Charge for defined benefit plan	57,307	44,702
Amortisation of prepaid employee benefits	6,977	19,118
Recoveries against written-off debts	(53,508)	(50,664)
Share of loss of associate	17,954	9,797
	<u>128,944</u>	<u>999,252</u>
	4,890,690	5,183,151
(Increase) / decrease in operating assets		
Lendings to financial institutions	401,697	(146,981)
Held for trading securities	(37,281,999)	(4,884,110)
Advances	(8,481,241)	(14,659,188)
Other assets	(202,141)	(950,838)
	<u>(45,563,684)</u>	<u>(20,641,117)</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,400,437	859,653
Borrowings	17,568,050	522,499
Deposits and other accounts	14,192,987	22,952,338
Other liabilities	(2,478)	543,928
	<u>33,158,996</u>	<u>24,878,418</u>
	(7,513,998)	9,420,452
Income tax paid	(1,984,064)	(243,587)
Net cash (used in) / generated from operating activities	<u>(9,498,062)</u>	<u>9,176,865</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net divestment / (investment) in available for sale securities	13,480,123	(3,386,129)
Net investment in held to maturity securities	(2,135,679)	(2,636,667)
Dividend income received	38,179	99,748
Investment in operating fixed assets	(614,953)	(330,001)
Proceeds realised on disposal of operating fixed assets	12,159	537,450
Net cash generated from / (used in) investing activities	<u>10,779,829</u>	<u>(5,715,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of sub-ordinated loan	(748,500)	(748,500)
Dividends paid	(183)	(1,190,733)
Net cash used in financing activities	<u>(748,683)</u>	<u>(1,939,233)</u>
Increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	533,084	1,522,033
	<u>37,855,935</u>	<u>26,335,872</u>
Cash and cash equivalents at the end of the period	<u>38,389,019</u>	<u>27,857,905</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

- 1.1 Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the Companies Ordinance, 1984. Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Corporate, Commercial and Consumer banking activities. The Bank has a network of 365 branches (December 31, 2016: 355); including 157 Islamic banking branches (December 31, 2016: 146) and 1 Islamic sub-branch (December 31, 2016: 1) in Pakistan.

The Registered Office of the Bank is located at Faysal House, ST-02, Shahra-e-Faisal, Karachi.

IB Bank B.S.C (closed)- a wholly owned subsidiary of Ithmaar Holding Company B.S.C, is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2016: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holding Company B.S.C.

- 1.2 Based on the financial statements of the Bank for the year ended December 31, 2016, the Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2015: 'AA') and the short term rating as 'A1+' (December 31, 2015: 'A1+').

2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2 The results of the Islamic banking branches have been consolidated in this condensed interim financial information for reporting purposes only. Inter branch transactions and balances have been eliminated. In accordance with the directives issued by the SBP, the key financial figures of Islamic banking branches are disclosed in note 20 to this condensed interim financial information.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the requirements of the Banking Companies Ordinance, 1962, or the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and the SBP. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFASs notified under the Companies Ordinance, 1984 or the directives issued by the SECP and the SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFASs notified under the Companies Ordinance, 1984 or the requirements of the said directives issued by the SECP and the SBP prevail. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular no 17 dated July 20, 2017, this condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their condensed interim financial information in line with the format prescribed by the SBP. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned format, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in this condensed interim financial information is based on the requirements laid down by the SBP.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

- 3.4** The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, only the surplus / (deficit) on revaluation of available for sale (AFS) securities, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.
- 3.5** The SECP has directed that the requirements of IFRS 10, 'Consolidated Financial Statements' are not applicable in case of investments by Companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of mutual funds are not considered in the preparation of this condensed interim financial information.
- 3.6** The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2016.
- 3.7** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the period ended June 30, 2017 the Bank has adjusted amortisation of intangible assets amounting to Rs. 62.433 million (net of tax) from the Non-distributable Capital Reserve.
- 3.8** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with (IIFS). These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in this condensed interim financial information.

4 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention, except that certain fixed assets and non-banking assets acquired in satisfaction of claims are carried at revalued amounts and certain investments and derivative contracts have been marked to market and are carried at fair value. In addition, obligation in respect of staff retirement benefit is carried at present value.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016.

8 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2016.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
-----Rupees '000-----			
9	BALANCES WITH OTHER BANKS		
In Pakistan			
- Current accounts		1,369,898	699,488
Outside Pakistan			
- Current accounts		649,213	439,887
		<u>2,019,111</u>	<u>1,139,375</u>
10	LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lending		300,000	-
Repurchase agreement lendings		221,647	5,000,000
Bai Muajjal with State Bank of Pakistan	10.1	4,076,656	-
		<u>4,598,303</u>	<u>5,000,000</u>
10.1	Bai Muajjal placements - gross	4,188,664	-
	Less: deferred income	(105,887)	-
	Less: profit receivable shown in other assets	(6,121)	-
	Bai Muajjal placements - net	<u>4,076,656</u>	<u>-</u>

11 INVESTMENTS

11.1 Investments by type

Note	Un-audited June 30, 2017			Audited December 31, 2016		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
-----Rupees '000-----						
Held for trading securities						
	34,884,957	-	34,884,957	533,530	-	533,530
	4,100,610	-	4,100,610	1,170,038	-	1,170,038
	38,985,567	-	38,985,567	1,703,568	-	1,703,568
Available for sale securities						
	33,631,750	53,634,348	87,266,098	59,502,461	29,646,237	89,148,698
	29,732,126	-	29,732,126	41,351,395	2,074,936	43,426,331
	6,313,130	-	6,313,130	4,474,967	-	4,474,967
	5,128,395	-	5,128,395	2,900,000	-	2,900,000
	Units of open end mutual funds					
	37,480	-	37,480	37,480	-	37,480
	257,544	-	257,544	257,544	-	257,544
	680,606	-	680,606	680,606	-	680,606
	189,432	-	189,432	189,432	-	189,432
	15,000	-	15,000	-	-	-
	Fully paid up ordinary shares / modaraba certificates / certificates of closed end mutual funds					
	2,460,083	-	2,460,083	4,370,242	-	4,370,242
	22,490	-	22,490	22,490	-	22,490
	687,432	-	687,432	762,149	-	762,149
	79,155,468	53,634,348	132,789,816	114,548,766	31,721,173	146,269,939
Held to maturity securities						
	9,991,406	-	9,991,406	9,931,757	-	9,931,757
	2,393,303	-	2,393,303	2,455,213	-	2,455,213
	13,999,557	-	13,999,557	11,861,617	-	11,861,617
	26,384,266	-	26,384,266	24,248,587	-	24,248,587
Associate *						
	Fully paid up ordinary shares of Faysal Asset Management Limited					
	28,078	-	28,078	46,032	-	46,032
Investments at cost						
	144,553,379	53,634,348	198,187,727	140,546,953	31,721,173	172,268,126
	(3,259,987)	-	(3,259,987)	(3,265,833)	-	(3,265,833)
Investments (net of provisions)						
	141,293,392	53,634,348	194,927,740	137,281,120	31,721,173	169,002,293
Surplus on revaluation of investments classified as held for trading - net						
	3,803	-	3,803	461	-	461
Surplus / (deficit) on revaluation of investments classified as available for sale - net						
	301,818	(303)	301,515	1,227,520	(20,137)	1,207,383
Total investments - net						
	<u>141,599,013</u>	<u>53,634,045</u>	<u>195,233,058</u>	<u>138,509,101</u>	<u>31,701,036</u>	<u>170,210,137</u>

