



faysabank

# بلاغت عمل

2017

FIRST QUARTER

ENDED MARCH 31, 2017

UNAUDITED FINANCIAL STATEMENTS

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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. Nauman Ansari	President & CEO
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
Mr. Nauman Ansari	Member

## Recruitment Nomination and Remuneration Committee

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

# CORPORATE INFORMATION

## Board Strategic Planning and Business Transformation Committee

Mr. Farooq Rahmatullah Khan	Chairman
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member
Mr. Juma Hasan Ali Abul	Member
Mr. Fuad Azim Hashimi	Member
Mr. Nauman Ansari	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](http://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](mailto: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 1st quarter ended on March 31, 2017.

## Economic Update:

The Fiscal Year 2017 started with much fervor on the back of successful completion of the IMF program and the prospect of CPEC projects gaining momentum. From the very onset the GOP set rather aggressive fiscal and external account targets. Tax collection target was set at PKR 3.621 trillion and the current account deficit at 1.5% of GDP.

However, as the year has progressed the government has found adherence to initial budgetary targets rather challenging. The 1H FY 2017 fiscal deficit reached 2.4% as compared to the full year target of 3.8% which led the government to revise the fiscal deficit target upwards to 4.1%. Tax collection for seven months FY 2017 stood at PKR 1.7 trillion leaving a massive PKR 1.921 trillion to be collected in the remaining 5 months. This translates into an average tax collection target of PKR 384.2 bln per month for the remainder of the year – a herculean task. The government borrowing from SBP has increased to PKR 1.0 trillion from Jul-Mar 2017 compared to a net retirement of PKR 347 bln in the corresponding period last year. This is leading to the monetization of the fiscal deficit which may further complicate the fiscal position.

Curtailing the current account deficit during FY '17 has proved to be the single most onerous task, this has more than doubled over the past 7 months as compared to the same period last year currently standing at US\$ 5.47 billion versus US\$ 2.48 bln. The Import of goods has increased considerably swelling by approx. US\$ 3 bln over last year. The major components in this increase has been machinery, food, transport and petroleum. Remittances which historically have cushioned the trade gap and aided the current account have now started to decline - albeit slowly (a YoY decline of 2.47% Jul-Feb versus the corresponding period last year).

Despite the challenging fiscal and current account numbers there are still positive developments on the horizon. Gross foreign reserves have registered a growth of 4.2% YoY to USD 21.8 bln as of 24th Mar 2017. Even though oil prices globally have rebounded from the start of this year and Brent Crude is averaging around US\$ 54 per barrel vs approx. US\$ 43. Last year, its impact on Inflation has been rather muted, averaging around 4%. Private sector credit has increased PKR 393 bln year to date, as compared to PKR 289 bln in the corresponding period last year. Large Scale Manufacturing registered a growth of 5.8% in 2QFY17 as compared to 4% in the corresponding period last year.

On the Global front, the Federal Reserve has adhered to its 'DOT plot' issued in December 2016 by raising rates in Mar 2017. However, they have maintained that the monetary policy is still accommodative as they are allowing negative real rates to persist for some time as the economy still requires stimulus. March 2017 has also seen the start of the BREXIT negotiations between the EU and the UK which could expose the region to a lot of economic headwinds.

## Bank's Performance:

Bank's aim is to promote economic activity in the country. In this regard, bank's strategy is to provide user friendly modern banking products & services to customers at their door step. The

# DIRECTORS' REVIEW

focus remained on selective growth with efficient usage of capital, branch network expansion, mobilization of CASA deposit, cost efficiency, consolidation of portfolio and changing its mix towards Islamic financing. During the period, Bank achieved several milestones and executed high profile transactions, some of the notable ones are presented as under:

## *Project Financing & Syndication*

- FBL, acting as a Lead Advisor & Arranger among six other leading banks of Pakistan, has arranged a long term financing of PKR 144 bln under the conventional and Islamic mode of financing. The proceeds will be used for financing the state-owned 2,160 MW Dasu Hydropower Project being set up by Water and Power Development Authority (WAPDA).
- FBL has successfully arranged and closed as Joint Mandated Lead Arranger PKR 18 bln conventional and Islamic mode of financing for the exclusive provider of transmission lines. The financing will be used for the construction and development of transmission interconnection for dispersal of electricity from Thar Coal Based power plants.

## *Product Development & New Initiatives*

- The bank launched Running Musharakah Product to cater financing needs of its Islamic banking customers.
- Two new product based customer programs were added to our portfolio, namely 'Sight LC product Program' for trade customers and 'Ontex Pakistan distributors finance program' for structured supply management solution.
- Bank launched of 04 new Conventional Plans and 05 New Takaful Plans with multiple Coverage and Premium Options with Adamjee and EFU Life as business partners.
- Establishment of Credit & Trade hubs in the three major trade centers of the country to facilitate customers.
- Barkat PayCheq Plus, Islamic variant of Payroll proposition introduced
- An industry first, Air Tickets purchase at 0% markup on FBL Credit Cards through leading Air lines is now available for customers.
- Introduced 0% markup on Education (school fee) payments through FBL credit cards offering convenient payment options.
- Faysal Car Finance team joined hands with Audi Pakistan and IGI insurance to offer incredible discounts and value added services to our customers.
- Faysal Bank Home Styles launched innovative home appliance and furniture products in partnership with leading home improvement brands for customers.

# DIRECTORS' REVIEW

- VISA project implemented for Debit Card Customers. Convenience and security of purchasing through internet using debit card enhanced. Every time when a customer is making the purchase through internet on website, he will be required to enter the secure code where the merchant is also a 3-D Secure.

## *Training & Development*

- 2,304 participants were trained in both online and classroom trainings in 1st quarter.
- Islamic Banking & Finance Leadership Program (NIBAF) was launched for senior Management Team.
- Specialized 2-day Islamic Banking training was conducted at Lahore and Karachi for CBG, CBSME and CAD staff in order to facilitate the conversion process.
- 207 participants trained under 5 day Islamic Banking Certification Program.
- As per Islamic Skills Development Program, 49 staff of CBSME, Corporate, Trade and CAD business were trained on Asset based Islamic Banking Level 1 course.
- Limitless to Service & beyond in collaboration with SQ was completed in Lahore in first quarter, completing the project bank wide.
- Bancassurance training and certification roadshows were conducted across country with 1,000 participants.
- 340 participants have been trained on various induction programs.

## *Corporate Social Responsibility*

- FBL sponsored Elevator has been inaugurated for patients at Burns Center.
- Sponsorship of 2 qualified nurses at NICH (National Institute of Child Health) for operating incubators and ventilators for 12 months.
- Assisted Memon Medical Institute Hospital for treatment of deserving patients.

## *Significant Achievements*

- With the approval of State Bank of Pakistan, the Bank management unified its Branch Banking and Consumer Finance Business under one Retail Banking management to support front line objectives and Islamic Conversion strategy.
- Human Resources successfully concluded the Performance Management Cycle 2016
- Bank has acquired approval for distribution of bonus shares from shareholders in AGM. Now

# DIRECTORS' REVIEW

Bank is in process of obtaining regulatory approvals. After completing all the formalities, shares shall be credited to Member's account.

## Future Outlook:

In line with Bank's strategic decision of gradual conversion of Faysal Bank into Islamic Bank, 50 new branches have been planned for opening and 25 conventional branches for conversion to Islamic banking during 2017. Branches are expected to generate low cost core deposits and assist in reducing cost of funds. Through new branches initiative, Bank will be able to cater banking requirements of local businesses and increase its reach to far flung areas.

Alongside deposit mobilization, more Shariah compliant credit products are being added to product Menu so as to cater the needs of customers. New and existing customers are being educated about products and are encouraged to utilize Islamic Products.

## Financial Highlights:

	<b>March 2017</b>	March 2016
	PKR in Million	
Operating Profit	<b>2,653</b>	2,178
Reversal / provision for non-performing advances	<b>233</b>	(97)
Reversal for diminution in value of investments	<b>44</b>	6
Provision against off balance sheet obligations	<b>-</b>	-
	<b>277</b>	(91)
Profit before tax	<b>2,930</b>	2,087
Provision for taxation	<b>(1,062)</b>	(730)
Profit after tax	<b>1,868</b>	1,357
Earnings per share – Rupees	<b>1.56</b>	1.13

Low interest rate scenario is prevalent in the country for about 2 years now and your Bank had timely adjusted its positions in line with the economic environment. Resultantly, Bank has earned Profit after Tax (PAT) of PKR 1.868 bln during 1st quarter against PKR 1.357 bln earned during corresponding period of last year, reflecting healthy 37.7% improvement. EPS of the Bank increased to PKR 1.56 from PKR 1.13 as compared to corresponding period.

