



faysabank



بیتنا

ANNUAL
REPORT
2017

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Yaqeen-e-Kamil

We firmly believe that it is our dedication and commitment that enables us to raise the bar and set new standards of excellence and achievements as "one team with one goal". Your trust in us strengthens our resolve and enables us to perform better. This is what keeps us going, inspires us to persist and remain steadfast. We aim to create value for you by offering innovative products and services and are consistently trying to serve you better.

These 30 years of success in the banking industry of Pakistan are just the beginning to a glorious tomorrow. We are fully committed to covering many more miles on this road to success through our continued commitment to you.

یقین کامل

یہ ہمارا یقین کامل ہے کہ ہماری محنت اور لگن ہمیں اس قابل بناتی ہے کہ ہم ایک ٹیم ایک عزم کے تہمت کامیابی اور برتری کے نئے معیار قائم کرتے رہیں۔ ہم پر آپ کا بھروسہ ہمارے ارادوں کو مضبوط اور ہماری کارکردگی کو بہتر بناتا ہے۔ اسی یقین کی بدولت آگے بڑھتے اور اس سلسلے کو جاری رکھتے ہوئے ہم اپنے اور آپ کے مشترکہ مقاصد کے حصول کی طرف گامزن ہیں۔ ہمارا عزم ہے کہ اپنی جدید سہولیات اور خدمات کی بدولت آپ کی بہتر معاونت کرتے رہیں۔

پاکستان کی بینکنگ انڈسٹری میں یہ ۳۰ سال کی کامیابی ایک بہتر کل کا آغاز ہے۔ ہم پُر عزم ہیں کہ اس سفر پر آپ کی خدمت کرنے کے عزم کی بدولت آگے بڑھتے رہیں گے۔

سيرة
السلطان

CHAIRMAN'S MESSAGE

Assalam o Alaikum

During 2017, Faysal Bank celebrated several significant milestones, including the successful completion of 30 years of presence in Pakistan. This journey, which started in 1987 with one branch was marked with numerous challenges, however the strong consistent support of our valued customers and stakeholders allowed the Bank to grow.

Now, after thirty years, Faysal Bank has a country-wide presence of 405 conventional and Islamic branches spread across 124 cities. Furthermore, the addition of 50 Islamic Banking branches during 2017 has increased the Islamic branch network to 197 branches, making it the largest network of dedicated Islamic Branches amongst all conventional banks in the country.

The Bank also underwent a transition in leadership with the appointment of Mr. Yousaf Hussain as President and Chief Executive Officer. Mr. Hussain is a senior banking professional with over 23 years of diversified financial sector experience with a number of leading financial institutions including ABN Amro, Samba and Mashreq Bank. He has been associated with Faysal Bank since 2008 and has served the franchise in several senior roles including Chief Risk Officer, Corporate Banking Head - North and Head of Special Assets Management Group. This internal elevation is a testament to Faysal Bank's culture of growth from within and our firm resolve of providing a progressive career path to our staff.

From a macro-economic perspective, the GDP grew at a rate of 5.3% during 2016-2017, the highest rate recorded in a decade. Inflation, however, remained under targeted levels and as a result, the discount rate remained flat during 2017 which caused a compression in banking spreads and posed a challenge for the entire Banking Sector. To mitigate the effect of lower spreads, Faysal Bank increased focus on growing its portfolio of advances particularly on the Institutional Banking and Consumer Finance front and increased its gross ADR to 68.1, one of the highest amongst its peers. Furthermore, the Bank also enhanced its efforts on recovery of non-performing loans and was able to augment its profitability through effective remedial management.

To capitalise on its branch expansion strategy and improve overall efficiency under the prevailing low interest rate environment, significant emphasis was also placed on branch level productivity improvements. Targets for sale of multiple products were assigned to branches and a number of new initiatives are underway to allow the Bank to realise the true potential of the branch network. These actions, along with an overall control on costs, allowed the Bank to meet its business objectives, despite the challenging business environment.

For the fiscal year 2018, the Government has set a GDP growth target of 5.8% and it is expected that, barring unforeseen events, the current pace of GDP growth will continue. Average CPI inflation rate is projected to remain in the range of 4.5% to 5.5% during FY-18, based on encouraging trends in Private Sector credit. Real economic activity is expected to continue to benefit from accommodative macroeconomic policies, CPEC related activity, reduction in energy shortages and an overall improvement in the security situation. This in turn has positive implications for the Banking Industry as it will provide the necessary impetus for growth in the financial sector as well.

For Faysal Bank, the current year will be one of sustained growth. The Bank will continue to expand its network footprint and country-wide presence by opening additional branches and will also accelerate its conversion to a fully Islamic franchise through increased emphasis on asset conversions. Additionally, in-line with the changing customer needs, Faysal Bank has also placed significant emphasis on digital banking and during the

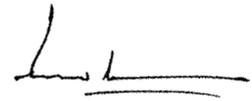
CHAIRMAN'S MESSAGE

year will be taking concrete steps to improve the overall customer experience through process automation and roll out of digital banking offerings. We are confident that these steps along with our overall focus on high quality differentiated service will allow us to deliver on our aspiration of providing an exceptional experience to our valued clients.

I have faith in the ability of our teams to stand strong and steadfast to raise the bar higher in 2018 and continue to deliver above the expectations of the stakeholders.

Further, I would like to acknowledge the positive contribution of the Board Members who have been instrumental in helping us achieve our objectives. Key focus agenda items of the BOD have been digitisation of the banking processes to ensure seamless service and product delivery, branch network expansion and conversion into an Islamic Bank, whilst adding value to the Bank's profitability.

On behalf of the Board of Directors, I would also like to extend my gratitude to our customers, the State Bank of Pakistan and the Securities & Exchange Commission of Pakistan for their continued support and guidance on our path to progress.



Farooq Rahmatullah Khan
Chairman of the Board

CORPORATE DNA

Our Vision

Excellence in all that we do

Our Values

Our daily code of conduct is exemplified by eight core values:
Four threshold values - values at the heart of our brand
Four differentiator values - values that set our brand apart

Threshold Values

Values at the heart of our brand

Integrity:

We are recognised by our reliability, credibility and character
We believe in ethical, honourable, time-proven principles of uprightness
We stand for and abide by honesty, truth and transparency

Our Integrity: Our Identity

Respect:

We hold our customers, investors and regulators in high esteem
We uphold our customers' rights to demand efficient service
We appreciate and respect our profession and, above all, our Bank

Our Respect: Our Duty

Teamwork:

We function as a team. Within functions, we cooperate
Between functions, we collaborate
Together, we aim for excellence and leadership in our chosen markets

Our Team: Our Asset

Professionalism:

We are proficient and efficient in all that we do
We provide banking services knowledgeably and skilfully
We uphold regulatory obligations

Our Professionalism: Our Competence

Our Mission

Achieve leadership in providing financial services in chosen markets through innovation

Differentiator Values

Values that set our brand apart

Passion

We bring zeal and enthusiasm for banking to work
We are excited to provide customers with the best or the best-suited
We go the extra mile in legitimate, acceptable ways

Our Passion: Our Worth

Responsiveness

We are receptive to the need for change and improvement
We are proactive and anticipate our customers' needs and wants
We act quickly to modify, adjust or prepare for new realities

Our Responsiveness: Our Distinguisher

Innovation

We pioneer novel and more efficient ways to deliver solutions
We are dedicated to a culture of improvement and modernisation
We stand for originality, in thought, in action and in belief

Our Innovation: Our Strength

Compassion

Our concern for our colleagues, our customers, our communities, and our country sets us apart
To each other, we are a family
For each other, we are a meaningful source of shared humanity

Our Compassion: Our Gift

BOARD OF DIRECTORS



Left - Right:

**Abdulah Ebrahim
Mohamed AlQasimi**
Director

Imtiaz Ahmad Pervez
Director

Juma Hasan Ali Abul
Director

**Ahmed Abdulrahim
Mohamed Abdulla Bucheery**
Vice Chairman

Farooq Rahmatullah Khan
Chairman



Yousaf Hussain
President &
Chief Executive Officer

Fuad Azim Hashimi
Director

Mian Muhammad Younis
Director

Ali Munir
Director

Abdulla Abdulaziz Ali Taleb
Director

BOARD OF DIRECTORS – PROFILES

Farooq Rahmatullah Khan Chairman

Mr. Farooq Rahmatullah is a Law graduate. He joined Burma Shell Oil & Distribution Company in 1968 and worked in different roles in Chemicals, Human Resources, Marketing, Supply, Distribution, Retail, etc. He was transferred to Shell International London in 1994 as a Manager in the Business Strategy Division and was involved in various portfolios covering over 140 countries. On his return in 1998, he was appointed as Head of Operations of Shell Pakistan and was looking after Middle East and South Asia (MESA). In 2001, he was appointed as Chairman of Shell Companies in Pakistan and Managing Director of Shell Pakistan Limited.

He is currently leading an Expert Energy group which has developed a 25-year Integrated Energy Plan (first time ever in the history of energy planning) for the country. This plan has been in principle accepted by the Government, Pakistan Business Council, international agencies and some other stakeholders. The Expert Energy group continues to work in updating and revising the energy plan on an annual basis and engaging political leadership and other stakeholders.

Key Positions Held:

- Chairman of Shell Companies in Pakistan and Managing Director of Shell Pakistan Limited
- Founding Member of PAPCO (Pak Arab Pipeline Company Limited)
- Director General of Civil Aviation Authority of Pakistan
- Chairman of Oil and Gas Development Company Limited
- Chairman of LEADS Pakistan
- Chairman of Pakistan Refinery Limited
- Founding Member of Pakistan Human Development Fund
- Member of the Economic Advisory Council, Ministry of Finance, Government of Pakistan
- Member of National Commission of Government Reforms
- Director on the Boards of PCB, PIA and Pakistan Stone Development Company

He is serving on the Boards of Directors of:

- Faysal Bank Limited
- Society for Sustainable Development

- Resource Development Committee of Aga Khan University Hospital
- Pakistan Refinery Limited Director and Chairman of the Board
- Hascol Oil Company

He is also a Trustee of Legends Trust (Formed by the Government of Sindh)

Ahmed Abdulrahim Mohamed Abdulla Bucheery Vice Chairman

Mr. Ahmed Abdulrahim holds an MBA from the University of Glamorgan, Wales (UK), and is an Associate Financial Accountant from the Institute of Financial Accountants, London (UK). He also holds an Executive Management Diploma from the University of Bahrain and an Advance Banking Diploma from the Bahrain Institute of Banking and Finance. He is also a certified Director from the Pakistan Institute of Corporate Governance.

Ahmed Abdulrahim is the Chief Executive Officer of Ithmaar Group, including Ithmaar Bank. He started his career in the Accounting Department with Aluminum Bahrain followed by Chase Manhattan Bank (currently J.P. Morgan) as Head of Financial Control. He then joined the National Bank of Bahrain where he served for 28 years in various executive levels and in different capacities, including Manager of Foreign Exchange and Funding, Chief Internal Auditor and Assistant General Manager of Corporate Services Group.

Ahmed Abdulrahim held the dual roles of Deputy Chief Executive Officer at Shamil Bank and Chief Operating Officer at Ithmaar Bank for approximately four years. In 2013 he was appointed as CEO, Ithmaar Bank. Currently serves as Vice Chairman of Faysal Bank Limited (Pakistan), Vice Chairman of Solidarity Group (Bahrain) and member of the Board of Directors of Ithmaar Development Company (Bahrain), The Benefit Company (Bahrain) and Injaz Bahrain.

Yousaf Hussain President & CEO

Mr. Yousaf Hussain has over 23 years of professional experience, primarily at ABN AMRO Bank where he held multiple senior managerial positions including

BOARD OF DIRECTORS – PROFILES

those within the Corporate / Credit and Transaction Banking functions. He has been with Faysal Bank Limited since August 2008, with a significant contribution to the franchise in his previous positions as Chief Risk Officer, Regional Corporate Banking Head-North and Head of Special Assets Management Group. His experience also includes a senior role with Samba Bank and earlier assignments with Mashreq Bank and Mobilink / Motorola. Yousaf has a Bachelor of Science degree in Electrical Engineering and has done his MBA from Lahore University of Management Sciences.

Mian Muhammad Younis

Director

Mian Mohammad Younis possesses 38 years of experience in Public Banking and Financial Sectors with extensive knowledge of Corporate Sector Governance, Rules, Regulations and Audit Procedures. During his career, he was Head, Inter-Governmental Finance Wing (IGF), Regulation Wing (RW), and Human Resource Wing (HRW) of Finance Division as Additional Finance Secretary (AFS). He performed as Secretary to National Finance Commission (NFC) from 2003 to 2010. He was the first Chief Operating Officer (COO) of Khushal Pakistan Fund Limited (KPF) under Finance Division.

Mian Younis established new ventures in the financial & public sector entities through mergers along with a team of experts. He contributed towards policy formulation as a member of boards of various Corporate Sector entities and banks. He carried out the financial restructuring of a number of Non-banking Financial Institutions (NBFI) as a member of Financial Sector Reforms Committee. Affected recovery of loans extended to Provincial Governments and other Public Sector entities by the Federal Government and also assisted State Bank of Pakistan (SBP) in managing the overdraft position of provinces, AJK, and various Public Sector Corporations from 2003 to 2011. He supervised not only the Expenditure Budget of the Federal Government but also implemented Social Sector Programs from 2001 to 2011.

He was on the Board of Directors of Meezan Bank Limited and also its Chairman Board Audit Committee & member Risk Management Committee, for about three years. He completed the process of liquidation of Federal Bank for Cooperative (FBC) and Agriculture

Marketing and Storage Limited (AMSL) as liquidator. Mian Younis served in the Public Sector for a long time, while holding positions in different Government, Semi Government and Autonomous Bodies i.e. FBR, Economic Affairs Division (EAD), M/O F&A, BOI, Pakistan Software Export Board (PSEB) and Finance Division. He gained vast experience in HR management through formulation of HR Policies, Rules, Regulations Procedures and their implementation. He was the Head of regulation wing of Finance Division, mandated for fixation of remuneration, perks and privileges of Parliamentarians, Judiciary, Public Sector Entities and their HR Policies, Rules and Regulations. He established various Funds including "Relief Funds" and was instrumental in framing their accounting procedures, Financial / Investment Rules in consultation with Controller General Accounts (CGA) and Auditor General of Pakistan's Office.

At present, he is on the Board of Directors of Faysal Bank Limited since April 2014, Chairman Board Audit and Corporate Governance Committee and member Remuneration and HR Committee. He holds a Master's Degree in Economics and is also qualified in Project Appraisal & Risk Management (Duke, USA), Assessing Financial System Stability (IMF Institute, Singapore), Promotion of Direct Foreign Investment (Osaka, Japan), Promotion of Agro Based Industry (Manila Philippines), and Islamic Banking (Kuala Lumpur, Malaysia). He is a certified expert in Corporate Governance & Leadership Skills from Pakistan Institute of Corporate Governance (PICG) and has attended a number of workshops and seminars on Anti-Money Laundering & Corporate Governance.

Imtiaz Ahmad Pervez

Director

Mr. Imtiaz Ahmad Pervez has more than 35 years of banking experience. He was on the Board of Ithmar Bank BSC, Bahrain till December 2016. His recent position, from which he resigned in March 2012, was Director of the Al Barka Bank Pakistan Limited. He was, earlier, also a board member of the Faysal Islamic Bank of Bahrain, Faysal Investment Bank of Bahrain EC, Faysal Bank Limited Pakistan, Faysal Investment Bank Limited Pakistan, Trust Leasing Corp. Limited and Namco Management Company Limited. From 1959 to 1994, he held many senior positions in the banking industry including that of Chief Operating Officer

BOARD OF DIRECTORS – PROFILES

of Faysal Islamic Bank of Bahrain EC. He was also the CEO of Al Faysal Investment Bank Limited Pakistan in the year 1990.

He holds a B.A. degree from University of the Punjab, Pakistan and is a Fellow of the Institute of Islamic Banking & Insurance, London.

Juma Hasan Ali Abul Director

Mr. Juma Hasan Ali Abul is a fellow member of the Association of Chartered Certified Accountants, England, certified Director from the Pakistan Institute of Corporate Governance and holds a Bachelors Degree in Accounting, from Cairo (1980).

Key Positions Held:

- Fellow member of the Chartered Association of Certified Accountants, England
- Certified Director from the Pakistan Institute of Corporate Governance
- Bachelor Degree in Accounting, Cairo (1980).
- Executive General Manager, Ithmaar Bank BSC, Bahrain (2010-2013).
- General Manager MFAI (Jersey) (2000 - 2010), then (2013 - Present), wholly owned subsidiary of the DMI Group.
- Executive Senior Manager, Shamil Bank of Bahrain BSC (formerly, Faysal Islamic Bank of Bahrain) 1988-2000
- Board Memberships : Faysal Bank, Pakistan; CITIC International Asset Management, Hong Kong; United Bank of Albania (until 2011); Gulf Investors Asset Management Co., Saudi Arabia; Chairman Gulf Co. for Financial Investments; Chairman, Egypt; Egyptian Investments Co; in addition to entities ranging from trading, industrial, real estate development in Bahrain, Cayman, Egypt and U.S.A.
- Worked with Touché Ross, London (now Deloitte), and Peat Marwick Mitchell Bahrain (now KPMG) – Chartered Accountants
- Lead restructuring of Group institutions as well as major Mergers & Acquisitions

Abdulelah Ebrahim Mohamed AlQasimi Director

Mr. Abdulelah AlQasimi has more than 31 years of diversified management experience.

His previous positions include Chief Executive of the Labor Fund (Tamkeen), from which he resigned in May 2010, Deputy Chief Executive Officer of Labor Fund Project at the Bahrain Economic Development Board, Assistant Undersecretary for Training at the Bahrain Ministry of Labor and Social Affairs, Director of Engineering and Maintenance at the Bahrain Ministry of Health. He has also served as the Chairman of the Bahrain Qualifications Framework Steering Committee and the Steering Committee of Career Expo and was a Board member of the Bahrain Society of Engineers and the Bahrain Consumer Protection Society.

He is currently a Member of the Board of Ithmaar Holding, Ithmaar Bank, IB Capital, Solidarity Group Holding, Saudi Solidarity Takaful Co., Al Ahlia Insurance Co., Naseej BSC, Faysal Bank Limited (Pakistan) and a member of the Board of Trustees of Arabian Pearl Gulf School.

Abdulelah AlQasimi holds a BSc in Civil Engineering from Queen Mary University of London, UK, and MSc in Health Facility Planning from the University of North London, UK, and a Diploma in Health Care Management from the Royal College of Surgeons in Ireland, Bahrain. He is also a certified Director from the Pakistan Institute of Corporate Governance.

Abdulla Abdulaziz Ali Taleb Director

Mr. Abdulla Abdulaziz Ali Taleb has more than 17 years of experience in banking and currently he is heading Commercial and Financial Institutions Department of Ithmaar Bank, Bahrain. Besides that, he has a strong work experience in a number of banking functions; including Islamic financial services, corporate banking, capital markets and credits. Prior to joining Ithmaar Bank, he held senior positions in various banks and financial institutions including BMI Bank, First Investment Bank, Shamil Bank and Khaleej Finance & Investments.

BOARD OF DIRECTORS – PROFILES

Abdulla Taleb has a Bachelors Degree in Banking & Finance from Kingdom University and Associate Diploma in Economics Banking and Finance from University of Bahrain. He also holds an Advanced Diploma in Islamic Banking from Bahrain Institute of Banking and Finance.

Fuad Azim Hashimi

Director

Mr. Fuad Azim Hashimi is a fellow of the Institute of Chartered Accountants in England and Wales and currently heads Pakistan Business Council's Centre of Excellence in Responsible Business. Through leadership of the Pakistan Institute of Corporate Governance from 2007 till 2016, he played a key role to further Corporate Governance practices in Pakistan. He is a member of the Private Sector Advisory Group of International Finance Corporation, World Bank Group and the United Nations ESACP Business Advisory Council and its Sustainable Business Network as well as a regular participant, moderator and speaker at OECD's Asian Roundtable on Corporate Governance.

His career over the past 53 years has provided him with a strong foundation in Public Accounting (he was a partner for 10 years in A. F. Ferguson & Co., a member firm of PricewaterhouseCoopers) as well as management of diversified business and commercial ventures in Pakistan and abroad, ranging from banking, office automation and information technology to mutual funds. He has an added experience with a development finance institution providing venture capital to the private sector that involved monitoring industrial projects to ensure correct use of the funds provided by World Bank and Asian Development Bank.

Hashimi's other appointments include Directorship on the Board of Directors of International Industries Limited (the premium producer of steel tubing, galvanised iron pipes and polyethylene pipes in Pakistan) and being a member of the Public / Sector Committee of the Institute of Chartered Accountants of Pakistan. He has previously held directorships on the boards of Clariant Pakistan Limited (the Pakistan subsidiary of a global chemical company), Indus Valley School of Art and Architecture, National Refinery Limited (the largest refinery in Pakistan producing Lube Base Oils), Pakistan Cables Limited (the premier cable manufacturer and market leader in Pakistan now part of General Cables Group), and of Pakistan Security Printing Corporation of Pakistan (the state-owned enterprise that produces

currency notes and security paper) and Burj Bank Limited, since merged with Al Baraka Bank (an Islamic Bank in which Islamic Development Bank held equity interest through its investment company, ICD, where he was additionally the Chairman of their Audit Committees.

Ali Munir

Director

Mr. Ali Munir has a BA degree from Government College Lahore and an LLB Degree From The University of Punjab, Lahore. He has over thirty years' experience as a Chartered Accountant. He is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Pakistan. He was also a member of Investment Management Regulatory Organisation and the Securities Association (now known as the SFA) in England. He joined MCB Bank Ltd. in 1999 and has previously held senior positions at Citibank, Saudi American Bank and Habib Bank. In 2005, he was awarded the M.A Mozaffar Memorial Gold Medal from the SBP and Institute of Bankers in relation to his services to banking reforms in Pakistan and Agriculture Finance. He was previously the Chairman of the SBP Committee for Agricultural Finance and also the Chairman of the SBP Committee for Islamic Banking.

COMPANY INFORMATION

AS OF DECEMBER 31, 2017

Board of Directors

Farooq Rahmatullah Khan	Chairman / Non-Executive Director
Ahmed Abdulrahim Mohamed Abdulla Bucheery	Vice Chairman / Non-Executive Director
Yousaf Hussain	President & CEO
Mian Muhammad Younis	Independent Director
Imtiaz Ahmad Pervez	Non-Executive Director
Juma Hasan Ali Abul	Non-Executive Director
Abdulelah Ebrahim Mohamed AlQasimi	Non-Executive Director
Abdulla Abdulaziz Ali Taleb	Non-Executive Director
Fuad Azim Hashimi	Independent Director
Ali Munir	Independent Director

Board Audit and Corporate Governance Committee

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

Board Risk Management Committee

Imtiaz Ahmad Pervez	Chairman
Abdulelah Ebrahim Mohamed AlQasimi	Member
Abdulla Abdulaziz Ali Taleb	Member
Yousaf Hussain	Member

Recruitment, Nomination and Remuneration Committee

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

COMPANY INFORMATION

AS OF DECEMBER 31, 2017

Board Strategy Committee

Farooq Rahmatullah Khan	Chairman
Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member
Juma Hasan Ali Abul	Member
Fuad Azim Hashimi	Member
Yousaf Hussain	Member

Board IT Committee

Ali Munir	Chairman
Abdulelah Ebrahim Mohamed AlQasimi	Member
Abdulla Abdulaziz Ali Taleb	Member
Yousaf Hussain	Member

Syed Majid Ali

Chief Financial Officer

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 Lane,
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 Shahrah-e-Faisal,
Karachi-74400

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

ATTENDANCE OF BOARD OF DIRECTORS

MEETINGS DURING THE YEAR 2017

ATTENDED BY / MEETING DATE	26-01-17	27-04-17	05-05-17	15-05-17	23-08-17	25-10-17	6-11-17 & 12-11-17
Farooq Rahmatullah Khan*	✓	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery*	✓	✓	✓	✓	✓	✓	✓
Yousaf Hussain**	—	—	—	—	✓	✓	✓
Mian Muhammad Younis*	✓	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul*	✓	✓	✓	✓	✓	✓	✓
Imtiaz Ahmad Pervez*	✓	✓	✓	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi*	✓	✓	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb*	✓	✓	✓	✓	✓	✓	✓
Fuad Azim Hashimi*	—	✓	✓	✓	✓	✓	✓
Ali Munir*	—	✓	✓	✓	✓	✓	✓ ^{***}
Nauman Ansari**	✓	✓	✓	—	—	—	—

* The Board of Directors was elected in the AGM held on March 29, 2017.

** Mr. Nauman Ansari retired on May 14, 2017, Mr. Yousaf Hussain was appointed on August 15, 2017 as the President and CEO.

*** Leave of Absence Granted to Mr. Ali Munir in the Meeting of Board of Directors Session Two held on November 12, 2017.

ATTENDANCE OF BOARD AUDIT & CORPORATE GOVERNANCE COMMITTEE

MEETINGS DURING THE YEAR 2017

ATTENDED BY / MEETING DATE	25-01-17	27-04-17	04-05-17	22-08-17	23-10-17
Mian Muhammad Younis*	✓	✓	✓	✓	✓
Juma Hasan Ali Abul*	✓	✓	✓	✓	✓
Ali Munir*	—	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery*	✓	—	—	—	—

* The Board Audit & Corporate Governance Committee had been Re-Constituted in the Board of Directors Meeting held on April 27, 2017.

ATTENDANCE OF BOARD RISK MANAGEMENT COMMITTEE

MEETINGS DURING THE YEAR 2017

ATTENDED BY / MEETING DATE	25-01-17	04-05-17	22-08-17	23-10-17
Imtiaz Ahmad Pervez*	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi*	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb*	✓	✓	✓	✓
Nauman Ansari**	✓	✓	—	—

* The Board Risk Management Committee had been Re-Constituted in the Board of Directors Meeting held on April 27, 2017.

** Mr. Nauman Ansari retired on May 14, 2017.

ATTENDANCE OF RECRUITMENT, NOMINATION AND REMUNERATION COMMITTEE

MEETINGS DURING THE YEAR 2017

ATTENDED BY / MEETING DATE	26-01-17	13-02-17	03-05-17	15-05-17	27-07-17	22-08-17	24-10-17
Ahmed Abdulrahim Mohamed Abdulla Bucheery*	✓	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul*	✓	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis*	✓	✓	✓	✓	✓	✓	✓
Fuad Azim Hashimi*	—	—	✓	✓	✓	✓	✓
Ali Munir*	—	—	✓	✓	✓	✓	✓
Nauman Ansari**	✓	✓	—	—	—	—	—
Farooq Rahmatullah Khan*	✓	✓	—	—	—	—	—

* The Recruitment, Nomination and Remuneration Committee had been Re-Constituted in Board of Directors Meeting held on April 27, 2017.

** Mr. Nauman Ansari retired on May 14, 2017.

ATTENDANCE OF BOARD STRATEGY COMMITTEE

MEETINGS DURING THE YEAR 2017

ATTENDED BY / MEETING DATE	25-01-17	03-05-17	27-07-17	21-08-17	24-10-17
Farooq Rahmatullah Khan*	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery*	✓	✓	✓	✓	✓
Juma Hasan Ali Abul*	✓	✓	✓	✓	✓
Fuad Azim Hashimi*	—	✓	✓	✓	✓
Nauman Ansari**	✓	✓	—	—	—

* The Board Strategy Committee had been Re-Constituted in Board of Directors Meeting held on April 27, 2017.

** Mr. Nauman Ansari retired on May 14, 2017.

ATTENDANCE OF BOARD IT COMMITTEE

MEETINGS DURING THE YEAR 2017

ATTENDED BY / MEETING DATE	23-10-17
Ali Munir	✓
Abdulelah Ebrahim Mohamed AlQasimi	✓
Abdulla Abdulaziz Ali Taleb	✓
Yousaf Hussain	✓

Note: The Board IT Committee had been Constituted by the Board of Directors held on October 16, 2017.

SENIOR MANAGEMENT



Seated L - R:

Salman Ahmed Usmani
Head Treasury

Syed Majid Ali
Chief Financial Officer

Nasir Islam
Head Internal Audit

Yousaf Hussain
President &
Chief Executive Officer

Standing L - R:

Mian Salman Ali
Chief Risk Officer

Mohammed Zahid Ahmed
Head Strategy

Abadullah
Head Compliance



Raheel Ijaz
Chief Operating Officer

Tahir Yaqoob Bhatti
Head Retail Banking

Ali Waqar
Head Corporate &
Investment Banking

Zahid Anjum
Head Special Assets Management
& Government Relations

Aneeq Malik
Head Operations

Muhammad Faisal Shaikh
Head Islamic Banking

Muhammad Aurangzeb Amin
Company Secretary &
Head Legal

Monis Mirza
Head Human Resources

SENIOR MANAGEMENT – PROFILES

Yousaf Hussain President & CEO

Mr. Yousaf Hussain has over 23 years of professional experience, primarily at ABN AMRO Bank where he held multiple senior managerial positions including those within the Corporate / Credit and Transaction Banking functions. He has been with Faysal Bank since August 2008, with a significant contribution to the franchise in his previous positions as Chief Risk Officer, Regional Corporate Banking Head-North and Head of Special Assets Management Group. His experience also includes a senior role with Samba Bank and earlier assignments with Mashreq Bank and Mobilink / Motorola. Yousaf has a Bachelors of Science degree in Electrical Engineering and has done his MBA from Lahore University of Management Sciences.

Raheel Ijaz Chief Operating Officer

Mr. Raheel Ijaz has more than 38 years of work experience. Before assuming this position, he accumulated a rich banking experience in institutions like MCB Bank Limited as Group Head Compliance and Controls, Country Head Sri Lanka, Head Corporate North & Public Sector, United Bank Limited as Regional Chief Executive North and also held key positions in Faysal Bank, Prime Commercial Bank, and Emirates Bank International. His last role with Faysal Bank Limited was as Head Compliance. Raheel holds an MBA degree from Quaid-e-Azam International University.

Salman Ahmed Usmani Head, Treasury & ECM

Mr. Salman Usmani has a rich experience of over three decades in the local as well as multinational banking sector. His broad expertise covers Treasury and Risk Management, Asset and Liability Management, Strategic Planning, Corporate Restructuring, Strategic Negotiations, Acquisitions and Strategic Alliances and International Operations. His vast skill set has been instrumental in the design and implementation of the in-house developed Treasury System which is capable of meeting front, middle and back office business requirements and generates a host of MIS while retaining the flexibility to adapt to an evolving product suite. Prior to joining Faysal Bank Limited, he was

associated with MCB Bank Limited as Global Treasurer and Head Investment Banking Group. His past experience has been with organisations such as ANZ Grindlays, American Express, Bank of America, Mashreq Bank, United Bank Limited & MCB Bank Limited. He holds an MBA Degree from Grand Valley State University, USA.

Syed Majid Ali Chief Financial Officer

Syed Majid Ali has over 28 years of diversified experience, progressively responsible in the Accounts and Finance disciplines of banking with exposure in IT and HR activities. He has been associated as CFO with Emirates Bank International and Saudi Pak Commercial Bank, as well as KPMG as a partner. Majid is a fellow member of the Institute of Chartered Accountants of Pakistan.

Nasir Islam Head, Internal Audit

Mr. Nasir Islam is a qualified Chartered Accountant with over 25 years of multifaceted experience. His first assignment was as Manager Finance in ANZ Grindlays (Karachi), after which he was posted at the ANZ HO (Melbourne, Australia), as Manager Commercial Banking System (CBS) Project. He returned to Pakistan in 1997 as Manager Audit, joined ABN AMRO Pakistan as Audit Manager in 2000, and was appointed as Country Head of Compliance in 2004.

Tahir Yaqoob Bhatti Head, Retail Banking

Mr. Tahir Yaqoob Bhatti has over 30 years of diverse experience in Retail, Commercial, Corporate, Operations, Special Assets Management and Digital Banking. He has previously been associated mainly with Allied Bank, Askari Bank and National Bank of Pakistan. Prior to joining Faysal Bank Limited, his last assignment was Business Head – Wholesale and Private Banking at JS Bank.

Tahir Bhatti holds an MBA Finance from IBA, Lahore and a Masters in Commerce from Hailey College. He also qualified DCMA and holds a Banking Diploma from the Institute of Bankers in Pakistan.