* related parties

11.2 These include an investment of the Bank in unlisted shares of DHA Cogen Limited (DHA) (a related party of the Bank) representing 19.1% (December 31, 2016: 19.1%) equity holding of DHA.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

11.3 Investment of the Bank in Faysal Asset Management Limited (FAML) has been accounted for under the equity method of accounting as per the requirement of IAS 28 - Investment in associates and joint ventures. The Bank's share of post acquisition profit or loss is recognised using the latest available un-audited financial statements of FAML which relate to the year ended June 30, 2017 with a corresponding adjustment to the carrying amount of investment. The details of the Bank's investment, post acquisition changes and certain other details relating to FAML are as under:

Note	Un-audited June 30, 2017	Audited December 31, 2016
	-----Rupees '000-----	
11.3.1 Faysal Asset Management Limited - percentage holding 30% (December 31, 2016: 30%)		
At January 1	46,032	68,082
Post acquisition changes during the period / year - recognised in the profit and loss account	(17,954)	(22,050)
Closing Balance	<u>28,078</u>	<u>46,032</u>
Cost of investment	<u>45,000</u>	<u>45,000</u>

11.3.2 Summary of the financial information of the associate

Revenue for the period / year	<u>63,035</u>	<u>139,032</u>
Net Loss for the period / year	<u>(59,845)</u>	<u>(73,499)</u>
Assets	<u>131,642</u>	<u>166,896</u>
Liabilities	<u>38,046</u>	<u>13,456</u>
Net Assets	<u>93,596</u>	<u>153,440</u>
Percentage (%) holding of the Bank	<u>30%</u>	<u>30%</u>
Share of net assets of the Bank	<u>28,078</u>	<u>46,032</u>

11.4 Particulars of provision for diminution in the value of investments

Opening balance	3,265,833	3,282,763
Charge for the period / year	51,482	75,478
Reversals during the period / year	(57,328)	(92,408)
	(5,846)	(16,930)
Closing balance	<u>3,259,987</u>	<u>3,265,833</u>

12 ADVANCES

Loans, cash credits, running finances, etc. – in Pakistan	186,779,630	180,518,663
Net investment in finance lease – in Pakistan	9,867,630	10,431,613
	<u>196,647,260</u>	<u>190,950,276</u>
Bills discounted and purchased (excluding government treasury bills)		
- Payable in Pakistan	4,892,073	5,289,466
- Payable outside Pakistan	954,497	909,279
	5,846,570	6,198,745
Islamic financing and related assets	35,651,299	32,588,297
Margin financing / reverse repo transactions	88,200	88,200
Gross advances	<u>238,233,329</u>	<u>229,825,518</u>
Provision against non-performing advances	(23,915,616)	(24,530,264)
Provision against consumer and small enterprise loans - general	12.1 & 12.2 12.3 (508,770)	(464,257)
	(24,424,386)	(24,994,521)
Advances - net of provision	<u>213,808,943</u>	<u>204,830,997</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

- 12.1** Advances includes Rs. 27,888 million (December 31, 2016: Rs. 30,036 million) which have been placed under non-performing status as detailed below:

		June 30, 2017 (Un-audited)						
Particulars	Note	Classified Advances		Provision required		Provision held		
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Total
----- Rupees '000 -----								
Category of classification								
Other Assets Especially								
Mentioned (OAEM)	12.1.1	491,821	-	491,821	1,938	-	1,938	1,938
Substandard		829,678	-	829,678	118,805	-	118,805	118,805
Doubtful		1,467,765	-	1,467,765	528,876	-	528,876	528,876
Loss		25,099,028	-	25,099,028	23,265,997	-	23,265,997	23,265,997
		<u>27,888,292</u>	<u>-</u>	<u>27,888,292</u>	<u>23,915,616</u>	<u>-</u>	<u>23,915,616</u>	<u>23,915,616</u>

		December 31, 2016 (Audited)						
Particulars	Note	Classified Advances		Provision required		Provision held		
		Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Total
----- Rupees '000 -----								
Category of classification								
Other Assets Especially								
Mentioned (OAEM)	12.1.1	351,337	-	351,337	-	-	-	-
Substandard		2,201,772	-	2,201,772	403,413	-	403,413	403,413
Doubtful		1,822,574	-	1,822,574	552,258	-	552,258	552,258
Loss		25,660,377	-	25,660,377	23,574,593	-	23,574,593	23,574,593
		<u>30,036,060</u>	<u>-</u>	<u>30,036,060</u>	<u>24,530,264</u>	<u>-</u>	<u>24,530,264</u>	<u>24,530,264</u>

- 12.1.1** This represents non-performing portfolio of agricultural, housing and small enterprise financing classified as OAEM as per the requirements of the Prudential Regulations for agricultural, housing and small enterprise financing issued by the SBP.

12.2 Particulars of provision against non-performing advances

	Un-audited June 30, 2017	Audited December 31, 2016
	----- Rupees '000 -----	
Opening balance	24,530,264	24,101,547
Recognised in the profit & loss account		
Charge for the period / year	567,148	1,991,115
Reversals during the period / year	(1,077,072)	(1,365,302)
Net charge	(509,924)	625,813
Transfer of provision	22,214	-
Amounts written off	(126,938)	(197,096)
Closing balance	<u>23,915,616</u>	<u>24,530,264</u>

- 12.2.1** As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 2,025.323 million (December 31, 2016: Rs 2,193.458 million) relating to advances and Rs 5.768 million (December 31, 2016: Rs 2.884 million) relating to investments while determining the provisioning requirement against non-performing financing (including investments) as at June 30, 2017. The additional profit arising from availing the FSV benefit - net of tax as at June 30, 2017 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs 1,320.209 million (December 31, 2016: Rs 1,427.622 million).

12.3 Particulars of provision against consumer loans and small enterprise - general

	Un-audited June 30, 2017	Audited December 31, 2016
	----- Rupees '000 -----	
Opening balance	464,257	432,672
Charge during the period / year	44,513	31,585
Closing balance	<u>508,770</u>	<u>464,257</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

- 12.3.1** The Bank maintains a general provision against consumer financing in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing issued by the SBP. The prudential regulations specify that general provision should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio ranging from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The Bank also maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance and Small and Medium Enterprise Financing issued by the SBP. The provision ranges between the 1.0% to 1.5% for secured and 2% for unsecured.

- 12.4** Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loans, however, the Bank still holds enforceable collateral against certain non-performing loans in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade, etc.