# DIRECTORS' REVIEW

The banking industry is witnessing a period of low spreads and every effort is made to mitigate the effects on margin through prudent lending, mobilization of low cost CASA deposits, vigorous recovery efforts from delinquent clients, capitalization of opportunities provided by the market and rationalization of administrative expenses. Bank's CASA deposits mix increased by an incredible 236 bps i.e. from 67.12% of Dec' 16 to 69.48% as of March 2017. Resultantly, cost of deposits reduced from 3.55% to 3.38% i.e. 17 bps. NPLs recoveries contributed PKR 341 mln to the profitability. Despite increasing trend in inflation and opening of 75 new branches in 2016, administrative expenses are managed through strict surveillance without disturbing smooth banking operations.

Non-funded income is showing increasing trend due to increase in trade & consumer products volumes, realization of gains on Equity Market positions and investment banking advisory activities. NPL coverage stands at 82.2% against 81.71% for Dec'16 which reflects that the Bank has further strengthened its balance sheet.

On the balance sheet, Bank's profit over the years has contributed significantly in increasing capital base to PKR 30.995 bln. Despite decline in industry deposits in the first quarter the bank has been able to maintain its deposits close to PKR 340 billion and efforts are made to decrease deposit's cost through mobilizing low cost core deposits. Total assets of the Bank are in excess of PKR 400 bln.

In summary, Bank's balance sheet composition and earnings are in line with its Strategy.

## Credit Rating:

While credit ratings review on the basis of December 31, 2016 position is in progress, JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) had given the following entity ratings as of December 31, 2015:

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."

# DIRECTORS' REVIEW

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 would like to take this opportunity to thank, on behalf of the Board and Management of the bank, the shareholders for the trust they have reposed in the Bank. I am also grateful to the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their continued support and guidance and 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; April 27, 2017

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	Note	Un-audited March 31, 2017	Audited December 31, 2016
----- Rupees '000 -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		32,894,917	37,239,302
Balances with other banks	9	1,379,864	1,139,375
Lendings to financial institutions		-	5,000,000
Investments	10	185,659,548	170,210,137
Advances	11	198,957,183	204,830,997
Operating fixed assets	12	12,209,362	12,111,881
Deferred tax assets - net		2,551,795	2,264,212
Other assets		9,859,627	11,668,757
		<b>443,512,296</b>	<b>444,464,661</b>
<b>LIABILITIES</b>			
Bills payable		5,989,965	5,982,285
Borrowings		53,446,782	52,806,084
Deposits and other accounts	13	337,642,657	340,306,404
Sub-ordinated loans		1,497,000	1,497,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		8,597,851	8,864,563
		<b>407,174,255</b>	<b>409,456,336</b>
<b>NET ASSETS</b>		<b>36,338,041</b>	<b>35,008,325</b>
<b>REPRESENTED BY</b>			
Share capital		11,997,601	11,997,601
Reserves		8,326,791	7,158,248
Unappropriated profit		10,671,417	9,985,870
		<b>30,995,809</b>	<b>29,141,719</b>
Surplus on revaluation of assets - net of tax		5,342,232	5,866,606
		<b>36,338,041</b>	<b>35,008,325</b>
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The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2017

Note	Quarter ended		
	March 31, 2017	March 31, 2016	
----- Rupees '000 -----			
Mark-up / return / interest earned	6,908,872	6,767,853	
Mark-up / return / interest expensed	3,395,850	3,622,696	
Net mark-up / interest income	3,513,022	3,145,157	
(Reversal) / provision against non-performing loans and advances - net	11.2	(222,306)	126,634
Provision / (reversal) for consumer and small enterprise loans - general	11.3	18,543	(4,493)
Provision against off balance sheet obligations		-	199
Reversal of provision for diminution in value of investments - net	10.5	(43,775)	(6,255)
Recoveries against written-off debts - net		(29,560)	(25,004)
		(277,098)	91,081
Net mark-up / interest income after provisions		3,790,120	3,054,076
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income	663,317	574,283	
Dividend income	13,585	52,824	
Income from dealing in foreign currencies	289,255	242,287	
Gain on sale of securities - net	965,252	714,740	
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net	(2,085)	14,190	
Other income	66,255	83,130	
Total non mark-up / interest income	1,995,579	1,681,454	
	5,785,699	4,735,530	
<b>Non mark-up / interest expenses</b>			
Administrative expenses	2,786,967	2,590,557	
Other provisions - net	-	-	
Other charges	59,809	50,171	
Total non mark-up / interest expenses	2,846,776	2,640,728	
	2,938,923	2,094,802	
Share of loss from associate	(8,608)	(7,252)	
Extraordinary / unusual items	-	-	
<b>Profit before taxation</b>	2,930,315	2,087,550	
Taxation - Current	1,023,879	845,818	
Taxation - Prior years	36,535	-	
Taxation - Deferred	2,135	(115,634)	
	1,062,549	730,184	
<b>Profit after taxation</b>	1,867,766	1,357,366	
<b>Basic earnings per share</b>	15	1.56	1.13

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

DIRECTOR

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# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2017

	For the Quarter ended	
	March 31, 2017	March 31, 2016
	----- Rupees '000 -----	
<b>Profit after taxation for the period</b>	<b>1,867,766</b>	1,357,366
<b>Other comprehensive income:</b>		
Items that will not be reclassified to profit and loss account	-	-
<b>Comprehensive income transferred to equity</b>	<b>1,867,766</b>	1,357,366
<b>Items that may be reclassified subsequently to profit and loss account</b>		
<b>Components of comprehensive income not reflected in equity</b>		
- Net change in value of available for sale securities	(779,739)	135,474
- Deferred tax asset / (liability) on change in value of available for sale securities	272,908	(45,417)
	(506,831)	90,057
<b>Total comprehensive income</b>	<b>1,360,935</b>	1,447,423

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2017

Particulars	Share capital	Reserves					Sub Total	Unappropriated profit	Total
		Capital				Statutory reserve			
		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									
<b>Balance as at January 1, 2016</b>	11,997,601	-	10,131	1,006,607	23,952	5,382,071	6,422,761	7,638,330	26,058,692
<b>Transactions with owners for the quarter ended March 31, 2016</b>									
Final cash dividend - December 31, 2015 declared subsequent to the year end at Re. 1 per share	-	-	-	-	-	-	-	(1,199,760)	(1,199,760)
Profit after taxation for the period ended March 31, 2016	-	-	-	-	-	-	-	1,357,366	1,357,366
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(31,217)	-	-	(31,217)	-	(31,217)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	48,541	48,541
<b>Balance as at March 31, 2016</b>	11,997,601	-	10,131	975,390	23,952	5,382,071	6,391,544	7,844,477	26,233,622
<b>Total comprehensive income for the period from April 1, 2016 to December 31, 2016</b>									
Profit after taxation for the period	-	-	-	-	-	-	-	2,944,406	2,944,406
Other comprehensive income for the period	-	-	-	-	-	-	-	16,719	16,719
Total comprehensive income for the period	-	-	-	-	-	-	-	2,961,125	2,961,125
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(93,650)	-	-	(93,650)	-	(93,650)
Transfer to statutory reserve	-	-	-	-	-	860,354	860,354	(860,354)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	40,622	40,622
<b>Balance as at December 31, 2016</b>	11,997,601	-	10,131	881,740	23,952	6,242,425	7,158,248	9,985,870	29,141,719
Transfer to reserve for issue of bonus shares	-	1,199,760	-	-	-	-	1,199,760	(1,199,760)	-
<b>Total comprehensive income for the quarter ended March 31, 2017</b>									
Profit after taxation for the period	-	-	-	-	-	-	-	1,867,766	1,867,766
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	1,867,766	1,867,766
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(31,217)	-	-	(31,217)	-	(31,217)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	17,541	17,541
<b>Balance as at March 31, 2017</b>	11,997,601	1,199,760	10,131	850,523	23,952	6,242,425	8,326,791	10,671,417	30,995,809