SENIOR MANAGEMENT – PROFILES

Abadullah

Head, Compliance

Mr. Abadullah brings with him over 32 years of diversified experience of Branch Banking, Trade, Cash Management and Operations. Prior to joining Faysal Bank Limited, Abadullah has worked with Standard Chartered, ANZ Grindlays and United Bank Limited. His last assignment with SCB was as Head Cash Management Operations & Cash Product Service Delivery. Abadullah started his career from United Bank Limited. He holds a Master of Business Administration (Finance) degree from IBA, University of Punjab.

Ali Waqar

Head, Corporate & Investment Banking

Mr. Ali Waqar has over 16 years of professional experience, primarily in the field of Corporate & Investment Banking, and Commercial Banking. Throughout his professional career, Ali Waqar has been instrumental in driving the organisation's profitability through a diverse mix of transactions including Structured Finance, Project Finance, Mergers & Acquisitions and Derivatives. He has served at key positions in leading multinationals as well as local organisations including ABN AMRO Bank N.V., Barclays Bank Plc. and Faysal Bank Limited.

Prior to his current assignment, Ali Waqar spearheaded Faysal Bank's Regional Corporate Banking franchise for 9 years as the 'Corporate Head-Central' where he contributed significantly towards sustainable portfolio and revenue growth.

Ali holds an M.Sc degree in Economics and Finance from Lahore School of Economics.

Mian Salman Ali

Chief Risk Officer

Mian Salman Ali brings with him a banking experience of over 15 years in large local and multinational banks. During his career, he has held various leadership / supervisory roles in business and control functions. He has a diversified experience in the field of Corporate Banking, Commercial / SME Banking & Credit / Risk Management. Prior to joining Faysal Bank Limited, he has been associated with ABN AMRO Pakistan and

Allied Bank Limited. Mian Salman holds a Master of Business Administration degree from Lahore School of Economics. He is also a certified Islamic Banking Professional from NIBAF.

Zahid Anjum

Head, Special Assets Management & Government Relations

Mr. Zahid Anjum has over 25 years of diversified banking experience with a proven record of superior performance throughout his career. He has strong skills of credit structuring & workout plans of intensive & delinquent SME, Commercial & Corporate relationships. Zahid joined Faysal Bank in 2012 as Regional Head, Central & North and was elevated as Head, SAM during 2014 in recognition of his excellent performance. Due to his strong relationship management and problem solving skills, he has been given the extended role of handling government relations. Before joining Faysal Bank Limited in 2012, he was associated with Askari Bank Ltd and Prime Bank Ltd and held senior level positions in branch banking, credits & remedial management. Zahid holds an MBA from National College of Business Administration & Economics & a law degree from University of Punjab.

Mohammed Zahid Ahmed

Head, Strategy

Mr. Mohammed Zahid Ahmed brings with him over 21 years of experience in both the financial and non-financial sectors where he has held leadership roles in Finance and Strategy. Prior to joining Faysal Bank, Zahid Ahmed has been associated with organisations such as Allergan Pharmaceuticals Inc., Pak Kuwait Investment Company, ABN Amro Bank, Dubai Islamic Bank, GIGA Group of Companies, Silk Bank and Meezan Bank. His last assignment was Head of Business Analytics, Strategy & Internal Control at Meezan Bank. Zahid Ahmed is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan.

SENIOR MANAGEMENT – PROFILES

Monis Mirza

Head, Human Resources

Mr. Monis Mirza has over 22 years of leadership experience in Human Capital Management, Mergers & Acquisitions, Cultural Integration and Business Growth in multiple geographies. During his career, he has held key positions in Procter and Gamble (P&G), Standard Chartered Bank in Pakistan and Tenova Canada. He remained Director of Human Resources and a Management Committee member for SCB Pakistan for over a decade, and helped the bank manage organic and inorganic business growth, drive productivity through engagement and organisational design efficiencies.

His last assignment was with HRS Global as Chief Executive Officer – Recruiting.

Monis Mirza acquired his B.E. Electrical Engineering degree from University of Buffalo, USA and MBA degree in Human Resources from Institute of Business Administration, Karachi. He has also completed an advance diploma in Human Resources from McMaster University, Canada.

Aneeq Malik

Head, Operations

Mr. Aneeq Malik is a solutions-focused banker with over 16 years of rich experience overseeing the compliance function and branch operations. Prior to joining Faysal Bank Limited, Aneeq has been associated with banks like ABN AMRO and MCB.

Aneeq is recognized for being both reactive to developments in the regulatory and governance environment and proactive in areas related to compliance education and training. Highly adept in indentifying gaps and / or risk exposure in operations as well as developing and implementing strong systems of check and balances. Aneeq holds a graduation degree from Punjab University, Lahore. He is a certified expert in Corporate Governance & Leadership Skills from Pakistan Institute of Corporate Governance (PICG). He is also certified from NIBAF in Islamic Banking. He is on the board of directors of M/s. 1Link (Guarantee) Ltd as a nominee director from Faysal Bank Limited as well.

Muhammad Faisal Shaikh

Head, Islamic Banking

Mr. Muhammad Faisal Shaikh is a graduate of Institute of Business Administration (IBA), Karachi with over 17 years of experience in the field of Shariah Structuring and Shariah Compliant Product Development. Prior to joining Faysal Bank Limited, he was associated with BankIslami Pakistan Limited and Meezan Bank Limited. He has been instrumental in the development of various pioneering Islamic Corporate & Consumer Banking Products and Sukuks structures in Pakistan including Islamic Export Refinance Scheme of State Bank of Pakistan and Pakistan's inaugural sovereign International Sukuk. He led the team which converted conventional assets and liabilities of KASB Bank Limited after its acquisition by BankIslami Pakistan Limited. Prior to this, his team structured acquisition and conversion of Citibank's conventional housing finance portfolio by BankIslami Pakistan Limited. He was an active member of the team responsible for conversion and merger of Pakistan operations of Societe Generale into Meezan Bank Limited. He has also served as a member of different advisory committees of State Bank of Pakistan on Islamic Banking.

Muhammad Aurangzeb Amin

Company Secretary & Head, Legal

Mr. Aurangzeb Amin brings with him over 22 years of experience in the Financial Sector and Legal Consultancies both in Pakistan and in the USA. During his career he has worked with NIB Bank and Pak-Kuwait Investment Co. as Company Secretary and Head Legal. He has also worked with law firms locally and internationally, namely Orr, Dignam & Co. and Surridge & Beecheno. He has a Masters of Laws degree from Temple University, USA.

SHARIAH BOARD – PROFILES

Mufti Muhammad Mohib ul Haq Siddiqui

Chairman – Shariah Board

Mufti Mohib ul Haq is a prominent and a well-recognised Shariah scholar of international repute. His credentials include a specialised degree in Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Takhassus fi al-Iftaa' (Specialisation in Islamic Jurisprudence and Fatwa) from the esteemed Jamia Darul Uloom, Karachi.

Mufti Mohib ul Haq has been associated with Faysal Barkat Islamic Banking since 2011 as the Shariah Advisor prior to his appointment as the Chairman of Shariah Board. He is also a Shariah Board Member of Bank Alfalah and Bank Al Habib.

Previously, he has served as the Shariah Advisor / Shariah Board Member at various Financial Institutions which include:

- Bank Al Habib Limited
- Takaful Pakistan Limited
- Royal Bank of Scotland Berhad, Malaysia

He has over 14 years of teaching experience at renowned institutions and is also a Faculty Member / Visiting Faculty Member of various well known Institutions such as:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics (CIE)
- National Institute of Banking and Finance (NIBAF) – SBP
- Institute of Cost and Management Accountants of Pakistan (ICMA)

Dr. Mufti Khalil Ahmad Aazami

Shariah Board Member

Dr. Mufti Khalil Ahmad Aazami is a renowned Shariah Scholar in the Islamic Banking industry. Dr. Aazami has graduated from Jamia Darul Uloom, Karachi. He obtained his Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Takhassus fi al-Iftaa' (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi. Dr. Aazami holds a Doctorate degree in "Islamic Jurisprudence" from University of Karachi.

Dr. Aazami is working with Bank Alfalah Islamic Banking since 2003 in the capacity of Shariah Advisor and now serving Bank Alfalah as Chairperson Shariah Board since 2015. He is also a Shariah Board Member of National Bank of Pakistan and Faysal Bank Limited.

Dr. Aazami has served as an Advisor / Shariah Board Member in different financial institutions including:

- Takaful Pakistan Limited (2005 - 2014)
- Alfalah GHP Islamic Fund (2007 - 2014)

SHARIAH BOARD – PROFILES

Dr. Aazami has 19 years of research experience related to Islamic Finance and other Shariah related subjects. Furthermore, he is the member of AAOIFI Shariah Standards Committee (Karachi). He is an author of numerous publications. He is also an experienced lecturer and trainer in the field of Islamic Finance, Economics, Fiqh, Islamic Financial Laws and General Islamic Science at various institutions which include:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics (CIE)
- National Institute of Banking and Finance (NIBAF) – SBP
- Sheikh Zaid Islamic Research Centre - University of Karachi
- IBA CEIF

Mufti Khawaja Noor ul Hassan

Resident Shariah Board Member

Mufti Khawaja Noor ul Hassan has 13 years plus professional experience including 10 years of extensive experience in Shariah Compliance and Governance, Product Development and Research, Credit / Financing appraisal & administration. Prior to joining Faysal Bank Limited, he was associated with prestigious Islamic Financial Institutions like Meezan Bank Limited and Al Baraka Bank (formerly Emirates Global Islamic Bank). His past experience also includes working as an Assistant Company Secretary for a number of public and private limited companies.

Mufti Khawaja Noor ul Hassan possesses both contemporary as well as religious academic qualifications. He has obtained the Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Takhassus fi al-Iftaa' (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Farooqia and Jamia Darul Uloom, Taleem ul Quran, Karachi. He also holds a Bachelor's Degree in Law (LLB), a Master's Degree in Islamic Studies and a Master's degree in Islamic History from University of Karachi and Federal Urdu University, Karachi, respectively.

He is associated with Jamia Yousufia Binoria and also conducts Islamic Banking trainings at different banks and institutions. He is actively involved in Islamic Banking and Finance as a researcher, trainer and consultant as well.

SENIOR MANAGEMENT AND INTERNAL COMMITTEES

Senior Management

Yousaf Hussain
President & Chief Executive Officer

Raheel Ijaz
Chief Operating Officer

Syed Majid Ali
Chief Financial Officer

Salman Ahmed Usmani
Head Treasury & ECM

Tahir Yaqoob Bhatti
Head Retail Banking

Ali Waqar
Head Corporate & Investment Banking

Zahid Anjum
Head Special Assets
Management & Govt. Relations

Abadullah
Head Compliance

Mian Salman Ali
Chief Risk Officer

Mohammed Zahid Ahmed
Head Strategy

Aneeq Malik
Head Operations

Monis Mirza
Head Human Resources

Muhammad Faisal Shaikh
Head Islamic Banking

Nasir Islam
Head Internal Audit

Muhammad Aurangzeb Amin
Company Secretary & Head Legal

Asset & Liability Committee

Yousaf Hussain
Chairman

Salman Ahmed Usmani
Member & Secretary

Syed Majid Ali
Member

Mian Salman Ali
Member

Ali Waqar
Member

Tahir Yaqoob Bhatti
Member

Mohammed Zahid Ahmed
Member

Syed Muhammad Fraz Zaidi
Member

Compliance Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Abadullah
Member & Secretary

Syed Majid Ali
Member

Mian Salman Ali
Member

Mohammed Zahid Ahmed
Member

Aneeq Malik
Member

SENIOR MANAGEMENT AND INTERNAL COMMITTEES

IT Steering Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Imran Saeed Chaudhry
Member & Secretary (Acting)

Syed Majid Ali
Member

Mian Salman Ali
Member

Tahir Yaqoob Bhatti
Member

Mohammed Zahid Ahmed
Member

Aneeq Malik
Member

Abadullah
Member

Muhammad Maad
Member

Investment Committee

Yousaf Hussain
Chairman

Salman Ahmed Usmani
Member & Secretary

Syed Majid Ali
Member

Mian Salman Ali
Member

Ali Waqar
Member

Syed Muhammad Fraz Zaidi
Member

Enterprise Risk Management Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Syed Muhammad Fraz Zaidi
Member & Secretary

Salman Ahmed Usmani
Member

Syed Majid Ali
Member

Mian Salman Ali
Member

Ali Waqar
Member

Tahir Yaqoob Bhatti
Member

Aneeq Malik
Member

Abadullah
Member

Muhammad Maad
Member

SENIOR MANAGEMENT AND INTERNAL COMMITTEES

Country Credit Committee

Yousaf Hussain
Chairman

Mian Salman Ali
Member

Ali Waqar
Member

Tahir Yaqoob Bhatti
Member

CORPORATE SOCIAL RESPONSIBILITY



Faysal Bank strongly believes in giving back to the community and our CSR spend is, therefore, focused on projects such as those related to literacy, healthcare, poverty alleviation and environment sustainability so that they may provide long term sustainable value and benefits to the community at large.

We have recently established relationships with numerous new NPOs. Some noteworthy names of the organizations with which we started working relationships are Bait ul Sukoon Cancer Hospital, Old Associates of Kinnaird Society, Layton Rahmatulla Benevolent Trust, etc. while strengthening our ties with charities we have already been working with.



In 2017, our contribution was made for machine(s)/ equipment sponsorship, students' sponsorships in educational & vocational institutions, construction of infrastructure, patients' welfare, transport vehicles, etc.

We contributed more than 23 million to the NPOs mentioned hereunder:



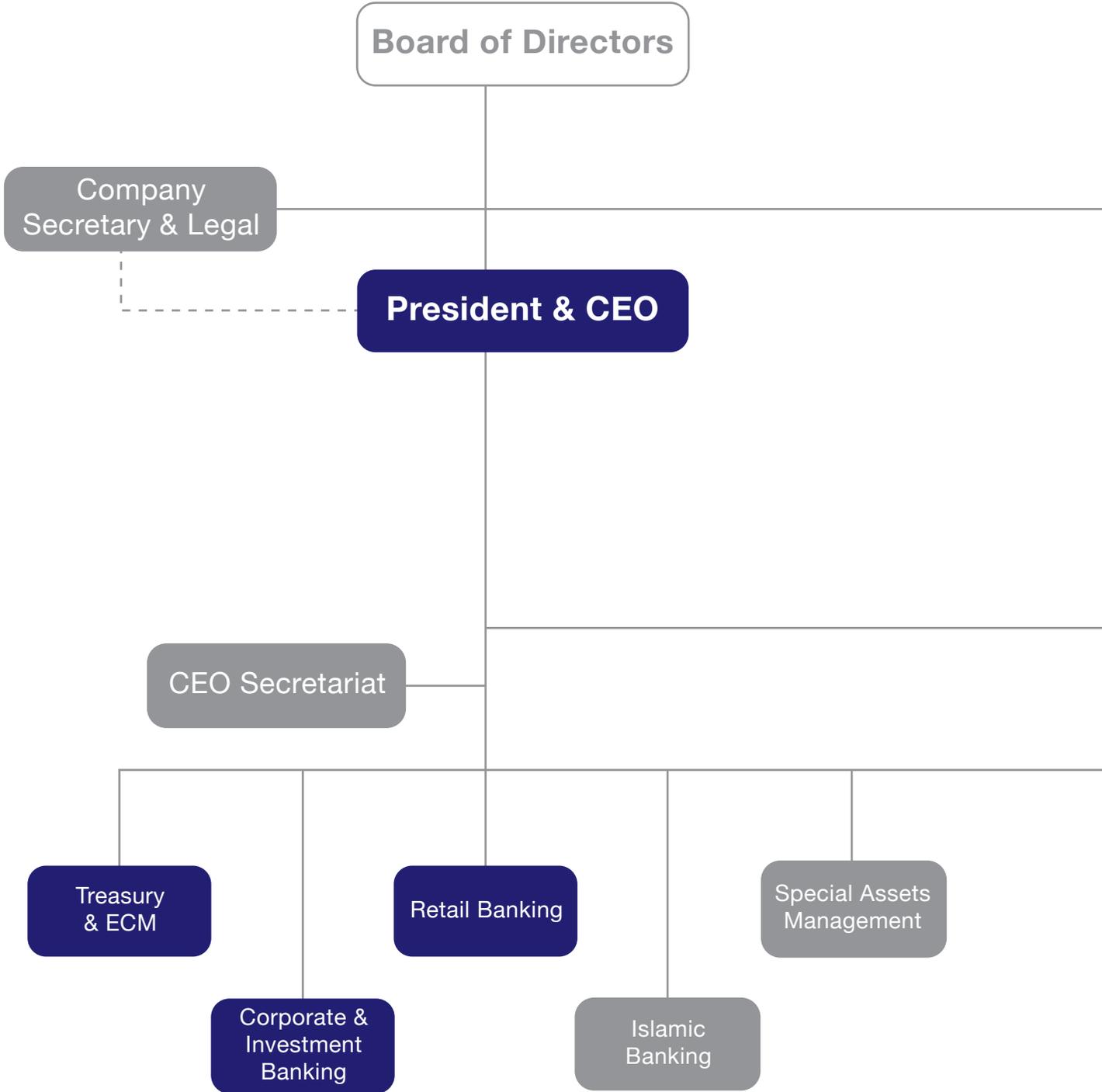
- Memon Medical Institute Hospital
- Rehnuma Public School (Path Education Society)
- Old Associates of Kinnaird Society (National Institute of Child Health)
- The Lahore Businessmen Association for Rehabilitation of the Disabled
- Bait ul Sukoon Cancer Hospital
- Patients' Aid Foundation (Jinnah Hospital)
- Professional Education Foundation
- Layton Rahmatulla Benevolent Trust
- Marie Adelaide Leprosy Centre
- Karigar Training Institute
- Child Aid Association (National Institute of Child Health)



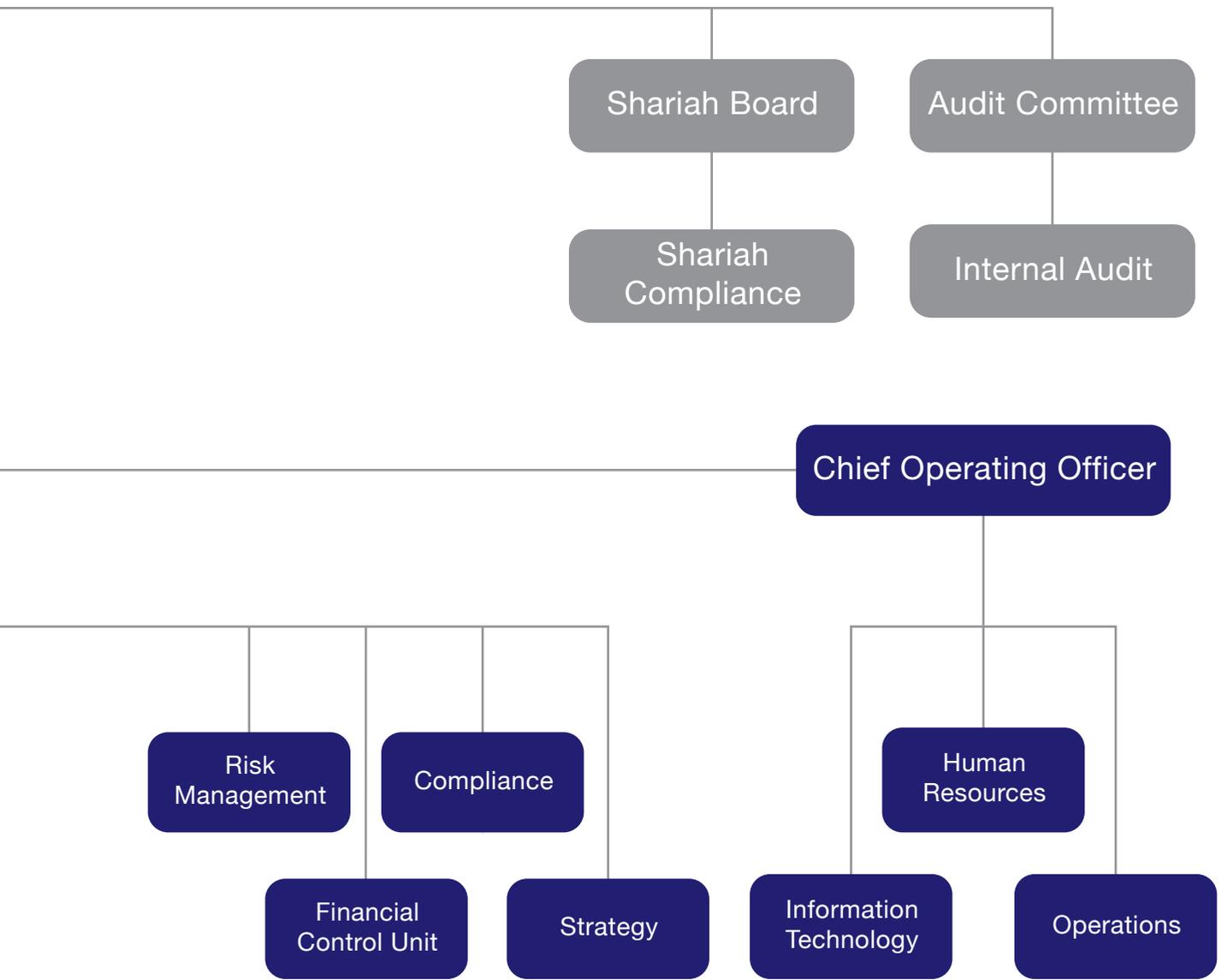
Faysal Bank remains focused towards including its employees in collective philanthropy. We, therefore, organized a blood donation drive in partnership with The Indus Hospital wherein our employees enthusiastically donated blood to save precious human lives.

سيرة
الملك

ORGANISATIONAL STRUCTURE



■ "Blue positions" are Country MT positions.



SIX YEAR FINANCIAL SUMMARY

		2017	2016	2015	2014	2013	2012
OPERATIONAL RESULTS							
(Rupees in Million)							
Mark-up / return / interest earned		28,791	26,201	32,313	32,313	27,790	28,802
Mark-up / return / interest expensed		14,831	14,134	18,358	18,480	16,945	19,839
Fee, commission, brokerage, FX income and other income		4,609	4,586	3,507	3,731	3,740	3,635
Dividend and capital gains		1,005	2,369	2,057	643	786	1,646
Total income		19,574	19,021	19,519	18,207	15,371	14,245
(Reversals) / Provisions / Write-offs		(496)	564	1,426	2,359	2,116	1,401
Operating expenses		12,779	11,776	11,166	12,295	11,101	11,004
Operating profit before tax and provision		6,773	7,223	8,346	5,911	4,277	3,236
Profit before taxation		7,269	6,659	6,920	3,552	2,161	1,835
Profit after taxation		4,515	4,302	4,222	2,477	1,850	1,420
Cash dividend	%	-	-	10.0	-	-	-
Bonus shares	%	15.0	10.0	-	15.0	12.5	12.5

BALANCE SHEET							
(Rupees in Million)							
Shareholders' equity		33,662	29,142	26,059	21,832	20,588	18,788
Revaluation reserves		5,571	5,867	4,294	4,470	1,578	2,249
Deposits		373,081	340,306	292,130	283,346	271,134	240,708
Borrowings from financial institutions		54,789	52,806	90,565	60,927	45,447	35,568
Advances - net		231,532	204,831	181,090	182,656	184,190	172,299
Investments - net		179,706	170,210	195,516	155,211	113,319	88,019
Total assets		488,027	444,465	430,073	388,126	355,280	313,123

CASHFLOWS							
(Rupees in Million)							
Operating activities		(16,826)	(4,856)	67,214	13,479	28,733	(4,809)
Investing activities		19,956	19,065	(61,543)	(20,929)	(25,110)	7,692
Financing activities		(1,497)	(2,689)	(1)	(500)	(700)	(200)
Cash and cash equivalents at end of the year		39,489	37,856	26,336	20,666	28,617	25,694

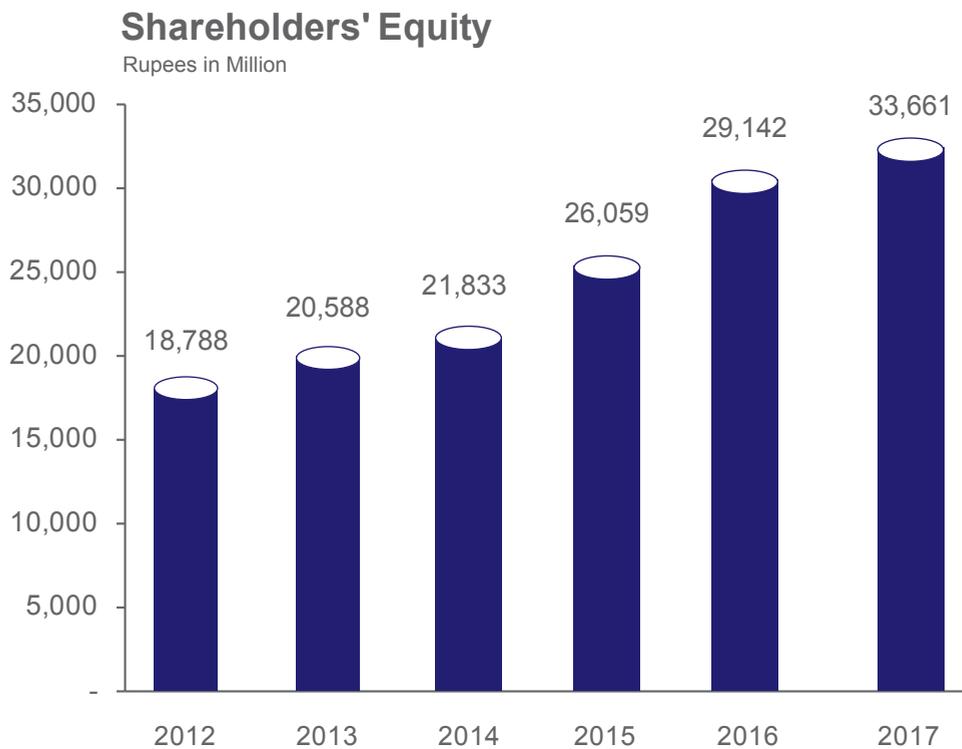
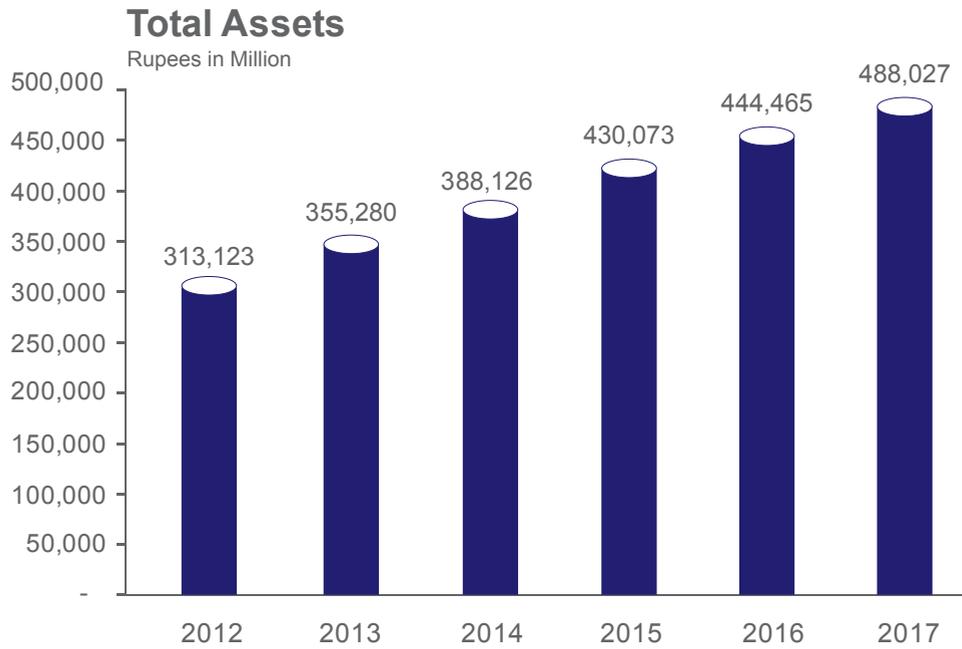
OTHER KEY INFORMATION							
Imports	Rs. Mln	160,121	119,397	98,591	120,614	157,183	120,269
Exports	Rs. Mln	77,754	80,838	53,150	59,719	88,128	83,525
Number of employees		3,977	3,611	3,141	3,036	3,610	3,465
Number of branches		405	355	280	274	269	265

PROFITABILITY RATIOS							
Profit before tax ratio	%	25.25	25.42	21.42	10.99	7.78	6.37
Gross spread ratio (Net mark up income / gross mark-up income)	%	48.49	46.06	43.19	42.81	39.02	31.12
Return on capital employed	%	2.56	2.64	3.17	1.72	1.13	1.15
Return on average equity (ROE)	%	14.38	15.59	17.63	11.68	9.40	7.76
Return on average assets (ROA)	%	0.97	0.98	1.03	0.67	0.55	0.47
Income to expense ratio	Times	1.53	1.62	1.75	1.48	1.38	1.29

SIX YEAR FINANCIAL SUMMARY

		2017	2016	2015	2014	2013	2012
LIQUIDITY RATIOS							
Current ratio	Times	1.13	0.88	0.80	0.90	1.02	0.98
CASA to total deposits	%	70.04	67.12	67.25	65.66	64.90	60.95
Gross advances to deposit ratio (average)	%	68.08	68.85	71.30	73.77	77.21	78.26
Net advances to deposit ratio (average)	%	61.17	61.02	63.21	66.16	69.65	70.38
Non-performing loans to gross advances ratio	%	10.68	13.07	14.82	14.31	13.52	14.44
Specific provision to non-performing loans ratio	%	86.84	81.67	79.10	78.56	71.50	66.31
INVESTMENT / MARKET RATIOS							
Price earning ratio	%	6.23	6.68	4.82	9.70	8.13	9.90
Earning per share (EPS)	Rs.	3.42	3.26	3.20	1.88	1.40	1.08
Market value per share	Rs.	21.30	21.78	15.43	18.20	11.39	10.65
Market value per share - high	Rs.	29.90	24.50	20.07	19.25	12.50	14.12
Market value per share - low	Rs.	17.32	12.86	13.54	11.48	8.15	8.38
Book value per share - excluding surplus / (deficit) on revaluation of assets	Rs.	25.51	24.29	21.72	20.93	19.73	20.26
Book value per share - excluding surplus on revaluation of fixed assets	Rs.	26.45	26.00	22.81	22.30	19.56	20.70
Book value per share - including surplus / (deficit) on revaluation of assets	Rs.	29.73	29.18	25.30	25.21	21.25	22.68
CAPITAL STRUCTURE RATIOS							
Capital adequacy ratio	%	15.90	14.60	14.41	12.22	11.29	10.75
Weighted average cost of deposit	%	3.35	3.55	4.27	5.33	5.24	6.60
Total assets turnover to fixed assets turnover ratio (Total assets / Fixed assets)	Times	37.71	36.70	37.92	33.62	34.66	28.83
Net assets per share	Rs.	29.73	29.18	25.30	25.21	21.25	22.68
Earning asset to total asset ratio	%	86.11	85.51	87.63	87.05	83.84	83.18
NET ASSETS MATURITY WISE (based on expected withdrawal pattern)							
(Rupees in Million)							
Upto one month		60,084	(33,399)	(85,534)	(60,796)	(16,197)	(28,485)
Over one month to three months		34,959	23,162	53,767	27,569	45,394	8,976
Over three months to six months		6,643	48,146	5,606	29,650	18,264	3,729
Over six months to one year		2,899	22,701	100,217	37,653	4,165	30,994
Over one year to two years		7,432	16,221	16,103	15,016	3,036	(2,525)
Over two years to three years		5,328	8,667	(1,738)	11,530	(5,978)	6,153
Over three years to five years		(18,545)	11,597	14,891	(10,065)	(14,836)	(5,183)
Over five years to ten years		(60,173)	(63,074)	(66,060)	(30,792)	(16,962)	(397)
Over ten years		606	987	4,940	6,538	5,281	7,774
Total net assets		39,233	35,008	42,192	26,303	22,167	21,037