	Un-audited June 30, 2017	Audited December 31, 2016
-----Rupees '000-----		
13 OPERATING FIXED ASSETS		
Capital work-in-progress	502,063	513,696
Tangible fixed assets	10,185,039	9,991,126
Intangible assets	1,463,562	1,607,059
	<u>12,150,664</u>	<u>12,111,881</u>

Un-audited Half year ended		
	June 30, 2017	June 30, 2016
-----Rupees '000-----		

13.1 Additions to operating fixed assets - cost

Leasehold property and improvements	208,176	63,499
Office furniture, fixtures, equipment and computers	370,779	415,919
Vehicles	4,443	5,698
Capital work-in-progress	614,951	330,460

Additions to Intangibles

Software	43,188	-
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13.2 Disposals of operating fixed assets - cost

Freehold land	-	455,000
Leasehold property and improvements	16,212	-
Office furniture, fixtures, equipment and computers	126,169	12,343
Vehicles	7,006	51,695

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

	Un-audited June 30, 2017	Audited December 31, 2016
	-----Rupees '000-----	
14 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	95,955,806	101,774,589
Savings deposits	112,604,845	107,940,436
Current accounts – Remunerative	4,184,324	3,076,212
Current accounts – Non-remunerative	119,606,487	108,820,931
Margin accounts	2,974,959	2,970,671
	335,326,421	324,582,839
Financial institutions		
Remunerative deposits	18,823,983	15,537,363
Non-remunerative deposits	348,987	186,202
	19,172,970	15,723,565
	354,499,391	340,306,404
15 CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Contingent liability in respect of guarantees favouring:		
- Banking companies and other financial institutions	924,381	483,766
Acceptances		
- Others	5,741,329	7,558,310
15.2 Transaction-related contingent liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:		
- Government	11,832,256	10,688,334
- Banking companies and other financial institutions	76,485	225,272
- Others	2,312,700	2,369,202
	14,221,441	13,282,808
15.3 Trade-related contingent liabilities		
Letters of credit		
- Government	3,676,629	8,078,616
- Others	20,450,322	9,057,727
	24,126,951	17,136,343
15.4 Other contingencies		
i) Indemnity issued favouring the High Court in one of the cases	457,543	457,543

There are certain claims against the Bank not acknowledged as debt amounting to Rs 34,117 million (December 31, 2016: Rs 34,086 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex- employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by customers due to non disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in this condensed interim financial information.

(ii) Income tax assessments of the Bank have been finalised upto the tax year 2016 (accounting year 2015).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

15.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 34,897 million (December 31, 2016: Rs 22,799 million) which are irrevocable in nature.

	Un-audited June 30, 2017	Audited December 31, 2016
-----Rupees '000-----		
15.6 Commitments in respect of forward exchange contracts		
Purchase		
- Customers	594,675	627,720
- Banks	35,915,731	25,971,518
	<u>36,510,406</u>	<u>26,599,238</u>
Sale		
- Customers	56,955	87,256
- Banks	17,937,585	9,325,891
	<u>17,994,540</u>	<u>9,413,147</u>
15.7 Commitments for the acquisition of operating fixed assets	<u>129,637</u>	156,240
15.8 Commitments in respect of repo transactions		
Repurchase	<u>53,683,890</u>	31,743,703
Resale	<u>539,378</u>	5,312,485
15.9 Others		
Cross currency swaps (notional principal)	<u>1,928,374</u>	877,690

16 EARNINGS PER SHARE

	----- Un-audited -----			
	Quarter ended		Half year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
----- Rupees '000 -----				
Profit after tax for the period	<u>991,660</u>	1,460,750	<u>2,859,426</u>	2,818,116
----- Number of shares in thousands -----				
Weighted average number of ordinary shares	<u>1,319,736</u>	1,319,736	<u>1,319,736</u>	1,319,736
----- Rupees -----				
Earnings per share - basic	<u>0.75</u>	1.11	<u>2.17</u>	2.14

16.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at June 30, 2017 and June 30, 2016 which would have any effect on the earning per share if the option to convert is exercised.

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Primary segment information

The Bank is organised into four major business segments:

- Corporate Finance
- Trading and Sales
- Retail Banking
- Corporate & Commercial Banking

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

All assets, liabilities, off balance sheet items and items of income and expense are distributed in primary segments in accordance with the core functions performed by the business groups.

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Total
June 30, 2017 - Un-audited					
	Rupees '000				
Total income ***	102,712	3,750,636	11,655,912	1,886,992	17,396,252
Total expenses	(60,032)	(2,409,182)	(10,976,901)	(1,090,711)	(14,536,826)
Net income	42,680	1,341,454	679,011	796,281	2,859,426
Segment assets (Gross)	-	198,362,514	95,176,918	212,975,145	506,514,577
Segment non performing loans	-	-	6,072,252	21,816,040	27,888,292
Segment provision required against loans **	-	-	(3,818,851)	(20,605,535)	(24,424,386)
Segment liabilities	-	(55,700,427)	(354,538,423)	(31,126,139)	(441,364,989)
Segment return on assets (ROA) (%) *	-	1.45%	1.83%	0.70%	
Segment cost of funds (%) *	-	4.53%	3.62%	5.92%	
June 30, 2016 - Un-audited					
Total income ***	337,606	5,299,979	10,591,244	1,359,236	17,588,065
Total expenses	(135,139)	(2,942,959)	(10,233,629)	(1,458,222)	(14,769,949)
Net income	202,467	2,357,020	357,615	(98,986)	2,818,116
December 31, 2016 - Audited					
	Rupees '000				
Total income ***	404,743	7,317,911	22,217,289	3,006,711	32,946,654
Total expenses	(168,689)	(4,577,603)	(21,330,614)	(2,567,976)	(28,644,882)
Net income	236,054	2,740,308	886,675	438,735	4,301,772
Segment assets (Gross)	-	182,933,264	87,843,586	202,234,019	473,010,869
Segment non performing loans	-	-	5,721,586	24,314,474	30,036,060
Segment provision required against loans **	-	-	(3,702,010)	(21,292,511)	(24,994,521)
Segment liabilities	-	(38,102,146)	(334,741,785)	(36,612,405)	(409,456,336)
Segment return on assets (ROA) (%) *	-	1.58%	1.10%	0.26%	
Segment cost of funds (%) *	-	4.77%	3.75%	5.55%	

* These percentages have been computed based on average balances.

** Includes general provision

*** Net of share of loss of associate

18 RELATED PARTY TRANSACTIONS

The Bank has related party transaction with its holding company, associated undertaking, associated company, group companies, retirement benefit plans, directors, key management personnel and entities over which the directors or key management personnel are able to exercise significant influence.

Banking transactions with the related parties are executed substantially on the same terms, except transactions with directors and key management personnel that are as per their terms of employment, including mark-up rates and collateral, as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk.