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2017

	March 31, 2017	March 31, 2016
	-----Rupees '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,930,315	2,087,550
Less: Dividend income	(13,585)	(52,824)
	<u>2,916,730</u>	<u>2,034,726</u>
<b>Adjustments for non-cash and other items:</b>		
Depreciation	186,671	147,548
Amortisation	45,144	50,900
Depreciation on non-banking assets	3,159	-
Workers' Welfare Fund	59,802	49,319
(Reversal) / provision against non-performing loans and advances - net	(222,306)	126,634
Provision / (reversal) for consumer and small enterprise loans - general	18,543	(4,493)
Reversal of provision for diminution in value of investments - net	(43,775)	(6,255)
Charge of other provisions - net	-	-
Provision against off balance sheet obligations	-	199
Unrealised loss / (gain) on revaluation of investments classified as held for trading	2,085	(14,190)
Net profit on disposal of property and equipment	(48)	(55,882)
Net gain on disposal of non-banking assets	-	-
Charge for defined benefit plan	28,654	22,351
Amortisation of prepaid employee benefits	-	98,463
Recoveries against written-off debts	(29,560)	(25,004)
Profit Receivable on Bai Mujjal	-	(85,548)
Share of loss of associate	8,608	7,252
	<u>56,977</u>	<u>311,294</u>
	2,973,707	2,346,020
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	5,000,000	(2,241,479)
Held for trading securities	(20,387,258)	(2,179,302)
Advances	6,084,923	281,996
Other assets	1,195,004	1,570,490
	<u>(8,107,331)</u>	<u>(2,568,295)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	7,680	353,953
Borrowings	1,117,186	(49,124,117)
Deposits and other accounts	(2,663,747)	4,587,824
Other liabilities	(247,549)	638,928
	<u>(1,786,430)</u>	<u>(43,543,412)</u>
	(6,920,054)	(43,765,687)
Income tax paid	(544,925)	291,041
<b>Net cash generated from operating activities</b>	<u>(7,464,979)</u>	<u>(43,474,646)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available for sale securities	4,177,086	41,060,497
Net investment in held to maturity securities	14,105	84,950
Dividend income received	23,766	36,368
Investment in operating fixed assets	(377,334)	(76,220)
Proceeds realised on disposal of operating fixed assets	60	513,528
Proceeds realised on disposal of non-banking assets	-	-
<b>Net cash used in investing activities</b>	<u>3,837,683</u>	<u>41,619,123</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of sub-ordinated loan	-	-
Dividends paid	(112)	-
<b>Net cash used in financing activities</b>	<u>(112)</u>	<u>-</u>
<b>Increase in cash and cash equivalents</b>	<u>(3,627,408)</u>	<u>(1,855,523)</u>
Cash and cash equivalents at the beginning of the period	37,855,935	26,335,872
<b>Cash and cash equivalents at the end of the period</b>	<u>34,228,527</u>	<u>24,480,349</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 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 355 branches (December 31, 2016: 355); including 147 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, Shakra-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, 2015, 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, 2014: 'AA') and the short term rating as 'A1+' (December 31, 2014: '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 19 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 IFAS 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, IFAS notified under the Companies Ordinance, 1984 or the requirements of the said directives issued by the SECP and the SBP prevail.
- 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 under BSD Circular Letter No. 2 dated May 12, 2004. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, 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 QUARTER ENDED MARCH 31, 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 March 31, 2017 the Bank has adjusted amortisation of intangible assets amounting to Rs. 31.217 million (net of tax) from the Non-distributable Capital Reserve.

**3.8 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:**

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these 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 QUARTER ENDED MARCH 31, 2017

	Un-audited March 31, 2017	Audited December 31, 2016
-----Rupees '000-----		
<b>9 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
- Current accounts	810,181	699,488
Outside Pakistan		
- Current accounts	569,683	439,887
	<u>1,379,864</u>	<u>1,139,375</u>

Note	Un-audited March 31, 2017			Audited December 31, 2016		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
-----Rupees '000-----						
<b>10 INVESTMENTS</b>						
<b>10.1 Investments by type</b>						
<b>Held for trading securities</b>						
Market Treasury Bills	21,304,899	-	21,304,899	533,530	-	533,530
Pakistan Investment Bonds	760,964	-	760,964	1,170,038	-	1,170,038
Ijara Sukuk	16,339	-	16,339	-	-	-
Fully paid up ordinary shares / certificates of closed end mutual funds	8,624	-	8,624	-	-	-
	<u>22,090,826</u>	<u>-</u>	<u>22,090,826</u>	<u>1,703,568</u>	<u>-</u>	<u>1,703,568</u>
<b>Available for sale securities</b>						
Market Treasury Bills	64,644,255	33,802,010	98,446,265	59,502,461	29,646,237	89,148,698
Pakistan Investment Bonds	32,650,917	-	32,650,917	41,351,395	2,074,936	43,426,331
Ijara Sukuk Bonds	4,474,984	-	4,474,984	4,474,967	-	4,474,967
Sukuk Bonds	2,145,165	-	2,145,165	2,900,000	-	2,900,000
Units of open end mutual funds						
- Faysal Balanced Growth Fund *	37,480	-	37,480	37,480	-	37,480
- Faysal Income Growth Fund *	257,544	-	257,544	257,544	-	257,544
- Faysal Savings Growth Fund *	680,606	-	680,606	680,606	-	680,606
- Faysal Islamic Savings Growth Fund *	189,432	-	189,432	189,432	-	189,432
- Faysal Financial Sector Opportunity Fund *	15,000	-	15,000	-	-	-
Fully paid up ordinary shares / modaraba certificates / certificates of closed end mutual funds	2,419,044	-	2,419,044	4,370,242	-	4,370,242
Fully paid up preference shares	22,490	-	22,490	22,490	-	22,490
Term finance certificates	753,926	-	753,926	762,149	-	762,149
	<u>108,290,843</u>	<u>33,802,010</u>	<u>142,092,853</u>	<u>114,548,766</u>	<u>31,721,173</u>	<u>146,269,939</u>
<b>Held to maturity securities</b>						
Pakistan Investment Bonds	9,954,400	-	9,954,400	9,931,757	-	9,931,757
Term finance certificates	2,315,392	-	2,315,392	2,455,213	-	2,455,213
Sukuk Bonds	11,964,690	-	11,964,690	11,861,617	-	11,861,617
	<u>24,234,482</u>	<u>-</u>	<u>24,234,482</u>	<u>24,248,587</u>	<u>-</u>	<u>24,248,587</u>
<b>Associate *</b>						
Fully paid up ordinary shares of Faysal Asset Management Limited	37,424	-	37,424	46,032	-	46,032
	<u>154,653,575</u>	<u>33,802,010</u>	<u>188,455,585</u>	<u>140,546,953</u>	<u>31,721,173</u>	<u>172,268,126</u>
Less: provision for diminution in the value of investments	(3,222,058)	-	(3,222,058)	(3,265,833)	-	(3,265,833)
<b>Investments (net of provisions)</b>	<u>151,431,517</u>	<u>33,802,010</u>	<u>185,233,527</u>	<u>137,281,120</u>	<u>31,721,173</u>	<u>169,002,293</u>
(Deficit) / surplus on revaluation of investments classified as held for trading - net	(1,623)	-	(1,623)	461	-	461
Surplus / (deficit) on revaluation of investments classified as available for sale - net	427,599	45	427,644	1,227,520	(20,137)	1,207,383
<b>Total investments - net</b>	<u>151,857,493</u>	<u>33,802,055</u>	<u>185,659,548</u>	<u>138,509,101</u>	<u>31,701,036</u>	<u>170,210,137</u>

\* related parties

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- 10.2** These include 1,670,685 equity shares (December 31, 2016: 1,670,685 shares) of Agritech Limited (AGL) acquired at the rate of Rs 35 each, as a result of the exercise of put option in pursuance of the investors buy-back agreement dated July 20, 2012. The Bank has availed the relaxation provided by the SBP vide letter no BPR/BRD/Policy/2016-14898 dated June 14, 2016 in recording impairment against these shares. The Bank is required to maintain atleast 75% and 100% of the required impairment as at March 31, 2017 and June 30, 2017 respectively. Accordingly, the Bank has recorded an impairment of Rs 27.992 million against these shares as at March 31, 2017. Had the SBP not provided this relaxation the profit before taxation would have been lower by Rs 9.331 million and provision for diminution in the value of investment would have been higher by the same amount.
- 10.3** These include an investment of the Bank in unlisted shares of DHA Cogen Limited (DHA) (a related party of the Bank) representing 19.1% (2016: 19.1%) equity holding of DHA.
- 10.4** 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 financial statements of FAML which relate to the period ended December 31, 2016 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:

	<b>Un-audited March 31, 2017</b>	Audited December 31, 2016
	----- Rupees '000 -----	
<b>10.4.1 Faysal Asset Management Limited - percentage holding 30% (December 31, 2016: 30%)</b>		
At January 1	46,032	68,082
Post acquisition changes during the period / year - recognised in the profit and loss account	(8,608)	(22,050)
Closing Balance	<u>37,424</u>	<u>46,032</u>
Cost of investment	<u>45,000</u>	<u>45,000</u>
<b>10.4.2 Particulars of the assets and liabilities of the associate</b>		
Revenue	<u>135,543</u>	<u>139,032</u>
Net Loss	<u>(102,501)</u>	<u>(73,499)</u>
Assets	<u>166,172</u>	<u>166,896</u>
Liabilities	<u>41,425</u>	<u>13,456</u>
Net Assets	<u>124,747</u>	<u>153,440</u>
Percentage (%) holding of the Bank	<u>30%</u>	<u>30%</u>
Share of net assets of the Bank	<u>37,424</u>	<u>46,032</u>