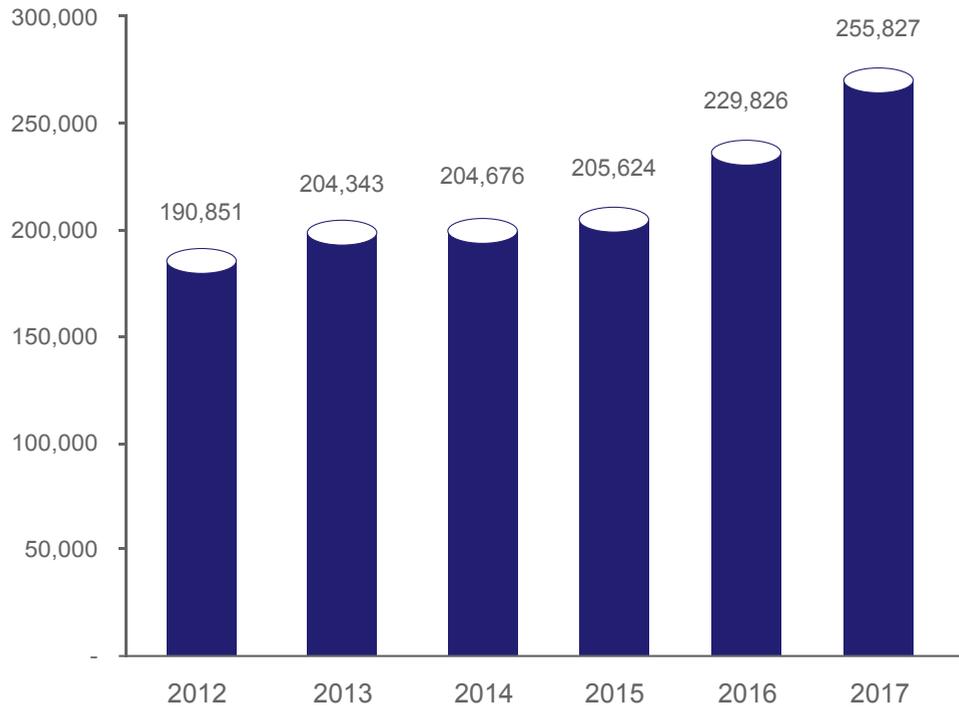
TOTAL ASSETS AND SHAREHOLDERS' EQUITY



GROSS ADVANCES AND DEPOSITS

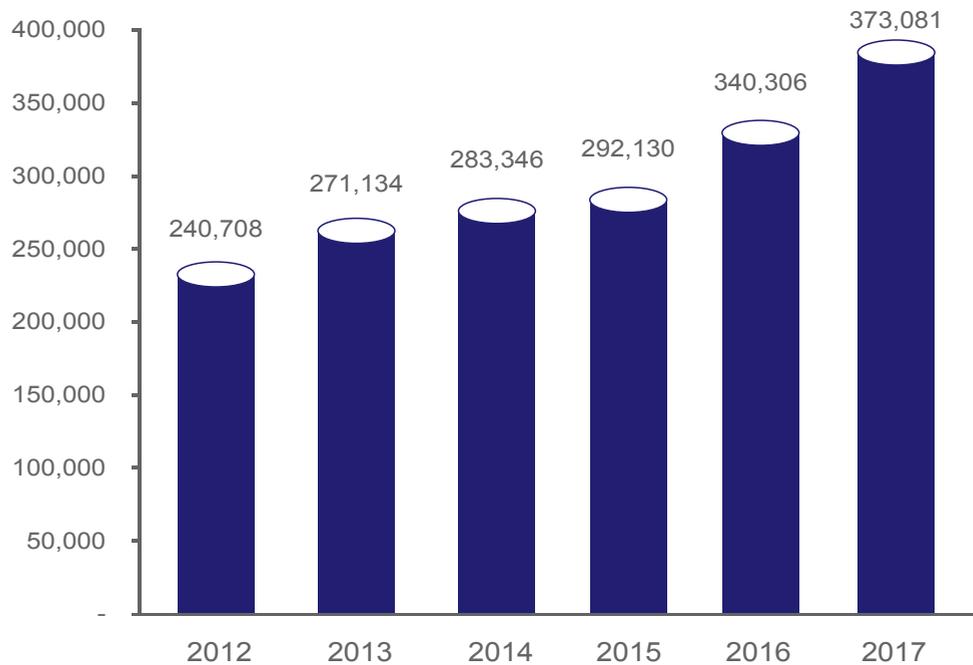
Gross - Advances

Rupees in Million

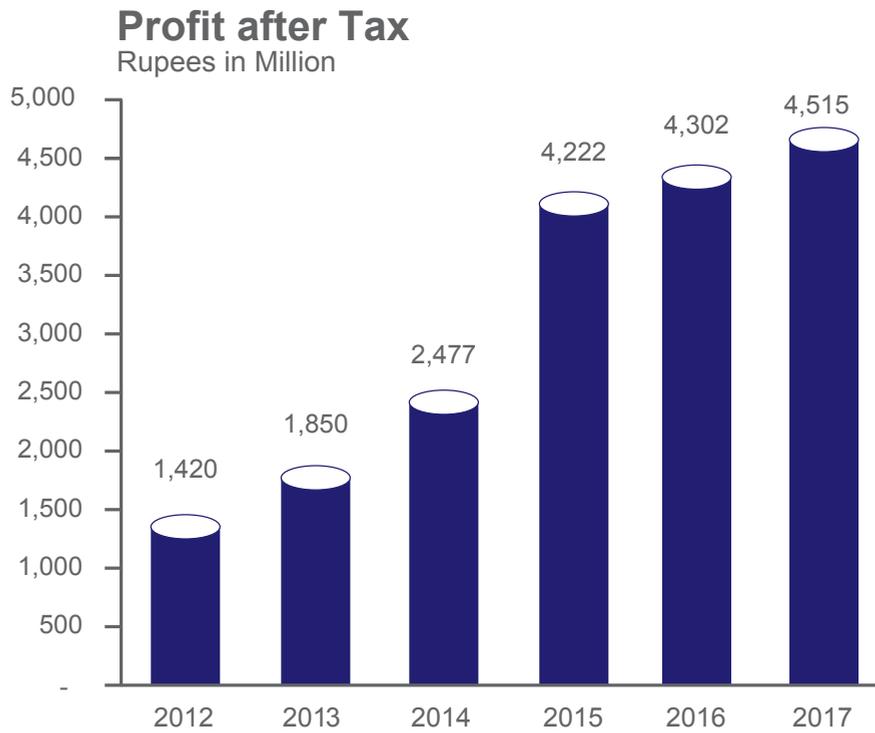


Deposits

Rupees in Million

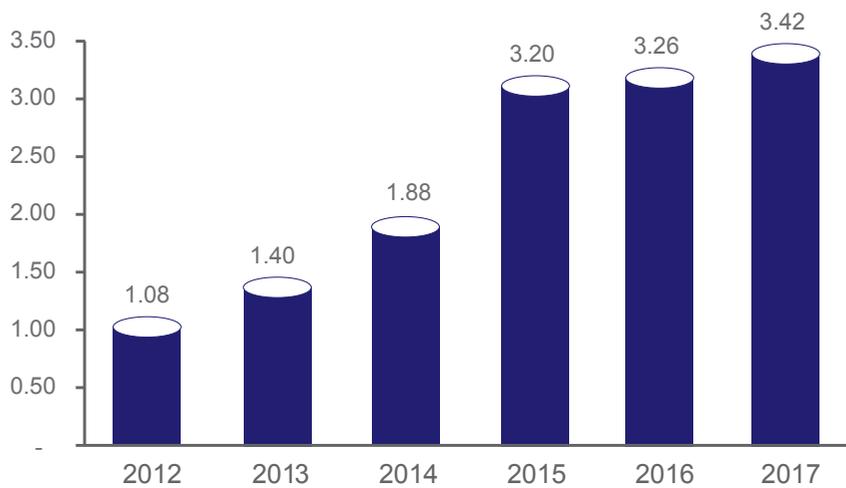


PROFIT AFTER TAX AND EPS



Earning Per Share

In Rupees



QUARTERLY PERFORMANCE 2017 AND 2016

STATEMENT OF FINANCIAL POSITION

	2017				2016			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
-----Rupees in Million-----								
ASSETS								
Cash and balances with treasury banks	37,862	31,879	36,408	32,895	37,239	31,489	27,186	24,174
Balances with other banks	1,873	1,711	2,019	1,380	1,139	1,103	1,244	800
Lendings to financial institutions	9,010	8,577	4,598	-	5,000	-	397	2,491
Investments	179,706	190,661	195,233	185,660	170,210	149,660	205,646	156,784
Advances	231,532	214,275	213,809	198,957	204,831	180,730	195,295	180,641
Operating fixed assets	12,940	12,115	12,151	12,209	12,112	10,768	10,658	10,715
Deferred tax assets - net	1,608	2,133	2,018	2,552	2,264	2,451	3,034	3,172
Other assets	13,496	11,361	12,346	9,860	11,669	10,280	12,410	8,846
	488,027	472,712	478,582	443,513	444,464	386,481	455,870	387,623
LIABILITIES								
Bills payable	7,304	5,985	7,383	5,990	5,982	4,901	6,869	6,363
Borrowings	54,789	57,630	69,890	53,447	52,806	23,015	90,843	41,118
Deposits and other accounts	373,081	358,826	354,499	337,643	340,306	314,467	315,083	296,718
Sub-ordinated loans	-	749	749	1,497	1,497	2,246	2,246	2,994
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-
Other liabilities	13,621	11,535	8,844	8,598	8,864	8,685	8,570	9,861
	448,795	434,725	441,365	407,175	409,455	353,314	423,611	357,054
	39,232	37,987	37,217	36,338	35,009	33,167	32,259	30,569
REPRESENTED BY								
Share capital	13,197	13,197	13,197	11,998	11,998	11,998	11,998	11,998
Reserves	7,936	7,065	7,096	8,327	7,158	6,329	6,360	6,392
Unappropriated profit	12,528	12,664	11,681	10,671	9,986	10,262	9,319	7,844
	33,661	32,926	31,974	30,996	29,142	28,589	27,677	26,234
Surplus on revaluation of assets	5,571	5,061	5,243	5,342	5,867	4,578	4,582	4,335
	39,232	37,987	37,217	36,338	35,009	33,167	32,259	30,569
Profit and Loss Account								
Mark-up / return / interest earned	7,485	7,126	7,272	6,909	6,641	6,279	6,513	6,768
Mark-up / return / interest expensed	3,884	3,777	3,775	3,396	3,474	3,441	3,597	3,623
Net mark-up / interest income	3,601	3,349	3,497	3,513	3,167	2,838	2,916	3,145
(Reversals) / provision and write offs	268	(240)	(247)	(278)	279	(156)	350	91
Non mark-up / interest income	1,288	1,092	1,238	1,996	1,342	1,295	2,636	1,681
Non mark-up / interest expenses	3,699	3,172	3,061	2,847	3,358	2,854	2,922	2,641
Share of (loss) / profit on associate	(3)	(1)	(9)	(9)	(12)	-	(3)	(7)
Profit before taxation	919	1,508	1,912	2,931	860	1,435	2,277	2,087
Taxation	229	543	920	1,063	306	505	816	730
Profit after taxation	690	965	992	1,868	554	930	1,461	1,357

HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

	2017	2016	2015	2014	2013	2012	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011
	Rupees in Million						Variance %					
ASSETS												
Cash and balances with												
treasury banks	37,862	37,239	26,084	20,286	28,422	24,509	2	43	29	(29)	16	33
Balances with other banks	1,873	1,139	1,068	1,423	1,012	1,209	64	7	(25)	41	(16)	(74)
Lendings to financial institutions	9,010	5,000	250	-	300	-	80	1,900	-	(100)	100	-
Investments	179,706	170,210	195,516	155,211	113,319	88,019	6	(13)	26	37	29	(6)
Advances	231,532	204,831	181,090	182,656	184,190	172,299	13	13	(1)	(1)	7	16
Operating fixed assets	12,940	12,112	11,343	11,543	10,251	10,860	7	7	(2)	13	(6)	-
Deferred tax assets - net	1,608	2,264	3,087	2,429	3,981	4,387	(29)	(27)	27	(39)	(9)	(15)
Other assets	13,496	11,669	11,635	14,579	13,804	11,839	16	-	(20)	6	17	-
	488,027	444,464	430,073	388,127	355,279	313,122	10	3	11	9	13	7
LIABILITIES												
Bills payable	7,304	5,982	6,009	5,348	4,969	4,244	22	-	12	8	17	38
Borrowings	54,789	52,806	90,565	60,927	45,447	35,568	4	(42)	49	34	28	(10)
Deposits and other accounts	373,081	340,306	292,130	283,346	271,134	240,708	10	16	3	5	13	12
Sub-ordinated loans	-	1,497	2,994	2,995	3,495	4,195	(100)	(50)	-	(14)	(17)	(5)
Liabilities against assets subject												
to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,621	8,864	8,022	9,209	8,068	7,370	54	10	(13)	14	9	(36)
	448,795	409,455	399,720	361,825	333,113	292,085	10	2	10	9	14	7
	39,232	35,009	30,353	26,302	22,166	21,037	12	15	15	19	5	9
REPRESENTED BY												
Share capital	13,197	11,998	11,998	10,433	10,433	9,274	10	-	15	-	12	13
Reserves	7,936	7,158	6,423	5,703	6,554	6,309	11	11	13	(13)	4	(4)
Unappropriated profit	12,528	9,986	7,638	5,696	3,601	3,205	25	31	34	58	12	8
	33,661	29,142	26,059	21,832	20,588	18,788	16	12	19	6	10	6
Surplus on revaluation of assets	5,571	5,867	4,294	4,470	1,578	2,249	(5)	37	(4)	183	(30)	58
	39,232	35,009	30,353	26,302	22,166	21,037	12	15	15	19	5	9

HORIZONTAL ANALYSIS

PROFIT AND LOSS ACCOUNT

	2017	2016	2015	2014	2013	2012	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011
	Rupees in Million						Variance %					
Mark-up / return / interest earned	28,791	26,201	32,313	32,313	27,790	28,802	10	(19)	-	16	(4)	-
Mark-up / return / interest expensed	14,831	14,134	18,358	18,480	16,945	19,839	5	(23)	(1)	9	(15)	1
Net mark-up / interest income	13,960	12,067	13,955	13,833	10,845	8,963	16	(14)	1	28	21	(3)
(Reversal) / provision against non- performing loans and advances - net	(691)	626	1,058	2,094	1,906	964	(210)	(41)	(49)	10	98	192
Provision / (reversal) for consumer and small enterprise loans - general	104	32	(7)	33	123	25	225	(557)	(121)	(73)	392	(132)
Provision against off balance sheet obligations	5	4	20	7	11	40	25	(80)	186	(36)	(73)	100
Provision / (reversal) for diminution in value of investments - net	183	(17)	455	397	111	415	(1,176)	(104)	15	258	(73)	1
Recoveries against written-off debts - net	(98)	(81)	(99)	(134)	(34)	(42)	21	(18)	(26)	294	(19)	(227)
	(497)	564	1,427	2,397	2,117	1,402	(188)	(60)	(40)	13	51	102
Net mark-up / interest income after provisions	14,457	11,503	12,528	11,436	8,728	7,561	26	(8)	10	31	15	(11)
Non mark-up / interest income												
Fee, commission and brokerage income	3,087	2,715	2,303	2,076	2,237	1,858	14	18	11	(7)	20	5
Dividend income	160	276	319	182	479	432	(42)	(13)	75	(62)	11	(30)
Income from dealing in foreign currencies	1,385	1,368	965	1,073	949	769	1	42	(10)	13	23	(10)
Gain on sale of securities - net	846	2,093	1,739	460	306	1,215	(60)	20	278	50	(75)	(575)
Unrealised (loss) / gain on revaluation of investments classified as held for trading	(4)	11	(27)	31	(19)	43	(136)	(141)	(187)	(263)	(144)	(174)
Other income	141	492	266	551	575	967	(71)	85	(52)	(4)	(41)	(15)
Total non mark-up / interest income	5,615	6,955	5,565	4,373	4,527	5,284	(19)	25	27	(3)	(14)	30
	20,072	18,458	18,093	15,809	13,255	12,845	9	2	14	19	3	2
Non mark-up / interest expenses												
Administrative expenses	12,608	11,661	10,591	12,162	11,079	10,810	8	10	(13)	10	2	-
Other provisions / (reversal) - net	5	(28)	354	(127)	(95)	91	(118)	(108)	(379)	34	(204)	(60)
Other charges	166	144	221	222	117	103	15	(35)	-	90	14	61
Total non mark-up / interest expenses	12,779	11,777	11,166	12,257	11,101	11,004	9	5	(9)	10	1	(1)
	7,293	6,681	6,927	3,552	2,154	1,841	9	(4)	95	65	17	25
Share of loss of associate	(23)	(22)	(7)	(1)	7	(5)	5	214	600	(114)	(240)	(100)
Extraordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
Profit before taxation	7,270	6,659	6,920	3,551	2,161	1,836	9	(4)	95	64	18	24
Taxation - Current	2,648	2,263	3,039	1,712	1,078	268	17	(26)	78	59	302	(32)
Taxation - Prior years	(882)	(901)	265	(813)	(1,613)	(227)	(2)	(440)	(133)	(50)	611	(179)
Taxation - Deferred	989	995	(606)	175	846	375	(1)	(264)	(446)	(79)	126	(177)
	2,755	2,357	2,698	1,074	311	416	17	(13)	151	245	(25)	110
Profit after taxation	4,515	4,302	4,222	2,477	1,850	1,420	5	2	70	34	30	11
Basic earnings per share	3.42	3.26	3.20	1.88	1.40	1.08	5	2	70	34	30	11

VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

	2017	2016	2015	2014	2013	2012	2017	2016	2015	2014	2013	2012
	Rupees in Million						Variance (%)					
ASSETS												
Cash and balances with												
treasury banks	37,862	37,239	26,084	20,286	28,422	24,509	8	8	6	5	8	8
Balances with other banks	1,873	1,139	1,068	1,423	1,012	1,209	-	-	-	-	-	-
Lendings to financial institutions	9,010	5,000	250	-	300	-	2	1	-	-	-	-
Investments	179,706	170,210	195,516	155,211	113,319	88,019	37	38	45	40	32	28
Advances	231,532	204,831	181,090	182,656	184,190	172,299	47	46	42	47	52	55
Operating fixed assets	12,940	12,112	11,343	11,543	10,251	10,860	3	3	3	3	3	3
Deferred tax assets - net	1,608	2,264	3,087	2,429	3,981	4,387	-	1	1	1	1	1
Other assets	13,496	11,669	11,635	14,579	13,804	11,839	3	3	3	4	4	4
	488,027	444,464	430,073	388,127	355,279	313,122	100	100	100	100	100	100
LIABILITIES												
Bills payable	7,304	5,982	6,009	5,348	4,969	4,244	1	1	1	1	1	1
Borrowings	54,789	52,806	90,565	60,927	45,447	35,568	11	12	21	16	13	11
Deposits and other accounts	373,081	340,306	292,130	283,346	271,134	240,708	76	77	68	73	76	77
Sub-ordinated loans	-	1,497	2,994	2,995	3,495	4,195	-	-	1	1	1	1
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,621	8,864	8,022	9,209	8,068	7,370	3	2	2	3	3	1
	448,795	409,455	399,720	361,825	333,113	292,085	92	92	93	93	94	93
	39,232	35,009	30,353	26,302	22,166	21,037	8	8	7	7	6	7
REPRESENTED BY												
Share capital	13,197	11,998	11,998	10,433	10,433	9,274	3	3	3	3	3	3
Reserves	7,936	7,158	6,423	5,703	6,554	6,309	2	2	2	1	2	2
Unappropriated profit	12,528	9,986	7,638	5,696	3,601	3,205	3	2	2	1	1	1
	33,661	29,142	26,059	21,832	20,588	18,788	7	7	6	6	6	6
Surplus on revaluation of assets	5,571	5,867	4,294	4,470	1,578	2,249	1	1	1	1	-	2
	39,232	35,009	30,353	26,302	22,166	21,037	8	8	7	7	6	7

VERTICAL ANALYSIS

PROFIT AND LOSS ACCOUNT

	2017	2016	2015	2014	2013	2012	2017	2016	2015	2014	2013	2012
	Rupees in Million						Variance (%)					
Mark-up / return / interest earned	28,791	26,201	32,313	32,313	27,790	28,802	100	100	100	100	100	100
Mark-up / return / interest expensed	14,831	14,134	18,358	18,480	16,945	19,839	52	54	57	57	61	69
Net mark-up / interest income	13,960	12,067	13,955	13,833	10,845	8,963	48	46	43	43	39	31
(Reversal) / provision against non-performing loans and advances - net	(691)	626	1,058	2,094	1,906	964	(2)	2	3	6	7	3
Provision / (reversal) for consumer and small enterprise loans - general	104	32	(7)	33	123	25	-	-	-	-	-	-
Provision against off balance sheet obligations	5	4	20	7	11	40	-	-	-	-	-	-
Provision / (reversal) for diminution in value of investments - net	183	(17)	455	397	111	415	1	-	1	1	-	1
Recoveries against written-off debts - net	(98)	(81)	(99)	(134)	(34)	(42)	-	-	-	-	-	-
	(497)	564	1,427	2,397	2,117	1,402	(1)	2	4	7	7	4
Net mark-up / interest income after provisions	14,457	11,503	12,528	11,436	8,728	7,561	49	44	39	36	32	27
Non mark-up / interest income												
Fee, commission and brokerage income	3,087	2,715	2,303	2,076	2,237	1,858	11	10	7	6	8	6
Dividend income	160	276	319	182	479	432	1	1	1	1	2	1
Income from dealing in foreign currencies	1,385	1,368	965	1,073	949	769	5	5	3	3	3	3
Gain on sale of securities - net	846	2,093	1,739	460	306	1,215	3	8	5	1	1	4
Unrealised (loss) / gain on revaluation of investments classified as held for trading	(4)	11	(27)	31	(19)	43	-	-	-	-	-	-
Other income	141	492	266	551	575	967	-	2	1	2	2	3
Total non mark-up / interest income	5,615	6,955	5,565	4,373	4,527	5,284	20	26	17	13	16	18
	20,072	18,458	18,093	15,809	13,255	12,845	69	70	56	49	48	45
Non mark-up / interest expenses												
Administrative expenses	12,608	11,661	10,591	12,162	11,079	10,810	44	45	33	38	40	38
Other provisions / (reversal) - net	5	(28)	354	(127)	(95)	91	-	-	1	-	-	-
Other charges	166	144	221	222	117	103	1	1	1	1	-	-
Total non mark-up / interest expenses	12,779	11,777	11,166	12,257	11,101	11,004	45	46	35	39	40	38
	7,293	6,681	6,927	3,552	2,154	1,841	24	24	21	10	8	7
Share of loss of associate	(23)	(22)	(7)	(1)	7	(5)	-	-	-	-	-	-
Extraordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
Profit before taxation	7,270	6,659	6,920	3,551	2,161	1,836	24	24	21	10	8	7
Taxation - Current	2,648	2,263	3,039	1,712	1,078	268	9	9	9	5	4	1
Taxation - Prior years	(882)	(901)	265	(813)	(1,613)	(227)	(3)	(3)	1	(3)	(6)	(1)
Taxation - Deferred	989	995	(606)	175	846	375	3	4	(2)	1	3	1
	2,755	2,357	2,698	1,074	311	416	9	10	8	3	1	1
Profit after taxation	4,515	4,302	4,222	2,477	1,850	1,420	15	14	13	7	7	6

STATEMENT OF VALUE ADDED

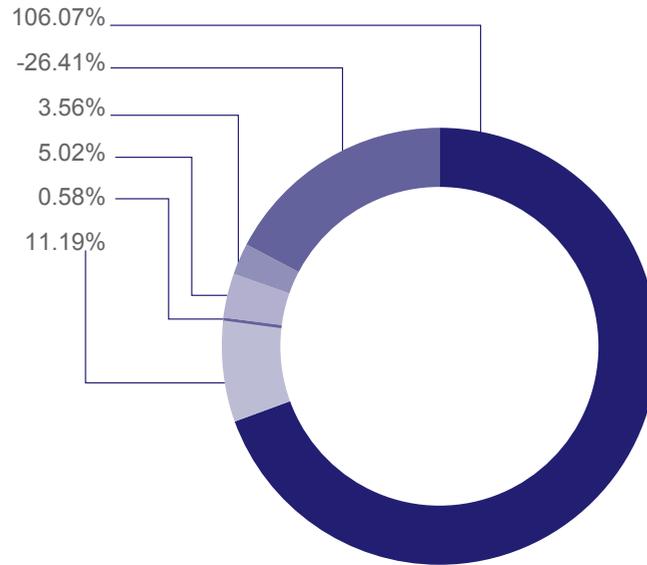
	2017		2016	
	Rupees '000	%	Rupees '000	%
Mark-up / return / interest earned - net of provisions	29,264,855	106	25,614,563	99
Fee, commission and brokerage income	3,086,639	11	2,715,435	10
Dividend income	159,514	1	276,301	1
Income from dealing in foreign currencies	1,385,057	5	1,368,290	5
Derivative income, gain on sale of investments etc.	982,866	3	2,594,432	10
	34,878,931	126	32,569,021	125
Administrative and other expenses	7,288,001	(26)	6,597,073	(25)
Value Added	27,590,930	100	25,971,948	100

Distributed as follows:

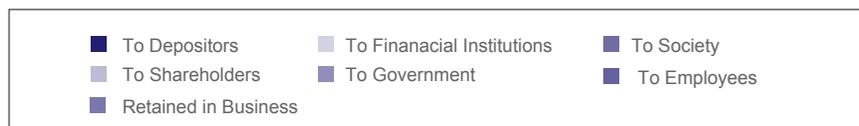
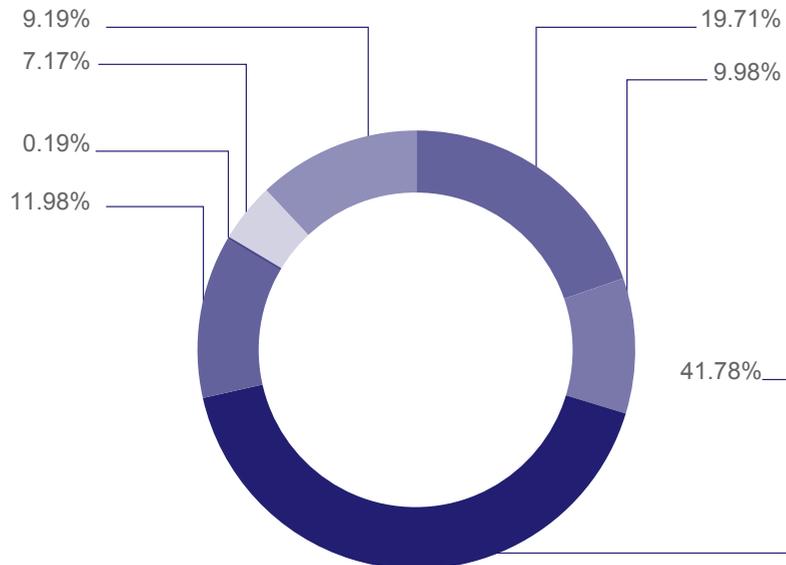
To Employees As remuneration	5,438,396	20	5,126,656	20
To Government As income tax	2,754,526	10	2,356,865	9
To Depositors As profit on investments	11,526,804	42	10,730,708	41
To Financial Institutions As profit on borrowings	3,304,119	12	3,403,576	13
To Society As donations	52,299	-	52,371	-
To Shareholders As dividends / bonus	1,979,604	7	1,199,760	5
Retained in Business As reserves and retained profits	2,535,182	9	3,102,012	12
	27,590,930	100	25,971,948	100

STATEMENT OF VALUE ADDED

Income



Distribution



NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of Faysal Bank Limited (“FBL”) will be held on March 28 2018 at 9:00 a.m. at Acquires Hall, Beach Luxury Hotel, M.T. Khan Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 22nd Annual General Meeting held on March 29, 2017.
2. To receive and adopt Annual Audited Accounts, Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2017 together with the Directors’ and Auditors’ Reports thereon.
3. To consider and approve as recommended by the Board of Directors to issue of Bonus Shares in the proportion of 15 shares for every 100 shares held by the Shareholders i.e. 15% for the year ended December 31, 2017.
4. To appoint External Auditors for the ensuing year 2018 at a mutually agreed rate of remuneration. The present Auditors, A.F. Ferguson & Company, Chartered Accountants, being eligible, offer themselves for reappointment.
5. Any other business with the permission of the Chair.

SPECIAL BUSINESS

6. **To approve disposal of fractional shares created out of the issuance of bonus shares by the Bank for the year 2017 by passing the following resolution as ordinary resolution with or without amendments:**

“**RESOLVED** that in the event of any member holding fraction of a Share, the Company Secretary be and is hereby authorised to consolidate such Fractional entitlement and sell in the stock market and the proceeds of the sale (less expenses) when realized, be donated to a Charitable Trust namely: “Waqf Faisal”.

7. **To consider and approve the amount of remuneration paid to the Non-Executive/ Independent Directors of FBL during the year 2017 for attending the Board meetings/Sub-Committees and revised scale of Remuneration to be paid to the each Non-Executive/Independent Directors of FBL for attending the Board Sub-Committee Meetings and in that connection to pass the following resolutions as an Special Resolutions, with or without modification, addition or deletion:**

RESOLVED THAT:

- I. “The remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note 39 of the Audited Financial Statements is submitted to the shareholders for approval on a post facto basis, be and is hereby approved.”

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

- II. "The revised scale of the remuneration of US\$ 3,000/- (net of taxes) paid/to be paid to the Non-Executive and Independent Directors as Chairman and Members of all Board Sub-Committees is submitted to the shareholders for approval on a post facto basis, be and is hereby approved.

8. To transact any other Business with the permission of the Chairman.

By the order of the Board



Aurangzeb Amin

Company Secretary & Head of Legal

Karachi dated: March 6, 2018

Notes:

1. The Share Transfer Books of the Bank shall remain closed from March 22, 2018 to March 28, 2018 (both days inclusive). Transfer received at the Share Registrar of the Bank, by the close of business on March 21, 2018 will be treated in time for the purpose of entitlement of aforesaid Bonus Shares.
2. A member entitled to attend and vote at the Meeting may appoint another Member as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member, but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Meeting.
3. Members are required to timely notify any change in their address to Bank's Shares Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For appointing proxies

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. Computerized National Identity Card (CNIC) / National Tax Number (NTN)

With reference to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 19(I)/2014 dated January 10, 2014 and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or their authorized person, except in case of minor(s) and corporate members. All those individual members holding physical shares who have not yet recorded their CNIC No. are once again reminded to immediately submit the copy of their CNIC to Company's Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi; Members while sending CNIC must quote their respective folio numbers.

The corporate members having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificate to Company's Share Registrar. The corporate members while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

6. Availability of Audited Financial Statements on Company's Website

The Company has placed the Audited Annual Financial Statements for the year ended December 31, 2017 along with Auditors and Directors Reports thereon on its website: www.faysalbank.com

7. Transmission of Financial Statements to the Members through e-mail

In pursuance of SECP notification S.R.O 787 (I)/2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through e-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company Share Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi for which form may be downloaded from the Company's website: www.faysalbank.com

8. 5% Withholding Tax on Bonus Shares

Pursuant to the provisions of Section 236M of the Income Tax Ordinance, 2001, Bonus Shares is subject to withholding tax at the rate of 5%, The shareholders who will deposit 5% tax amount on Bonus Shares equal to five percent of the value of the total bonus shares issued to the shareholder determined on the

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

basis of the day end price on the first day of closure of books are entitled for 100% of the approved Bonus Shares.

In case the shareholders fail to pay the said tax to the company within the prescribed time, the company is required to deposit the bonus shares withheld from its shareholders in Central Depository Company of Pakistan Limited in terms of the order of the Federal Board of Revenue, Government of Pakistan dated March 19, 2015.

The letters for collection of tax amount on 5% Bonus Shares will be dispatched to all entitled shareholders separately within the specified time frame bound by FBR.

9. Consent for Video Conference Facility

Members can also avail video conference facility. In this regard, please fill the following and submit to the registered address of the Company 10 days before holding of the AGM.

If the Company receives consents from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Meeting through video conference at least 10 days prior to date of the Meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of the video conference facility at least 10 days before the date of AGM along with complete information necessary to enable them to access such facility.

"I/We _____ of _____ being a member of Faysal Bank Limited, holder of _____ Ordinary Shares as per registered Folio # CDC ID & A/C No. _____ hereby opt for video conference facility at _____. My email address _____"

Signature of Shareholder

For any query/problem/information, members may contact our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

Statement of Material Facts under Section 134 (3) of the Companies Act 2017 relating to the Special Business referred in the Notice above:

Agenda Item No. 6

To approve disposal of fractional shares created out of the issuance of bonus shares by the Bank for the year 2017 by passing the following resolution as ordinary resolution with or without amendments:

"RESOLVED that in the event of any member holding fraction of a Share, the Company Secretary be

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

and is hereby authorized to consolidate such Fractional entitlement and sell in the stock market and the proceeds of sell (less expenses) when realized, be donated to a Charitable Trust namely; "Waqf Faisal".