Details of transaction with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial information are as follows:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

Particulars	As at June 30, 2017 (Un-audited)				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
	Rupees '000				
Deposits					
Balance at the beginning of the period	76,655	921,493	3,173	981,862	1,891,917
Placements during the period	580,946	736,118	2,713,480	907	24,547,824
Withdrawals during the period	(580,260)	(910,685)	(2,712,661)	(982,026)	(24,601,475)
Balance at end of the period	<u>77,341</u>	<u>746,926</u>	<u>3,992</u>	<u>743</u>	<u>1,838,266</u>
Advances *					
Balance at the beginning of the period	84,388	-	-	-	3,987,241
Disbursements during the period	50,660	-	-	-	1,224,215
Repayments during the period	(42,065)	-	-	-	(50,565)
Balance at end of the period	<u>92,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,160,891</u>
Investments **					
Balance at the beginning of the period	-	-	46,032	-	3,567,571
Disbursements / purchases during the period	-	-	-	-	167,999
Repayments / sales / share of loss during the period	-	-	(17,954)	-	(152,999)
Balance at end of the period	<u>-</u>	<u>-</u>	<u>28,078</u>	<u>-</u>	<u>3,582,571</u>
Trust activities	<u>109,585</u>	<u>631,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Shares held by related parties	<u>1,229</u>	<u>-</u>	<u>-</u>	<u>8,812,815</u>	<u>698,860</u>

* Provision held against advances in respect of other related parties amounted to Rs 2,762,997 million.

** Provision held against investments in respect of other related parties amounted to Rs 2,259,678 million.

Particulars	As at December 31, 2016 (Audited)				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
	Rupees '000				
Deposits					
Balance at the beginning of the year	55,474	517,875	2,265	315	517,814
Placements during the year	1,187,752	1,231,961	4,420,973	10,466,848	26,973,329
Withdrawals during the year	(1,166,571)	(828,343)	(4,420,065)	(9,485,301)	(25,599,226)
Balance at end of the year	<u>76,655</u>	<u>921,493</u>	<u>3,173</u>	<u>981,862</u>	<u>1,891,917</u>
Advances *					
Balance at the beginning of the year	63,045	-	-	-	4,038,817
Disbursements during the year	36,731	-	-	-	-
Repayments during the year	(15,388)	-	-	-	(51,576)
Balance at end of the year	<u>84,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,987,241</u>
Investments **					
Balance at the beginning of the year	-	-	68,082	-	3,642,469
Disbursements / purchases during the year	-	-	-	-	764,219
Repayments / sales / share of loss during the year	-	-	(22,050)	-	(839,117)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>46,032</u>	<u>-</u>	<u>3,567,571</u>
Trust activities	<u>157,360</u>	<u>563,300</u>	<u>-</u>	<u>-</u>	<u>57,900</u>
Shares held by related parties	<u>1,083</u>	<u>-</u>	<u>-</u>	<u>8,011,650</u>	<u>635,328</u>

* Provision held against advances in respect of other related parties amounted to Rs 2,994,048 million.

** Provision held against investments in respect of other related parties amounted to Rs 2,234,844 million.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

Particulars	For the six months period ended June 30, 2017 (Un-audited)				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
	Rupees '000				
Shares / units purchased during the period	-	-	-	-	167,999
Shares / units sold during the period	-	-	-	-	149,460
Government securities purchased during the period	129,213	509,255	-	-	-
Government securities sold during the period	124,296	473,791	-	-	300,861
Profit paid / accrued	645	20,482	160	-	31,524
Profit return / earned	2,523	-	-	-	25,034
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	200,043	-	-	-	-
- Post-employment benefits	8,166	-	-	-	-
- Directors fee	47,198	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	126,179	-	-	-
Capital loss	-	-	-	-	3,539
Dividend Income	-	-	-	-	57,379
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397
Acceptances issued to related parties	-	-	-	-	1,774,000
Share of loss from associate	-	-	17,954	-	-
Dividend payable	-	-	-	-	-
Bonus shares issued	111	-	-	801,165 **	63,532

* represents outstanding guarantee

** These include 4,005,826 shares in respect of withholding tax on bonus shares issued by the Bank during the period. These shares have not been released by the Bank to the Government Treasury based on the stay order issued by the Honorable High Court of Sindh.

Particulars	For the six months period ended June 30, 2016 (Un-audited)				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
	Rupees '000				
Shares / units purchased during the period	-	-	-	-	245,352
Shares / units sold during the period	-	-	-	-	405,638
Government securities purchased during the period	314,980	-	-	-	-
Government securities sold during the period	283,036	-	-	-	245,709
Profit paid / accrued	1,037	16,332	134	-	8,794
Profit return / earned	1,562	-	-	-	26,918
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	180,337	-	-	-	-
- Post-employment benefits	9,256	-	-	-	-
- Directors fee	34,236	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	108,240	-	-	-
Capital gain	-	-	-	-	347
Dividend Income	-	-	-	-	86,613
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397
Acceptances issued to related parties	-	-	-	-	-
Share of loss from associate	-	-	9,797	-	-
Dividend paid	-	-	-	801,165	63,533
Bonus shares issued	-	-	-	-	-

* represents outstanding guarantee

18.1 Balances pertaining to parties that were related at the beginning of the period but ceased to be so related during any part of the current period are not reflected as part of the closing balance. The same are accounted for through the movement presented above.

19 FAIR VALUE DISCLOSURES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

19.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

Recurring fair value measurements

	June 30, 2017 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	-----Rupees '000 -----			
Investments - net				
Market Treasury Bills	-	122,151,006	-	122,151,006
Pakistan Investment Bonds	-	34,055,447	-	34,055,447
Ijara Sukuk Bonds	-	6,356,369	-	6,356,369
Fully Paid up Ordinary Shares	1,305,894	-	-	1,305,894
Term Finance Certificates	-	129,702	-	129,702
Units of Open end Mutual Funds	1,158,491	-	-	1,158,491
Sukuk Bonds	-	5,216,210	-	5,216,210
Commitments in respect of forward exchange contracts				
Forward purchase of foreign exchange	-	36,584,503	-	36,584,503
Forward sale of foreign exchange	-	18,037,938	-	18,037,938
Derivative instruments	-	1,928,374	-	1,928,374
Other Liabilities				
Pakistan Investment Bonds	-	221,966	-	221,966

Recurring fair value measurements

	December 31, 2016 (Audited)			
	Level 1	Level 2	Level 3	Total
	-----Rupees '000 -----			
Investments - net				
Market Treasury Bills	-	89,672,481	-	89,672,481
Pakistan Investment Bonds	-	44,903,414	-	44,903,414
Ijara Sukuk Bonds	-	4,477,685	-	4,477,685
Fully Paid up Ordinary Shares	4,132,522	-	-	4,132,522
Term Finance Certificates	-	197,156	-	197,156
Units of Open end Mutual Funds	1,158,017	-	-	1,158,017
Sukuk Bonds	-	2,900,000	-	2,900,000
Commitments in respect of forward exchange contracts				
Forward purchase of foreign exchange	-	26,508,068	-	26,508,068
Forward sale of foreign exchange	-	9,422,329	-	9,422,329
Derivative instruments	-	877,690	-	877,690

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date when the event or change in circumstances require Bank to exercise such transfers.

There were no transfers between levels 1 and 2 during the period.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates.
Ijara Sukuk	Fair values of GoP Ijarah Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk Certificates are determined using the MUFAP rates.
Forward foreign exchange	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Derivative instruments	The bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

20 ISLAMIC BANKING BUSINESS

The Bank is operating 157 Islamic banking branches (December 31, 2016: 146) and 1 Islamic sub-branch (December 31, 2016: 1).