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

FOR THE QUARTER ENDED MARCH 31, 2017

	Note	Un-audited March 31, 2017	Audited December 31, 2016
		----- Rupees '000 -----	
<b>10.5 Particulars of provision for diminution in the value of investments</b>			
Opening balance		3,265,833	3,282,763
Charge during the period / year		9,339	75,478
Reversals during the period / year		(53,114)	(92,408)
		(43,775)	(16,930)
Closing balance		<u>3,222,058</u>	<u>3,265,833</u>
<b>11 ADVANCES</b>			
Loans, cash credits, running finances, etc. – in Pakistan		174,350,143	180,518,663
Net investment in finance lease – in Pakistan		<u>11,412,824</u>	<u>10,431,613</u>
		<u>185,762,967</u>	<u>190,950,276</u>
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		3,226,213	5,289,466
- Payable outside Pakistan		952,288	909,279
		<u>4,178,501</u>	<u>6,198,745</u>
Islamic financing and related assets		33,736,559	32,588,297
Margin financing / reverse repo transactions		88,200	88,200
<b>Gross advances</b>		<u>223,766,227</u>	<u>229,825,518</u>
Provision against non-performing advances	11.1 & 11.2	(24,326,244)	(24,530,264)
Provision against consumer and small enterprise loans - general	11.3	(482,800)	(464,257)
		<u>(24,809,044)</u>	<u>(24,994,521)</u>
<b>Advances - net of provision</b>		<u>198,957,183</u>	<u>204,830,997</u>

**11.1** Advances includes Rs. 29,589 million (2016: Rs. 30,036 million) which have been placed under non-performing status as detailed below:

March 31, 2017 (Un-audited)										
Particulars	Note	Classified Advances			Provision required			Provision held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- Rupees '000 -----										
<b>Category of classification</b>										
Other Assets Especially										
Mentioned (OAEM)	11.1.1	413,262	-	413,262	-	-	-	-	-	-
Substandard		2,051,991	-	2,051,991	387,671	-	387,671	387,671	-	387,671
Doubtful		1,699,960	-	1,699,960	525,263	-	525,263	525,263	-	525,263
Loss		25,424,260	-	25,424,260	23,413,310	-	23,413,310	23,413,310	-	23,413,310
		<u>29,589,473</u>	-	<u>29,589,473</u>	<u>24,326,244</u>	-	<u>24,326,244</u>	<u>24,326,244</u>	-	<u>24,326,244</u>
December 31, 2016 (Audited)										
Particulars	Note	Classified Advances			Provision required			Provision held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- Rupees '000 -----										
<b>Category of classification</b>										
Other Assets Especially										
Mentioned (OAEM)	11.1.1	351,337	-	351,337	-	-	-	-	-	-
Substandard		2,201,772	-	2,201,772	403,413	-	403,413	403,413	-	403,413
Doubtful		1,822,574	-	1,822,574	552,258	-	552,258	552,258	-	552,258
Loss		25,660,377	-	25,660,377	23,574,593	-	23,574,593	23,574,593	-	23,574,593
		<u>30,036,060</u>	-	<u>30,036,060</u>	<u>24,530,264</u>	-	<u>24,530,264</u>	<u>24,530,264</u>	-	<u>24,530,264</u>

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

FOR THE QUARTER ENDED MARCH 31, 2017

- 11.1.1** 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.

	<b>Un-audited March 31, 2017</b>	<b>Audited December 31, 2016</b>
<b>11.2 Particulars of provision against non-performing advances</b>	----- Rupees '000 -----	
Opening balance	24,530,264	24,101,547
<b>Recognised in the profit &amp; loss account</b>		
Charge for the period / year	216,573	1,991,115
Reversals during the period / year	(438,879)	(1,365,302)
Net charge	(222,306)	625,813
Transfer of provision	22,214	-
Amounts written off	(3,928)	(197,096)
Closing balance	<u>24,326,244</u>	<u>24,530,264</u>

- 11.2.1** As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 2,160.030 million (December 31, 2016: Rs 2,193.458 million) relating to advances and Rs 2.884 million (December 31, 2016: Rs 2.884 million) relating to investments while determining the provisioning requirement against non-performing financing (including investments) as at March 31, 2017. The additional profit arising from availing the FSV benefit - net of tax as at March 31, 2017 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs 1,405.894 million (December 31, 2016: Rs 1,427.622 million).

	<b>Un-audited March 31, 2017</b>	<b>Audited December 31, 2016</b>
<b>11.3 Particulars of provision against consumer loans and small enterprise - general</b>	----- Rupees '000 -----	
Opening balance	464,257	432,672
Charge during the period / year	18,543	31,585
Closing balance	<u>482,800</u>	<u>464,257</u>

- 11.3.1** 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.

- 11.4** 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.

	<b>Un-audited March 31, 2017</b>	<b>Audited December 31, 2016</b>
<b>12 OPERATING FIXED ASSETS</b>	----- Rupees '000 -----	
Capital work-in-progress	690,341	513,696
Tangible fixed assets	9,999,767	9,991,126
Intangible assets	1,519,254	1,607,059
	<u>12,209,362</u>	<u>12,111,881</u>

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

FOR THE QUARTER ENDED MARCH 31, 2017

	Un-audited	
	For the quarter ended	
	March 31, 2017	March 31, 2016
	----- Rupees '000 -----	
<b>12.1 Additions to operating fixed assets - cost</b>		
Leasehold property and improvements	97,460	51,722
Office furniture, fixtures, equipment and computers	93,433	12,872
Vehicles	4,348	1,798
Capital work-in-progress	177,230	9,828
<b>Additions to Intangibles</b>		
Software	5,364	-
<b>12.2 Disposals of operating fixed assets - cost</b>		
Freehold land	-	455,000
Office furniture, fixtures, equipment and computers	215	10,561
Vehicles	-	7,025
	Un-audited	Audited
	March 31, 2017	December 31, 2016
	----- Rupees '000 -----	
<b>13 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	93,031,172	101,774,589
Saving deposits	112,959,869	107,940,436
Current accounts – Remunerative	2,958,428	3,076,212
Current accounts – Non-remunerative	106,780,366	108,820,931
Margin accounts	2,913,260	2,970,671
	318,643,095	324,582,839
<b>Financial institutions</b>		
Remunerative deposits	18,790,360	15,537,363
Non-remunerative deposits	209,202	186,202
	18,999,562	15,723,565
	337,642,657	340,306,404
<b>14 CONTINGENCIES AND COMMITMENTS</b>		
<b>14.1 Direct credit substitutes</b>		
<b>Contingent liability in respect of guarantees favouring:</b>		
- Banking companies and other financial institutions	941,023	483,766
<b>Acceptances</b>		
- Others	5,343,252	7,558,310
<b>14.2 Transaction-related contingent liabilities</b>		
<b>Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:</b>		
- Government	11,565,869	10,688,334
- Banking companies and other financial institutions	49,414	225,272
- Others	1,817,784	2,369,202
	13,433,067	13,282,808

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

FOR THE QUARTER ENDED MARCH 31, 2017

Un-audited March 31, 2017	Audited December 31, 2016
----- Rupees '000 -----	

## 14.3 Trade-related contingent liabilities

### Letters of credit

- Government
- Others

3,563,245	8,078,616
17,560,832	9,057,727
<u>21,124,077</u>	<u>17,136,343</u>

## 14.4 Other contingencies

- i) Indemnity issued favouring the High Court in one of the below cases 457,543 457,543

There are certain claims against the Bank not acknowledged as debt amounting to Rs 34,140 million (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).

The bank is contesting on a matter relating to taxability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (2016: Rs. 1,154.701 million). The management and tax advisors of the Bank are confident that the matter will be decided in the Bank's favor and accordingly, no provision has been recorded in these financial statements in respect of the matter.

## 14.5 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 28,047 million (December 31, 2016: Rs 22,799 million) which are irrevocable in nature.