Agenda Item No. 7

To consider and approve the amount of remuneration paid to the Non-Executive/ Independent Directors of FBL during the year 2017 for attending the Board meetings/Sub-Committees and revised scale of Remuneration to be paid to the each Non-Executive/Independent Directors of FBL for attending the Board Sub-Committee Meetings and in that connection to pass the following resolutions as an Special Resolutions, with or without modification, addition or deletion:

RESOLVED THAT:

- I. "The remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note 39 of the Audited Financial Statements Statement is submitted to the shareholders for approval on post facto basis, be and is hereby approved."
- II. "The revised scale of the remuneration of US\$ 3,000/- (net of taxes) paid/to be paid to the Non-Executive and Independent Directors as Chairman and Members of all Board Sub-Committees is submitted to the shareholders for approval on a post facto basis, be and is hereby approved.

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الملك

REPORT OF THE BOARD AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Board Audit and Corporate Governance Committee (BACGC) comprises of three Directors having vast experience and knowledge of banking, finance, asset management, audit and accounting. The Chairman is an Independent Director, whilst another member is an Independent Director and one is a Non-Executive Director. The BACGC has updated its Terms of Reference (TORs) as per the guidelines issued by the Regulators and approved by the Board of Directors. The Committee focused on the effectiveness of the Internal Control, Compliance, Operational Risk Management Framework and application of Corporate Governance best practices as well as budgeting and accounting standards at Faysal Bank Limited (FBL) and fully complied with its TORs. The Committee approved the Internal Audit plan for 2017 and revised the Audit Manual and Charter as per the requirements of the Code of Corporate Governance (COCG). The provision of resources with complete independence to the Head of Internal Audit along with free access to the BACGC was ensured. The Committee convened 5 meetings during the year 2017 and the following major activities were undertaken to improve the overall performance of FBL:

- BACGC reviewed / examined the quarterly, half yearly and annual financial statements for the year 2017 along with Director's Review Reports of FBL with its recommendation to the Board for approval of these financial statements / reports.
- BACGC also held detailed discussions with external auditors on major observations made in their management letters and reviewed it along with management's response thereto. The Committee also recommended the appointment of external auditors for the year 2017 and their fee to the Board.
- BACGC reviewed / analysed the performance of Internal Audit Department (IAD), reviewed high risk observations and ensured monitoring and timely implementation of IAD observations. An assurance is given to BACGC that policies adopted by the Bank are sufficient and appropriate and information provided by the management is reliable. The Committee also reviewed the adequacy and quality of IAD resources and ensured any addition to these resources during the year.
- BACGC reviewed quarterly update of Fraud and Forgery cases and major findings of internal investigations in the area along with management's action thereon and noted with satisfaction the tangible reduction in these cases.
- The Committee also reviewed quarterly update of the Whistle Blow Committee (WBC) cases and internal investigation findings along with timely actions taken by the management.
- BACGC reviewed related party transactions with assurance from management that all transactions were undertaken at arm's length and recommended the same for Board's approval.
- BACGC not only reviewed the Institutional Risk Assessment Framework (IRAF) – Self Assessment Questionnaire but also the implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank.

REPORT OF THE BOARD AUDIT AND CORPORATE GOVERNANCE COMMITTEE

- BACGC reviewed the quarterly Compliance of the SBP inspection report and SBP's thematic review reports along with monitoring the compliance status of these reports. The Committee also reviewed statement on internal control system and recommended the same for endorsement by the Board.
- BACGC conducted self-assessment of its performance for the year 2017 to comply with SECP (COGC) and presented it to the Board. The Board appreciated the performance of the Committee in its annual evaluation.



Mian Muhammad Younis
Chairman - BACGC

AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code), prepared by the Board of Directors of Faysal Bank Limited (the Bank) for the year ended December 31, 2017 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Limited Regulations issued by the Pakistan Stock Exchange where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Code requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2017.

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Chartered Accountants

Dated: March 06, 2018

Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: Faysal Bank Limited

Year Ended: December 31, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations of the Pakistan Stock Exchange issued by the Pakistan Stock Exchange Limited where the Bank is listed for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Faysal Bank Limited (the Bank) has applied the principles contained in the Code of Corporate Governance in the following manner:

- The Bank encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes:

Category	Names
Independent Directors	Mian Muhammad Younis Mr. Fuad Azim Hashimi Mr. Ali Munir
Executive Director	Mr. Yousaf Hussain, President & CEO
Non-Executive Directors	Mr. Farooq Rahmatullah Khan Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery Mr. Juma Hasan Ali Abul Mr. Imtiaz Ahmad Pervez Mr. Abdulelah Ebrahim Mohamed AlQasimi Mr. Abdulla Abdulaziz Ali Taleb

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank.
- All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- No casual vacancy occurred during the year 2017.
- The Bank has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. All policies are subject to periodical review of the Board of Directors.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of President & CEO, other executive and non-executive directors, have been taken by the board / shareholders.
- The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose. The Board of Directors met seven (07) times in the year 2017, once in every quarter and in three (03) additional meetings held during the year. Written notice of the Board meetings, along with agenda and working papers, were circulated at least seven days before the

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

- meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an orientation workshop for its directors on May 3, 2017.
 10. The Board arranged two training programs for the directors during the year; at August 23, 2017 on new Islamic product and at October 25, 2017 on Companies Act, 2017 by PwC. The Bank is in compliance with the certification requirement for Directors' Training Program prescribed by the CCG.
 11. The Board had approved the appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.
 12. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient features required to be disclosed.
 13. The financial statements of the Bank were duly endorsed by the President & CEO and CFO before approval of the Board.
 14. The Directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
 15. The Bank has complied with all corporate and financial reporting requirements of the CCG.
 16. The Board has formed a Board Audit & Corporate Governance Committee. It comprises of three members, of whom two are Independent and one is a Non-executive Director. The Chairman of the Committee is an Independent Director.
 17. The Board Audit & Corporate Governance Committee (BACGC) held five (05) meetings, one in every quarter prior to approval of interim and final results of the Bank as required by the CCG. The terms of reference have been formed and advised to the committee for compliance.
 18. The Board has formed a Recruitment, Nomination and Remuneration Committee (RNRC). It comprises of five members, of whom two are non-executive and three are Independent directors. The Chairman of the Committee is a Non-executive Director.
 19. The Board has formed a Board IT Committee. It comprises of four members, of whom two are non-executive, one is independent and one is an executive director. The Chairman of the Committee is an Independent Director.
 20. The Board has set up an Internal Audit function. The staff of Internal Audit Department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank. Internal Audit Department is reporting to Board Audit & Corporate Governance Committee.
 21. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP); that they or any of the partners of the firm, their spouses and minor children do not hold shares of Faysal Bank Limited or its associates and the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
 22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
 23. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

- of the Bank's securities, was determined and intimated to directors, employees and stock exchange.
24. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
25. The Bank has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
26. We confirm that all other material principles envisaged in the CCG have been complied with.



Yousaf Hussain

President & CEO

Karachi

Dated: February 28, 2018

SHARIAH BOARD'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلاة والسلام على خاتم الأنبياء والمرسلين محمد المصطفى الصادق الأمين وعلى آله واصحابه اجمعين

By the Grace of Allah Subhanahu-wa-Taa'la, Faysal Bank Limited has completed another year of successful operations of its Islamic Banking, functioning under the name of Barkat Islamic Banking. Faysal Bank is continuously expanding its Islamic Branch network, and with an addition of 50 branches in 2017, the total branch network has reached to 197 branches.

During the year, the Shariah Board ("SB") held four meetings to review various existing and new products, policies, standard operating procedures, transactions, processes and their Shariah Compliance. As required under Shariah Governance Framework, the SB also met with BOD twice this year to have a detailed briefing on Shariah Compliance environment.

Shariah Board appreciates the vision of the BOD and Management to convert the Bank's entire operations to Islamic Banking.

Following is the overview of the year 2017:

Shariah Compliance Department

Shariah Compliance Department (SCD) working under the guidance of the Shariah Board, carried out Shariah Compliance review on sample basis, to assess the compliance of different departments with the approved process flows, policies and procedures. Reviews were carried out for Trade Business and Services, Consumer Finance, Credit Administration Department, Service Quality, Call Centre, Complaint Centre and Branches. Furthermore, SCD also reviewed the profit distribution mechanism and calculations on monthly basis to ensure the mechanism is being followed as per the Shariah Board's guidelines.

While reviewing, interactive sessions were also conducted with the above mentioned departments to assess the capacity building requirements. Furthermore, as per directives of Shariah Board, Head SCD & RSBM visited different regional offices and Islamic Branches in Lahore, Multan and Karachi, where interactive awareness sessions were arranged with the Bank's front and back office staff.

During the year, SCD obtained approval for 82 customer specific process flows and approval for syndicate participations of 21 transactions were also processed. Subsequently, random physical inspections are also made by the SCD team to assess the on-ground practices being followed. Since the formation of Shariah Board, the process had been initiated for the separation of Bank wide Policies and Procedures for Islamic Banking from that of Conventional side; and during this year 28 existing and new policies / procedures have been reviewed by SCD and approved by the Shariah Board.

SCD also plays a pivotal role in the capacity building of the staff, wherein, the Shariah Compliance team has facilitated through improvement of training material as well as conducting various trainings.

Shariah Advisory Services

During the year, the Bank has provided Shariah Advisory services for different Islamic Transactions, which included transactions related to various industries like sugar mill, cement industry, chemical industry and power sector, wherein, the volumes aggregated to around PKR 9,572 million with FBL Barkat's participation of PKR 3,522 million.

SHARIAH BOARD'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

Shariah Home

In order to ensure availability of sufficient avenues for the aptitude development of staff at all levels with regards to Islamic Finance, Shariah Home is developed by the SCD, which is available on the Bankopedia (Bank's intranet portal) and being enriched on continuous basis. The portal is updated on a regular basis with department wise Shariah Board Resolutions, RSBM Reports on Shariah Compliance Environment of the Bank, Shariah Compliance Review Reports and Annual Shariah Board Reports. Additionally, the portal is also enriched with latest training presentations and content related to Islamic Finance.

Product Development

Under the guidance of Shariah Board, Product Development team has worked for the improvement of existing products as well as development of new products along with their related documents and agreements. During the year, Faysal Barkat Islamic Banking further enriched its asset side product menu through introduction of Running Musharakah (product variants) and addition of different variants of Home Finance. In order to facilitate its customers in the Holy Pilgrimage, Hajj and Umrah facility was also approved during the year. In affiliation with the PayPak, Faysal Barkat Islamic Banking also launched Barkat PayPak Debit Card; a domestic payment scheme. A dedicated liability product to cater the financial needs of the senior population of 55 years and above was introduced, under the brand name of "Life Plus Saving Account". In liaison with the Cash Management team a payroll product "Barkat PayCheq Plus" has also been introduced for payroll management. Faysal Bank also launched its Solitaire Preferred Islamic Banking Centre in Karachi, which is designed to deliver an exclusive experience to the customer.

Internal Shariah Audit

The work of Internal Shariah Audit Unit (ISAU) has been appreciable in strengthening of overall Shariah Compliance environment of the Bank. The ISAU team carried out Shariah Audit Reviews in Trade Finance, Corporate & Syndicated transactions, Branch Banking, Retail Banking, Treasury Products and Pool Management.

Charity

The opening balance of the charity fund was PKR 4.844 million and during the year an amount of PKR 7.548 million was recovered from the customers in lieu of delayed payments made by them. Furthermore, during the reviews conducted by Shariah Compliance Department and Internal Shariah Audit, various transactions were referred to Shariah Board where due to violations of the Shariah guidelines under the approved process and policies were observed. PKR 0.556 million was attributed to such cases, which was transferred to charity funds. During this period an amount of PKR 4.800 million was distributed among various charitable organisations as per directives of Shariah Board and delegated authorities of the Bank. For details of charity refer to Note No. A-2.2 of Annexure III of the financial statements.

Learning and Development

Trained human capital is the key to the success of Islamic Banking Industry. During the year the Bank took an initiative to have an in-depth training program arranged in liaison with the NIBAF for the Bank's Senior Management. Furthermore, as per the directives of SBP, staff for newly opened branches undergoes a 05 days Islamic Banking Certification Program. Advanced Islamic Banking courses were also introduced during the year, especially aimed at capacity building of the staff, including front office and support departments. The Bank's L&D department also arranged Islamic Banking trainings for selective staff through various external training institutes.

SHARIAH BOARD'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

Opinion of Shariah Board

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Faysal Bank Limited, Barkat Islamic Banking are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of Faysal Bank Limited, Barkat Islamic Banking.

To form our opinion as expressed in this report, the Shariah Compliance Department of the Bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the reports of the internal Shariah audit and external Shariah audit.

Based on above, we are of the view that:

1. In our opinion, the Islamic Banking Division of the Bank by and large complied with the Shariah rules and principles in the light of Fatawa, Rulings and Guidelines issued by the Shariah Board.
2. During review, any matter requiring corrective measures have been noted and were resolved by the management or ensured to be rectified in future. Subject to the foregoing, in our opinion, the affairs of the Barkat Islamic Banking Division have been carried out in accordance with the directives, regulations, instructions and guidelines related to Shariah compliance issued by the SBP.
3. The Bank has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.
4. Bank has a well-defined system in place in the form of Shariah Compliance Review and Internal Shariah Audit to ensure that the earnings realised from sources or means prohibited by Shariah are credited to charity account and properly utilised for charitable purposes.
5. The allocation of funds, profit and loss distribution and pool management is in accordance with Shariah Rules & Principles and Pool Management guidelines of State Bank of Pakistan.
6. Though L&D department of the Bank actively pursuing the training and development of human capital on the Islamic Finance & Finance through various training programs, however, considering the challenge of conversion, increased efforts are required on this front to enhance the awareness of staff and management for the products and processes of the Bank and importance of Shariah Compliance in the same.
7. The Shariah Board has been provided with adequate resources, enabling it to discharge its duties effectively.

Recommendations from Shariah Board

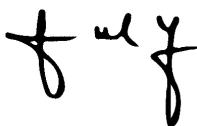
Based on the above, we recommend that:

1. The efforts of the Management and other support teams are commendable; however, the conversion process needs to be addressed more aggressively, wherein, all the concerned departments are required to put their maximum efforts for the cause with close coordination with Shariah.
2. With the growth in Islamic portfolio, resources should be dedicated within the existing teams specifically for the Islamic Transactions. Meanwhile, preference should also be given to experienced and trained Islamic Finance Professionals, with Islamic mindset while hiring new staff members.

SHARIAH BOARD'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

3. Staff Capacity building should be addressed through frequent refreshers, as the Bank needs strong skills and mind set in Islamic Banking to smoothly execute the expansion and conversion process. The training calendar should contain ample training for the back office staff and refresher courses for the Executive Management should also be made part of regular training calendar. Furthermore, awareness sessions should also be arranged for customers and general public.
4. Keeping in view the continuous branch expansion of Barkat Islamic Banking, the emphasis should be increased towards marketing of the Barkat Islamic products and provision of dominant positioning for Barkat Islamic in all the marketing platforms.

And Allah Subhanahu-wa-Taa'la knows the Best



Mufti Muhammad Mohib ul Haq Siddiqui
Chairman Shariah Board



Dr. Mufti Khalil Ahmad Aazami
Member Shariah Board



Mufti Khawaja Noor ul Hassan
Resident Shariah Board Member

Dated: February 16, 2018 | Jumad al Oola 29, 1438 A.H.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited along with Audited Financial Statements and the Auditors' Report thereon for the year ended December 31, 2017.

Economic Update:

Pakistan's economy during Calendar Year 2017 (CY '17) remained robust despite external headwinds. Real GDP growth gained momentum and is set to achieve its highest level in eleven years, whereas headline inflation remains contained. It is important to highlight the successful issuance of \$2.5 billion worth of 10-year Eurobond and Sukuk in international markets at the lowest ever rate for Pakistan. The cumulative order book of \$8 billion by foreign investors for Pakistan's sovereign papers signifies an encouraging stance on Pakistan's debt market and overall economic prospects. Remittances have grown marginally during the year whereas exports receipts, have shown considerable improvement. However, the massive import bill poses increasing concern and is taking its toll on the current account.

All three main segments of the economy; agriculture, industry and services are poised to perform well and contribute towards broad-based growth. In agriculture sector, sufficient water availability, enhanced yields and government support have provided impetus to the growth. Major Kharif crops (except maize) have surpassed their Fiscal Year 2017 levels. Large Scale Manufacturing (LSM) has also recorded robust performance with better energy supplies, low interest rates. These factors have contributed favorably towards growth of the industrial sector. The construction segment has benefited from infrastructure-related projects under Public Sector Development Plan (PSDP) and China Pakistan Economic Corridor (CPEC), which has led to a higher demand for cement and steel. In the services sector, healthy growth by commodity producing sectors and an overall increase in trade activities are likely to provide growth impetus. Considering performance of all sectors, SBP projects a real GDP growth of 5.8% for Fiscal Year 2018 (FY '18).

The policy rate during CY' 17 was maintained at 5.75% as the headline inflation remained benign. During 1H-FY '18, Consumer Price Index (CPI) stood at 3.75% compared to 3.88% during the corresponding period last year. However, core inflation - measured by non-food non-energy CPI - Dec'17 figure of 5.5% continues to inch upwards. Higher international crude prices, imposition of import duties and overall increase in import bills, dwindling output gap and lagged PKR depreciation are expected to push CPI towards 6% in the medium term. Responding to this, the SBP raised the policy rate by 25bps to 6% in January '18.

Fiscal deficit remains one of the major concerns which requires broad-based policy reforms and better tax collection. 1H-FY '18 fiscal deficit is expected to edge close to 2.5% of GDP. Despite an increase in overall quantum of tax collection; increasing expenditure on account of infrastructure spending, interest payments and defence has resulted in a significant gap between receipts and expenditures. As a result, fiscal deficit target stands revised from 4.1% to 5% of GDP.

On the external, remittances increased by 2.52% during Jul-Dec FY '18 whereas export receipts posted a growth of 10.8%. A high import bill undermined the positives on Pakistan's balance of payments. The current account deficit stands at \$7.4 billion during first half of FY18, compared to \$4.7 billion in the corresponding period last year. Going forward, lagged impact of PKR depreciation, export package & import duties are expected to keep the deteriorating current account deficit in check. Increase in international oil prices, however, remains a major concern to this assessment.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

Company Profile:

Faysal Bank Limited (FBL) was incorporated in Pakistan on 3rd October, 1994 as a public limited company. Currently, the Bank's shares are listed on the Pakistan Stock Exchange. FBL has increased its branch network by 50 branches in 2017. The Bank's footprint now spreads over to 124 cities with 405 branches. The Bank has 207 conventional branches, 197 Islamic branches and 01 sub-branch. The Bank's total assets are in excess of PKR 488 billion.

FBL is engaged in Commercial, Retail, Corporate and Islamic banking activities and strives to provide quality service to its customers to meet their financial needs. Branches have been transformed to multi-product selling hubs through which customers can access a wide variety of products and services relevant to them. Furthermore, there is a great deal of focus on realizing synergies between its various operating units to ensure maximum value creation and holistic customer solutions.

FBL is in process of being transformed into an Islamic Financial Institution and the transformation process is being implemented in a well planned and structured manner to preserve business growth and profitability of the Bank.

Environmental Stewardship:

The Bank is aware of its responsibilities with regard to protection of the environment and has undertaken the task of developing a comprehensive environmental policy. The Bank ensures due care, with regards to environmental hazards, is taken while undertaking new projects. Additionally, FBL has taken initiatives to reduce its energy consumption and carbon emission footprint and save precious energy resources.

Bank's Performance:

The Bank is pursuing a well-defined strategy which emphasizes technological advancement to support digital banking, asset growth, cost efficiency and transformation to Islamic banking.

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

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 billion under the conventional and Islamic mode of financing. The proceeds will be used for financing the state-owned 2,160 MW Hydropower Project.
- FBL has successfully arranged and closed as Joint Mandated Lead Arranger PKR 18 billion 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.
- FBL participated in syndicated long term financing of PKR 13.0 billion with an amount of PKR 1.50 billion 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.
- FBL acted as co-arranger in syndicated long term financing facility of PKR 26.75 billion, with participation of PKR 2.95 billion, arranged for a leading telecom operator under a combination of both conventional and Islamic modes of financing.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

- FBL acted as Joint Lead Arranger and Shariah Structuring Advisor for PKR 1.0 billion syndicated facility arranged under mix of Islamic & Conventional modes of financing. The facility is being utilized to finance the procurement and installation of Waste Heat Recovery System at a leading cement manufacturer's plant.
- FBL acted as Shariah Structuring Advisor for PKR 4.0 billion syndicated facility arranged under mix of Islamic & Conventional modes of financing. The facility is being utilized to finance the Balancing, Modernization, Rehabilitation and Expansion (BMRE) requirements of a leading cement plant.
- FBL acted as Joint Arranger and Shariah Structuring Advisor for PKR 4.48 billion syndicated facility arranged under mix of Islamic & Conventional modes of financing. The facility is being utilized to partially finance acquisition of tangible assets of a sugar mill.
- FBL acted as Joint Arranger for PKR 16.19 billion syndicated Islamic facility. The facility will be utilized for setting up second cement production plant of 7,700 metric tons per day.
- FBL acted as Mandated Lead Advisor & Arranger, Shariah Structuring Advisor and Issue Agent for Rated, Secured, Long-Term, Privately Placed Syndicated Sukuk Issue of PKR 7.0 billion. The Sukuk is being issued by a pioneer in the hospitality sector for meeting their development, expansion, capital expenditure, Balancing, Modernization & Replacement and refurbishment activities.

Product Development & New Initiatives:

- BTF product has been repositioned as Faysal Flexi Credit with improved features and benefits.
- An innovative home improvement proposition was introduced by the name of 'Home Styles' under the platform of PIL and Credit Cards with over 28 partners from leading lifestyle brands
- First Shariah compliant tele-sales Takaful product, Takaful Shield Plan was launched in collaboration with IGI life Assurance to cater to protection needs of Islamic Banking customers.
- Housing Finance strategic Alliance with Zameen.com primarily for Brand strengthening, Brand awareness and Lead Generation.
- Digital Marketing Campaign for Faysal Car Finance was launched.
- With an objective to consolidate core processing systems, all Islamic products have been encompassed under the main core banking system, SYMBOLS.
- The Bank implemented a dedicated Code of Conduct applicable on Branch staff selling wealth management products.

Training & Development:

- 4,175 participants were trained in 4th quarter and cumulative total of 21,964 participants were trained in 2017. Total training man hours for 2017 clocked in at 178,920.
- Islamic Banking & Finance Course was completed for Senior Management.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

- 796 participants were trained on the mandatory Islamic Banking Certification Program for Branch Expansion.
- Mandatory online Islamic Banking training has been completed by 76% of our Bank Staff.
- 65 BSO trainee officers were placed in branches post six-month training program
- Ethics & Values training program and Service Soft Skills was conducted for more than 800 participants on pan county basis.
- More than 1,900 participants were trained in Bank's induction programs for 2017.
- 19 sessions were conducted through Faysal Bank's field trainers on SBP's National Financial Literacy Program.
- The Bank attended career fairs organized by renowned educational institutions and also conducted campus drives for Trainee Officers Program.

Corporate Social Responsibility:

- Donated operating microscope and slit lamp to a well renowned NGO for their Turbat Eye Center.
- Sponsored students in following education institutions
 - Rehnuma Public School
 - Professional Education Foundation
 - Karigar Training Institute

Investment in Faysal Asset Management Limited:

Subsequent to the year end, the Board of Directors' approved an investment of Rs. 225 million in Faysal Asset Management Limited (FAML) to increase its shareholding from 30% to 80% through acquisition of 50% shareholding of FAML from Islamic Investment Company of the Gulf (Bahamas) Limited. The Bank had sought State Bank of Pakistan (SBP) approval on this transaction. The SBP has declined approval, however, the Bank is planning to file a review application to SBP for reconsidering this decision.

Future Outlook:

The Bank is in the process of being transformed into an Islamic Bank. Considerable work on capacity building in the areas of Human Resources, Technology & Product development has been completed and now the Bank is poised to start conversion of branches and borrowing customers. Bank also plans to develop a Digital Banking Strategy in order to provide secure, state of the art user-friendly banking services to its customers and will continue its effort in rationalization of cost.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

Financial Highlights:

	2017	2016
	PKR in Million	
Total revenue	19,552	18,999
Operating expenses	(12,779)	(11,776)
Profit before provision	6,773	7,223
Provision for non-performing advances	686	(577)
Provision for diminution in value of investments	(183)	17
Provision against off balance sheet obligations	(6)	(4)
	497	(564)
Profit before tax	7,270	6,659
Provision for taxation	(2,755)	(2,357)
Profit after tax	4,515	4,302
Un-appropriated profit brought forward	9,986	7,638
	14,501	11,940
Appropriations/ Transfers:		
Final Cash Dividend @ 10%	-	(1,200)
Final Bonus share issued @ 10%	(1,200)	-
Transfer to statutory reserve	(903)	(860)
Transfer from surplus on revaluation of Fixed Assets & NBA - net of tax	105	89
Re measurement of post-employment obligation – net of tax	25	17
	(1,973)	(1,954)
Un-appropriated Profit carried forward	12,528	9,986
Earnings per share – Rupees	3.42	3.26

The bank has earned healthy Profit after Tax (PAT) of PKR 4.51 billion during 2017 as against PKR 4.30 billion for 2016, registering a 5% increase in profit from previous year. Historically low interest rates since last 3 years have eroded banking spreads and profitability creating challenges for the entire industry. Faysal Bank has taken timely and effective measures to strengthen its revenue streams and control cost to offset the impact of low interest rates. As a result, it was not only able to maintain its profitability levels but also improve it over last year.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

On the balance sheet side, total assets of the Bank have increased by PKR 43.5 billion or 9.8% i.e. from PKR 444.5 billion to PKR 488.0 billion. Net Advances increased to PKR 231.5 billion registering a 13.0% growth. Bank is maintaining a healthy Advances to Deposit Ratio of 68.1% which is significantly better than the other industry players.

Deposits increased from PKR 340.3 billion to PKR 373.1 billion, depicting an increase of about 10% over last year. Bank made concerted efforts to mobilize low cost Current and Saving Accounts (CASA) deposits to protect and improve earning spread. CASA deposits increased by 14.4% from PKR 228.4 billion to PKR 261.3 billion. Consequently, cost of deposit of the Bank also dropped by 20 bps.

The Bank has been efficiently managing its non-performing loans portfolio and it has been a consistent source of income by way of reversal of provisions. During the year under review, the Bank was able to reverse provisions to the extent of PKR 2.027 billion through recoveries of non-performing loans and, on an overall basis, posted a net reversal of provisions of PKR 496.6 million as compared to a net provision of PKR 564.1 million in 2016. NPL coverage has increased from 81.7% to 86.8% indicating that adequate provision on impaired assets have been taken.

The Bank continues to focus on the non-funded business. Fee & commission increased by 13.6% as compared to the last year. Trade & consumer business volumes have shown healthy growth and it is expected that income from these revenue streams will further improve in coming years.

Through efficient cost management, administrative expenses were kept under strict control. New initiatives go through a challenging evaluation process, including cost and benefit analysis. The cost increase over last year mainly reflects the impact of inflation and the cost incurred for branch network expansion.

Resultantly, the Bank's EPS has increased from PKR 3.26 in 2016 to PKR 3.42 in 2017, an increase of 5%.

The Board of Directors has recommended final stock dividend of 15% for the year 2017.

Credit Rating:

JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings as on 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.”

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

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.”

Corporate Governance:

The Bank has implemented the requirements of the Code of Corporate Governance (the Code) relevant to the year ended December 31, 2017. SECP has issued Code of Governance for listed companies which will be applicable from January 01, 2018. A prescribed statement by the management along with the auditor's review report thereon forms part of this Annual Report.

Statement under clause xix of the code:

- a. The financial statements prepared by the management of the bank present fairly the state of affairs, the results of its operations, cash flows and changes in equity;
- b. Proper books of account of the bank have been maintained;
- c. Appropriate accounting policies have consistently been applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment;
- d. Approved accounting standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts about the bank continuing as a going concern;
- g. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;
- h. Summarized key operating and financial data of the last six years is tabulated on the initial pages of this Annual Report;
- i. The value of investment of provident and gratuity funds are PKR 973.131 million and PKR 449.605 million respectively as per the latest audited financial statements.
- j. The details of the Board and Committees' Meetings held and attended by the directors form part of this Annual Report;
- k. The Bank is in compliance with certification requirement for Directors' training program prescribed by the Code of Corporate Governance.
- l. The prescribed pattern of shareholding is given as a part of this Annual Report.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

- m. No trades in the shares of the Bank were carried out by the Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children during the year 2017 except:

Sr. No.	Director	No of shares	Purchase Date
1.	Mr. Abdulelah Ebrahim Mohamed AlQasimi	500	March 30, 2017
2.	Mr. Abdulla Abdulaziz Ali Taleb	500	March 30, 2017

The above shares were purchased by these directors as qualification shares.

Performance Evaluation of Board of Directors:

In line with the best practices of the corporate governance FBL's Board since 2012 has conducted self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG) as an external facilitator which is the lead on Corporate Governance and has a team of consultants to conduct board evaluations for companies and banks. SBP Guidelines on Performance Evaluation of Board of Directors were implemented in August 2016 and subsequently, FBL's Board in compliance thereof has conducted its self-evaluation for the year 2017 by engaging PICG. The evaluation consists of various aspects of the performance of the Board including but not limited to: Board's role, Committees, Training, Strategy, Risk Management, and Board Meetings. The evaluation covered:

- The Board as a whole
- Individual Director (Independent, Non-Executive and CEO)
- Board Committees

The evaluation was carried out using quantitative method, based on subjective assessment, and was conducted via questionnaires developed by the consultants in conformance with the State Bank of Pakistan's Guidelines on Performance Evaluation of Board of Directors. The quantitative technique has the advantage of being specific and measurable. Measurement scale used in FBL's board evaluation is the summated rating scale, board members have to rate on a scale on 1-10 depending on how strongly they agree or disagree with a given statement. The use of this method ensures specific and measurable data that can be benchmarked over time.

Statement of Internal Control:

The Board of Directors is pleased to endorse the statement made by the management relating to internal controls. The system of internal controls is sound in design and has been effectively implemented and monitored. The management's statement on internal controls is included in this Annual Report.

Risk Management Framework:

Risk Management Group (RMG) is organized under the Chief Risk Officer (CRO). CRO has been authorized by the Board of Directors (BoD) to implement a Risk Management Framework across the Bank. Risk Management Framework is elaborated under Note 44 of the Financial Statements.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

Holding Company:

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain is the parent company holding directly and indirectly, 66.78% (2016: 66.78%) of the shareholding in the Bank. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holding B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holding B.S.C.

Auditors:

The present auditors, A F Ferguson & Co., Chartered Accountants, will retire on the date of next Annual General Meeting and are eligible for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for the appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2018.

Acknowledgement:

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



President & CEO



Chairman

Karachi

Dated: February 28, 2018

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STATEMENT ON INTERNAL CONTROLS

This statement is presented to comply with the requirements of the State Bank of Pakistan (SBP) issued vide BSD Circular No. 07 dated May 27, 2004 “Guidelines on Internal Controls” and OSED Circular No. 01 of 2014 dated February 07, 2014 “Instructions on Internal Controls over Financial Reporting (ICFR)”.

The Management of Faysal Bank Limited is responsible for establishing and maintaining adequate and effective internal control system in the Bank.

The management of the Bank fully recognizes this responsibility, appreciates its value and significance and therefore, has designed the Bank’s Internal Control Program to provide reasonable assurance on the reliability of financial reporting, effectiveness of the operations and compliance with applicable laws and regulations. However, the Internal Controls Program is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure, circumvention and overriding of controls. Accordingly, even an effective internal control system can provide reasonable but not absolute assurance that the system’s objective will be achieved.

Accordingly, policies and procedures encompassing various business and operational areas are in place, kept updated and communicated across all pertinent levels of the organization. The policies are approved by the Board of Directors and the procedures are approved by the Senior Management. The Bank’s internal audit function keeps monitoring of compliance with these policies and procedures and regularly apprises the management and the Board on the same through Board’s Audit and Corporate Governance Committee.