20.1 The statement of financial position of these branches as at June 30, 2017 is as follows:

	Note	Un-audited June 30, 2017	Audited December 31, 2016
-----Rupees '000-----			
ASSETS			
Cash and balances with treasury banks		6,807,381	5,601,380
Balances with other banks		155,567	83,370
Due from financial institutions		300,000	-
Investments		27,611,268	16,246,917
Islamic financing and related assets	20.3.1	35,372,993	32,316,678
Operating fixed assets		1,360,279	1,175,046
Deferred tax assets		-	-
Other assets		1,562,588	954,377
		73,170,076	56,377,768
LIABILITIES			
Bills payable		1,237,962	896,669
Due to financial institutions		469,542	200,000
Deposits and other accounts			
- Current accounts		30,669,855	18,424,972
- Saving accounts		14,235,471	12,548,303
- Term deposits		7,165,849	7,077,218
- Others		36,573	34,955
- Deposits from financial institutions - remunerative		7,881,339	9,618,020
- Deposits from financial institutions - non-remunerative		90,019	5,500
Due to head office		5,896,885	1,007,797
Deferred tax liabilities		46,282	24,645
Other liabilities		632,338	2,131,144
		68,362,115	51,969,223
		4,807,961	4,408,545
NET ASSETS			
REPRESENTED BY			
Islamic banking fund		2,880,000	2,880,000
Reserves		-	-
Unappropriated profit		1,716,879	1,357,645
		4,596,879	4,237,645
Surplus on revaluation of assets - net of tax		211,082	170,900
		4,807,961	4,408,545

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

20.2 The profit and loss account of the Bank's Islamic Banking branches for the half year ended June 30, 2017 is as follows:

	Un-audited Half year ended	
	June 30, 2017	June 30, 2016
	----- Rupees '000 -----	
Profit / return earned on financing and investments	2,028,275	1,426,197
Profit / return expensed	781,311	862,717
Net spread earned	1,246,964	563,480
 (Reversal of provision) / provision against non-performing financings - net	(3,216)	12,448
Provision against consumer financings - general	9,903	7,420
Recoveries against written off debts	-	(220)
	6,687	19,648
	1,240,277	543,832
 Other Income		
Fee, commission and brokerage income	107,741	67,361
Income from dealing in foreign currencies - net	24,159	(5,797)
Loss on sale of securities - net	(712)	-
Other income	2,598	595
Total other income	133,786	62,159
	1,374,063	605,991
 Other expenses		
Administrative expenses	1,014,810	603,748
Other provision / write-offs	-	31,336
Other charges	19	18
Total other expenses	1,014,829	635,102
	359,234	(29,111)
Extraordinary items / unusual items	-	-
Profit / (loss) for the period	359,234	(29,111)
Unappropriated profit brought forward	1,357,645	1,436,604
Unappropriated profit carried forward	1,716,879	1,407,493
 Remuneration to shariah board	5,716	5,574
	Un-audited	Audited
	June 30,	December 31,
	2017	2016
	----- Rupees '000 -----	
 CHARITY FUND		
Opening balance	4,844	1,034
Additions during the period / year	3,905	5,610
Payments / utilisation during the period / year	(4,800)	(1,800)
Closing balance	3,949	4,844
 Sector wise details of charity disbursement		
Health	4,300	1,300
Education	200	200
Social Work	300	300
	4,800	1,800

The charity has been paid by the Bank on account of non-shariah compliant income and late payment amount received from customers and profit earned thereon.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
----- Rupees '000 -----			
20.3 Islamic Financing and Related Assets	20.3.1	<u>35,372,993</u>	<u>32,316,678</u>
20.3.1 Islamic Mode of Financing			
Financing			
Murabaha		741,423	861,049
Musharika cum Ijara		11,269	11,269
Diminishing Musharika		26,360,018	23,602,710
Fixed Assets Ijara Financing (net)		123,154	493,559
Commercial Istisna Export Financing		108,501	-
		<u>27,344,365</u>	24,968,587
Advance against Financing			
Advance against Murabaha Financing		92,696	251,821
Advance against Diminishing Musharika		5,107,750	6,332,472
Advance against Ijara		2,575,857	635,417
Advance against Istisna		493,759	400,000
Istisna Inventory		36,872	-
		<u>8,306,934</u>	7,619,710
Gross Islamic financing and related assets			
		<u>35,651,299</u>	32,588,297
Provision against Islamic financing and related assets		<u>(278,306)</u>	(271,619)
		<u>35,372,993</u>	<u>32,316,678</u>

21 GENERAL

21.1 Comparative information has been re-classified, re-arranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

22 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 23, 2017 by the Board of Directors of the Bank.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

DIRECTOR

ڈائریکٹرز کا جائزہ

مذکورہ بالا کریڈٹ ریٹنگ ایجنسیز نے مستحکم حالت کی درجہ بندی تفویض کی ہے۔

JCR-VIS کی جانب سے تفویض کردہ درجہ بندیوں کی تعریفات درج ذیل ہیں۔

AA: ہائی کریڈٹ کوائٹی۔ حفاظتی عوامل مضبوط ہیں۔ خطرات بہت کم ہیں لیکن اقتصادی حالات کے باعث بسا اوقات کچھ خطرات رونما ہو سکتے ہیں۔

A1+: بروقت ادائیگی کے لئے بڑی یقین دہانی۔ قلیل المیعاد فنڈز کے متبادل ذرائع تک رسائی موجود ہے۔ درجہ بندی سرکاری قلیل المیعاد قرضوں کی دورہ بندی کے ذرائع سے نیچے ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے تفویض کردہ درجہ بندیوں کی تعریفات درج ذیل ہیں۔

AA: بہت اعلیٰ قرضیاتی میعاد۔ AA درجہ بندی سے مراد قرضوں کے خطرات کی بہت ہی کم امید ہے۔ اس سے اشارہ ملتا ہے کہ مالیاتی معاہدوں پر بروقت ادائیگی کی بہترین صلاحیت موجود ہے۔

A1+: بروقت ادائیگی کے لئے بڑی یقین دہانی موجود ہے۔

توثیقی بیان

بورڈ آف ڈائریکٹرز کے ارکان اور پورے عملے کے ہمراہ میں بینک کی ترقی کے لیے جناب نعمان انصاری کی خدمات کا اعتراف کرتا ہوں اور مستقبل کے حوالے سے ان کے لیے نیک تمناؤں کا اظہار کرتا ہوں۔

میں بورڈ بورڈ آف ڈائریکٹرز اور بینک انتظامیہ کی طرف سے حصص مالکان کا شکریہ ادا کرتا ہوں کہ انہوں نے ہم پر بھرپور اعتماد کا اظہار کیا ہے۔ تعاون اور رہنمائی کا سلسلہ جاری رکھنے پر میں بینک دولت پاکستان اور سکیورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کا بھی شکر گزار ہوں۔ ادارے کی سرپرستی کے لئے تمام صارفین (اندرونی و بیرونی) کا بھی تہہ دل سے شکریہ ادا کرتا ہوں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لئے پوری لگن اور تن وہی سے کام کرنے پر تمام ملازمین کا بھی بے حد مشکور ہوں۔