Un-audited March 31, 2017	Audited December 31, 2016
----- Rupees '000 -----	

## 14.6 Commitments in respect of forward exchange contracts

### Purchase

- Customers
- Banks

544,768	627,720
27,195,471	25,971,518
<u>27,740,239</u>	<u>26,599,238</u>

### Sale

- Customers
- Banks

8,889	87,256
12,171,496	9,325,891
<u>12,180,385</u>	<u>9,413,147</u>

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

FOR THE QUARTER ENDED MARCH 31, 2017

	Un-audited March 31, 2017	Audited December 31, 2016
	----- Rupees '000 -----	
<b>14.7 Commitments for the acquisition of operating fixed assets</b>	<b>114,376</b>	156,240
<b>14.8 Commitments in respect of repo transactions</b>		
Repurchase	<u>33,829,832</u>	<u>31,743,703</u>
Resale	<u>312,216</u>	<u>5,312,485</u>
<b>14.9 Others</b>		
Cross currency swaps (notional principal)	<u>879,765</u>	<u>877,690</u>
<b>15 EARNINGS PER SHARE</b>	----- Un-audited -----	
	<b>For the quarter ended</b>	
	<b>March 31, 2017</b>	March 31, 2016
	----- Rupees '000 -----	
Profit after tax for the period	<u>1,867,766</u>	<u>1,357,366</u>
	<b>Number of shares in thousands</b>	
Weighted average number of ordinary shares	<u>1,199,760</u>	<u>1,199,760</u>
	----- Rupees -----	
Earnings per share - basic	<u>1.56</u>	<u>1.13</u>

**15.1** Diluted earning per share has not been presented as the Bank does not have any convertible instruments in issue at March 31, 2017 and March 31, 2016 which would have any effect on the earning per share if the option to convert is exercised.

## 16 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

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.

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

FOR THE QUARTER ENDED MARCH 31, 2017

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Total
<b>March 31, 2017 - Un-audited</b>					
Rupees '000					
Total income ***	58,841	2,182,836	5,617,164	1,037,002	8,895,843
Total expenses	(30,166)	(1,148,171)	(5,263,996)	(585,744)	(7,028,077)
Net income	28,675	1,034,665	353,168	451,258	1,867,766
Segment assets (Gross)	-	191,697,550	82,789,725	197,341,977	471,829,252
Segment non performing loans	-	-	6,037,194	23,552,279	29,589,473
Segment provision required against loans **	-	-	(3,761,868)	(21,047,176)	(24,809,044)
Segment liabilities	-	(38,192,286)	(337,392,015)	(31,589,954)	(407,174,255)
Segment return on assets (ROA) (%) *	-	2.31%	2.01%	1.07%	
Segment cost of funds (%) *	-	4.43%	3.78%	5.99%	
<b>March 31, 2016 - Un-audited</b>					
Total income ***	100,932	2,219,610	5,473,144	648,369	8,442,055
Total expenses	(43,717)	(1,301,278)	(5,167,089)	(572,605)	(7,084,689)
Net income	57,215	918,332	306,055	75,764	1,357,366
<b>December 31, 2016 - Audited</b>					
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

## 17 RELATED PARTY TRANSACTIONS

The Bank has related party relationship 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 QUARTER ENDED MARCH 31, 2017

As at March 31, 2017 (Un-audited)					
Particulars	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
Rupees '000					
<b>Deposits</b>					
Balance at the beginning of the period	76,655	921,493	3,173	981,862	1,891,917
Placements during the period	234,846	109,760	1,658,891	907	10,066,691
Withdrawals during the period	(221,109)	(278,342)	(1,658,780)	(981,788)	(10,477,250)
Balance at end of the period	<u>90,392</u>	<u>752,911</u>	<u>3,284</u>	<u>981</u>	<u>1,481,358</u>
<b>Advances *</b>					
Balance at the beginning of the period	84,388	-	-	-	3,987,241
Disbursements during the period	8,683	-	-	-	985,626
Repayments during the period	(5,741)	-	-	-	(70,351)
Balance at end of the period	<u>87,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,902,516</u>
<b>Trust activities</b>	<u>155,350</u>	<u>563,300</u>	<u>-</u>	<u>-</u>	<u>48,900</u>
<b>Shares held by group companies</b>	<u>-</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 2,981.928 million.

As at December 31, 2016 (Audited)					
Particulars	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
Rupees '000					
<b>Deposits</b>					
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>
<b>Advances *</b>					
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>
<b>Trust activities</b>	<u>157,360</u>	<u>563,300</u>	<u>-</u>	<u>-</u>	<u>49,900</u>
<b>Shares held by group companies</b>	<u>-</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.

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

FOR THE QUARTER ENDED MARCH 31, 2017

Particulars	For the quarter ended March 31, 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	6,049	-	-	-	-
Government securities sold during the period	258,225	-	-	-	114,435
Profit paid / accrued	266	10,577	97	-	15,181
Profit return / earned	1,205	-	-	-	22,002
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	150,761	-	-	-	-
- Post-employment benefits	5,085	-	-	-	-
- Directors fee	17,671	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	62,610	-	-	-
Capital loss	-	-	-	-	3,539
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397
Acceptances issued to related parties	-	-	-	-	650,000
Share of loss from associate	-	-	8,608	-	-
Dividend payable	-	-	-	-	-

Particulars	For the quarter ended March 31, 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	-	-	-	-	39,056
Shares / units sold during the period	-	-	-	-	24,864
Government securities purchased during the period	288,190	-	-	-	-
Government securities sold during the period	272,032	-	-	-	120,766
Profit paid / accrued	299	8,013	65	-	4,533
Profit return / earned	753	-	-	-	717,643
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	154,418	-	-	-	-
- Post-employment benefits	4,520	-	-	-	-
- Directors fee	24,334	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	52,825	-	-	-
Capital loss	-	-	-	-	883
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397
Acceptances issued to related parties	-	-	-	-	-
Share of loss from associate	-	-	7,252	-	-
Dividend payable	108	-	-	801,465	63,533

\* represents outstanding guarantee

**17.1** 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.

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

FOR THE QUARTER ENDED MARCH 31, 2017

## 18 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.

### 18.1 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

	March 31, 2017 (Un-audited)			Total
	Level 1	Level 2	Level 3	
	Rupees '000			
<b>Investments - net</b>				
Market Treasury Bills	-	119,751,805	-	119,751,805
Pakistan Investment Bonds	-	33,641,449	-	33,641,449
Ijara Sukuk Bonds	-	4,485,398	-	4,485,398
Fully Paid up Ordinary Shares	1,409,636	-	-	1,409,636
Term Finance Certificates	-	196,684	-	196,684
Units of Open end Mutual Funds	1,202,408	-	-	1,202,408
Sukuk Certificates	-	2,226,019	-	2,226,019

#### Commitments in respect of forward

##### exchange contracts

Forward purchase of foreign exchange	-	27,792,845	-	27,792,845
Forward sale of foreign exchange	-	12,225,366	-	12,225,366
Derivative instruments	-	879,765	-	879,765

#### Recurring fair value measurements

	December 31, 2016 (Audited)			Total
	Level 1	Level 2	Level 3	
	Rupees '000			
<b>Investments - net</b>				
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 Certificates	-	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 year.

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

FOR THE QUARTER ENDED MARCH 31, 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.

## 19 ISLAMIC BANKING BUSINESS

The Bank is operating 147 Islamic banking branches (December 31, 2016: 146) and 1 Islamic sub-branch (December 31, 2016: 1).

### 19.1 The statement of financial position of these branches as at March 31, 2017 is as follows:

	Note	Un-audited March 31, 2017	Audited December 31, 2016
----- Rupees '000 -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		4,992,553	5,601,380
Balances with other banks		41,212	83,370
Due from financial institutions		-	-
Investments		16,352,922	16,246,917
Islamic financing and related assets	19.3.1	33,456,809	32,316,678
Operating fixed assets		1,314,453	1,175,046
Deferred tax assets		-	-
Other assets		1,427,776	954,377
		<u>57,585,725</u>	<u>56,377,768</u>
<b>LIABILITIES</b>			
Bills payable		791,626	896,669
Due to financial institutions		350,000	200,000
Deposits and other accounts			
- Current accounts		23,121,726	18,424,972
- Saving accounts		11,694,456	12,548,303
- Term deposits		7,060,712	7,077,218
- Others		45,258	34,955
- Deposits from financial institutions - remunerative		7,259,496	9,618,020
- Deposits from financial institutions - non-remunerative		20,741	5,500
Due to head office		2,118,241	1,007,797
Deferred tax liabilities		29,889	24,645
Other liabilities		570,994	2,131,144
		<u>53,063,139</u>	<u>51,969,223</u>
<b>NET ASSETS</b>		<u>4,522,586</u>	<u>4,408,545</u>
<b>REPRESENTED BY</b>			
Islamic banking fund		2,880,000	2,880,000
Reserves		-	-
Unappropriated profit		1,461,948	1,357,645
		<u>4,341,948</u>	<u>4,237,645</u>
Surplus on revaluation of assets - net of tax		180,638	170,900
		<u>4,522,586</u>	<u>4,408,545</u>