The management of the Bank has instituted an Internal Control and Monitoring Unit (ICMU) for the conduct of on-site and off-site reviews of the processes in head office as well as in the branches. ICMU monitors and identifies gaps in the day to day operations and ensures prompt corrective actions. Further ICMU ensure compliance of policies approved by the Board of Directors and the procedures as approved by the senior management and implements sound control procedures to maintain a suitable control environment.

The management takes remedial measures to address weaknesses identified by ICMU, internal and external auditors. These remedial measures, which include improvements in internal controls to ensure non recurrence of those exceptions, are monitored by the Compliance Committee.

Additionally, the Bank has completed all stages of the ICFR roadmap, issued vide BSD Circular No. 05 dated February 24, 2009 of the State Bank of Pakistan (SBP). The Bank has adopted the “COSO Internal Control Integrated Framework” in relation to its internal control program in order to ensure consistency in the process of compliance with SBP’s Internal Control Guidelines involving documentation, risk assessment, gap analysis, controls testing and controls implementation. In the year 2017 State Bank of Pakistan granted exemption for submission of Long form Report through external auditors. Furthermore, as per the instructions of State Bank of Pakistan on the subject, the Board Audit Committee will submit the Long Form Report to State Bank of Pakistan on review of the ICFR program for the year ended December 31, 2017 within the regulatory timeline.

The management feels confident that through adoption of these measures, the Bank’s internal control environment is maintained at a satisfactory level.

The Board of Directors endorses the above stated management’s evaluation of internal controls and ICFR program.



Yousaf Hussain
President & CEO

Karachi
Dated: February 28, 2018

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Faysal Bank Limited** (the Bank) as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for thirty five branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2017, and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Afferguonho

Chartered Accountants
Engagement Partner: Shahbaz Akbar
Dated: March 06, 2018
Karachi

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	Note	2017	2016
		----- Rupees '000-----	
ASSETS			
Cash and balances with treasury banks	8	37,861,767	37,239,302
Balances with other banks	9	1,872,771	1,139,375
Lendings to financial institutions	10	9,010,335	5,000,000
Investments	11	179,706,358	170,210,137
Advances	12	231,532,160	204,830,997
Operating fixed assets	13	12,939,625	12,111,881
Deferred tax assets - net	14	1,607,625	2,264,212
Other assets	15	13,496,266	11,668,757
		488,026,907	444,464,661
LIABILITIES			
Bills payable	16	7,304,326	5,982,285
Borrowings	17	54,788,547	52,806,084
Deposits and other accounts	18	373,081,163	340,306,404
Sub-ordinated loans	19	-	1,497,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities	20	13,620,595	8,864,563
		448,794,631	409,456,336
NET ASSETS		39,232,276	35,008,325
REPRESENTED BY			
Share capital	21	13,197,361	11,997,601
Reserves	22	7,936,338	7,158,248
Unappropriated profit		12,527,973	9,985,870
		33,661,672	29,141,719
Surplus on revaluation of assets - net of tax	23	5,570,604	5,866,606
		39,232,276	35,008,325
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 48 and Annexures I to IV form an integral part of these financial statements.



PRESIDENT & CEO



CHIEF FINANCIAL OFFICER



DIRECTOR



DIRECTOR



DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017	2016
		-----Rupees '000-----	
Mark-up / return / interest earned	26	28,791,306	26,200,691
Mark-up / return / interest expensed	27	14,830,923	14,134,284
Net mark-up / interest income		13,960,383	12,066,407
(Reversal of provision) / provision against non-performing loans and advances - net	12.4	(690,700)	625,813
Provision for consumer and small enterprise loans - general - net	12.4 & 12.5	104,409	31,585
Provision against off balance sheet obligations	20.2	5,152	4,209
Provision / (reversal of provision) for diminution in value of investments - net	11.3	182,943	(16,930)
Recoveries against written-off debts - net	12.7.1	(98,216)	(80,599)
		(496,412)	564,078
Net mark-up / interest income after provisions		14,456,795	11,502,329
Non mark-up / interest income			
Fee, commission and brokerage income		3,086,639	2,715,435
Dividend income		159,514	276,301
Income from dealing in foreign currencies - net		1,385,057	1,368,290
Gain on sale of securities - net	28	845,659	2,092,759
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net		(3,853)	11,107
Other income	29	141,060	490,566
Total non mark-up / interest income		5,614,076	6,954,458
		20,070,871	18,456,787
Non mark-up / interest expenses			
Administrative expenses	30	12,607,943	11,660,533
Other provisions / (reversals) - net	15.3	4,610	(28,298)
Other charges	31	166,143	143,865
Total non mark-up / interest expenses		12,778,696	11,776,100
		7,292,175	6,680,687
Share of loss of associate	11.8.2	(22,863)	(22,050)
Extraordinary / unusual items		-	-
Profit before taxation		7,269,312	6,658,637
Taxation - Current	32	2,647,657	2,262,905
Taxation - Prior years	32	(882,491)	(901,138)
Taxation - Deferred	32	989,360	995,098
		2,754,526	2,356,865
Profit after taxation		4,514,786	4,301,772
-----Rupees-----			
Earnings per share - basic	33	3.42	3.26

The annexed notes 1 to 48 and Annexures I to IV form an integral part of these financial statements.



PRESIDENT & CEO



CHIEF FINANCIAL OFFICER



DIRECTOR



DIRECTOR



DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017	2016
		-----Rupees '000-----	
Profit after taxation for the year		4,514,786	4,301,772
Other comprehensive income:			
Items that will not be reclassified to profit and loss account			
Components of comprehensive income reflected in equity			
- Remeasurement of defined benefit plan	37.5	39,039	25,722
- Tax liability on remeasurement of defined benefit plan		(13,664)	(9,003)
		25,375	16,719
Comprehensive income transferred to equity		4,540,161	4,318,491
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		(1,205,154)	(815,851)
- Deferred tax asset on change in value of available for sale securities		421,803	285,547
		(783,351)	(530,304)
Total comprehensive income		3,756,810	3,788,187

The annexed notes 1 to 48 and Annexures I to IV form an integral part of these financial statements.



PRESIDENT & CEO



CHIEF FINANCIAL OFFICER



DIRECTOR



DIRECTOR



DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Particulars	Share capital	Reserves					Statutory reserve (note 22.1)	Total	Unappropriated profit	Total
		Capital				Reserve arising on amalgamation				
		Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve for issue of bonus shares					
----- Rupees '000 -----										
Balance as at January 1, 2016	11,997,601	-	10,131	1,006,607	23,952	5,382,071	6,422,761	7,638,330	26,058,692	
Profit after taxation for the year	-	-	-	-	-	-	-	4,301,772	4,301,772	
Other comprehensive income for the year										
- Remeasurement of defined benefit plan	-	-	-	-	-	-	-	25,722	25,722	
- Tax on remeasurement of defined benefit plan	-	-	-	-	-	-	-	(9,003)	(9,003)	
	-	-	-	-	-	-	-	16,719	16,719	
Transactions with owners recognised directly in equity										
- Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	-	-	-	
- Bonus shares issued	-	-	-	-	-	-	-	-	-	
Final cash dividend - December 31, 2015 declared subsequent to the year end at Rs. 1 per share	-	-	-	-	-	-	-	(1,199,760)	(1,199,760)	
Amortisation of intangible assets - customer relationship - net of tax (note 22.2)	-	-	-	(124,867)	-	-	(124,867)	-	(124,867)	
Transfer to statutory reserve	-	-	-	-	-	860,354	860,354	(860,354)	-	
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	89,163	89,163	
Balance as at December 31, 2016	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 year	-	-	-	-	-	-	-	4,514,786	4,514,786	
Other comprehensive income for the year										
- Remeasurements of defined benefit plan	-	-	-	-	-	-	-	39,039	39,039	
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	-	-	(13,664)	(13,664)	
	-	-	-	-	-	-	-	25,375	25,375	
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)	-	
Amortisation of intangible assets - customer relationship - net of tax (note 22.2)	-	-	-	(124,867)	-	-	(124,867)	-	(124,867)	
Transfer to statutory reserve	-	-	-	-	-	902,957	902,957	(902,957)	-	
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	70,166	70,166	
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	34,493	34,493	
Balance as at December 31, 2017	13,197,361	-	10,131	756,873	23,952	7,145,382	7,936,338	12,527,973	33,661,672	

The annexed notes 1 to 48 and Annexures I to IV form an integral part of these financial statements.







PRESIDENT & CEO CHIEF FINANCIAL OFFICER DIRECTOR DIRECTOR DIRECTOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017	2016
		-----Rupees '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,269,312	6,658,637
Less: dividend income		(159,514)	(276,301)
		7,109,798	6,382,336
Adjustments for non-cash and other items:			
Depreciation		783,471	579,133
Amortisation		184,929	235,175
Depreciation on non-banking assets		14,032	12,050
Workers' Welfare Fund		154,382	131,621
Provision written back		-	(225,195)
(Reversal of provision) / provision against non-performing loans and advances - net		(690,700)	625,813
Provision for consumer and small enterprise loans - general - net		104,409	31,585
Provision / (reversal of provision) for diminution in value of investments - net		182,943	(16,930)
Other provisions / (reversal) - net		4,610	(28,298)
Provision against off balance sheet obligations		5,152	4,209
Unrealised loss / (gain) on revaluation of investments classified as held for trading - net		3,853	(11,107)
Net gain on disposal of property and equipment		(21,765)	(56,816)
Net gain on disposal of non-banking assets		(2,040)	-
Charge for defined benefit plan		114,616	89,404
Amortisation of prepaid employee benefits	15.2	15,602	30,431
Loss / (income) from derivative contracts - net		58,936	(11,524)
Share of loss from associate		22,863	22,050
		935,293	1,411,601
		8,045,091	7,793,937
Decrease / (increase) in operating assets			
Lendings to financial institutions		(4,010,335)	(4,750,000)
Held for trading securities		(31,859,677)	5,133,970
Advances - net		(26,137,086)	(24,398,591)
Other assets		(1,097,560)	1,649,682
		(63,104,658)	(22,364,939)
Increase / (decrease) in operating liabilities			
Bills payable		1,322,041	(26,953)
Borrowings		2,259,574	(37,465,314)
Deposits and other accounts		32,774,759	48,176,146
Other liabilities		4,793,679	850,254
		41,150,053	11,534,133
		(13,909,514)	(3,036,869)
		(2,852,893)	(1,819,140)
		(63,197)	-
		(16,825,604)	(4,856,009)
Income tax paid			
Contribution to gratuity fund			
Net cash used in operating activities		(16,825,604)	(4,856,009)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net divestment in available for sale securities		13,419,207	4,870,692
Net divestment in held to maturity securities		7,529,436	14,490,979
Dividend income received		164,124	269,255
Investment in operating fixed assets		(1,255,243)	(1,110,975)
Proceeds realised on disposal of operating fixed assets		37,035	544,718
Proceeds realised on disposal of non-banking assets		61,200	-
Net cash generated from investing activities		19,955,759	19,064,669
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of sub-ordinated loan		(1,497,000)	(1,497,000)
Dividends paid		(183)	(1,191,597)
Net cash used in financing activities		(1,497,183)	(2,688,597)
Increase in cash and cash equivalents		1,632,972	11,520,063
Cash and cash equivalents at the beginning of the year		37,855,935	26,335,872
Cash and cash equivalents at the end of the year	34	39,488,907	37,855,935

The annexed notes 1 to 48 and Annexures I to IV form an integral part of these financial statements.



PRESIDENT & CEO



CHIEF FINANCIAL OFFICER



DIRECTOR



DIRECTOR



DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 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 Pakistan Stock Exchange Limited. The Bank is mainly engaged in Corporate, Commercial and Consumer banking activities. The Bank has a network of 405 branches (2016: 355); including 197 Islamic banking branches (2016: 146) and 1 Islamic sub-branch (2016: 1) in Pakistan.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holding B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (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 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 these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2** The financial results of the Islamic banking branches have been consolidated in these financial statements for reporting purposes only. Inter branch transactions and balances have been eliminated.
- 2.3** In accordance with the directives issued by the SBP, the statement of financial position and the profit and loss account of Islamic banking branches of the Bank are disclosed in Annexure III to these financial statements.

3 STATEMENT OF COMPLIANCE

- 3.1** These financial statements have 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 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. 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 23 dated October 04, 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

- 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 these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. 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 these financial statements is based on the requirements laid down by the SBP.
- 3.4** 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 year ended December 31, 2017 the Bank has adjusted amortisation of intangible assets amounting to Rs. 124.867 million (net of tax) from the Non-distributable Capital Reserve.
- 3.5** 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 these financial statements.
- 3.6** The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of the 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 these financial statements.
- 3.7** 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 these financial statements.
- 3.8 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**
- 3.8.1** The Bank has applied the following amendments for the first time for their accounting period commencing January 01, 2017:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

- Disclosure Initiative- Amendments to IAS 7. The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities. This has been disclosed in note 35 to the financial statements.

3.8.2 In addition to the above 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 financial statements.

3.9 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

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

Standard, Interpretations or Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial Instruments'	July 01, 2018
- IFRS 15 - 'Revenue from contracts with customers' with amendments	July 01, 2018
- IFRS 16 - 'Leases'	January 01, 2019
- IFRIC 22 - 'Foreign currency transactions and advance consideration'	January 01, 2018
- IFRIC 23 - 'Uncertainty over income tax treatments'	January 01, 2019

The management is in the process of assessing the impact of these standards and interpretations on the financial statements of the Bank.

3.9.2 The SBP vide its Circular No. 02 of 2018 dated January 25, 2018 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the annual financial statements of the Bank for the year ending December 31, 2018.

3.9.3 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2018 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

4 BASIS OF MEASUREMENT

These financial statements have 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, certain investments and derivative contracts have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- i) classification and provisioning against investments (notes 7.4 and 11).
- ii) income taxes (notes 7.8, 14 and 32).
- iii) classification and provisioning against advances (notes 7.5 and 12).
- iv) depreciation / amortisation of operating fixed assets (notes 7.6 and 13).
- v) accounting for non-banking assets acquired in satisfaction of claims (note 7.9)
- vi) accounting for defined benefit plan (notes 7.11 and 37).
- vii) impairment of intangible assets (note 7.6 and 13.3).
- viii) impairment of assets (note 7.7)
- ix) Provisions and contingent assets and liabilities (note 7.10)
- x) Staff retirement benefits (note 7.11)

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

7.1 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed as at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The excess of the consideration transferred over the fair value of the Bank's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss account. However, as more fully described in note 22.2 to these financial statements, the gain on bargain purchase arising on an acquisition made in 2010 has been recognised directly in equity as per the directives of the SBP.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirements of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognised in the profit and loss account and is not subsequently reversed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Acquisition of non-controlling interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Bank. The excess of the fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognised in equity.

7.2 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, if any, and overdrawn nostro accounts.

7.3 Lendings to / borrowings from financial institutions

The Bank enters into repurchase agreement (repo) and reverse repurchase agreements (reverse repos) at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued over the period of the contract and recorded as an expense.

(b) Purchase of securities under repurchase agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in the financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued over the period of the contract and recorded as income.

(c) Musharaka / Mudaraba Placements

In Musharaka / Mudaraba, the Bank invests in the Shari'ah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio.

(d) Bai Muajjal

Bai Muajjal transactions with the SBP and other financial institutions are classified under lendings. In Bai Muajjal, the Bank sells Shari'ah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognised over the credit period and recorded as income.

7.4 Investments

The Bank classifies its investments as follows:

(a) Held for trading

These are securities, which are either acquired for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements, or dealer's margin or are securities included in the portfolio in which a pattern of short-term profit making exists.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(b) Held to maturity

These are securities with fixed or determinable payments and maturity that the Bank has a positive intent and ability to hold to maturity.

(c) Available for sale

These are investments, other than those, in associates, that do not fall under either held for trading or held to maturity categories.

(d) Associates

Associates are all entities over which the bank has significant influence but not control.

Initial recognition and measurement:

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

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

Subsequent measurement:

Held for trading

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

Held to maturity

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

Available for sale

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Impairment

Impairment loss in respect of investments classified as available for sale (except term finance certificates and sukuk certificates) and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of a listed equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of term finance certificates and sukuk certificates is made as per the requirements of the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / deficit on revaluation of securities on the statement of financial position below equity is removed therefrom and recognised in the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

Gain or loss on sale of investments is included in the profit and loss account currently.

Premium or discount on acquisition of investments is amortised through the profit and loss account over the remaining period till maturity using the effective interest method.

Investment in associates

Investments in associates, where the Bank has significant influence, are accounted for using the equity method of accounting. Under the equity method of accounting, the investment in associate is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of net assets after the date of acquisition. The Bank's share of post acquisition profit and loss of associates is accounted for in the profit and loss account with a corresponding adjustment to the carrying amount of the investment. When the Bank's share of losses in associates equals or exceeds its interest in the associates, including any other unsecured receivables, the Bank does not recognise further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associates. Profit and losses resulting from upstream and downstream transactions between the Bank and its associates are recognised in the Bank's financial statements only to the extent of unrelated investor's interests in the associates. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Bank. Dilution gains and losses arising on investments in associates are recognised in the profit and loss account.

7.5 Advances

7.5.1 Advances are stated net of specific and general provisions. Specific provision for advances is made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP. The amount of provision is charged to the profit and loss account. General provision against consumer and small enterprises financings portfolio is maintained as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan. Advances are written off when there is no realistic prospect of recovery. In addition to conventional products, the Bank also offers various Islamic financing products the details of which are as follows:

(a) Murabaha

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(b) Diminishing Musharaka

It is a form of partnership in which bank and the customer create co-ownership in the asset by purchasing it jointly. Bank then rents out its share of the asset to the customer. Besides the payment of rentals, customer also purchases the asset from the Bank in installments. Hence at the end of the tenure, customer becomes sole owner of the asset.

(c) Running Musharaka

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkatul Aqd or Business Partnership in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to its Running Musharakah Financing limit during the Musharakah period. At the end of each period the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

(d) Ijarah

Ijarah is a contract whereby the owner of an asset (other than consumables) transfers its usufruct to another person for an agreed period and for an agreed consideration.

Ijarah assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged from the date of recognition of Ijarah assets on a straight line basis over the period of Ijarah. Impairment of Ijarah assets is determined on the same basis as that of operating fixed assets.

Ijarah income is recognised in income on accrual basis as and when the rental becomes due. Impairment of Ijarah rental is determined in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account.

In Service Ijarah financing, the Bank provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Bank appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

(e) Istisna

Istisna is a mode of sale at an agreed price, whereby the buyer places an order to or cause to manufacture, assemble or construct anything to be delivered at a future date.

Funds disbursed, under Istisna are recorded as 'Advance against Istisna'. On execution of Goods Receiving Note & receipt of manufactured goods the same will be recorded at the Balance sheet as inventories of the Bank at cost price & after sale of goods by the customer to its ultimate buyers, Istisna financing will be settled.

(f) Musawamah

In Musawamah financing, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

7.5.2 Net investment in finance lease

Leases where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance lease. A receivable is recognised on the commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Specific and general provisions for net investment in finance lease are made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account.

7.6 Fixed assets and depreciation

(a) Tangible assets - owned

Operating fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any.

Depreciation on operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 13.2 to these financial statements after taking into account residual value, if significant. The asset's residual values and useful lives are reviewed and adjusted, if required, at each balance sheet date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

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

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

Surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the profit and loss account in the period in which they arise except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

(b) Tangible assets - leased

Leases are classified as finance lease wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease. Lease payments, if any, under operating lease are charged to income on a straight line basis over the lease term.

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Assets held under finance lease are stated at the lower of their fair value or present value of minimum lease payments at inception less accumulated depreciation and accumulated impairment losses, if any. Leasehold land and buildings on leasehold land are subsequently revalued. The outstanding obligations under the lease agreements, if any, are shown as a liability net of finance charges allocable to the future periods.

The finance charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of return on the outstanding liability.

Depreciation on assets held under finance lease, subsequent costs and gains / losses are recognised in a manner consistent with that for depreciable and other fixed assets which are owned by the Bank.

(c) Capital work in progress

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

(d) Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The intangible assets include directly attributable cost that are capitalised as part of the intangible asset. Amortisation, except for customer relationship is charged applying the straight-line method over the useful lives of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at rates specified in note 13.3 to these financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The intangible asset comprising customer relationship is being amortised over the life expectancy of the deposits. The residual values and useful lives of intangible assets are reviewed and adjusted, if appropriate, at each balance sheet date.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which they arise.

7.7 Impairment

The carrying amount of assets is reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of asset.

An impairment loss is reversed except for impairment loss relating to goodwill, if there has been a change in the estimate used to determine the recoverable amount. Such reversals are only made to the extent that the asset's carrying amount does not exceed the amount that would have been determined if no impairment loss had been recognised.

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7.8 Taxation

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

Current

Provision for current taxation is based on taxable income for the year. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date. The charge for the current tax also includes adjustments relating to prior years, if necessary, arising from assessments finalised during the year.

Deferred

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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

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

7.9 Assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and accumulated impairment (if any). These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Legal fees, transfer costs and direct costs of acquiring title to the non-banking assets are charged to the profit and loss account and these are not capitalised as part of non-banking assets. A surplus arising on revaluation of non-banking assets acquired in satisfaction of claims is credited to the 'surplus on revaluation of assets account'. Any deficit arising on revaluation is first set off against the surplus account for that non-banking asset, if any, or if no surplus exists, is charged to the profit and loss account. These assets are disclosed in other assets as specified by the SBP.

7.10 Provisions and contingent assets and liabilities

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

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Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

7.11 Staff retirement benefits

a) Defined contribution plan

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

b) Defined benefit scheme

The Bank operates an approved funded gratuity scheme for all its permanent eligible employees and eligible employees who are on contractual service and are employed under non-management cadre. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the differences between the actual investment returns and the return implied by the net interest cost are recognised in the Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

7.12 Borrowings / deposits and their costs

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

7.13 Subordinated loans

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up on subordinated loans is charged to the profit and loss account over the period on an accrual basis and is recognised separately as part of other liabilities.

7.14 Revenue recognition and other items

- Mark-up income / interest / profits on advances and returns on investments are recognised on a time proportion basis except that mark-up income / interest / returns / profits on non-performing advances and investments are recognised on receipt basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan. Interest / returns / mark-up income/ profits on rescheduled / restructured advances and investments are recognised as permitted by the State Bank of Pakistan, except where, in the opinion of the management, it would not be prudent to do so.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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- Profit on Murabaha and Musawamah transactions is recognised on accrual basis for the period from the date of sale of goods to customer to the date of culmination of Murahaba / Musawamah. However, no profit can be accrued in excess of selling price determined at the time of executing the Murahaba / Musawamah transaction.
- Profit on Istisna transactions is recognised on accrual basis for the period from the date of sale of goods by the Banks customer to its ultimate buyer to the date of culmination of transaction.
- Ijarah rentals once due are recognised as income on accrual basis over the corresponding rental period.
- Rental on Diminishing Musharaka financing once due is recognised on accrual basis over the corresponding rental period.
- Profit on Running Musharaka is recognised on accrual basis and is adjusted upon declaration of profit by the customer.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned finance income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fee and other lease income are recognised as income when they are realised.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining period till maturity.
- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.
- Fee, commission on letters of credit / guarantee, other commission and brokerage income is recognised on accrual basis.
- Financial advisory fee is recognised when the right to receive the fee is established.
- Rent and other income is recognised on accrual basis.
- Profits on Bai Muajjal lendings are recognised on straight line basis.

7.15 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the balance sheet date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Balance Sheet Date' in the year in which they are approved / transfers are made.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

7.16 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the balance sheet date. Foreign bills purchased and forward foreign exchange contracts are valued at rates determined with reference to their respective maturities. Forward purchase contracts with the State Bank of Pakistan relating to foreign currency deposits are valued at the spot rate prevailing on the balance sheet date. The forward cover fee, if any, payable on contracts with the SBP is amortised over the term of the contract.

(b) Translation gains and losses

Translation gains and losses are included in the profit and loss account.

7.17 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

7.18 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as off balance sheet transactions and are disclosed as contingent liabilities.

7.19 Financial instruments

Financial assets and financial liabilities

Financial instruments carried on the balance sheet include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, certain other assets, bills payable, borrowings, deposits, liabilities against assets subject to finance lease and certain other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when the fair value is positive and the liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Bank has a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the approved accounting standards as applicable in Pakistan.

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7.20 Earnings per share

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

7.21 Segment reporting

Segment reporting is based on operating (business) segments of the Bank. An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components. The segment's results are reviewed regularly, which have been presented according to the functional basis and the guidance of the SBP, to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available. These have been presented as per the Bank's functional structure and guidance of the SBP. The segments of the Bank are as follows:

(a) Business Segments

(i) Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatisation, securitisation, Initial Public Offers (IPOs), secondary private placements and etc.

(ii) Trading and Sales

It includes fixed income, equity, foreign exchanges, funding, own position securities, lendings and repos.

(iii) Retail banking

Retail banking provides services to small borrowers i.e. consumers, small enterprises, medium enterprises and agriculture sector. It includes loans, deposits, other transactions and balances with retail customers.

(iv) Corporate and commercial banking

This includes strategic partnership with Corporate and Commercial entities to provide working capital financing, trade financing, cash management services, project finance, export finance, leasing, guarantees, bills of exchange, deposits and other short term and long term finance.

(b) Geographical segment

The operations of the Bank are currently based only in Pakistan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017	2016
		-----Rupees '000-----	
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		7,863,300	8,140,945
- foreign currencies		2,092,970	1,699,075
With the State Bank of Pakistan in			
- local currency current accounts	8.1	17,001,165	17,533,966
- foreign currency current accounts	8.2	1,399,538	1,156,859
- foreign currency deposit accounts	8.3	4,073,487	3,430,526
With the National Bank of Pakistan in			
- local currency current accounts		5,417,796	5,262,880
National prize bonds		13,511	15,051
		<u>37,861,767</u>	<u>37,239,302</u>

8.1 These include local currency current accounts maintained with the SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with SBP at a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.

8.2 This represents cash reserve of 5% maintained with the SBP in US dollars current account on deposits held under the New Foreign Currency Accounts (FE-25 deposits) as per BSD Circular No. 14 and 15 dated June 21, 2008.

8.3 These represent special cash reserve of 15% maintained with the SBP in US dollars deposit account under the requirements of BSD Circular No.14 dated June 21, 2008, local US dollars clearing account maintained with the SBP to facilitate US dollars clearing and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking Branches under the requirements of BSD Circular No. 15 dated June 21, 2008. Profit rates on these balances are ranging from 0.06% to 0.37% (2016: Nil) per annum on monthly basis by the SBP.

		2017	2016
		-----Rupees '000-----	
9 BALANCES WITH OTHER BANKS			
In Pakistan			
- Current accounts		1,488,379	699,488
Outside Pakistan			
- Current accounts		384,392	439,887
		<u>1,872,771</u>	<u>1,139,375</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017	2016
		-----Rupees '000-----	
10 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending	10.2	3,000,000	-
Repurchase agreement lendings	10.3	6,010,335	5,000,000
		9,010,335	5,000,000

10.1 Particulars of lendings

In local currency	9,010,335	5,000,000
In foreign currency	-	-
	9,010,335	5,000,000

10.2 This represents lendings to a commercial bank which carry mark-up at the rate of 6.05% per annum (2016: Nil) with maturity in January, 2018.

10.3 This represents lendings to a commercial bank which carry mark-up at the rate of 5.75% per annum (2016: 5.9%) maturing in January, 2018.

10.4 Securities held as collateral against lendings to financial institutions

	2017			2016		
	Held by Bank	Given as collateral (note 10.4.1)	Total	Held by Bank	Given as collateral	Total
	----- Rupees '000 -----					
Pakistan Investment Bonds	1,924,000	4,076,000	6,000,000	5,000,000	-	5,000,000

10.4.1 This represents PIBs sold by the Bank with a commitment to settle the lendings and return the collateral on the maturity date.

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11. INVESTMENTS

Investments by type and segments, details of strategic investments and particulars of provisions are given below. The complete break down of available for sale investments is given in Annexure I, which forms an integral part of these financial statements.

11.1 Investments by type

Note	2017			2016			
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total	
----- Rupees '000 -----							
Held for trading securities							
Market Treasury Bills	11.2.1	30,128,496	-	30,128,496	533,530	-	533,530
Pakistan Investment Bonds	11.2.2	3,434,749	-	3,434,749	1,170,038	-	1,170,038
		33,563,245	-	33,563,245	1,703,568	-	1,703,568
Available for sale securities							
Market Treasury Bills	11.2.1	67,292,593	26,426,198	93,718,791	59,502,461	29,646,237	89,148,698
Pakistan Investment Bonds	11.2.2	19,232,587	-	19,232,587	41,351,395	2,074,936	43,426,331
GOP Ijara Sukuk Bonds	11.2.3	6,312,055	-	6,312,055	4,474,967	-	4,474,967
Sukuk	11.2.4	6,187,132	-	6,187,132	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 Money Market Fund *		200,000	-	200,000	-	-	-
- Faysal Financial Sector Opportunity Fund *		15,000	-	15,000	-	-	-
Fully paid up ordinary shares / modaraba certificates / certificates of closed end mutual funds	11.6&11.7	5,376,689	-	5,376,689	4,370,242	-	4,370,242
Fully paid up preference shares		22,490	-	22,490	22,490	-	22,490
Term finance certificates		620,926	-	620,926	762,149	-	762,149
		106,424,534	26,426,198	132,850,732	114,548,766	31,721,173	146,269,939
Held to maturity securities							
Pakistan Investment Bonds	11.2.2	-	-	-	9,931,757	-	9,931,757
Term finance certificates		1,924,910	-	1,924,910	2,455,213	-	2,455,213
Sukuk	11.2.4	14,794,241	-	14,794,241	11,861,617	-	11,861,617
		16,719,151	-	16,719,151	24,248,587	-	24,248,587
Associate *							
Fully paid up ordinary shares of Faysal Asset Management Limited	11.8	23,169	-	23,169	46,032	-	46,032
Investments		156,730,099	26,426,198	183,156,297	140,546,953	31,721,173	172,268,126
Less: provision for diminution in the value of investments	11.3 & 12.4.1	(3,448,776)	-	(3,448,776)	(3,265,833)	-	(3,265,833)
Investments (net of provisions)		153,281,323	26,426,198	179,707,521	137,281,120	31,721,173	169,002,293
(Deficit) / surplus on revaluation of investments classified as held for trading - net	11.5	(3,392)	-	(3,392)	461	-	461
Surplus / (deficit) on revaluation of investments classified as available for sale - net	23.2	2,282	(53)	2,229	1,227,520	(20,137)	1,207,383
Total investments - net		153,280,213	26,426,145	179,706,358	138,509,101	31,701,036	170,210,137

* related parties

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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11.1.1 Strategic Investments	Note	2017	2016
		-----Rupees '000-----	
Available for sale securities - Listed			
Units of open end mutual funds		7,480	7,480
Available for sale securities - Unlisted			
Fully paid up ordinary shares	11.6 & 11.7	618,755	568,755
Associate - unlisted	11.8.2	23,169	46,032
		649,404	622,267
Provision for diminution in the value of investments		(568,755)	(568,755)
		80,649	53,512
Surplus on revaluation of strategic investments			
classified as available for sale		28	1,285
		80,677	54,797

Strategic investments are those investments which the Bank makes with the intention of holding them for a long term duration and are marked as such at the time of investment. Disposals of such investments can only be made subject to the fulfilment of the requirements prescribed by the SBP. The overall exposure limit for equity investments prescribed by the SBP does not apply to these investments. Further, as per the SBP's instructions in BPD Circular Letter No. 16 of 2006 dated August 01, 2006, investments marked as strategic have a minimum retention period of 5 years from the original purchase date. However, these can be sold before the stipulated period with the prior permission of the SBP.