منجانب بورڈ آف ڈائریکٹرز

صدر اور سی ای او

کراچی

۲۳ اگست ۲۰۱۷

ڈائریکٹرز کا جائزہ

بینکاری صنعت کو کم شرح سود کا سامنا ہے۔ منافع کمانے کی صلاحیت کو برقرار رکھنے کی خاطر بینک نے کم لاگت کے CASA ڈپازٹس اور نادہندہ قرضوں کی وصولی پر توجہ مرکوز کی۔ ۲۰۱۷ کی پہلی ششماہی میں بینک نے مارجن کی مد میں ۰.۱۰، ۰.۱۰ بلین روپے کمائے جبکہ ۲۰۱۶ کے اسی عرصے میں مارجن سے آمدن ۶.۰۶۱ بلین روپے تھی۔ پچھلے سال بینک نے گورنمنٹ سیکورٹیز کی فروخت سے خاصہ کیپٹل گین کمایا تھا۔ سال ۲۰۱۷ کی پہلی ششماہی میں بینک نے ۲ ارب ۸۵ کروڑ ۹۰ لاکھ روپے کا بعد از محمول منافع کمایا۔ مالی سال ۲۰۱۶ کی اسی مدت کے دوران بعد از محمول منافع ۲ ارب ۸۱ کروڑ ۸۰ لاکھ روپے تھا۔ یہ منافع اس حقیقت کے باوجود ہے کہ وفاقی بجٹ میں ۲۵ کروڑ ۹۰ لاکھ روپے کا پریکٹس بھی عائد کیا گیا ہے۔ اس ششماہی میں بینک کی فی شخص آمدنی ۲ روپے ۱۲ پیسے سے بڑھ کر ۲ روپے ۷ پیسے پر پہنچ گئی ہے۔

CASA ڈپازٹس میں ۶۷.۱۱ سے ۷۰.۶۳ فیصد کے اضافے سے بینک کی ڈپازٹس کمپوزیشن بہتر ہوئی ہے اور اس کے نتیجے میں ڈپازٹس کی لاگت میں bps۲۲ کی کمی آئی ہے۔ برانچ نیٹ ورک کی توسیع اس مقصد کے حصول میں معاون ثابت ہو رہی ہے۔ زیر نظر مدت کے دوران نادہندہ کسٹمرز سے وصولی بہتر بنانے اور انتظامی سطح پر سخت اقدامات کے نتیجے میں لاگت کم کرنے سے بینک کے منافع کو مستحکم رکھنے میں مدد ملی ہے۔ نادہندہ قرضوں سے وصولی کے ذریعے بینک کے منافع میں ۵۰.۹۹ بلین روپے کا اضافہ ممکن ہوا۔ انتظامی اخراجات میں ۶ فیصد کا اضافہ ہوا ہے جسے برانچ نیٹ ورک کی توسیع سے بڑھنے والی لاگت اور افراط زر کے دباؤ کے باوجود مستحکم سطح پر رکھنے کی کوشش کی جا رہی ہے۔

ٹریڈ اینڈ کنزیومر پروڈکٹس کا والیوم بڑھا کر بینک نان فنڈڈ آمدن بڑھانے کے حوالے سے کوششوں میں مصروف ہے۔

بینک نے بیلنس شیٹ سائڈ پر منافع تقسیم نہ کر کے کیپٹل پیس مزید مستحکم کی ہے۔ اس وقت بینک کی کیپٹل ۳۱.۹۷ ارب روپے ہے اور کیپٹل ایڈیوکیسی ریٹو ۱۶.۱۹ فیصد ہے جو بینک دولت پاکستان کے طے کردہ معیار سے خاصا بلند ہے۔ رواں سال کی پہلی ششماہی میں ڈپازٹس ۱۴.۱۱ ارب روپے کے اضافے سے ۳۵.۴۵ ارب روپے ہو گئے ہیں۔ بینک کے اثاثوں کی مجموعی مالیت اب ۴۷.۵ ارب روپے سے زائد ہے۔ نادہندہ قرضوں کے شعبے میں بہتر کارکردگی کی راہ ہموار ہوئی ہے جس کے نتیجے میں نادہندہ قرضوں کی کوارج ۳۱ دسمبر ۲۰۱۶ کے ۸۱.۷ فیصد کے مقابلے میں ۳۰ جون ۲۰۱۷ کو ۸۵.۴۸ فیصد کی سطح پر آگئی ہے جس سے یہ ظاہر ہوتا ہے کہ بینک نے نادہندہ قرضوں کی مد میں مناسب پراویژن رکھی ہے اور مستقبل میں کسی بڑے پراویژن کا خدشہ محدود ہے۔

کریڈٹ ریٹنگ

جے سی آری آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ۳۱ دسمبر ۲۰۱۶ کے مالیاتی گوشواروں کی بنیاد پر درج ذیل درجہ بندی جاری کی ہے۔

طویل المیعاد: AA

قلیل المیعاد: A1+

ڈائریکٹرز کا جائزہ

صدر اور سی ای او کی تبدیلی

سابق صدر اور سی ای او جناب نعمان انصاری نے اپنی مدت ملازمت پوری ہونے پر ادارہ چھوڑنے کا فیصلہ کیا ہے۔ بورڈ آف ڈائریکٹرز نے سابق چیف رسک آفیسر جناب یوسف حسین کو بینک کا نیا صدر اور سی ای او مقرر کیا ہے۔ جناب یوسف حسین تجربہ کار بینکر ہیں۔ ان کا تجربہ 22 برسوں پر محیط ہے جس میں اے بی این ایمر و بینک سے طویل وابستگی شامل ہے۔ فیصل بینک سے ان کی وابستگی 9 برس پر محیط ہے۔

مستقبل پر نظر

فیصل بینک کو مرحلہ وار مکمل اسلامی بینک میں تبدیل کرنے کے ہدف کی تکمیل کی طرف بڑھتے ہوئے 2017 میں مزید 150 اسلامی شاخیں کھولی جائیں گی۔ رواں سال کے پہلے ششماہی میں 10 نئی شاخیں کھولی گئیں اور ایک روایتی شاخ کو اسلامی شاخ میں تبدیل کر دیا گیا۔ فیصل بینک تیزی سے تمام شاخوں کو اسلامی شاخوں میں تبدیل کرنے کے عمل میں مصروف ہے۔

فیصل بینک کی نئی شاخیں کم لاگت کی کورڈ پائزس پیدا کرنے میں کامیاب رہی ہیں اور افراد و اداروں کی بینکنگ سے متعلق ضروریات بخوبی پوری کر رہی ہیں۔

ڈپازٹس کی حرکت پذیری کے ساتھ ساتھ زور اس بات پر بھی ہے کہ شرعی اصولوں سے مطابقت رکھنے والی ایسی فنانسنگ پروڈکٹس تیار کی جائیں جو زیادہ سے زیادہ اور متنوع کسٹمرز کی ضروریات کو پورا کر سکیں۔