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

FOR THE QUARTER ENDED MARCH 31, 2017

19.2 The profit and loss account of the Bank's Islamic Banking branches for the quarter ended March 31, 2017 is as follows:

	Un-audited	
	For the quarter ended	
	March 31, 2017	March 31, 2016
	----- Rupees '000 -----	
Profit / return earned on financing and investments	928,716	777,282
Profit / return expensed	404,572	413,594
Net spread earned	524,144	363,688
(Reversal) / provision against non-performing financings - net	(761)	6
Provision against consumer financings - general	8,892	3,820
Recoveries against written off debts	-	(220)
	8,131	3,606
	516,013	360,082
<b>Other Income</b>		
Fee, commission and brokerage income	46,221	32,768
Income from dealing in foreign currencies - net	9,941	(19,772)
Other income	739	159
Total other income	56,901	13,155
	572,914	373,237
<b>Other expenses</b>		
Administrative expenses	468,611	267,758
Other provision / write-offs	-	-
Other charges	-	-
Total other expenses	468,611	267,758
	104,303	105,479
Extraordinary items / unusual items	-	-
Profit for the period	104,303	105,479
Unappropriated profit brought forward	1,357,645	1,436,604
Unappropriated profit carried forward	1,461,948	1,542,083
	3,628	3,467
<b>Remuneration to shariah board</b>		
	3,628	3,467
	Un-audited	Audited
	March 31,	December 31,
	2017	2016
	----- Rupees '000 -----	
<b>CHARITY FUND</b>		
Opening balance	4,844	1,034
Additions during the period / year	1,967	5,610
Payments / utilization during the period / year	(4,800)	(1,800)
Closing balance	2,011	4,844
<b>Sector wise details of charity disbursement</b>		
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 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 QUARTER ENDED MARCH 31, 2017

	Note	Un-audited March 31, 2017	Audited December 31, 2016
		----- Rupees '000 -----	
<b>19.3 Islamic Financing and Related Assets</b>	19.3.1	<b><u>33,456,809</u></b>	<b><u>32,316,678</u></b>

## 19.3.1 Islamic Mode of Financing

### Financing

Murabaha	842,229	861,049
Musharika cum Ijara	11,269	11,269
Diminishing Musharika	26,236,434	23,602,710
Fixed Assets Ijara Financing (net)	170,277	493,559
	<b>27,260,209</b>	24,968,587

### Advance against Financing

Advance against Murabaha Financing	200,339	251,821
Advance against Diminishing Musharika	5,282,261	6,332,472
Advance against Ijara	593,750	635,417
Advance against Istisna	400,000	400,000
	<b>6,476,350</b>	7,619,710

### Gross Islamic financing and related assets

	<b>33,736,559</b>	32,588,297
Provision against Islamic financing and related assets	<b>(279,750)</b>	(271,619)
	<b><u>33,456,809</u></b>	<b><u>32,316,678</u></b>

## 20 GENERAL

**20.1** 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.

## 21 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 27, 2017 by the Board of Directors of the Bank.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

# ڈائریکٹرز کا جائزہ

## توثیقی بیان

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 شکریہ ادا کرتا 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 تڑن وہی سے کام کرنے پر تمام ملازمین کا بھی بے حد مشکور ہوں۔

منجانب بورڈ آف ڈائریکٹرز

پریزیڈنٹ اور سی ای او

کراچی

۲۰۱۷ اپریل ۲۷

## ڈائریکٹرز کا جائزہ

کئی سال سے بینک کے منافع نے سرمائے کی بنیاد مضبوط بناتے ہوئے اُسے ۹۹۵ء ۳۰۰ ارب روپے تک پہنچا دیا ہے۔ پہلی سہ ماہی کے دوران بینکنگ انڈسٹری ڈپازٹس میں کمی آجانے کے باوجود بینک اپنی ڈپازٹس کو ۳۴۰ ارب روپے تک پہنچانے میں کامیاب رہا ہے اور کم لاگت کی بنیادی ڈپازٹس کو متحرک کر کے ڈپازٹس کی لاگت میں کمی لانے کی کوشش کی جا رہی ہے۔ بینک کے مجموعی اثاثے ۴۰۰ ارب روپے سے زائد مالیت کے ہیں۔

ٹیلیمنس شیٹ کے مندرجات اور منافع دونوں ہی بینک کی اجتماعی حکمت عملی سے بھرپور مطابقت رکھتے ہیں۔

### کریڈٹ ریٹنگ

۳۱ دسمبر ۲۰۱۶ کے مالیاتی گوشواروں کی بنیاد پر کریڈٹ ریٹنگ کی نظر ثانی کا عمل جاری ہے جبکہ جے سی آروی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ۳۱ دسمبر ۲۰۱۵ کے لئے درج ذیل درجہ بندی جاری کی تھی۔

طویل المیعاد: AA

قلیل المیعاد: A1+

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 کو ایٹی۔ 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۔

# ڈائریکٹرز کا جائزہ

## مالیاتی جھلکیاں

مارچ ۲۰۱۷ ملین روپے

۲،۱۷۸

۲،۶۵۳

(۹۷)
۶
-

۲۳۳
۴۴
-

(۹۱)

۲۷۷

۲،۰۸۷

۲،۹۳۰

(۷۳۰)

(۱،۰۶۲)

۱،۳۵۷

۱،۸۶۸

۱،۱۳

۱،۵۶

آپریٹنگ منافع

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

قبل از محصول منافع  
پرویشن برائے محصول

بعد از محصول منافع

فی حصص آمدن (روپے)

ملک میں ۲ سال سے کم شرح سود کا ماحول برقرار ہے اور آپ کے بینک نے معیشتی ماحول سے مطابقت پیدا کرنے کے لیے بروقت اقدامات کیے ہیں۔ اس کے نتیجے میں بینک نے ۲۰۱۷ کی پہلی سہ ماہی میں ۱،۸۶۸ ارب روپے کا بعد از محصول منافع کمایا ہے جبکہ گزشتہ برس اسی مدت کے دوران ۱،۳۵۷ ارب روپے کا بعد از محصول منافع کمایا تھا۔ یہ کارکردگی صحت مند بہتری کی مظہر ہے۔ بینک کی فی حصص آمدن ۱،۱۳ روپے سے بڑھ کر ۱،۵۶ روپے فی حصص پہنچ گئی ہے۔

بینکنگ انڈسٹری اس وقت مندی کے دور سے گزر رہی ہے اور اس مندی کے شدید منفی اثرات کو زائل کرنے کے لیے دانش مندی سے قرضے جاری کرنے، کم لاگت کی CASA ڈپازٹس کو متحرک کرنے، وقت پر قرضے ادا نہ کرنے والوں سے وصولی، بازار میں موجود مواقع سے بھرپور استفادہ کرنے اور انتظامی اخراجات کو معقول حد میں رکھنے سمیت تمام اقدامات کیے جا رہے ہیں۔ بینک کے CASA ڈپازٹس کس میں ۲۳۶ فیصد اضافہ دیکھا گیا ہے۔ مارچ ۲۰۱۷ میں CASA ڈپازٹس کس ۶۹،۴۸ فیصد کی سطح پر پہنچ گیا ہے۔ دسمبر ۲۰۱۶ میں بینک کے CASA ڈپازٹس ۶۷ فیصد کی سطح پر تھے اس کے نتیجے میں ڈپازٹس کی لاگت ۳۵،۵۵ فیصد سے گھٹ کر ۳۳،۳۸ فیصد یعنی ۱.۷۱ پی ایس سے کم ہو گئی۔ غیر فعال قرضوں کی وصولی کی مدد میں وصولی نے منافع میں ۳۳۱ ملین روپے کا اضافہ کیا۔ افراط زر میں اضافے اور ۲۰۱۶ میں ۵۵ نئی شاخوں کے اضافے کے باوجود سخت نگرانی کے ذریعے، بینکنگ آپریشنز پر متاثر کیے بغیر، انتظامی اخراجات کو معقول حد تک رکھنا ممکن ہوا۔ انویسٹمنٹ میں مشاورتی سرگرمیوں، ایکویٹی مارکیٹ پوزیشنز پر منافع کو ممکن بنانے اور ٹریڈ اینڈ کزیومر پروڈکٹس کے حجم میں اضافے سے نان فنڈڈ آمدنی اضافے کا رجحان ظاہر کر رہی ہے۔ دسمبر ۲۰۱۶ کے ۸۱،۷۱ فیصد کے مقابلے میں ناہندہ قرضوں کی کوریج اب ۸۲،۲ فیصد کی سطح پر ہے جو بیلینس شیٹ کا استحکام ظاہر کرتی ہے۔