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11.2 Investments by segments	Note	2017 -----Rupees '000-----	2016
Federal Government Securities			
- Market Treasury Bills	11.2.1	123,847,287	89,682,228
- Pakistan Investment Bonds	11.2.2	22,667,336	54,528,126
- GOP Ijara Sukuk Bonds	11.2.3	6,312,055	4,474,967
		152,826,678	148,685,321
Fully Paid up Ordinary Shares / Modaraba Certificates / Closed end Mutual Fund Units			
- Listed companies / modarabas / mutual funds	11.6 & 11.7	4,677,022	3,720,575
- Unlisted companies		699,667	649,667
		5,376,689	4,370,242
Fully Paid up Preference Shares			
- Listed companies		22,490	22,490
		5,399,179	4,392,732
Term Finance Certificates			
- Listed		112,615	120,851
- Unlisted		2,433,221	3,096,511
		2,545,836	3,217,362
Units of Open end Mutual Funds			
		1,380,062	1,165,062
Sukuk Bonds			
	11.2.4	20,981,373	14,761,617
Associate			
- Faysal Asset Management Limited	11.8	23,169	46,032
Total investments			
Less: provision for diminution in the value of investments	11.3	183,156,297 (3,448,776)	172,268,126 (3,265,833)
Investments (net of provisions)			
(Deficit) / surplus on revaluation of investments classified as held for trading - net	11.5	179,707,521	169,002,293
Surplus on revaluation of investments classified as available for sale - net	23.2	(3,392)	461
		2,229	1,207,383
Total investments - net			
		179,706,358	170,210,137

11.2.1 Market Treasury Bills have tenures of three months to one year. The Bank's return on these instruments ranges from 5.90% to 6.05% per annum (2016: 5.80% to 6.25% per annum) with maturities up to August 2018.

11.2.2 Pakistan Investment Bonds have tenures of 3 to 10 years. The Bank's return on these instruments ranges from 5.98% to 12% per annum (2016: 5.88% to 12.59% per annum) with maturities from March 2018 to March 2025.

11.2.3 GoP Ijara Sukuk bonds have tenures of 3 years. The Bank's return on these instruments ranges from 4.65% to 5.24% per annum (2016: 4.75% to 6.19% per annum) with maturities up to June 2020.

11.2.4 These Sukuks have tenures ranging from 5 to 15 years. The Bank's return on these instruments ranges from 6.17% to 9.15% per annum (2016: 5.82% to 9.04% per annum) with maturities up to 2032.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2017	2016
	-----Rupees '000-----	
11.3 Particulars of provision for diminution in the value of investments		
Opening balance	3,265,833	3,282,763
Charge for the year	241,861	75,478
Reversals during the year	(58,918)	(92,408)
Closing balance	3,448,776	3,265,833

11.3.1 Particulars of provision for diminution in the value of investments by type and segment

Available for sale securities

- Fully Paid up Ordinary Shares / Modaraba Certificates / Certificates of Closed end Mutual Funds		
- Listed companies / modarabas / mutual funds	657,804	499,066
- Unlisted companies	649,666	649,666
- Fully Paid up Preference Shares		
- Listed companies	22,490	22,490
- Units of Open end Mutual Funds	856	856
- Term Finance Certificates		
- Listed	51,476	59,686
- Unlisted	508,311	508,311

Held to maturity securities

- Term Finance Certificates		
- Unlisted	999,172	999,172
- Sukuk Bonds	559,001	526,586
	3,448,776	3,265,833

11.4 Quality of available for sale securities

The details regarding the quality of available for sale securities and their mark-up / interest and other terms are contained in Annexure I, which forms an integral part of these financial statements.

	2017	2016
	-----Rupees '000-----	
11.5 (Deficit) / surplus on revaluation of investments classified as held for trading - net		
Market Treasury Bills	(807)	(23)
Pakistan Investment Bonds	(2,585)	484
	(3,392)	461

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- 11.6** 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. The Bank acquired these equity shares in 2013 by exercising its rights over pledged shares of DHA after eventual non-compliance by DHA in respect of 'Rehabilitation and Standstill Agreement' made between the consortium banks (including the Bank) and DHA for repayment of liabilities.
- 11.7** These include an amount of Rs 50 million issued to 1Link (Guarantee) Limited as part of the Bank's commitment towards capital injection on its conversion to a private limited company subject to regulatory approvals.
- 11.8** This represents investment of the Bank in Faysal Asset Management Limited (FAML). This has been accounted for under the equity method of accounting as per the requirement of IAS 28. The Bank's share of post acquisition profit or loss is recognised using the latest available unaudited financial statements of FAML which relate to the period ended December 31, 2017 with a corresponding adjustment to the carrying amount of investment.
- 11.8.1** Faysal Asset Management Limited (the Company) was incorporated in Pakistan under the requirements of the Companies Ordinance, 1984 on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company is non-compliant with the minimum equity requirements prescribed for an NBFC. The shareholders of the Bank in the last Annual General Meeting, had approved a sub-ordinated loan of Rs 180 million to be given to FAML for complying with the minimum equity requirements subject to all regulatory approvals.

11.8.2 The details of the Bank's investment and post acquisition changes relating to FAML are as under:

Faysal Asset Management Limited - percentage holding 30% (2016: 30%)	2017	2016
	-----Rupees '000-----	-----
At January 1	46,032	68,082
Post acquisition changes during the year - Recognised in the profit and loss account	(22,863)	(22,050)
At December 31	23,169	46,032
Cost of investment	45,000	45,000

11.8.3 Particulars of the assets and liabilities of the associate

Revenue	127,835	139,032
Net loss	(76,211)	(73,499)
Total assets	122,220	166,896
Liabilities	44,991	13,456
Net assets	77,229	153,440
Percentage (%) holding of the Bank	30%	30%
Share of net assets of the Bank	23,169	46,032

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FOR THE YEAR ENDED DECEMBER 31, 2017

12 ADVANCES	Note	2017 -----Rupees '000-----	2016
Loans, cash credits, running finances, etc. – in Pakistan		195,457,819	180,518,663
Net investment in finance lease – in Pakistan	12.2	8,151,355	10,431,613
		203,609,174	190,950,276
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		4,981,410	5,289,466
- Payable outside Pakistan		1,256,750	909,279
		6,238,160	6,198,745
Islamic financing and related assets	(A3.1)	45,891,693	32,588,297
Margin financing / reverse repo transactions		88,200	88,200
Gross advances		255,827,227	229,825,518
Provision against non-performing advances	12.4, 12.4.1 & 12.4.2	(23,726,401)	(24,530,264)
Provision against consumer and small enterprise loans - general	12.4, 12.4.2 & 12.5	(568,666)	(464,257)
		(24,295,067)	(24,994,521)
Advances - net of provision		231,532,160	204,830,997
12.1 Particulars of advances (Gross)			
12.1.1 In local currency		254,757,442	228,942,957
In foreign currency		1,069,785	882,561
		255,827,227	229,825,518
12.1.2 Short term (upto one year)		131,881,662	120,859,203
Long term (over one year)		123,945,565	108,966,315
		255,827,227	229,825,518
12.1.3 Net investment in Ijarah - Ijarah accounted for under IFAS-2			
Movement in the net book value of Ijarah assets			
Assets under Ijarah			
Opening balance		1,228,156	1,188,039
Disbursed during the year		-	40,117
Disposals during the year		1,149,623	-
Closing balance		78,533	1,228,156
Accumulated depreciation			
Opening balance		734,595	239,658
Charged during the year		433,579	494,937
Reversal on disposal during the year		1,107,307	-
Closing balance		60,867	734,595
Net investment in Ijarah	12.1.4	17,666	493,561

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12.1.4 Ijarah rentals receivable

	2017				2016			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees '000 -----							
Ijarah rentals receivable	18,994	-	-	18,994	453,374	53,862	-	507,236

The difference between net investment in Ijarah and Ijarah rental receivable represents element of profit in receivable.

12.2 Net investment in finance lease

	2017				2016			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees '000 -----							
Lease rentals receivable	1,318,459	4,638,224	2,890	5,959,573	1,305,035	7,368,009	-	8,673,044
Residual value	654,435	1,655,364	1,280	2,311,079	591,185	2,346,548	-	2,937,733
Minimum lease payment	1,972,894	6,293,588	4,170	8,270,652	1,896,220	9,714,557	-	11,610,777
Finance charge for future periods	(98,129)	(21,168)	-	(119,297)	(60,285)	(1,118,879)	-	(1,179,164)
Present value of minimum lease payment	1,874,765	6,272,420	4,170	8,151,355	1,835,935	8,595,678	-	10,431,613

12.3 Advances includes Rs. 27,321 million (2016: Rs. 30,036 million) which have been placed under non-performing status as detailed below:

Note	2017								
	Classified Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees '000 -----								
Category of classification									
Other Assets Especially									
Mentioned (OAEM) 12.3.1	216,407	-	216,407	-	-	-	-	-	-
Substandard	1,145,491	-	1,145,491	198,828	-	198,828	198,828	-	198,828
Doubtful	872,296	-	872,296	281,053	-	281,053	281,053	-	281,053
Loss	25,086,882	-	25,086,882	23,246,520	-	23,246,520	23,246,520	-	23,246,520
	27,321,076	-	27,321,076	23,726,401	-	23,726,401	23,726,401	-	23,726,401

Note	2016								
	Classified Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees '000 -----								
Category of classification									
Other Assets Especially									
Mentioned (OAEM) 12.3.1	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
	30,036,060	-	30,036,060	24,530,264	-	24,530,264	24,530,264	-	24,530,264

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12.3.1 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 and medium enterprise financing issued by the SBP.

12.4 Particulars of provision against non-performing advances and general provision

	2017			2016		
	Specific	General	Total	Specific	General	Total
	Note 12.5			Note 12.5		
	----- Rupees '000 -----					
Opening balance	24,530,264	464,257	24,994,521	24,101,547	432,672	24,534,219
- Charge for the year	1,335,926	127,943	1,463,869	1,991,115	31,585	2,022,700
- Reversals during the year	(2,026,626)	(23,534)	(2,050,160)	(1,365,302)	-	(1,365,302)
Net charge	(690,700)	104,409	(586,291)	625,813	31,585	657,398
Amounts written off - note 12.7.1	(135,377)	-	(135,377)	(197,096)	-	(197,096)
Transfer of provision	22,214	-	22,214	-	-	-
Closing balance	23,726,401	568,666	24,295,067	24,530,264	464,257	24,994,521

12.4.1 As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,799.678 million (2016: Rs 2,193.458 million) relating to advances and Rs Nil (2016: Rs 2.884 million) relating to investments while determining the provisioning requirement against non-performing financing (including investments) as at December 31, 2017. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2017 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,169.791 million (2016: Rs 1,427.622 million).

12.4.2 Particulars of provision against non-performing advances

	2017			2016		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
In local currency	23,726,401	568,666	24,295,067	24,530,264	464,257	24,994,521
In foreign currency	-	-	-	-	-	-
Total	23,726,401	568,666	24,295,067	24,530,264	464,257	24,994,521

12.5 As per the Prudential Regulations, SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range 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 issued by the SBP. The provision ranges between the 0.5% to 1.5% based on the non-performing loan ratio present in the portfolio.

During the year, the SBP revised the Prudential Regulations for Small and Medium Enterprise financing thereby abolishing the requirements of general provision against secured Small Enterprise financing portfolio. As per the revised regulations, the Bank is required to maintain a general provision of 1% against un-secured Small Enterprise financing portfolio. Had the SBP not issued these revised regulations, the provision against consumer loans and Small Enterprises would have been higher by Rs 23.534 million and profit before tax would have been lower by the same amount.

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12.6 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.

	Note	2017	2016
		-----Rupees '000-----	
12.7 Particulars of write-offs			
12.7.1 Against provisions		135,377	197,096
Bad debts written-off directly		7,119	22,340
Recoveries against written-off debt		(105,335)	(102,939)
Net recoveries against written-off debt credited to profit and loss account		(98,216)	(80,599)
		37,161	116,497
12.7.2 Write-offs of Rs. 500,000 and above	12.8	119,672	203,107
Write-offs below Rs. 500,000		22,824	16,329
Recoveries against write-offs		(105,335)	(102,939)
		37,161	116,497

12.8 Details of loan write-offs of Rs 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2017 is given in Annexure - II to these financial statements. However, the write-off of loans does not affect the Bank's right to recover the outstanding loans from these customers.

	2017	2016
	-----Rupees '000-----	
12.9 Particulars of loans and advances to directors, associated companies, etc.		
Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons *		
Balance at beginning of the year	2,364,926	2,368,153
Loans granted during the year	993,034	709,309
Repayments during the year	(696,551)	(712,536)
Balance at end of the year	2,661,409	2,364,926
Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members **		
Balance at beginning of the year	3,186,506	3,238,082
Loans granted during the year	792,376	-
Repayments during the year	(143,089)	(51,576)
Balance at end of year	3,835,793	3,186,506
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties **		
Balance at beginning of the year	800,735	800,735
Loans granted during the year	-	-
Repayments during the year	-	-
Balance at end of the year	800,735	800,735

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

** Provision held against the loans provided to related parties amounted to Rs 2,762.997 million (2016: Rs 2,994.048 million).

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12.9.1 Balances pertaining to parties that were related at the beginning of the year 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.

12.9.2 Maximum total amount of advances (including temporary advances) outstanding at the end of any month during the year

	2017	2016
	-----Rupees '000-----	
Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons	<u>2,674,493</u>	<u>2,408,382</u>
Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members	<u>4,589,675</u>	<u>3,238,082</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties	<u>800,735</u>	<u>800,735</u>

Note	2017	2016
	-----Rupees '000-----	

13 OPERATING FIXED ASSETS

Capital work-in-progress	13.1 514,958	513,696
Tangible fixed assets	13.2 11,127,768	9,991,126
Intangible assets	13.3 1,296,899	1,607,059
	<u>12,939,625</u>	<u>12,111,881</u>

13.1 Capital work-in-progress

Civil works	113,297	129,865
Equipment	54,028	56,886
Intangible assets	199,198	63,866
Advances to suppliers and contractors	148,435	263,079
	<u>514,958</u>	<u>513,696</u>

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13.2 Tangible fixed assets

Particulars	2017				2017				Book value at December 31, 2017	Rate of depreciation (%)
	COST				ACCUMULATED DEPRECIATION					
	As at January 1, 2017	Additions / revaluation surplus / adjustments*	Deletions / write-off	As at December 31, 2017	As at January 1, 2017	Additions/ adjustments*	On deletions / write-off	As at December 31, 2017		
Rupees 000										
Owned										
Freehold land	1,059,888	-	-	1,110,502	-	-	-	-	1,110,502	-
		50,614								
Leasehold land	2,811,950	-	-	3,059,916	-	-	-	-	3,059,916	-
		247,966								
Buildings on freehold land	168,824	-	-	176,048	-	8,664	-	-	176,048	2 to 6
		15,888				(8,664)				
Buildings on leasehold land	4,309,701	-	-	4,598,812	-	144,695	-	-	4,598,812	2 to 20
		433,806				(144,695)				
Leasehold property and improvement	2,026,383	388,685	(16,212)	2,360,295	1,414,804	125,181	(16,212)	1,484,139	876,156	10 to 33
		-	(39,863)			-	(39,784)			
		1,302*				150*				
Office furniture, fixtures, equipment and computers	5,513,981	763,549	(128,718)	6,138,871	4,579,446	479,966	(128,125)	4,922,542	1,216,329	10 to 50
		-	(8,639)			-	(8,595)			
		(1,302)*				(150)*				
Vehicles	242,814	34,875	(45,580)	232,109	148,165	24,965	(31,026)	142,104	90,005	20
		-				-				
Total Owned	16,133,541	1,782,024	(239,012)	17,676,553	6,142,415	630,112	(223,742)	6,548,785	11,127,768	

Particulars	2016				2016				Book value at December 31, 2016	Rate of depreciation (%)
	COST				ACCUMULATED DEPRECIATION					
	As at January 1, 2016	Additions / revaluation surplus / adjustments*	Deletions / write-off	As at December 31, 2016	As at January 1, 2016	Additions/ adjustments*	On deletions / write-off	As at December 31, 2016		
Rupees 000										
Owned										
Freehold land	1,348,838	-	(455,000)	1,059,888	-	-	-	-	1,059,888	-
		166,050								
Leasehold land	2,495,430	-	-	2,811,950	-	-	-	-	2,811,950	-
		316,520								
Buildings on freehold land	195,243	-	-	168,824	40,399	7,396	-	-	168,824	2 to 6
		21,376				(47,795)				
Buildings on leasehold land	4,155,058	-	-	4,309,701	371,944	121,706	-	-	4,309,701	2 to 20
		648,293				(493,650)				
Leasehold property and improvement	1,695,638	324,949	(381)	2,026,383	1,346,632	63,806	(381)	1,414,804	611,579	10 to 33
		-	(13,319)			-	(13,319)			
		19,496*				18,066*				
Office furniture, fixtures, equipment and computers	5,397,779	758,928	(16,713)	5,513,981	4,864,527	353,895	(16,515)	4,579,446	934,535	10 to 50
		-	(605,107)			-	(603,821)			
		(20,906)*				(18,640)*				
Vehicles	294,096	10,104	(61,386)	242,814	145,803	32,330	(29,968)	148,165	94,649	20
		-				-				
Total Owned	15,582,082	1,703,365	(1,151,906)	16,133,541	6,769,305	37,114	(664,004)	6,142,415	9,991,126	

13.2.1 Included in cost of operating fixed asset are fully depreciated items still in use having cost of Rs 4,811.021 million (2016: Rs 4,944.583 million).

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13.2.2 The Bank's freehold / leasehold land and buildings on freehold / leasehold land were revalued by Iqbal A. Nanjee Co. (Private) Limited on December 31, 2017 on the basis of professional assessments of the market value. As a result of the revaluation of these assets, the market value of freehold / leasehold land and buildings on freehold / leasehold land were determined at Rs 8,945.278 million. The results of this revaluation exercise have determined a further surplus of Rs 748.274 million.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2017 would have been Rs 3,386.299 million (2016: Rs 3,431.710 million).

13.3 Intangible assets

Particulars	2017									
	COST				ACCUMULATED AMORTISATION				Book value at December 31, 2017	Rate of amortisation % per annum
	As at January 1, 2017	Additions/ adjustments	Deletions	As at December 31, 2017	As at January 1, 2017	Charge to profit and loss account / adjustments / transferred to equity	Charge on deletions	As at December 31, 2017		
-----Rupees 000-----										
Computer software	1,895,918	66,872	-	1,962,790	1,645,383	184,929	-	1,830,312	132,478	17 to 33
Customer relationship - note 13.3.2	2,557,167	-	-	2,557,167	1,200,643	-	-	1,392,746	1,164,421	Note 13.3.2
						192,103				
	4,453,085	66,872	-	4,519,957	2,846,026	184,929	-	3,223,058	1,296,899	
						192,103				

Particulars	2016									
	COST				ACCUMULATED AMORTISATION				Book value at December 31, 2016	Rate of amortisation % per annum
	As at January 1, 2016	Additions/ adjustments	Deletions	As at December 31, 2016	As at January 1, 2016	Charge to profit and loss account / adjustments / transferred to equity	Charge on deletions	As at December 31, 2016		
-----Rupees 000-----										
Computer software	1,764,112	130,396	-	1,895,918	1,409,634	235,175	-	1,645,383	250,535	17 to 33
		1,410				574				
Customer relationship - note 13.3.2	2,557,167	-	-	2,557,167	1,008,540	-	-	1,200,643	1,356,524	Note 13.3.2
						192,103				
	4,321,279	131,806	-	4,453,085	2,418,174	235,749	-	2,846,026	1,607,059	
						192,103				

13.3.1 The intangible assets include fully amortised items still in use having cost of Rs 1,221.485 million (2016: Rs 1,149.284 million).

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13.3.2 The intangible asset - Customer relationship comprises of core deposits which were recognised at the time of acquisition of Ex-RBS Pakistan. These core deposits represent the funding benefit that would be available to the Bank on account of availability of funding through deposit customers rather than from the wholesale or interbank market. This benefit also considers the fact that the economic life time of these deposits is longer than their contractual life. Based on this assumption, this intangible asset has been valued using certain valuation techniques and is being amortised over the life expectancy of these deposits. As more fully explained in note 22.2 to the financial statements the SBP allowed the Bank to adjust the amortisation charge arising on this intangible assets against non-distributable capital reserve.

13.4 Details of disposal of fixed assets to executives, and other persons having cost of more than Rs 1 million or net book value of Rs 250,000 or above are disclosed in Annexure IV to these financial statements.

14	Note	2017	2016
		-----Rupees '000-----	
DEFERRED TAX ASSETS - NET			
Deferred credits arising due to:			
- Accelerated tax depreciation		(139,037)	(88,821)
- Surplus on revaluation of securities	23.2	(780)	(422,583)
- Fair value adjustments relating to net assets acquired upon amalgamation		(407,550)	(474,784)
- Surplus on revaluation of fixed assets	23.1	(1,228,159)	(1,108,548)
- Surplus on revaluation of non banking assets		(23,751)	(24,878)
- Share of loss from associate		-	(362)
Deferred debits arising due to:			
- Provision against non-performing advances		2,700,846	3,553,726
- Provision for diminution in the value of investments		476,211	609,871
- Provision against other assets		222,205	220,591
- Share of loss from associate		7,640	-
		<u>1,607,625</u>	<u>2,264,212</u>
15 OTHER ASSETS			
Income / mark-up accrued in local currency		3,459,328	3,980,853
Income / mark-up accrued in foreign currencies		48,335	71,030
Advances, deposits, advance rent and other prepayments		1,016,200	855,656
Taxation (payments less provisions)		3,102,087	2,168,742
Unrealised gain on revaluation of forward foreign exchange contracts		1,229,356	-
Non-banking assets acquired in satisfaction of claims	15.1 & 15.4	3,130,557	3,202,821
Credit cards and other products fee receivable		303,283	272,007
Fair value of derivative contracts	25.3	-	13,120
Dividend receivable		86,317	90,927
Receivable from brokers against sale of shares		46,005	409,979
Prepaid employee benefits	15.2	66,688	82,290
Others		1,258,090	807,186
		<u>13,746,246</u>	<u>11,954,611</u>
Less: provision held against other assets	15.3	(249,980)	(285,854)
Other assets (net of provisions)		<u>13,496,266</u>	<u>11,668,757</u>
15.1 Market value of non-banking assets acquired in satisfaction of claims - determined by professional valuers		<u>3,143,415</u>	<u>3,202,821</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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- 15.2** The prepaid employee benefits represent the impact of fair value adjustment on employee loans and advances which was determined at the time of acquisition of Ex-RBS Pakistan and is being amortised over the loan periods.

	2017	2016
	-----Rupees '000-----	
The movement of prepaid employee benefits is as follows:		
Prepaid employee benefits at beginning of the year	82,290	112,721
Employee benefits expensed during the year	(15,602)	(30,431)
Prepaid employee benefits at the end of the year	<u>66,688</u>	<u>82,290</u>

15.3 Provision against other assets

Opening balance	285,854	605,377
Charge for the year	4,622	53,388
Reversals during the year	(12)	(81,686)
	4,610	(28,298)
Provision written off	(40,484)	(243,228)
Transfer of provision	-	(47,997)
Closing balance	<u>249,980</u>	<u>285,854</u>

- 15.4** On one of these properties is a claim by an institution to the extent of Rs 35 million (2016: Rs 35 million).

	2017	2016
	-----Rupees '000-----	
16 BILLS PAYABLE		
In Pakistan	7,304,326	5,982,285
Outside Pakistan	-	-
	<u>7,304,326</u>	<u>5,982,285</u>

17 BORROWINGS

In Pakistan	52,224,155	52,283,342
Outside Pakistan	2,564,392	522,742
	<u>54,788,547</u>	<u>52,806,084</u>

17.1 Particulars of borrowings with respect to currencies

In local currency	52,224,155	52,283,342
In foreign currencies	2,564,392	522,742
	<u>54,788,547</u>	<u>52,806,084</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017	2016
		-----Rupees '000-----	
17.2 Details of borrowings secured / unsecured			
Secured			
Borrowings from the State Bank of Pakistan			
- Under export refinance scheme - Part I and II	17.2.1	15,244,983	13,701,772
- Under long term financing facility	17.2.2	1,514,292	1,672,688
- Under long term financing facility for Renewable Power Energy (RPE)	17.2.3	971,213	-
- Under scheme of financing facility for storage of agricultural produce	17.2.4	131,223	200,518
- Islamic export refinance scheme	17.2.5	450,000	200,000
Repurchase agreement borrowings	17.2.6	26,412,444	31,703,539
		44,724,155	47,478,517
Unsecured			
Call borrowings	17.2.7	3,500,000	4,804,825
Overdrawn nostro accounts		245,631	522,742
Musharaka	17.2.8	4,000,000	-
Other borrowings	17.2.9	2,318,761	-
		10,064,392	5,327,567
		54,788,547	52,806,084

17.2.1 In accordance with the Export Refinance (ERF) scheme, the Bank has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP. Borrowings from the SBP under the export refinance scheme is secured by the Bank's cash and security balances held by the SBP. The mark-up rate on this facility is 1% to 2% per annum (2016: 2.05% to 3% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.

17.2.2 These represent borrowings from the SBP under scheme for long term financing facility. The mark-up rates on these facilities are ranging from 2% to 8.4% per annum (2016: 2% to 10.10% per annum), payable on quarterly basis, with maturities upto April 2026. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.

17.2.3 These represent borrowings from the SBP under scheme for long term financing facility for Renewable Power Energy (RPE). The mark-up rates on these facilities are 2% per annum, payable on quarterly basis, with maturities upto December 2028. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.

17.2.4 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. The mark-up rates on these facilities are ranging from 2.5% to 3.5% per annum (2016: 2.5% to 3.5% per annum) payable on quarterly basis with maturities upto December 2022. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

- 17.2.5** In accordance with the Islamic Export Refinance Scheme (IERS), the Bank has entered into agreements for Islamic financing with the SBP for extending export finance to customers. As per the agreement, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. The mark-up rate on this facility is 1.85% per annum (2016: 1.89%) payable on quarterly basis with maturity upto 180 days from the date of grant.
- 17.2.6** These represent collateralised borrowings against market treasury bills. The mark-up rate on these borrowings ranges from 5.86% to 6.00% per annum (2016: 5.75% to 5.86% per annum). These are payable by January 2018.
- 17.2.7** These borrowings are from the financial institutions. The mark-up rates on these borrowings are ranging from 5.85% to 6.00% per annum (2016: 5.60% to 5.66% per annum) payable on maturity with maturities upto January 2018.
- 17.2.8** These Musharaka deals are on profit and loss sharing basis. The expected rates on these deals are expected to range between 5.80% to 5.85% per annum (2016: Nil). These deals have maturities upto February 2018.
- 17.2.9** This represents borrowings from a foreign financial institution. The mark-up rate on this borrowing is 2.15% per annum (2016: Nil) with maturity in February 2018.

18 DEPOSITS AND OTHER ACCOUNTS	2017	2016
	-----Rupees '000-----	
Customers		
Fixed deposits	103,749,523	101,774,589
Saving deposits	121,356,347	107,940,436
Current accounts – Remunerative	4,830,709	3,076,212
Current accounts – Non-remunerative	121,781,059	108,820,931
Margin accounts	2,529,087	2,970,671
	354,246,725	324,582,839
Financial institutions		
Remunerative deposits	18,275,265	15,537,363
Non-remunerative deposits	559,173	186,202
	18,834,438	15,723,565
	373,081,163	340,306,404
18.1 Particulars of deposits		
In local currency	344,514,692	316,751,218
In foreign currencies	28,566,471	23,555,186
	373,081,163	340,306,404

19 SUB-ORDINATED LOANS

These represent rated and un-secured Term Finance Certificates (TFCs) issued by the Bank. These TFCs have matured during the year.

	2017	2016
	-----Rupees '000-----	
Outstanding amount	-	1,497,000
Total issue amount	-	3,000,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

20 OTHER LIABILITIES	Note	2017	2016
		-----Rupees '000-----	
Mark-up / return / interest payable in local currency		1,547,046	1,393,934
Mark-up / return / interest payable in foreign currencies		12,849	11,733
Unearned commission / income		40,121	20,482
Accrued expenses		1,224,475	1,132,153
Unclaimed dividends		47,739	47,922
Branch adjustment account		3,900	7,261
Unrealised loss on revaluation of forward foreign exchange contracts		469,392	100,352
Fair value of derivative contracts	25.3	65,668	-
Withholding tax payable		116,310	107,514
Federal excise duty payable		35,981	35,010
Security deposits against finance leases	20.1	3,009,411	3,827,339
Provision against off-balance sheet obligations	20.2	101,090	118,152
Payable to brokers against purchase of shares		57,399	38,867
Short sale of Pakistan Investment Bonds		4,245,132	-
Others		2,644,082	2,023,844
		<u>13,620,595</u>	<u>8,864,563</u>

20.1 These represent interest free security deposits received from lessees against lease contracts and are adjustable against residual value of leased assets at the expiry of the respective lease terms.

20.2 Provision against off-balance sheet obligations	2017	2016
	-----Rupees '000-----	
Opening balance	118,152	113,943
Charge for the year	5,152	4,209
Transfer of provision	(22,214)	-
Closing balance	<u>101,090</u>	<u>118,152</u>

21 SHARE CAPITAL

21.1 Authorised share capital

2017	2016		2017	2016
Number of Shares			-----Rupees '000-----	
<u>1,800,000,000</u>	<u>1,800,000,000</u>	Ordinary shares of Rs. 10 each	<u>18,000,000</u>	<u>18,000,000</u>

21.2 Issued, subscribed and paid-up capital

2017	2016	Ordinary shares	2017	2016
Number of shares			-----Rupees '000-----	
201,451,420	201,451,420	Fully paid in cash	2,014,514	2,014,514
1,100,812,463	980,836,453	Issued as bonus shares	11,008,125	9,808,365
17,472,226	17,472,226	Issued on amalgamation	174,722	174,722
<u>1,319,736,109</u>	<u>1,199,760,099</u>		<u>13,197,361</u>	<u>11,997,601</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

21.3 As at December 31, 2017, Ithmaar Bank B.S.C. (closed) (the holding company of the Bank) through its subsidiaries and nominees held 881,281,492 ordinary shares of Rs. 10 each (2016: 801,164,993 ordinary shares). 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 a stay order issued by the Honorable High Court of Sindh.

21.4 The movement in the issued, subscribed and paid-up capital during the year was as follows:

2017	2016		2017	2016
Number of shares			-----Rupees '000-----	
1,199,760,099	1,199,760,099	Opening balance at January 1	11,997,601	11,997,601
119,976,010	-	Bonus shares issued during the year	1,199,760	-
<u>1,319,736,109</u>	<u>1,199,760,099</u>	Closing balance at December 31	<u>13,197,361</u>	<u>11,997,601</u>

Note **2017** 2016
-----Rupees '000-----

22 RESERVES

Statutory reserve	22.1	7,145,382	6,242,425
Capital reserve			
Reserve arising on amalgamation		23,952	23,952
Share premium		10,131	10,131
Non-distributable capital reserve - gain on bargain purchase	22.2	756,873	881,740
		<u>7,936,338</u>	<u>7,158,248</u>

22.1 Appropriations are made to statutory reserve, as required by section 21 of the Banking Companies Ordinance, 1962, at the rate 20% of profit after tax for the year.

22.2 NON-DISTRIBUTABLE CAPITAL RESERVE- GAIN ON BARGAIN PURCHASE

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, the Bank has adjusted amortisation of intangible assets amounting to Rs. 124.867 million (2016: Rs. 124.867 million) (net of tax) from the Non-distributable Capital Reserve.