مالیاتی جھلکیاں

جون 2016	جون 2017
۴،۸۰۵	۴،۳۱۷
(۴۵۴)	۵۱۹
۹	۶
۴	-
(۴۴۱)	۵۲۵
۴،۳۶۴	۴،۸۴۲
(۱،۵۴۶)	(۱،۹۸۳)
۲،۸۱۸	۲،۸۵۹
۲،۶۱۴	۲،۶۱۷

ملین روپے

آپریٹنگ منافع

پرویشن برائے نان پرفارمنگ لونز
سرمایہ کاری کی قدر میں کمی کے لئے پرویشن
پرویشن برائے آف-بیلینس شیٹ او بلیکیشن

قبل از محصول منافع

پرویشن برائے محصول

بعد از محصول منافع

نی حصص آمدن (روپے)

ڈائریکٹرز کا جائزہ

- ہائی نیٹ ورثہ کسٹمرز کو بہتر انداز سے خدمات فراہم کرنے کی غرض سے دی سولیٹیئرز پریفیڈ بینکنگ سروسز میں تبدیلیاں لائی گئیں۔
- ۲۰۱۷ کی دوسری سہ ماہی کے دوران پہلا سولیٹیئرز پریفیڈ اسلامک بینکنگ سینٹر قائم کیا گیا۔ اس وقت کراچی، لاہور، اسلام آباد اور فیصل آباد میں فیصل بینک کے ۱۱ ڈی ڈی بیٹھ سولیٹیئرز سینٹر کام کر رہے ہیں۔
- کسٹمرز کی ضروریات پوری کرنے کے لیے بینک نے ای ایف یو اور آدم جی انشورنس کے ساتھ مل کر نئے انشورنس پلانز متعارف کرائے۔
- ای ایف یو اور آدم جی انشورنس کو بزنس پارٹنرز کی حیثیت سے شریک کرتے ہوئے فیصل بینک نے کوریج اور پریمیم کے کئی آپشنز پیش کرنے والے اسلامک تکافل پلان متعارف کرائے۔
- پول مینجمنٹ فیچرز کو فروغ دینے کی غرض سے AI Qist پول مینجمنٹ سسٹم کا نیا ورژن متعارف کرایا گیا۔ (AI Qist شرعی احکامات کے تحت اسلامی بینکاری صارفین کو آمدن کے پول سے منافع تقسیم کرنے کا سسٹم ہے)

ترتیب اور ترقی

- زیر نظر مدت کے دوران مزید ۲ فیصد عملے نے بینک دولت پاکستان کے تربیتی ادارے NIBAF سے اسلامک بینکنگ شوقیہ کورس مکمل کیا۔ اب ٹارگیٹڈ اسٹاف کے ۷۰ فیصد نے یہ کورس مکمل کر لیا ہے۔
- ۲۰۱۷ کی دوسری سہ ماہی کے دوران ۶۴۰۰ سے زائد افراد کو مختلف شعبوں میں تربیت فراہم کی گئی۔ ان تربیتی پروگرامز کا دورانیہ ۶۷۷۷ گھنٹوں سے زائد رہا۔
- اسلامک برانچ آپیکسیشن پلان کے تحت ۲۱۸ افراد کو تربیت فراہم کی گئی۔
- کارپوریٹ، سی بی ایس ایم ای ٹریڈیٹمز کو اسلامک بینکنگ کی بزنس پریکٹس سے بہتر طور پر ہم آہنگ کرنے کے لیے اسٹیبل پروگرام اسلامک بینکنگ لیول ون کا انعقاد کیا گیا۔
- دوسری سہ ماہی میں بینک کے وژن، مشن، اخلاقیات اور اقدار سے بہتر طور پر روشناس کرانے کے لیے ۱۳۶ ملازمین کو خصوصی تربیت فراہم کی گئی۔
- ۶۰ ٹرینی برانچ سروس آفیسرز نے کلاس روم ٹریننگ کامیابی سے مکمل کی اور اب وہ روٹیشن مکمل کر رہے ہیں۔

ادارے کی سماجی ذمہ داری

- فیصل بینک نے زیر نظر مدت کے دوران معذوروں کی بہبود کے لیے کام کرنے والی تنظیم کے لئے وین کا عطیہ دیا۔
- بینک کے عملے کے ۱۱۰ ارکان کو قدرے اندازی کے ذریعے حج پر بھیجا گیا۔

ڈائریکٹرز کا جائزہ

معاشی آؤٹ لک

مالی سال ۱۸ میں قومی معیشت کے لیے واضح چیلنجز ابھرتے دکھائی دے رہے ہیں۔ طلب میں اضافے کے نتیجے میں افراط زر کے بڑھنے سے سود کی شرح میں بھی اضافے کا امکان ہے۔ کرنٹ اکاؤنٹ کے خسارے کے باعث مرتب ہونے والے شدید دباؤ کے نتیجے میں امریکی ڈالر کے مقابلے میں روپے کی قدر بھی دباؤ میں رہے گی۔ سیاسی تغیرات، انتخابات سے قبل بجٹ کے معاملات میں منفی تبدیلیوں اور ادائیگیوں کے توازن کی خراب صورت حال کے نتیجے میں مالی سال ۱۸ میں قومی معیشت کو ۶ فیصد شرح نمو کے حصول میں متعذر چیلنجز کا سامنا ہو سکتا ہے۔ ایسے میں پاک چین راہداری منصوبہ (سی پیک) ہی ایک ایسا مثبت عنصر ہے جو قومی معیشت کو مشکلات سے کسی حد تک نکال سکتا ہے۔ حکومت کو توقع ہے کہ سی پیک کی معرفت مالیاتی بہاؤ کے نتیجے میں زرمبادلہ کے ذخائر میں اضافے کی راہ ہموار ہوتی رہے گی جس سے کرنٹ اکاؤنٹ کے خسارے پر قابو پانے میں کسی حد تک مدد ملتی رہے گی۔ بہر حال، وسط مدت میں سی پیک کی لاگت قومی معیشت کے لیے ایک بڑی مشکل بھی ثابت ہو سکتی ہے۔ ایسے میں پٹرولیم کے گرنے ہوئے نرخوں نے قومی معیشت کو فروغ دینے میں مرکزی کردار ادا کیا ہے اور مستقبل میں بھی اس حوالے سے مثبت رجحان نمایاں دکھائی دے رہا ہے۔

فیصل بینک کی کارکردگی

نیٹ ورک کی توسیع CASA ڈپازٹس کی حرکت پذیری، لینڈنگ پورٹ فولیو میں منتخب فروغ، لاگت میں کمی اسلامک بینکنگ کی طرف مرحلہ وار تبدیلی کے حوالے سے فیصل بینک طے شدہ حکمت عملی پر تیزی سے عمل کر رہا ہے۔

۳۰ جون ۲۰۱۷ کو ختم ہونے والی ششماہی میں بینک کی چند نمایاں کامیابیوں پر نظر ڈالتے ہیں۔