## ڈائریکٹرز کا جائزہ

- ایک ہزار شرکاء کے ساتھ ملک بھر میں ”بنا شو لنس“ ٹریننگ اینڈ سرٹیفیکیشن روڈ شو منعقد کیے گئے۔
- مختلف انڈکشن پروگرامز کے تحت ۳۴۰ شرکاء کو تربیت فراہم کی گئی۔

### ادارے کی سماجی ذمہ داری

- برنس سینٹر میں فیصل بینک کے تعاون سے نصب کیے جانے والے ایلو میٹر کا افتتاح ہو چکا ہے۔
- نیشنل انسٹی ٹیوٹ آف چائلڈ ہیلتھ (NICH) میں ۲ کوالیفائیڈ نرسوں کو ایلو میٹر اور ڈیٹیل پیئر ز چلانے کے حوالے سے ۱۲ ماہ تک اسپانسر کیا گیا۔
- نادار مریضوں کے علاج کے لیے مہین میڈیکل انسٹی ٹیوٹ اسپتال کی مالی معاونت کی۔

### نمایاں کامیابیاں

- بینک دولت پاکستان کی منظوری سے فیصل بینک نے مرکزی اہداف اور اسلامک کنورژن اسٹریٹیجی کو مستحکم کرنے کے لئے براؤنچ بینکنگ اور کٹیز یومر فائنانس برنس کورپوریٹڈ بینکنگ منجمنٹ کے تحت یکجا کیا۔
- ہیومن ریسورسز ڈیپارٹمنٹ نے پرفارمنس منجمنٹ سائیکل ۲۰۱۶ کامیابی سے مکمل کیا۔
- بینک نے بونس حصص کی تقسیم کے سلسلے میں سالانہ اجلاس عام میں حصص مالکان سے منظوری حاصل کر لی ہے۔ اب بینک اس حوالے سے باضابطہ ریگولیشنز کی منظوری لینے کے مرحلے میں ہے۔ متعلقہ رسی کارروائی مکمل ہونے پر بونس تمام حصص مالکان کے اکاؤنٹس میں کریڈٹ کر دیئے جائیں گے۔

### مستقبل پر نظر

- فیصل بینک کو بتدریج اسلامی بینک میں تبدیل کرنے کے اسٹریٹیجک فیصلے کے تحت ۲۰۱۷ میں اسلامی بینکاری کی ۵۰ نئی شاخیں کھولنے اور ۲۵ روایتی شاخوں کو اسلامی شاخوں میں تبدیل کرنے کا فیصلہ کیا گیا ہے۔ توقع ہے کہ ان شاخوں کی مدد سے کم لاگت کی بنیادی ڈپازٹس کے حصول میں مدد ملے گی اور یہ فنڈز کی لاگت میں کمی لانے میں بھی معاون ثابت ہوں گی۔ نئی شاخوں کے قیام سے فیصل بینک مقامی افراد اور اداروں کی ضرورت کو پورا کرنے کے ساتھ ساتھ خدمات کا دائرہ دورا قیادہ علاقوں تک بھی پھیلا سکے گا۔
- ڈپازٹس کو متحرک کرنے کے ساتھ ساتھ صارفین کی ضرورتوں کے مطابق شرعی اصولوں سے مطابقت رکھنے والی مزید کریڈٹ پروڈکٹس کو پروڈکٹس مینو میں شامل کیا جا رہا ہے۔ نئے اور دیرینہ صارفین کو اسلامی بینکاری سے متعلق پروڈکٹس کے بارے میں بتایا جاتا ہے اور ان کے استعمال کے حوالے سے ان کی حوصلہ افزائی کی جاتی ہے۔

## ڈائریکٹرز کا جائزہ

- فیصل بینک نے آدم جی اور ای ایف یو کو برنس پارٹنرز بنانے ہوئے متعدد کوریج اور پریکٹس آپشنز کے ساتھ ۴ نئے روایتی پلان اور ۵ نئے مکافل پلان پیش کیے۔
- ملک کے تین بڑے کاروباری مراکز میں صارفین کو سہولتیں فراہم کرنے کے لیے کریڈٹ اور ٹریڈ ہبز قائم کیے۔
- پے رول پرو پوزیشن کی حامل اسلامی پروڈکٹ ’برکت پے چیک پلس‘ متعارف کرائی گئی۔
- فیصل بینک نے کریڈٹ کارڈ کے ذریعے بڑی ایئر لائنز کی ٹکٹس صفر فیصد مارک اپ پر خریدنے کی سہولت پیش کی جو کہ بینکاری شعبہ میں اپنی مثال آپ رکھتی ہے۔
- باسہولت پے مینٹ آپشنز کے ساتھ فیصل بینک کے کریڈٹ کارڈ پر اسکول فیس ادا کرنے کی سہولت بھی متعارف کرائی گئی ہے۔
- فیصل کارفائننس ٹیم نے Audi Pakistan اور IGI انشورنس کے ساتھ مل کر صارفین کے لیے زبردست ڈسکاؤنٹ اور ویلویو ایڈ خدمات کا اہتمام کیا ہے۔
- فیصل بینک ہوم اسٹائلز نے معروف ہوم اپروومنٹ برانڈز کے اشتراک سے صارفین کے لیے جدید طرز کے گھریلو آلات اور فرنیچر پروڈکٹس پیش کی ہیں۔
- ڈیٹ کارڈ کسٹمرز کے لیے VISA پراجیکٹ متعارف کرا دیا گیا۔ ڈیٹ کارڈ پر انٹرنیٹ کے ذریعے خریداری کو زیادہ باسہولت اور محفوظ بنانے پر توجہ دی جارہی ہے۔ ڈیٹ کارڈ سے انٹرنیٹ پر خریداری کرتے وقت صارفین کو ہر بار سکیورٹی کوڈ ٹائپ کرنا ہوگا اور دوسری طرف متعلقہ تاجر بھی تھری ڈی سکیور ہوگا۔

## ترہیت و ترقی

- پہلی سہ ماہی کے دوران آن لائن اور کلاس رومز میں ۳۰۳۰۳ افراد کو ترہیت دی گئی۔
- سینئر مینجمنٹ ٹیم کے لیے اسلامک بینکنگ اور فائننس لیڈرشپ پروگرام NIBAF کے تعاون سے متعارف کرایا گیا۔
- لاہور اور کراچی میں CBSME، CBG اور CAD عملے کے لیے کنورژن پروسیس میں آسانی پیدا کرنے کی خاطر دو روزہ اسلامی بینکاری ترہیت کا اہتمام کیا گیا۔
- پانچ روزہ اسلامک بینکنگ سرٹیفیکیشن پروگرام کے تحت ۲۰۷ افراد کو ترہیت دی گئی۔
- اسلامک اسکور ڈیولپمنٹ پروگرام کے تحت CBSME، کارپوریٹ، ٹریڈ اور CAD برنس کے ۳۹ عملے کے ارکان کو ایسیٹ بیسڈ اسلامک بینکنگ لیول ون کی ترہیت فراہم کی گئی۔
- پہلی سہ ماہی کے دوران لاہور میں SQ کے اشتراک سے ’لمٹ لیس ٹورس اینڈ ہونڈ‘ مکمل کیا گیا۔ اب یہ پروگرام پورے فیصل بینک میں مکمل ہو چکا ہے۔

## ڈائریکٹرز کا جائزہ

سطح پر تھے۔ رواں مالی سال کے دوران مینوفیکچرنگ کے شعبے میں ۵.۸ فیصد کی نمو دکھائی دی ہے جبکہ گزشتہ مالی سال کی اسی مدت کے دوران یہ شرح نمو ۴ فیصد رہی تھی۔

عالمی سطح پر دیکھیے تو امریکی فیڈرل ریزرو دسمبر ۲۰۱۶ میں جاری کی جانے والی ”ڈاٹ پلاٹ“ کی پالیسی پر عمل پیرا رہا ہے اور مارچ میں اس نے شرح سود میں اضافہ کیا۔ فیڈرل ریزرو کے حکام کا کہنا ہے کہ وہ مالیاتی پالیسی کو اب بھی اس طور اپنائے ہوئے ہیں کہ کوئی بھی بڑا جھٹکا برداشت کیا جاسکے اور یہی سبب ہے کہ منفی حقیقی نرخ معیشت کو سہارا دینے کی غرض سے برداشت کیے گئے ہیں۔ مارچ ۲۰۱۷ میں برطانیہ نے یورپی یونین سے نکلنے سے متعلق مذاکرات کا آغاز کیا۔ اس کے نتیجے میں عالمی معیشت کسی حد تک نشیب و فراز سے گزر سکتی ہے اور ممکن ہے کہ اس کے اثرات کا سامنا پاکستانی معیشت کو بھی کرنا پڑے۔