Note **2017** 2016
-----Rupees '000-----

23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) arising on revaluation of:

- Fixed assets	23.1	4,330,820	3,810,105
- Available for sale securities	23.2	1,449	784,800
- Non-banking assets acquired in satisfaction of claims	23.3	1,238,335	1,271,701
		<u>5,570,604</u>	<u>5,866,606</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2017	2016
	-----Rupees '000-----	
23.1 Surplus on revaluation of fixed assets		
Surplus on revaluation of fixed assets at January 1	4,918,653	3,884,740
Surplus on revaluation of fixed assets recognised during the year	748,274	1,152,240
Transferred to un-appropriated profit in respect of incremental depreciation charged during the year	(70,166)	(54,163)
Related deferred tax liability in respect of incremental depreciation charged during the year	(37,782)	(29,164)
Transferred to un-appropriated profit in respect of sale of land	(107,948)	(83,327)
	-	(35,000)
	5,558,979	4,918,653
Related deferred tax liability on surplus at January 1	(1,108,548)	(906,063)
Related deferred tax liability on surplus recognised during the year	(157,393)	(231,649)
Related deferred tax liability in respect of incremental depreciation charged during the year	37,782	29,164
	(1,228,159)	(1,108,548)
	4,330,820	3,810,105
23.2 Surplus / (deficit) on revaluation of investments classified as available for sale - net		
	2017	2016
	-----Rupees '000-----	
Federal Government Securities		
- Market Treasury Bills	(1,151)	(9,724)
- Pakistan Investment Bonds	76,573	306,561
- GOP Ijara Sukuk Bonds	(3,454)	2,718
Fully Paid up Ordinary Shares / Modaraba Certificates / Units of Closed end Mutual Funds		
- Listed companies / modarabas / mutual funds	(158,876)	911,013
- Unlisted companies / modarabas / mutual funds	30,346	-
Term Finance Certificates		
- Listed	1,088	1,608
- Unlisted	-	1,396
Units of Open end Mutual Funds	(2,220)	(6,189)
Sukuk Bonds	59,923	-
	2,229	1,207,383
Related deferred tax liability	(780)	(422,583)
	1,449	784,800

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
	-----Rupees '000-----	
23.3 Surplus on revaluation of non banking assets acquired in satisfaction of claims		
Surplus on revaluation of non banking assets at January 1	1,296,579	-
Surplus on revaluation of non banking assets recognised during the year	-	1,296,579
Transferred to un-appropriated profit in respect of sale of non banking assets	(34,493)	-
	1,262,086	1,296,579
Related deferred tax liability on surplus at January 1	(24,878)	-
Related deferred tax liability on surplus recognised during the year	-	(24,878)
Related deferred tax liability in respect of sale of non-banking assets	1,127	-
	(23,751)	(24,878)
	1,238,335	1,271,701
24 CONTINGENCIES AND COMMITMENTS		
24.1 Direct credit substitutes		
Contingent liability in respect of guarantees favouring:		
- Government	33,820	32,037
- Banking companies and other financial institutions	994,368	413,984
- Others	1,984	37,745
	1,030,172	483,766
Acceptances		
- Others	6,892,781	7,558,310
24.2 Transaction-related contingent liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:		
- Government	12,937,583	10,688,334
- Banking companies and other financial institutions	183,831	225,272
- Others	2,494,089	2,369,202
	15,615,503	13,282,808
24.3 Trade-related contingent liabilities		
Letters of credit		
- Government	14,127,754	8,078,616
- Others	18,854,054	9,057,727
	32,981,808	17,136,343

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

24.4 Other contingencies

	2017	2016
	-----Rupees '000-----	
(i) Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case	<u>2,510,000</u>	<u>2,510,000</u>
(ii) Indemnity issued favouring the High Court in one of the cases	<u>457,543</u>	<u>457,543</u>

There are certain claims against the Bank not acknowledged as debt amounting to Rs 31,628 million (2016: Rs 31,576 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.

The Executive Officer, Karachi Cantonment Board (KCB), vide its notice CBR No. 1 dated March 03, 2017 has proposed revised rates for assessment of shops and flats "A" category in which a fresh sub-category "Banks (self-occupied)" has been introduced for the purpose of cantonment tax in the limit of KCB. This has resulted in additional demand of Rs 171 million by KCB which includes demand on reassessment for the years from 2013 to 2017. On the basis of legal grounds agreed in consultation with legal counsel, the Bank has filed a suit in the Honorary High Court of Sindh against such levy of tax. A stay order has been granted by the Honorary High Court of Sindh in respect of payment of this additional demand.

Based on legal advice and / or internal assessments, management is confident that the above 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 these financial statements.

- (iii) Income tax assessments of the Bank have been finalised upto the tax year 2017 (Accounting year 2016).

The department and the Bank have disagreements 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). During the year, the Commissioner Income Tax Appeals (CIT(A)) has deleted the said additional tax liability however the Income Tax Department has filed an appeal against the order of CIT(A) in front of Income Tax Appellate Tribunal. 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.

24.5 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 32,457 million (2016: Rs 22,799 million) which are irrevocable in nature.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2017	2016
	-----Rupees '000-----	
24.6 Commitments in respect of forward exchange contracts		
Purchase		
- Customers	441,297	627,720
- Banks	33,153,378	25,971,518
	33,594,675	26,599,238
Sale		
- Customers	342,751	87,256
- Banks	9,915,624	9,325,891
	10,258,375	9,413,147
24.7 Commitments for the acquisition of operating fixed assets	197,878	156,240
24.8 Commitments in respect of repo transactions		
Repurchase	26,440,962	31,743,703
Resale	6,384,415	5,312,485
25 DERIVATIVE INSTRUMENTS		
Cross currency swaps (notional principal)	2,361,939	877,690

Derivative instruments, such as Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swaps and FX Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All Derivative transactions are governed by the Financial Derivative Business Regulations (FDBR) issued by the State Bank of Pakistan (SBP).

25.1 Derivative Risk Management

The Bank's derivatives risk management is performed under Market Risk Management which is an independent unit reporting to the Chief Risk Officer. The risk management policies are governed by regulatory and internal guidelines. Risk management department of the Bank reviews credit risk, market risk and other risks associated with the derivative transactions or related area of the activity and assigns limits within which the transactions / area of activity can be carried out. Adherence to these limits is ensured through independent monitoring and control functions.

There are a number of risks undertaken by the Bank, which need to be monitored and assessed. The management of risks includes the following primary components:

- Comprehensive risk measurement approach;
- Detailed structure of limits, guidelines and other parameters used to govern risk taking; and
- Strong management information system for controlling, monitoring and reporting risks.

Major risks associated with the derivative instruments are market risk, credit risk and liquidity risk. The Bank uses SunGard-Sierra to measure and manage these risks which provides end-to-end capability with respect to transaction life cycle.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Market risk

The risk that the value of a derivative contract will be adversely affected by movements in equity prices, interest rates, currency exchange rates and commodity prices. The authority for approving policies, limits and periodic reviews rest with the Board of Directors. The critical measures used to manage market risks are Interest Rate Delta, Currency Delta Basis and Value-at-Risk. These measures involve extreme shifts in a variety of parameters, such as FX rates, interest rates, equity prices, implied volatility levels and combinations of the above. These measures are calculated through the relevant systems.

Credit risk

The risk that a party to a derivative contract will fail to perform its obligation. There is a settlement risk associated with the derivative transactions. Settlement risk is monitored on daily basis. Risk management department of the Bank sets the policies and limits for counterparty risk based on a pre-defined criteria linked with the internal risk rating of the customer.

Liquidity risk

Liquidity risk is managed as part of the overall liquidity risk of the Bank. The risk management policies related to liquidity risk are explained in note 44.7 to these financial statements.

25.2 Product analysis

	2017		2016	
	Cross Currency Swaps		Cross Currency Swaps	
	No. of Contracts	Notional Principal Rupees '000	No. of Contracts	Notional Principal Rupees '000
Counterparties				
With Banks for				
Hedging	-	-	-	-
Market Making	2	1,435,424	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	2	926,515	2	877,690
Total				
Hedging	-	-	-	-
Market Making	4	2,361,939	2	877,690
	4	2,361,939	2	877,690

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

25.3 Maturity analysis

Cross currency swaps	No. of Contracts	Notional Principal	2017		
			Mark to Market		Net
Remaining maturity			Negative	Positive	
			Rupees '000		
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
3 to 5 years	2	1,435,424	(1,555,054)	1,518,126	(36,928)
5 to 10 years	2	926,515	(926,876)	898,136	(28,740)
	4	2,361,939	(2,481,930)	2,416,262	(65,668)

Cross currency swaps	No. of Contracts	Notional Principal	2016		
			Mark to Market		Net
Remaining Maturity			Negative	Positive	
			Rupees '000		
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
3 to 5 years	-	-	-	-	-
5 to 10 years	2	877,690	(878,178)	891,298	13,120
	2	877,690	(878,178)	891,298	13,120

26 MARK-UP / RETURN / INTEREST EARNED

	2017		2016
	Rupees '000		
a) On financing to:			
i) customers	16,970,173		14,593,436
ii) financial institutions	229,321		151,409
b) On investments in:			
i) held for trading securities	1,576,504		400,975
ii) available for sale securities	7,979,228		7,874,945
iii) held to maturity securities	1,816,058		3,144,653
c) On deposits with treasury bank and financial institutions	67,371		9,473
d) On securities purchased under resale agreements	152,651		25,800
	28,791,306		26,200,691

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2017	2016
	-----Rupees '000-----	
27 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	11,526,804	10,730,708
Securities sold under repurchase agreements	1,806,091	1,849,400
Other short term borrowings	907,087	951,644
SBP borrowings	347,702	379,108
Bai Muajjal	49,351	-
Short sale of Pakistan Investment Bonds	101,079	-
Sub-ordinated loans	92,809	223,424
	14,830,923	14,134,284
28 GAIN ON SALE OF SECURITIES - NET		
Gain / (loss) on sale of:		
Federal government securities		
- Market Treasury Bills	5,144	59,179
- Pakistan Investment Bonds	203,548	1,573,504
Fully paid up ordinary shares / modaraba certificates / units of closed end mutual funds	603,211	458,543
GOP Ijara Sukuk	(841)	-
Short sale of Pakistan Investment Bonds	34,597	-
Units of closed end mutual funds	-	1,533
	845,659	2,092,759
29 OTHER INCOME		
Rent on property	152,468	181,270
Net gain on disposal of operating fixed assets	21,765	56,816
Net gain on disposal of non-banking assets	2,040	-
Income from disposal of scrap	838	490
Provision written back	-	225,195
Miscellaneous charges recovered	22,885	15,271
(Loss) / gain on derivative contracts - net	(58,936)	11,524
	141,060	490,566

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017	2016
		-----Rupees '000-----	
30 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other employee benefits	30.1 & 30.2 & 30.3	5,186,664	4,908,601
Charge for defined benefit plan	37.7	114,616	89,404
Contribution to defined contribution plan	38	137,116	128,651
Non-executive directors' fees		89,062	54,266
Rent, taxes, insurance, electricity, etc.		2,358,489	2,108,997
Legal and professional charges		139,897	154,554
Communications		399,561	321,601
Repairs and maintenance		1,055,127	1,114,570
Stationery and printing		279,182	261,308
Advertisement and publicity		360,716	398,567
Donations	30.4	52,299	52,371
Auditors' remuneration	30.5	48,396	51,007
Depreciation	13.2	783,471	579,133
Amortisation	13.3	184,929	235,175
Depreciation on non-banking assets		14,032	12,050
License and technical fee		21,132	19,675
Travelling, conveyance and entertainment		173,877	173,670
Vehicle running expenses		175,163	157,342
Books, periodicals and subscription		80,200	69,886
Brokerage and commission		30,980	46,938
Bank fees and charges		96,350	99,369
Security expenses		491,730	414,620
Public relation and sponsorship		77,612	67,603
Fee and documentation charges		150,063	98,421
Others		107,279	42,754
		<u>12,607,943</u>	<u>11,660,533</u>

30.1 This includes charge amounting to Rs 15.602 million (2016: Rs 30.431 million) in respect of amortisation of prepaid employee benefits as disclosed in note 15.2 to these financial statements.

30.2 The Bank operates a performance management scheme which includes performance bonus for all employees including President and Chief Executive Officer (P&CEO) of the Bank. Under this scheme, the bonus for all employees, including the P&CEO of the Bank is determined on the basis of employees' performance and the Bank's performance during the year. The aggregate amount paid to eligible employees in respect of the above scheme relating to all Executives and the Ex-P&CEO of the Bank amounted to Rs 279.293 million and Rs 36 million respectively (2016: Rs 298.025 million and Rs 36 million respectively).

30.3 This includes accrual of employee benefit in the form of bonus to all permanent employees including President and Chief Executive Officer amounting to Rs 406.891 million (2016: Rs 400 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2017	2016
	-----Rupees '000-----	
30.4 Donations made during the year were as follows:		
Donee		
Patients Aid Foundation	-	1,000
The Citizens Archive of Pakistan	-	975
The Health Foundation	-	671
The Citizens Foundation	-	500
The Layton Rahmatulla Benevolent Trust	-	200
OGS Trust	-	180
Waqf Faisal (Trust)	<u>52,299</u>	<u>48,845</u>
	<u>52,299</u>	<u>52,371</u>
<p>Directors or their spouse have no interest in any of the donee other than 'Waqf Faisal (Trust)' (a charitable public welfare project), where the President and Chief Executive Officer of the Bank is acting as trustee.</p>		
30.5 Auditors' remuneration	2017	2016
	-----Rupees '000-----	
Statutory audit fee	3,300	3,300
Fee for quarterly and annual group reporting	12,033	14,440
Fee for the review of the half yearly financial statements	900	900
Tax services	8,675	8,700
Special certifications and sundry advisory services	20,488	21,667
Out-of-pocket expenses	3,000	2,000
	<u>48,396</u>	<u>51,007</u>
31 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	11,761	12,244
Workers' Welfare Fund	154,382	131,621
	<u>166,143</u>	<u>143,865</u>
32 TAXATION		
For the year		
Current	2,647,657	2,262,905
Deferred	(103,014)	21,688
	<u>2,544,643</u>	<u>2,284,593</u>
For prior years		
Current	(882,491)	(901,138)
Deferred	1,092,374	973,410
	<u>209,883</u>	<u>72,272</u>
	<u>2,754,526</u>	<u>2,356,865</u>
32.1 Relationship between tax expense and accounting profit		
Profit before tax	<u>7,269,312</u>	<u>6,658,637</u>
Tax calculated at the rate of 35% (2016: 35%)	2,544,259	2,330,522
Effect of:		
- permanent differences	4,116	(14,964)
- prior year charge	209,883	72,272
- others	(3,732)	(30,965)
Tax charge for the year	<u>2,754,526</u>	<u>2,356,865</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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33 EARNINGS PER SHARE	2017	2016
	-----Rupees '000-----	
Profit after tax for the year	<u>4,514,786</u>	<u>4,301,772</u>
	Number of shares in thousands	
Weighted average number of ordinary shares outstanding during the year	<u>1,319,736</u>	<u>1,319,736</u>
	-----Rupees-----	
Earnings per share - basic	<u>3.42</u>	<u>3.26</u>

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

34 CASH AND CASH EQUIVALENTS	Note	2017	2016
		-----Rupees '000-----	
Cash and balances with treasury banks	8	37,861,767	37,239,302
Balances with other banks	9	1,872,771	1,139,375
Overdrawn nostros	17.2	(245,631)	(522,742)
		<u>39,488,907</u>	<u>37,855,935</u>

35 NET DEBT RECONCILIATION	Sub-ordinated loans	Other liabilities- mark-up payable*
	-----Rupees '000-----	
Net debt as at January 01, 2017	1,497,000	1,378
Other non-cash movement		
Mark-up accrued	-	92,809
Cash flows		
Principal paid	(1,497,000)	-
Mark-up paid	-	(94,187)
Net debt as at December 31, 2017	<u>-</u>	<u>-</u>

* Mark-up is covered under cashflow from operating activities.

36 STAFF STRENGTH	Note	2017	2016
		Number of employees	
Permanent		3,959	3,592
Temporary / on contractual basis		18	19
Bank's own staff strength at the end of the year		<u>3,977</u>	<u>3,611</u>
Outsourced	36.1	<u>3,053</u>	<u>2,784</u>
Total staff strength		<u>7,030</u>	<u>6,395</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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36.1 Outsourced staff are employees hired by outside contractors / agencies and posted in the Bank to perform various tasks / activities of the Bank.

36.2 The Bank has classified the following outsourcing arrangements as material in compliance with 'Framework for Risk Management in Outsourcing Arrangements by Financial Institutions' issued by the SBP vide Circular No. 6 of 2017 dated June 20, 2017:

S.No	Name of Outsourced Agency	Nature of Service	Estimated Cost (Rupees)
1	E Services (Singapore) Private Limited	Credit Card Hosting and Processing System	92,400,000
2	Euronet Pakistan Private Limited	Technical consolidation of Cards Platform	163,350,000

37 DEFINED BENEFIT PLAN

37.1 General description

The Bank operates an approved funded gratuity scheme for all its permanent employees and employees who are on contractual service in non-management cadre. During the year the Bank has bifurcated the approved funded gratuity scheme into 2 sub-funds that is conventional and Islamic within a single scheme. The benefits under the gratuity schemes are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefits are equal to one month's last drawn basic salary for each year of eligible service or part thereof. The minimum qualifying eligible service for gratuity is 1 year for employees who became members of the Funds before November 12, 2002. In the case of other members of the Funds the minimum qualifying eligible service is 5 years. The minimum qualifying eligible service for contractual employees not employed under the management cadre is 6 months. The latest actuarial valuation of the Bank's defined benefit plan, based on the Projected Unit Credit Actuarial Cost Method, was carried out as at December 31, 2017.

The Gratuity scheme exposes the Bank to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating proper investment plan in consultation with the investment advisors of the Fund.

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Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

37.2 Principal actuarial assumptions	2017		2016
	Conventional	Islamic	
Discount factor used (% per annum)	9.50	9.50	9.50
Expected rate of salary increase (% per annum)	9.50	9.50	9.50
Normal retirement age (years)	60	60	60

37.3 The amount recognised in the statement of financial position are determined as follows:

	Note	2017			2016
		Conventional	Islamic	Total	
-----Rupees '000-----					
Present value of defined benefit obligations	37.5	324,113	325,926	650,039	592,711
Fair value of plan assets	37.5	(374,804)	(315,129)	(689,933)	(644,985)
		<u>(50,691)</u>	<u>10,797</u>	<u>(39,894)</u>	<u>(52,274)</u>

37.4 Plan assets consist of the following:

	2017						2016	
	Quoted	Non-Quoted	Quoted	Non-Quoted	Quoted	Non-Quoted	Quoted	Non-Quoted
	Conventional		Islamic		Total		Total	
-----Rupees '000-----								
Balance with banks and financial institutions	-	20,147	-	315,129	-	355,276	-	212,069
Debit instruments:								
- Government	354,362	-	-	-	354,362	-	170,431	-
- Corporate	295	-	-	-	295	-	262,485	-
	<u>354,657</u>	<u>20,147</u>	<u>-</u>	<u>315,129</u>	<u>354,657</u>	<u>355,276</u>	<u>432,916</u>	<u>212,069</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

37.5 The movement in the defined benefit obligation over the year is as follows:

	2017				Total
	Present value of obligation	Fair value of plan assets	Present value of obligation	Fair value of plan assets	
	Conventional		Islamic		
	-----Rupees '000-----				
At January 1	592,711	(644,985)	-	-	(52,274)
Transfer during the year	(315,000)	315,000	315,000	(315,000)	-
Current service cost	92,472	-	26,889	-	119,361
Interest expense / (income)	45,926	(49,381)	14,606	(15,896)	(4,745)
	138,398	(49,381)	41,495	(15,896)	114,616
	416,109	(379,366)	356,495	(330,896)	62,342
Remeasurements:					
- Return on plan assets, excluding amounts included in interest (income) / expense	-	(1,558)	-	15,767	14,209
- Gain / (loss) from change in financial assumptions	-	-	-	-	-
- Experience (gains) / losses	(22,679)	-	(30,569)	-	(53,248)
	(22,679)	(1,558)	(30,569)	15,767	(39,039)
Contribution	-	(63,197)	-	-	(63,197)
Benefit payments	(69,317)	69,317	-	-	-
At December 31	324,113	(374,804)	325,926	(315,129)	(39,894)

	2016		Total
	Present value of obligation	Fair value of plan assets	
	-----Rupees '000-----		
At January 1	504,297	(620,253)	(115,956)
Current service cost	100,460	-	100,460
Interest expense / (income)	53,882	(64,938)	(11,056)
	154,342	(64,938)	89,404
	658,639	(685,191)	(26,552)
Remeasurements:			
- Return on plan assets, excluding amounts included in interest (income) / expense	-	(18,390)	(18,390)
- Gain / (loss) from change in financial assumptions	(2,831)	-	(2,831)
- Experience (gains) / losses	(4,501)	-	(4,501)
	(7,332)	(18,390)	(25,722)
Contribution	-	-	-
Benefit payments	(58,596)	58,596	-
At December 31	592,711	(644,985)	(52,274)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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37.6 An analysis of present value of defined benefit obligation	2017		2016
	Conventional	Islamic	
	-----Rupees '000-----		
Split by type of members			
(i) Active employees	324,113	325,926	592,711
(ii) Deferred	-	-	-
(iii) Retired members	-	-	-
	<u>324,113</u>	<u>325,926</u>	<u>592,711</u>
Split by vested / non-vested			
(i) Vested benefits	263,723	270,064	480,070
(ii) Non-vested benefits	60,390	55,862	112,641
	<u>324,113</u>	<u>325,926</u>	<u>592,711</u>
Split by cadre of members			
(i) Management	321,187	357,161	584,753
(ii) Non-Management (Contractual)	2,926	(31,235)	7,958
	<u>324,113</u>	<u>325,926</u>	<u>592,711</u>
Split by benefits earned to date			
(i) Present value of guaranteed benefits	141,082	142,327	254,138
(ii) Present value of benefits attributable to future increase in salary	183,031	183,599	338,573
	<u>324,113</u>	<u>325,926</u>	<u>592,711</u>
37.7 Charge for defined benefit plan			
Current service cost	92,472	26,889	100,460
Net interest cost	(3,455)	(1,290)	(11,056)
	<u>89,017</u>	<u>25,599</u>	<u>89,404</u>

37.8 The plan assets and defined benefit obligations are based in Pakistan.

37.9 Assumptions regarding future mortality are set based on the actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

37.10 The sensitivities of the defined benefit obligation to changes in the weighted principal assumptions are as under:

Change in assumption		Impact on defined benefit obligation - Increase / (decrease)			
		Conventional		Islamic	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
-----Rupees '000-----					
Discount rate	1%	(32,009)	37,826	(31,813)	37,443
Salary increase rate	1%	35,814	(30,938)	35,429	(30,733)
		<u>Increase by 1 year in assumption</u>	<u>Decrease by 1 year in assumption</u>	<u>Increase by 1 year in assumption</u>	<u>Decrease by 1 year in assumption</u>
		<u>Conventional</u>		<u>Islamic</u>	
-----Rupees '000-----					
Life expectancy / withdrawal rate		(7,602)	6,795	(7,805)	6,999

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The above analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

37.11 The weighted average duration of the defined benefit obligation is 9.88 years and 10.56 for conventional and Islamic fund respectively.

37.12 Expected maturity analysis of the undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2017	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
----- Rupees '000 -----					
Gratuity - Conventional	<u>16,951</u>	<u>53,453</u>	<u>145,877</u>	<u>9,111,509</u>	<u>9,327,790</u>
Gratuity - Islamic	<u>25,056</u>	<u>42,586</u>	<u>113,753</u>	<u>5,467,090</u>	<u>5,648,485</u>

37.13 Historical information

	2017	2016	2015	2014	2013
----- Rupees '000 -----					
Defined benefit obligation	<u>(650,039)</u>	(592,711)	(504,297)	(528,773)	(541,719)
Fair value of plan assets	<u>689,933</u>	644,985	620,253	602,394	639,308
Surplus / (deficit)	<u>39,894</u>	52,274	115,956	73,621	97,589
Remeasurement of plan liabilities	<u>53,248</u>	7,332	130,961	32,878	16,818
Remeasurement of plan assets	<u>(14,209)</u>	18,390	(15,863)	8,588	(23,823)

37.14 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost of conventional banking and Islamic banking for the next year works out to Rs 68.787 million and Rs 54.835 million respectively, as per the actuarial valuation report of the Bank as at December 31, 2017.

37.15 The disclosure made in notes 37.2 to 37.14 are based on the information included in the actuarial valuation report of the Bank as at December 31, 2017.

38 DEFINED CONTRIBUTION PLAN

The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 10% of the basic salary. The financial statements of the fund are separately prepared and are not included as part of these financial statements.

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39 COMPENSATION OF DIRECTORS AND EXECUTIVES

Particulars	President & Chief Executive Officer		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	----- Rupees '000 -----					
Managerial remuneration	22,001	34,678	-	-	777,316	743,301
Fees	-	-	88,971	54,266	-	-
Charge for defined benefit plan	1,833	2,890	-	-	57,267	54,780
Contribution to defined contribution plan	2,497	3,468	-	-	65,172	61,282
Rent and house maintenance	3,183	5,292	-	-	299,168	285,522
Utilities	279	1,195	-	-	68,578	65,152
Medical	-	29	-	-	47,073	43,928
Leave fare assistance	-	-	-	-	102,047	96,971
Others	310	894	-	-	536,590	488,842
	30,103	48,446	88,971	54,266	1,953,211	1,839,778
Number of persons	2*	1	10	8	688	633

* During the year, Mr Nauman Ansari vacated his office as the President and CEO with effect from May 15, 2017 and Mr Yousaf Hussain was appointed the President and CEO of the Bank with effect from August 15, 2017. Amounts reported include remuneration of both the current and former President and CEO.

39.1 Executives mean employees, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

39.2 The President & Chief Executive and certain senior executives are provided with the Bank's maintained cars in accordance with the terms of their employment.

39.3 In addition to the above, all executives, including the President & Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 30.2 to these financial statements.

40 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.

40.1 Fair value hierarchy

The table below analyses financial and non-financial assets carried at fair value, by valuation method. 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).

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	2017			Total
	Level 1	Level 2	Level 3	
	Rupees '000			
Recurring fair value measurements				
Financial assets				
Investments - net				
Market Treasury Bills	-	123,845,329	-	123,845,329
Pakistan Investment Bonds	-	22,741,324	-	22,741,324
GOP Ijara Sukuk Bonds	-	6,308,601	-	6,308,601
Fully paid up ordinary shares	3,860,342	30,346	-	3,890,688
Term Finance Certificates	-	62,227	-	62,227
Units of open end mutual funds	1,376,986	-	-	1,376,986
Sukuk certificates	-	6,247,055	-	6,247,055
Commitments in respect of forward exchange contracts				
Forward purchase of foreign exchange	-	34,751,660	-	34,751,660
Forward sale of foreign exchange	-	10,655,396	-	10,655,396
Derivative instruments	-	2,361,939	-	2,361,939
Financial liability				
Other Liabilities				
Pakistan Investment Bonds	-	4,245,132	-	4,245,132
Non-recurring fair value measurements				
Non-financial assets				
Operating fixed assets (land and buildings)**	-	-	8,945,278	8,945,278
Non banking assets *	-	-	3,143,415	3,143,415
	2016			
	Level 1	Level 2	Level 3	Total
	Rupees '000			
Recurring fair value measurements				
Financial assets				
Investments - net				
Market Treasury Bills	-	89,672,481	-	89,672,481
Pakistan Investment Bonds	-	44,903,414	-	44,903,414
GOP 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
Financial liability				
Other Liabilities				
Pakistan Investment Bonds	-	-	-	-
Non-recurring fair value measurements				
Non-financial assets				
Operating fixed assets(land and buildings)**	-	-	8,350,363	8,350,363
Non banking assets *	-	-	3,202,821	3,202,821

* The Bank carries Non banking assets as per the accounting policy disclosed in note 7.9 to these financial statements.

** The Bank carries out periodic revaluation of these assets as per the accounting policy disclosed in note 7.6 to these financial statements.

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.

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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.
GOP Ijarah 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.
Unlisted ordinary shares	Break-up value determined on the basis of the NAV of a company using the latest available audited financial statements.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk certificates are determined using the MUFAP rates.
Forward foreign exchange contracts	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.

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Operating fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in note 7.6.
Non banking assets	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in note 7.9.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts use a market based approach to arrive at the fair value of the Bank's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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40.2 Fair value of financial instruments

The book value and fair value of the Bank's assets, liabilities and off-balance sheet items are given below:

	Book Value		Fair Value	
	2017	2016	2017	2016
----- Rupees '000 -----				
On-balance sheet financial instruments				
Assets				
Cash and balances with treasury banks	37,861,767	37,239,302	37,861,767	37,239,302
Balances with other banks	1,872,771	1,139,375	1,872,771	1,139,375
Lendings to financial institutions	9,010,335	5,000,000	9,010,335	5,000,000
Investments	179,706,358	170,210,137	179,759,728	170,560,812
Advances	231,532,160	204,830,997	231,101,672	204,830,997
Other assets	6,180,734	5,410,164	6,180,734	5,410,164
	<u>466,164,125</u>	<u>423,829,975</u>	<u>465,787,007</u>	<u>424,180,650</u>
Liabilities				
Bills payable	7,304,326	5,982,285	7,304,326	5,982,285
Borrowings	54,788,547	52,806,084	54,788,547	52,806,084
Deposits and other accounts	373,081,163	340,306,404	373,081,163	340,306,404
Sub-ordinated loans	-	1,497,000	-	1,509,133
Other liabilities	12,729,642	8,395,089	12,729,642	8,395,089
	<u>447,903,678</u>	<u>408,986,862</u>	<u>447,903,678</u>	<u>408,998,995</u>
Off-balance sheet financial instruments				
Forward purchase of foreign exchange	<u>33,594,675</u>	<u>26,599,238</u>	<u>34,751,660</u>	<u>26,508,068</u>
Commitments in respect of repurchase transactions	<u>26,440,962</u>	<u>31,743,703</u>	<u>26,440,962</u>	<u>31,743,703</u>
Forward sale of foreign exchange	<u>10,258,375</u>	<u>9,413,147</u>	<u>10,655,396</u>	<u>9,422,329</u>
Commitments in respect of resale transactions	<u>6,384,415</u>	<u>5,312,485</u>	<u>6,384,415</u>	<u>5,312,485</u>
Derivative financial instruments	<u>2,361,939</u>	<u>877,690</u>	<u>2,416,262</u>	<u>891,298</u>

The fair value of quoted investments is based on quoted market prices. Unquoted equity securities are valued at lower of cost and break-up value as per the latest available audited financial statements. Other unquoted securities are valued at cost less impairment losses. The provision for impairment in the value of investments has been determined in accordance with the accounting policy as stated in note 7.4 to these financial statements.

In the opinion of the management, the fair value of remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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41 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.

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Total
----- Rupees '000 -----					
December 31, 2017					
Total income ***	229,647	5,253,772	25,270,586	3,628,514	34,382,519
Total expenses	(148,922)	(4,296,047)	(23,172,580)	(2,250,184)	(29,867,733)
Net income	<u>80,725</u>	<u>957,725</u>	<u>2,098,006</u>	<u>1,378,330</u>	<u>4,514,786</u>
Segment assets (Gross)	-	186,246,334	105,912,738	223,861,658	516,020,730
Segment non performing loans	-	-	4,475,747	22,845,329	27,321,076
Segment provision required against loans **	-	-	(3,566,897)	(20,728,170)	(24,295,067)
Segment liabilities	-	(37,997,772)	(374,881,766)	(35,915,093)	(448,794,631)
Segment return on assets (ROA) (%) *	<u>-</u>	<u>0.50%</u>	<u>2.60%</u>	<u>0.75%</u>	
Segment cost of funds (%) *	<u>-</u>	<u>5.01%</u>	<u>3.47%</u>	<u>5.82%</u>	
December 31, 2016					
Total income***	404,743	7,317,911	22,403,734	3,006,711	33,133,099
Total expenses	(168,689)	(4,577,603)	(21,517,059)	(2,567,976)	(28,831,327)
Net income	<u>236,054</u>	<u>2,740,308</u>	<u>886,675</u>	<u>438,735</u>	<u>4,301,772</u>
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) (%) *	<u>-</u>	<u>1.58%</u>	<u>1.10%</u>	<u>(0.26%)</u>	
Segment cost of funds (%) *	<u>-</u>	<u>4.77%</u>	<u>3.75%</u>	<u>5.55%</u>	

* These percentages have been computed based on average balances.

** Includes general provision.

*** Net of share of loss of associate.

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42 RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its holding company, associated undertakings, 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.

	2017				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
	Rupees '000				
Deposits					
Balance at the beginning of the year	76,655	921,493	3,173	981,862	1,891,917
Placements during the year	1,157,248	2,690,833	5,068,336	1,758	56,979,416
Withdrawals during the year	(1,100,474)	(2,148,553)	(5,068,708)	(982,998)	(57,196,262)
Balance at end of the year	<u>133,409</u>	<u>1,463,773</u>	<u>2,801</u>	<u>622</u>	<u>1,675,071</u>
Advances *					
Balance at the beginning of the year	84,388	-	-	-	3,987,241
Disbursements during the year	151,533	-	-	-	792,376
Repayments during the year	(81,199)	-	-	-	(143,089)
Balance at end of the year	<u>154,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,636,528</u>
Investments **					
Balance at the beginning of the year	-	-	46,032	-	3,567,571
Disbursements / purchases during the year	-	-	-	-	367,999
Repayments / sales / share of loss during the year	-	-	(22,863)	-	(152,999)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>23,169</u>	<u>-</u>	<u>3,782,571</u>
Commission income receivable					
	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>-</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 2,317.947 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2016				
	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>
Commission income receivable	<u>-</u>	<u>-</u>	<u>810</u>	<u>-</u>	<u>-</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.

42.1 Balances pertaining to parties that were related at the beginning of the year 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.