پراجیکٹ فنانسنگ اور سنڈیکیشن

- بینک نے اسلامک موڈ آف فنانسنگ کے تحت سیمنٹ تیار کرنے والے ایک بڑے ادارے کے لیے ۱۳ ارب روپے کے سنڈیک ایٹڈ لانگ ٹرم لون پروگرام میں ڈیڑھ ارب روپے کے ساتھ حصہ لیا۔ یہ لون پروگرام ادارے میں تیسری پروڈکشن لائن کے قیام کے لیے ہے جس کے تحت ۶۰۰ کلنکر یومیہ پیداوار متوقع ہے۔
- بینک نے ٹیلی کام سیکٹر کے ایک بڑے ادارے کے لیے بھی روایتی اور اسلامک فنانسنگ موڈ کے تحت ۲۶ ارب ۵ کروڑ روپے کے لانگ ٹرم لون پروگرام میں ۱۲ ارب ۹۵ کروڑ روپے کے ساتھ حصہ لیا۔

بنیادی ڈھانچے کی وسط

- زیر نظر مدت کے دوران بینک کا نیٹ ورک ۱۰ شاخوں کے اضافے کے ساتھ ۳۶۵ تک پہنچ گیا۔ اس وقت ۷۰۷ اشہروں میں بینک کے ۲۰۷ روایتی اور ۱۱۵ اسلامی شاخوں کے علاوہ ایک ذیلی شاخ کام کر رہی ہے۔
- بینک کا اے ٹی ایم نیٹ ورک ۳۲۴ سے بڑھ کر ۳۵۹ مشینوں تک پہنچ چکا ہے۔

پروڈکٹ ڈیولپمنٹ اور نئے اقدامات

- بینک کی شاخوں کو آن سائٹ کھاتوں کے کھولنے کے عمل کو آسان بنانے کے لئے موبائل بائیومیٹرک سہولیات فراہم کی گئیں۔

ڈائریکٹرز کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے میں آپ کی خدمت میں ۳۰ جون ۲۰۱۷ کو ختم ہونے والی ششماہی کی رپورٹ (مالیاتی گوشواروں کے ساتھ) پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

اقتصادی اپ ڈیٹ

گزشتہ سال کے ۲۰۱۷ کے مقابلے میں مالی سال ۱۷ کے دوران جی ڈی پی کی شرح نمو ۵.۵ فیصد رہی۔ نجی شعبے کے ذریعے لیے جانے والے قرضوں میں ۷.۷ فیصد کا غیر معمولی اضافہ ریکارڈ کیا گیا جس کے نتیجے میں ریٹیل سیکٹر مضبوط ہوا۔ مگر، ملک کو بیرونی محاذ پر مشکلات کا سامنا رہا۔ برآمدات اور ترسیلات زر میں کمی، بڑھتی ہوئی درآمدات اور قرضوں پر سود ادا کرنے کے باعث زرمبادلہ کے ذخائر ۵.۷ فیصد کمی کے ساتھ ۳۷.۳ ارب ڈالر کی سطح پر رہے۔

اوسط ہیڈ لائن افراط زر ۱۶.۹ فیصد برقرار رہا جس کے مقابلے میں گزشتہ برس کے مقابلے میں تو زیادہ تھا مگر اس برس کے ہدف ۶ فیصد سے بہر حال کم تھا۔ مالی سال ۱۷ میں پی سی آئی افراط زر طبعی نمو کا پیش منظر تک محدود رہا جبکہ بنیادی افراط زر (کور انفلیشن) ۵.۵ فیصد کی مستحکم سطح پر رہا جس سے مجموعی طور پر بڑھی ہوئی طلب کا اندازہ لگایا جاسکتا ہے۔ افراط زر کی دونوں شرحیں چونکہ قابو میں تھیں اس لیے حکومت سال بھر کے دوران سود کی شرح کو برقرار رکھنے میں کامیاب رہی۔

مالی سال ۲۰۱۷ میں دکھائی دینے والی سب سے نمایاں اقتصادی پیش رفت نجی شعبے کے ذریعے لیے جانے والے قرضوں میں غیر معمولی اضافہ تھا جس کا ایک بنیادی سبب تو شرح سود کا کم ہونا تھا اور دوسری طرف یہ بڑھتی ہوئی طلب کی طرف بھی اشارہ کرتا ہے۔ مالی سال ۱۶ کے ۲۴.۶ ارب روپے کے مقابلے میں مالی سال ۱۷ میں نجی شعبے کے قرضے عشرے کے دوران سے بلند سطح پر دکھائی دیئے جن کی مالیت ۲۸.۷ ارب روپے تھی۔ مالیاتی محاذ پر خسارہ ۲.۴ فیصد ریکارڈ کیا گیا جو ہدف ۳.۷ فیصد سے زائد رہا۔ اس کا ایک بنیادی سبب محصولات میں گزشتہ مالی سال کے ۳.۳ فیصد کے اضافے کے مقابلے میں مالی سال ۱۷ میں اضافے کی شرح کا ۶.۸ فیصد تک محدود رہنا تھا۔ مالی سال ۱۷ میں رونما ہونے والی سب سے زیادہ پریشان کن بات یہ تھی کہ کرنٹ اکاؤنٹ کا خسارہ گزشتہ برس کے ۸.۶ ارب ڈالر سے ۱۴.۹ ارب ڈالر تک پہنچ گیا۔ مالی سال ۲۰۰۸ کے ۱۳.۸ ارب ڈالر کے بعد یہ بلند ترین خسارہ ہے۔ کرنٹ اکاؤنٹ کے خسارے میں اضافے کا بنیادی سبب درآمدات کا گزشتہ برس کے ۲۶.۲ ارب ڈالر کے مقابلے میں ۷.۷ فیصد اضافے کے ساتھ ۵۵.۵ ارب ڈالر (۱۹.۱۲ ارب ڈالر کی خدمات کی درآمد سے ہٹ کر) تک پہنچ جانا ہے۔ غذائی اشیاء، مشینری، ٹرانسپورٹ اور پٹرولیم درآمدات میں اضافے کا باعث بننے والے بنیادی شعبے ہیں۔ دوسری طرف برآمدات روپے کی بڑھی ہوئی قدر اور علاقائی سطح پر مسابقت کے حوالے سے پیدا ہونے والی مشکلات کے باعث کم رہیں۔ مالی سال ۱۷ میں برآمدات ۴.۷ فیصد کمی کے ساتھ ۶۶.۲ ارب ڈالر (۵.۵۶ ارب ڈالر کی خدمات کی درآمد سے ہٹ کر) کی سطح پر رہیں۔ گزشتہ برس کے ۹۲.۹ ارب ڈالر کے مقابلے میں ترسیلات زر مالی سال ۱۷ میں ۳.۳ فیصد کمی کے ساتھ ۱۹.۳ ارب ڈالر کی سطح پر رہیں۔ اگر کرنٹ اکاؤنٹ کے خسارے پر قابو پانے کی کوشش نہ کی گئی تو یہ ادائیگیوں کے توازن پر منفی اثرات مرتب کر کے مجموعی طور پر پوری معیشت کو شدید مشکلات سے دوچار کرے گا۔

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