## فیصل بینک کی کارکردگی

ملک میں معاشی سرگرمیوں کو تیز تر کرنا فیصل بینک کے بنیادی مقاصد میں سے ہے۔ بینک کی حکمت عملی یہ ہے کہ صارفین کو جدید ترین آسانی سے بروئے کار لائی جانے والی بینکنگ مصنوعات و خدمات ان کے دروازے پر فراہم کی جائیں بینک نے اعلیٰ ترین ممکنہ خدمات کرم فراہم کرنے کے دروازے پر فراہم کرنا جاری رکھا ہے۔ چند مخصوص شعبوں میں غیر معمولی کارکردگی کا ہدف متعین کر کے بینک نے شرح نمو بلند کرنے پر خاطر خواہ توجہ دی ہے۔ یہ سب کچھ سرمائے کے بہتر استعمال، برانچ نیٹ ورک کی توسیع، کاسٹڈیٹ پیازٹس کی حرکت پذیری، لاگت میں کمی، پورٹ فولیو میں استحکام اور سب سے بڑھ کر اسلامی بینکاری کے حوالے سے ہیکنج بہتر بنائے جانے کی بدولت ممکن ہو سکا ہے۔ بینک نے چند بڑی کامیابیاں حاصل کی ہیں اور چند ہائی پروفائل سودوں کی مدد سے ادارے کے مجموعی استحکام میں اضافہ ہوا۔ آئیے ذرا ان کامیابیوں پر نظر ڈالتے ہیں۔

## پراجیکٹ فنانسنگ اور سنڈیکیشن

- ملک کے ۶ دوسرے بڑے بینکوں کے ساتھ ساتھ فیصل بینک نے بھی روایتی اور اسلامی طرز کی فنانسنگ کے ذریعے ۱۴۴ ارب روپے کی طویل المعیاد فنانسنگ کا اہتمام کیا۔ یہ سرمایہ سرکاری ملکیت میں ۲۱۶۰ میگا واٹ کے داسوپن بجلی گھر میں بروئے کار لایا جائے گا۔ یہ بجلی گھر واپڈا کے تحت قائم کیا جا رہا ہے۔
- فیصل بینک نے بجلی کی ٹرانسمیشن لائن قائم کرنے کے حوالے سے جوائنٹ مینڈیٹ لیڈ اریجنجر کی حیثیت سے کام کرتے ہوئے ۱۸ ارب روپے کا اہتمام کیا۔ یہ سرمایہ تھر کول پاور پلانٹ سے بجلی کی ترسیل کے لئے ٹرانسمیشن لائن چھانے پر خرچ ہوگا۔

## پروڈکٹ ڈیولپمنٹ اور نئے اقدامات

- اپنے اسلامی بینکاری والے صارفین کے لیے فیصل بینک نے رنگ مشارکہ پروڈکٹ متعارف کرائی۔
- فیصل بینک نے تجارت سے وابستہ صارفین کے لیے سائٹ ایل سی پروڈکٹ پروگرام اور اسٹریکچرڈ سپائی منجمنٹ سے متعلق معاملات کے لیے آن لائن پاکستان ڈسٹری بیوٹرز فنانانس پروگرام متعارف کرایا۔ یہ دونوں پروڈکٹ میسڈ صارفین پروگرام ہیں۔

## ڈائریکٹرز کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے میں آپ کی خدمت میں ۳۱ مارچ ۲۰۱۷ کو ختم ہونے والی پہلی سہ ماہی کی رپورٹ (مالیاتی گوشواروں کے ساتھ) پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

### اقتصادی اپ ڈیٹ

مالی سال ۲۰۱۷ کا آغاز بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے قرض پروگرام کے خاتمے کی بدولت پیدا ہونے والے جوش و خروش اور پاک چین اقتصادی راہداری سے وابستہ منصوبوں میں آنے والی تیزی کے نتیجے میں ابھرنے والی توقعات کے ساتھ شروع ہوا۔ حکومت نے ابتداء ہی سے مالیات اور بیرونی کھاتوں کے حوالے سے خاصے جارحانہ اہداف مقرر کیے۔ محصولات کا ہدف ۶۲۱۳۶ ارب روپے اور کرنٹ اکاؤنٹ کے خسارے کا ہدف مجموعی قومی پیداوار (جی ڈی پی) کا ۵.۵ فیصد مقرر کیا گیا۔

وقت گزرنے کے ساتھ ساتھ حکومت کو اس بات کا احساس ہوتا گیا کہ بجٹ کے اہداف حاصل کرنے کے لیے مشکلات سے نمٹنا پڑے گا۔ مالی سال ۲۰۱۷ کی پہلی ششماہی مکمل ہونے پر جب مالیاتی خسارہ پورے سال کے ہدف ۳.۸ فیصد کے مقابلے میں ۲.۴ فیصد تک پہنچ گیا تو حکومت نے پورے سال کے مالیاتی خسارے کا ہدف ۴.۱ فیصد مقرر کیا۔ مالی سال ۲۰۱۷ کے ابتدائی سات ماہ کے دوران ۱۷۰۰ ارب روپے کے محصولات حاصل ہو سکے یعنی محصولات کے ہدف کا باقی ماندہ (۱۹۴۱ ارب روپے) حاصل کرنے کے لیے صرف پانچ ماہ کی مدت پڑی ہے۔ اس کا مطلب یہ ہے کہ حکومت کو مالی سال ۲۰۱۷ کے باقی پانچ ماہ کے دوران ہر ماہ اوسطاً ۳۸۴ ارب روپے کے محصولات حاصل کرنا ہونگے جو خاصا مشکل کام ہے۔ جولائی ۲۰۱۶ سے مارچ ۲۰۱۷ کے دوران حکومت نے بینک دولت پاکستان سے ۱۱۰۰۰ ارب روپے کا قرض لیا ہے جبکہ گزشتہ مالی سال کی اسی مدت کے دوران حکومت نے بینک دولت پاکستان کو ۳۳ ارب روپے کے قرضوں کی ادائیگی کی تھی۔ اس صورت حال میں مالیاتی خسارے پر قابو پانے کی غرض سے مزید نوٹ چھاپنا پڑ رہے ہیں جس کے نتیجے میں مالیاتی مشکلات مزید پیچیدہ ہو سکتی ہیں۔

مالیاتی خسارے پر قابو پانا حکومت کے رواں مالی سال کے دوران سب سے بڑا چیلنج رہا ہے۔ گزشتہ سات ماہ کے دوران مالیاتی خسارہ ۲۸ ارب ڈالر سے دگنا ہو کر ۵۴ ارب ڈالر کی سطح پر ہے۔ گزشتہ مالی سال کی اسی مدت کے مقابلے میں رواں مالی سال کے دوران درآمدات میں کم و بیش ۳ ارب ڈالر کا اضافہ ریکارڈ کیا گیا ہے۔ درآمدات میں مشینری، خوراک، ٹرانسپورٹ اور پٹرولیم مصنوعات نمایاں ہیں۔ ترسیلات زر میں جواب تک تجارت اور جاری کھاتوں کے خسارے کا پامردی سے سامنا کرنے میں معاون ثابت ہوتی رہی ہیں، ان میں سست رفتاری ہی سے سہی مگر کمی واقع ہو رہی ہے۔ جولائی ۲۰۱۶ تا فروری ۲۰۱۷ کے دوران گزشتہ مالی سال کی اسی مدت کے مقابلے میں ترسیلات زر میں ۲۴ فیصد کمی واقع ہوئی۔

مالیاتی اور جاری کھاتوں کے حوالے سے چند ایک مشکلات درپیش ہونے کے باوجود مجموعی طور پر چند ایک امید افزا امکانات بھی ہیں۔ ۲۳ مارچ ۲۰۱۷ کو زرمبادلہ کے ذخائر ۲۱.۸ ارب ڈالر تھے جو گزشتہ مالی سال کی اسی مدت کے مقابلے میں ۲.۴ فیصد کا اضافہ ظاہر کرتے ہیں۔ عالمی منڈی میں خام تیل کے نرخ بڑھ گئے ہیں اور گزشتہ مالی سال کے ۴۳ ڈالر فی بیرل کے مقابلے میں رواں مالی سال کے دوران تیل کا نرخ ۵۴ ڈالر فی بیرل تک پہنچ گیا ہے مگر افراط زر پر اس کے اثرات ۴ فیصد سے زائد نہیں رہے۔ رواں مالی سال کے دوران اب تک نجی شعبے کے قرضے ۳۹۳ ارب روپے رہے ہیں۔ گزشتہ مالی سال کی اسی مدت کے دوران یہ قرضے ۲۸۹ ارب روپے کی



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