42.2 Details of outstanding investments and donations made during the year relating to related parties are given in notes 11 and 30.4 to these financial statements. Details of advances to the companies or firms in which the directors of the Bank are interested as directors, partners or in case of private companies as members, loans due by directors, executives, subsidiary companies and other related parties are given in note 12.9 to these financial statements. Contributions to and accruals in respect of retirement benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer notes 37 and 38 to these financial statements for the details of the plans). Remuneration of the President and Chief Executive Officer, directors' fee and certain related information are disclosed in note 39 and 30.2 to these financial statements. Such remuneration is determined in accordance with the terms of their employment. Details of disposal of vehicles to key management personnel and other executives are disclosed in Annexure IV to these financial statements. Details of shares held by the holding company are disclosed in note 21.3 to these financial statements. Details of assets held under trust arrangement on behalf of the related parties are given in note 45 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Particulars	2017				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other related parties
	----- Rupees '000 -----				
Shares / units purchased during the year	-	-	-	-	367,999
Shares / units sold during the year	-	-	-	-	149,460
Government securities purchased during the year	348,535	574,589	-	-	-
Government securities sold during the year	355,850	1,213,591	-	-	861,693
Profit paid / accrued	1,410	43,025	302	-	75,582
Profit return / earned	5,387	-	-	-	43,388
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	314,788	-	-	-	-
- Post-employment benefits	15,597	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	251,732	-	-	-
Dividend income	-	-	-	-	57,379
Capital loss - net	-	-	-	-	3,539
Guarantees issued favouring related parties or on their behalf	-	-	-	-	29,397*
Trade related commitments	-	-	-	-	1,114,678
Share of loss from associate	-	-	22,863	-	-
Commission income earned	-	-	18,643	-	-
Dividend paid	-	-	-	-	-
Shares issued as fully paid up bonus shares (note 21.3)	111	-	-	801,165	63,532

Particulars	2016				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other related parties
	----- Rupees '000 -----				
Shares / units purchased during the year	-	-	-	-	764,219
Shares / units sold during the year	-	-	-	-	844,970
Government securities purchased during the year	517,092	-	-	-	2,987
Government securities sold during the year	473,929	189,940	-	-	1,509,202
Profit paid / accrued	1,726	37,241	279	-	27,402
Profit return / earned	4,290	-	-	-	61,922
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	314,650	-	-	-	-
- Post-employment benefits	19,252	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	218,055	-	-	-
Dividend income	-	-	-	-	86,933
Capital loss	915	-	-	-	(5,559)
Guarantees issued favouring related parties or on their behalf	-	-	-	-	29,397*
Trade related commitments	-	-	-	-	1,900,000
Share of loss from associate	-	-	22,050	-	-
Commission income earned	-	-	10,000	-	-
Dividend paid	120	-	-	801,165	63,532
Shares issued as fully paid up bonus shares	-	-	-	-	-

* represents outstanding guarantee

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

43 CAPITAL - ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of Banks vide its communication dated November 05, 2014. These disclosures are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by Banks in Pakistan. Basel III instructions have become effective from December 31, 2013. However, there is a transitional phase for implementation of Basel III requirements whereas the complete requirements would become applicable with full implementation by December 31, 2019.

The Basel III Capital Regulation (Basel III) is applicable to the Bank and its associate Faysal Asset Management Limited (FAML). The Bank has no subsidiary therefore as per regulatory guidelines, consolidation is not required for reporting / disclosure purpose.

Under Basel III framework, the Bank's regulatory capital has been analyzed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:

- a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after deductions for investments in majority owned securities (to the extent of 10%, during transition phase), threshold deductions on deferred tax assets, reciprocal crossholdings and deduction for book value of intangibles.
- b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria.

Presently the Bank does not have any AT1 capital.

- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (as per Basel III phase in approach requirement).
- The deductions from Tier II capital mainly involves reciprocal crossholdings and investment in majority owned securities (to the extent of 10%, during transition phase).

Banking operations are categorized in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

Capital Management

The objective of capital management is to ensure the Bank's ability to operate as a going concern by maintaining appropriate capital base in line with minimum regulatory requirements. The Bank has implemented the applicable requirements of Basel III capital adequacy framework that applies to all Banks as prescribed under BPRD Circular No. 06 of August 15, 2013 and amendments made by the State Bank of Pakistan through various circulars. The Bank has adopted Standardized Approach for Credit and Market Risks and Basic Indicator Approach for Operational Risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

The Bank ensures that it:

- a) complies with the capital requirements set by the State Bank of Pakistan;
- b) safeguards the Bank's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders; and
- c) maintains a strong capital base to support the developments of its business.

Capital adequacy is regularly monitored by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as per the requirements of the SBP. The required information is submitted to the SBP on a quarterly basis.

As at December 31, 2017 the SBP requires each bank or banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10.00%; and (c) maintain Common Equity Tier I (CET1) ratio and Tier 1 ratio of 6.0% and 7.5% respectively.

With effect from December 31, 2017, an additional Capital Conservation Buffer (CCB) of 1.275% (to be met from CET1) has to be maintained over and above the minimum required level.

The paid-up capital of the Bank for the year ended December 31, 2017 stood at Rs 13.197 billion (2016: Rs 11.998 billion). As at December 31, 2017, the Bank's CAR stood at 15.90% whereas CET1 and Tier 1 ratios both stood at 14.00%.

The Bank is also in compliance with the CCB requirements.

Book value of intangible assets including software are deducted from Tier 1 capital whereas investment in associate as disclosed in Note 11.1 is deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital. The SBP through BPRD Circular No. 06 of August 15, 2013 has introduced new capital deductions under Basel III framework, such as Deferred Tax Asset (DTA), surplus on revaluation of assets etc. The newly prescribed deductions are applicable in a phased manner requiring 20% of applicable deductions from December 31, 2014. The deductions will increase by 20% each year and will be fully implemented from December 31, 2019.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature and reflection of an estimate of credit, market and operational risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect the more contingent nature of the associated risks.

The Bank will continue to maintain the required regulatory capital either through its risk management strategies or by increasing the capital requirements in line with the business and capital needs.

The required capital adequacy ratio is achieved by the Bank through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

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43.1 Capital adequacy ratio

The capital to risk weighted assets ratio, calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for Credit and Market Risks and Basic Indicator Approach for Operational Risk is presented below:

Particulars	2017	2016
	Amount	
	----- Rupees '000 -----	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
- Fully paid-up capital / capital deposited with the SBP	13,197,361	11,997,601
- Balance in share premium account	10,131	10,131
- Reserve for issue of bonus shares	-	-
- Discount on issue of shares	-	-
- General / statutory reserves	7,926,207	7,148,117
- Gains / (losses) on derivatives held as cash flow hedge	-	-
- Unappropriated profit	12,527,973	9,985,870
- Minority interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before regulatory adjustments	33,661,672	29,141,719
Total regulatory adjustments applied to CET1 (Note 43.1.1)	1,090,867	1,264,805
Common Equity Tier 1 (a)	32,570,805	27,876,914
Additional Tier 1 (AT 1) Capital		
- Qualifying Additional Tier-1 instruments plus any related share premium of which:		
- classified as equity	-	-
- classified as liabilities	-	-
- Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties of which:		
- instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total regulatory adjustment applied to AT1 capital (Note 43.1.2)	-	-
Additional Tier 1 capital after regulatory adjustments	-	-
Additional Tier 1 capital recognised for capital adequacy (b)	-	-
Tier 1 Capital (CET1 + admissible AT1) (c=a+b)	32,570,805	27,876,914

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Particulars	2017	2016
	Amount	
	----- Rupees '000 -----	
Tier 2 Capital		
- Qualifying Tier 2 capital instruments under Basel III	-	-
- Tier 2 capital instruments subject to phase out arrangement	-	-
- Tier 2 capital instruments issued to third party by consolidated subsidiaries of which:		
- instruments issued by subsidiaries subject to phase out	-	-
- General provisions or general reserves for loan losses-up to maximum of 1.25% of credit risk weighted assets	568,666	464,257
- Revaluation reserves of which:		
- revaluation reserves on fixed assets	3,854,430	2,971,880
- unrealized gain / (loss) on AFS	1,290	612,144
- Foreign exchange translation reserves	-	-
- Undisclosed / other reserves (if any)	-	-
T2 before regulatory adjustments	4,424,386	4,048,281
Total regulatory adjustment applied to T2 capital (Note 43.1.3)	2,317	9,206
Tier 2 capital (T2) after regulatory adjustments	4,422,069	4,039,075
Portion of Tier 1 capital recognised in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy (d)	4,422,069	4,039,075
TOTAL CAPITAL (T1 + admissible T2) (e=c+d)	36,992,874	31,915,989
Total risk weighted assets (for details refer note 43.4)	232,685,032	218,344,080

Particulars	2017	2016
	Percentage	
Capital ratios and buffers (in percentage of risk weighted assets)		
- CET1 to total RWA (a / i)	14.00%	12.77%
- Tier-1 capital to total RWA (c / i)	14.00%	12.77%
- Total capital to RWA (e / i)	15.90%	14.62%
- Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	7.275%	6.65%
- capital conservation buffer requirement	1.275%	0.65%
- counter cyclical buffer requirement	-	-
- Domestic Systemically Important Banks (SIB) or Global SIB buffer requirement	-	-
- CET1 available to meet buffers (as a percentage of risk weighted assets)	6.72%	6.12%
National minimum capital requirements prescribed by the SBP		
- CET1 minimum ratio	6.00%	6.00%
- Tier 1 minimum ratio	7.50%	7.50%
- Total capital minimum ratio	11.275%	10.65%

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Particulars	2017		2016	
	Amount	Pre - Basel III treatment*	Amount	Pre - Basel III treatment*

----- Rupees '000 -----

43.1.1 Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	1,088,550	-	1,196,144	-
Shortfall in provisions against classified assets	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	59,455	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of fixed assets / AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold	-	-	-	-
of which: significant investments in the common stocks of financial entities	-	-	-	-
of which: deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investments in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,317	2,317	9,206	9,206
Total regulatory adjustments applied to CET1	1,090,867	2,317	1,264,805	9,206

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

Investment in mutual funds exceeding the prescribed limit	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-	-
Adjustments to additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustment applied to AT1 capital	-	-	-	-

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Particulars	2017		2016	
	Amount	Pre - Basel III treatment*	Amount	Pre - Basel III treatment*

----- Rupees '000 -----

43.1.3 Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	2,317	2,317	9,206	9,206
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Total regulatory adjustment applied to T2 capital	2,317	2,317	9,206	9,206

* This column highlights items that are still subject to Basel II treatment during the transitional period.

43.1.4 Additional Information

	2017	2016
	----- Rupees '000 -----	
“Risk weighted assets” subject to pre-Basel III treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)		
of which: deferred tax assets	-	-
of which: defined-benefit pension fund net assets	-	-
of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	1,277,205	1,466,384
Significant investments in the common stock of financial entities	18,535	27,619
Deferred tax assets arising from temporary differences (net of related tax liability)	2,015,172	2,738,996
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	568,665	464,256
Cap on inclusion of provisions in Tier 2 under standardized approach	2,352,986	2,065,837
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

43.2 Capital Structure Reconciliation

43.2.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting

Particulars	2017	
	Balance sheet	Under regulatory scope of reporting
	----- Rupees '000 -----	
Assets		
Cash and balances with treasury banks	37,861,767	37,861,767
Balances with other banks	1,872,771	1,872,771
Lendings to financial institutions	9,010,335	9,010,335
Investments	179,706,358	179,706,358
Advances	231,532,160	231,532,160
Operating fixed assets	12,939,625	12,939,625
Deferred tax assets - net	1,607,625	1,607,625
Other assets	13,496,266	13,496,266
Total assets	488,026,907	488,026,907
Liabilities and equity		
Bills payable	7,304,326	7,304,326
Borrowings	54,788,547	54,788,547
Deposits and other accounts	373,081,163	373,081,163
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	-
Other liabilities	13,620,595	13,620,595
Total liabilities	448,794,631	448,794,631
Represented by:		
Share capital	13,197,361	13,197,361
Reserves	7,936,338	7,936,338
Unappropriated profit	12,527,973	12,527,973
Surplus on revaluation of assets - net of tax	5,570,604	5,570,604
	39,232,276	39,232,276
Total liabilities and equity	488,026,907	488,026,907

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43.2.2 Reconciliation of balance sheet to eligible regulatory capital

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
-----Rupees '000-----			
Assets			
Cash and balances with treasury banks		37,861,767	37,861,767
Balances with other banks		1,872,771	1,872,771
Lendings to financial institutions		9,010,335	9,010,335
Investments of which:		179,706,358	179,706,358
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	-	-
- others	e	-	-
Advances		231,532,160	231,532,160
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	568,666	568,666
Operating fixed assets of which:		12,939,625	12,939,625
- Intangibles	k	1,088,550	1,088,550
Deferred tax assets of which:		1,607,625	1,607,625
- DTAs that rely on future profitability excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets of which:		13,496,266	13,496,266
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		488,026,907	488,026,907
Liabilities and Equity			
Bills payable		7,304,326	7,304,326
Borrowings		54,788,547	54,788,547
Deposits and other accounts		373,081,163	373,081,163
Sub-ordinated loans of which:		-	-
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:		-	-
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	-	-
Other liabilities		13,620,595	13,620,595
Total liabilities		448,794,631	448,794,631
Share capital		13,197,361	13,197,361
- of which: amount eligible for CET1	s	13,197,361	13,197,361
- of which: amount eligible for AT1	t	-	-
Reserves of which:		7,936,338	7,936,338
- portion eligible for inclusion in CET1 - Statutory reserves	u	7,145,382	7,145,382
- portion eligible for inclusion in CET1 - General and other reserves	v	790,956	790,956
- portion eligible for inclusion in Tier 2	w	-	-
Unappropriated profit		12,527,973	12,527,973
Minority Interest of which:		-	-
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets of which:		5,570,604	5,570,604
- Revaluation reserves on fixed assets		4,330,820	4,330,820
- Revaluation reserves on non banking assets acquired in satisfaction of claims		1,238,335	1,238,335
- Unrealized gains / (losses) on AFS securities	aa	1,449	1,449
- In case of deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and equity		488,026,907	488,026,907

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43.2.3 Basel III Disclosure (with added column)

Particulars	Source based on reference number from 43.2.2	Component of regulatory capital reported by the Bank
----Rupees '000----		
Common equity Tier 1 capital (CET1): instruments and reserves		
1 Fully paid-up capital		13,197,361
2 Balance in share premium account	(s)	10,131
3 Reserve for issue of bonus shares		-
4 General / statutory reserves		7,926,207
5 Gain / (losses) on derivatives held as cash flow hedge	(u)	-
6 Unappropriated profit	(w)	12,527,973
7 Minority interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
8 CET 1 before Regulatory Adjustments		33,661,672
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	(j) - (s)	
10 All other intangibles (net of any associated deferred tax liability)	(k) - (p)	1,088,550
11 Shortfall of provisions against classified assets	(f)	-
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(h) - (r) * 60%	-
13 Defined-benefit pension fund net assets	(l) - (q) * 60%	-
14 Reciprocal cross holdings in CET1 capital instruments	(d)	-
15 Cash flow hedge reserve		-
16 Investment in own shares / CET1 instruments		-
17 Securitization gain on sale		-
18 Capital shortfall of regulated subsidiaries		-
19 Deficit on account of revaluation from bank's holdings of fixed assets / AFS securities	(ab)	-
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
22 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i) * 60%	-
23 Amount exceeding 15% threshold of which:		-
- significant investments in the common stocks of financial entities		-
- deferred tax assets arising from temporary differences		-
24 National specific regulatory adjustments applied to CET1 capital of which:		-
- investment in TFCs of other banks exceeding the prescribed limit		-
- any other deduction specified by the SBP		-
25 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		2,317
26 Total regulatory adjustments applied to CET1		1,090,867
Common equity tier 1		32,570,805
Additional Tier 1 (AT 1) Capital		
27 Qualifying additional Tier-1 instruments plus any related share premium of which:		-
- classified as equity	(t)	-
- classified as liabilities	(m)	-
28 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
- of which: instrument issued by subsidiaries subject to phase out		-
29 AT1 before regulatory adjustments		-

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Particulars	Source based on reference number from 43.2.2	Component of regulatory capital reported by the Bank
----Rupees '000----		
Additional Tier 1 Capital: regulatory adjustments		
30		-
31		-
32		-
33	(ac)	-
34	(ad)	-
35		-
36		-
37		-
38		-
39		-
Tier 1 Capital (CET1 + admissible AT1)		32,570,805
Tier 2 Capital		
40	(n)	-
41		-
42	(z)	-
43	(g)	568,666
44		3,855,720
		3,854,430
		1,290
45	(v)	-
46		-
47		4,424,386
Tier 2 Capital: regulatory adjustments		
48		2,317
49	(d)	-
50		-
51	(ae)	-
52	(af)	-
53		2,317
54		4,422,069
55		4,422,069
56		-
57		4,422,069
TOTAL CAPITAL (T1 + admissible T2)		36,992,874

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43.3 Main features of regulatory capital instruments

S. No.	Main Features	Common Shares
1	Issuer	Faysal Bank Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	FABL
3	Governing law(s) of the instrument	Relevant Capital Market Laws
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / group & solo	Solo
7	Instrument type	Ordinary shares
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	13,197,361
9	Par value of instrument	10
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend / coupon	N/A
18	Coupon rate and any related index / benchmark	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non - Cumulative
23	Convertible or non-convertible	Non - Convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation	Common equity (ranks after all creditors including depositors)
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

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FOR THE YEAR ENDED DECEMBER 31, 2017

43.4 Risk Weighted Assets

Credit risk

On-Balance sheet

Portfolios subject to standardized approach (Comprehensive)

	Capital Requirements		Risk Weighted Assets	
	2017	2016	2017	2016
	----- Rupees '000 -----			
- Sovereign	10,604	10,495	94,051	98,541
- Public Sector entities	342,412	530,425	3,036,917	4,980,516
- Banks	244,232	109,186	2,166,136	1,025,223
- Corporate	11,111,157	9,119,572	98,546,844	85,629,788
- Retail	3,188,861	2,191,855	28,282,584	20,580,796
- Residential Mortgages	168,135	141,704	1,491,217	1,330,552
- Past Due loans	404,923	662,960	3,591,339	6,224,977
- Operating Fixed Assets	1,290,258	1,111,962	11,443,527	10,440,955
- Other assets	1,386,806	1,346,555	12,299,828	12,643,710
	18,147,388	15,224,714	160,952,443	142,955,058

Off-Balance sheet

Non-market related

- Loan Repayment Guarantees	1,307,153	1,220,045	11,593,377	11,455,820
- Purchase and Resale Agreements	12,392	10,393	109,909	97,590
- Performance Bonds etc	305,702	197,722	2,711,326	1,856,548
- Revolving underwriting Commitments	892,906	512,209	7,919,348	4,809,476
- Stand By Letters of Credit	363,851	243,113	3,227,063	2,282,749
	2,960,474	2,212,400	26,256,983	20,773,715

Market related

- Derivative Instruments	9,974	7,406	88,458	69,543
- Foreign Exchange Contracts	68,496	21,512	607,502	201,989
	2,960,474	2,212,400	26,256,983	20,773,715

Equity Exposure Risk in the Banking Book

Under simple risk weight method

- Listed Shares	102,484	163,816	908,947	1,538,182
- Unlisted Shares	13,589	-	120,519	-
	116,073	163,816	1,029,466	1,538,182
Total Credit Risk-Weighted Exposures	21,223,935	17,600,930	188,238,892	165,266,955

Market Risk - capital requirement for portfolios subject to standardised approach

- Interest rate risk	406,949	1,355,498	3,609,303	12,727,683
- Equity position risk	856,716	811,816	7,598,370	7,622,690
- Foreign exchange risk	18,241	4,946	161,781	46,438
Total market risk	1,281,906	2,172,260	11,369,454	20,396,811

Operational Risk - Capital requirement for operational risks

Total operational risk	3,729,396	3,480,453	33,076,686	32,680,314
	26,235,237	23,253,643	232,685,032	218,344,080

Capital Adequacy Ratio	2017		2016	
	Required	Actual	Required	Actual
Total Eligible Regulatory Capital held		36,993,057		31,915,989
CET1 to total RWA	6.00%	14.00%	6.00%	12.77%
Tier-1 capital to total RWA	7.50%	14.00%	7.50%	12.77%
Total capital to total RWA	11.275%	15.90%	10.65%	14.62%

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43.5 The SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011 has advised the Bank that the deduction of intangible assets, as appearing under Tier-I capital, would be limited to the extent of the amount of the intangible assets recognized as negative goodwill. Whereas, the portion of Deferred Tax Liabilities (DTL) created due to such intangible assets would not be netted against Deferred Tax Assets (DTA) for calculation of CAR.

43.6 In accordance with the Regulatory Capital Framework under Basel III issued by the SBP, Banks are required to deduct from Common Equity Tier I capital - regulatory adjustments, any shortfall in provisions required against classified assets irrespective of any relaxation allowed by the SBP.

43.7 The benefit of the FSV allowed by the SBP has not been deducted from Common equity Tier I capital - regulatory adjustments of the Bank based on a clarification issued by the SBP through its letter BSD/BAI-1/220/452/2009 dated April 27, 2009 in accordance with section 1.1 of the SBP Capital adequacy guidelines.

43.8 Leverage Ratio

SBP vide BPRD Circular No. 06 dated August 15, 2013 introduced leverage ratio (Tier 1 Capital to total exposure) under Basel III Framework. Banks are required to maintain minimum leverage ratio of 3% and to disclose the same from December 31, 2015. At Present, the leverage ratio is on parallel run till December 31, 2017. Based on the results of the parallel run period, the SBP intends to make any final adjustments to the definition and calibration of the leverage ratio with a view to set the leverage ratio requirements as a separate capital standard on December 31, 2018.

The leverage ratio of the Bank for the year ended December 31, 2017 stood at 5.24% (2016: 5.08%).

Particulars	2017	2016
	-----Rupees '000-----	
On balance sheet exposures		
On-balance sheet items (excluding derivatives but including collateral)	486,936,040	443,186,739
Derivatives	1,157,061	97,309
A) Total on balance sheet exposures	<u>488,093,101</u>	<u>443,284,048</u>
Off balance sheet exposures		
Off-balance sheet items (excluding derivatives)	132,891,442	104,751,059
Commitment in respect of derivatives (derivatives having negative fair value are also included)	447,305	359,525
B) Total off balance sheet exposures	<u>133,338,747</u>	<u>105,110,584</u>
Capital and total exposures		
Tier 1 capital	<u>32,570,805</u>	<u>27,876,914</u>
Total exposure (A+B)	<u>621,432,038</u>	<u>548,394,632</u>
Leverage ratio	<u>5.24%</u>	<u>5.08%</u>

44 RISK MANAGEMENT

Risk Management Group (RMG) has been organized under the Chief Risk Officer (CRO). It has been authorized by the Board of Directors (BoD) to monitor the implementation of various risk policies via implementation of an integrated risk management framework across the Bank. As an ongoing exercise to integrate Risk related functions, RMG has been expanded, strengthened and entrusted to monitor the risk areas across the organisation, including adoption & convergence towards Regulatory & Basel guidelines on Risk Management.

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The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are timely & accurately identified and assessed, properly documented, approved and adequately monitored and managed in order to ensure that risk taking activities are in line with the guidelines approved by the BoD and to protect the interests of the Bank's depositors and shareholders.

The "Risk Management Framework" at the Bank encompasses:

- Scope of risks to be managed;
- Process, systems and procedures to manage risk; and
- Roles and responsibilities of individuals involved in risk management.

The Bank has adopted an approach that gives an integrated view of the risks faced by the organisation. This calls for aligning strategic vision, policy objectives and business processes / procedures with the Risk Management framework. The management of risk is integrated with the Bank's management of capital and strategy. This ensures that risks taken in pursuit of the Bank's strategic objectives are consistent with the policies, translating into targeted shareholder return as well as the Bank's desired credit rating and risk appetite.

With this in view, the risk management framework endeavours to be a comprehensive and evolving guidelines to cater to changing business dynamics. The risk management framework includes:

- Clearly defined risk management policies;
- Well constituted organisational structure; and
- Mechanism for ongoing review of credit policies and procedures and risk exposures.

The "Risk Management Framework" is built on the following elements:

- Comprehensive risk governance; and
- Effective risk processes.

The Bank has developed and implemented a governance and management structure, processes surrounding each risk area, including credit risk, market risk, liquidity risk, capital management, operational risk and information security risk.

The essential components which contribute in effective management of all these risks are as follows:

- Active Board / senior management strategic direction and centralized RMG oversight;
- Sufficient policies, procedures and limits;
- Adequate risk measurement, monitoring and management information systems; and
- Comprehensive internal controls.

The Board of Directors (BoD) monitoring and oversight is facilitated through the Board Risk Management Committee (BRMC), comprising of Directors including the President & CEO. It is appointed and authorized by the BoD to assist in the design, regular evaluation and timely updation of the Risk Management framework. The BRMC has further authorized management committees such as Country Credit Committee (CCC), Enterprise Risk Management Committee (ERMC) and Assets & Liabilities Committee (ALCO) to supervise risk management activities within their respective areas.

In order to have an effective and efficient risk assessment, and to closely align its functions with Business, RMG has separate Risk management functions for Credit Risk Management, based on the specialised skill sets & required specific experience in various business segments. These functions comprise of Corporate Risk, CBSME, Agri and Retail Risk Management.

The common responsibilities of all Credit Risk Management functions include:

- Conduct a thorough and independent due diligence of the proposed / existing exposures in the respective Risk portfolios.

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- Work with Compliance to ensure conformity to the relevant Government regulations, SBP PRs as well as internal policies.
- Work with Relationship teams to structure exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure adequate risk coverage.

The Risk Management architecture is further fostered by Enterprise Risk Management, Credit Administration, Risk Policy & Portfolio Management and Information Security functions.

- The Enterprise Risk Management function is responsible for managing and controlling Market, Operational and Liquidity Risks at an enterprise level and monitoring regulatory capital requirements of the Bank.
- Credit Administration Department looks after the security, loan documentation, disbursement and post disbursement monitoring aspects of the credit portfolio.
- Risk Policy & Analytics department serves as an independent check in Risk Management function. It performs periodic review of all credit related portfolios (Corporate, CBSME, Retail, Agri, SAM) and analyzes portfolio compositions, risk rating distributions, emerging trends of NPLs, renewal status of RAs as per policy and other policy related matters. It also formulates / updates credit policies (along with various limits prescribed therein) in line with regulatory environment, business strategy, BoD approvals and best practices.
- The Information Security Risk function is responsible for Information Security Risk identification, monitoring and reporting.

44.1 Credit Risk

Credit risk is the identification of probability that a counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from both direct lending activities as well as contingent liabilities.

The Bank's credit risk philosophy is based on the Bank's overall business strategy and direction as established and approved by the Board of Directors. The Bank is committed to the appropriate level of due diligence to ensure that credit risks have been properly analyzed, fully disclosed to the approving authorities and appropriately rated, structured, priced and documented.

The Bank deals with many different types of borrowers and borrowing structures across the corporate, commercial, SME and Retail segments. The Bank manages customer credit risk exposures within appropriate limits to ensure that it does not provide a disproportionate level of credit to a single customer or group of connected clients. The Bank follows aggregation principles – summing of credit risk limits to the same customer, or group of connected clients – to identify and manage effectively all significant credit risk exposures to a single customer within an individual business and, where appropriate, across other business segments.

The Bank has well-defined credit approval and review processes under which senior officers with the requisite credit background, critically scrutinize, assess & discuss associated risks and advise/recommend / review / approve credit facilities & financing, through respective Credit Committees. Besides financial, industry and transaction analysis, in order to quantify risks of counterparty, the credit evaluation also includes risk rating model to evaluate risk rating of the customers which is then monitored on a portfolio basis to gauge the Bank's credit portfolio quality. To avoid risk concentration, counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

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With a view to develop and effectively manage a diversified credit portfolio within each Business segment (as an integral part of the Credit Risk Management process), the Bank has adopted the concept of an industry / sector-wise exposure concentration grid which dictates target market exposures.

As part of the Bank's portfolio strategy and planning activity, these industry concentration limits are continually overseen by the management against the Bank's approved exposures in these sectors and reviewed by the Board Risk Management Committee (BRMC) in its meetings with an aim to monitor the overall risk and to avoid high exposure to a single group or industry.

44.1.1 Segment by class of business

Credit Risk Management (CRM) Framework covers three business segments: Corporate Risk Management, Commercial Banking & SME (including Agri) Risk Management and Retail Risk Management. Based on overall guidance provided by a recognized & established external consultant, in line with global best practices while ensuring regulatory compliance and alleviation of any (perceived) conflicts of interest, credit management process has been segregated into two distinct categories:

- Independent Risk Advice by Risk Management function
- Credit Approvals by Credit Committee(s), while taking into consideration the Business Unit recommendations / approvals and independent Risk Advice.

With this segregation, the role of Risk Management function in credit approval process is focused to provide Risk Advice only, based on key risk parameters; whereas relevant Credit Committees are responsible for providing Credit related Approvals.

The common responsibilities of Corporate Risk Management and Commercial Banking & SME (including Agri) Risk Management include:

- Conduct a thorough and independent due diligence of the proposed / existing exposures in the credit portfolio.
- Work with the relationship team to advise on structure of exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets/ capital allocation to ensure risk coverage.
- Work with Compliance to ensure conformity to the relevant Government regulations, SBP Prudential Regulations as well as internal policies.
- Work with the independent Credit Risk Review team (under Internal Audit) for effective and periodic review of the credit portfolio.

Retail Risk Management is responsible for managing the credit risk of consumer finance credit products, with credit facilities extended to individual (non-corporate) customers. The Consumer Finance / Retail Finance function operates on product program approach, which are approved by the Country Credit Committee & subsequently by the BoD. The Retail Risk Management provides its input on risk parameters in terms of 'Risk Advice', at the time of approval/ changes in product programs. Retail Risk Management also ensures that all the ongoing individual credit approvals are within pre-defined risk parameters as per the approved product programs.

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Segmental information in respect of the class of business, by sector including related provision and classified advances and geographical distribution of advances, deposits, and contingencies and commitments is given below:

	2017					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Chemical and pharmaceuticals	9,394,865	3.67	5,090,760	1.36	4,700,200	8.25
Agriculture	22,130,158	8.65	8,132,256	2.18	1,664,572	2.92
Textile	27,303,613	10.67	2,480,338	0.66	3,008,728	5.28
Cement	3,639,678	1.42	4,163,777	1.12	1,580,542	2.77
Sugar	7,939,423	3.10	70,705	0.02	71,358	0.13
Construction	6,546,600	2.56	6,476,000	1.74	1,728,443	3.03
Ready made garments	3,228,267	1.26	641,470	0.17	499,222	0.88
Footwear and leather garments	1,462,689	0.57	181,834	0.05	387,686	0.68
Automobile and transportation equipment	471,975	0.18	4,407,175	1.18	377,269	0.66
Financial	3,687,306	1.44	20,061,063	5.38	2,136,464	3.75
Oil refining / marketing	7,512,086	2.94	7,056,748	1.89	5,620,432	9.86
Distribution / trading	19,179	0.01	50,521,624	13.54	4,130,346	7.25
Electronics and electrical appliances	6,395,397	2.50	1,451,360	0.39	753,942	1.32
Production and transmission of energy	44,279,918	17.31	4,003,230	1.07	2,591,906	4.55
Iron and steel	6,164,702	2.41	705,549	0.19	1,866,227	3.28
Food and allied	10,942,641	4.28	3,320,371	0.89	1,174,055	2.06
Synthetic and rayon	1,835,019	0.72	57,309	0.02	1,939,095	3.40
Paper and board	1,052,927	0.41	137,871	0.04	709,197	1.24
Individuals	28,959,322	11.32	121,279,857	32.51	796,126	1.40
Telecommunication	5,621,713	2.20	420,036	0.11	2,618,554	4.60
Transportation, road and air	15,103,424	5.90	1,900,996	0.51	2,183,602	3.83
Mining and quarrying	6,996,065	2.73	109,373	0.03	284,125	0.50
Others	35,140,260	13.75	130,411,461	34.96	16,155,716	28.36
	255,827,227	100.00	373,081,163	100.00	56,977,807	100.00

	2016					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Chemical and pharmaceuticals	9,838,269	4.28	10,003,779	2.94	2,585,621	6.64
Agriculture	34,578,371	15.05	7,391,593	2.17	159,457	0.41
Textile	23,901,174	10.40	2,327,674	0.68	2,580,647	6.63
Cement	2,160,572	0.94	233,261	0.07	441,636	1.13
Sugar	5,676,693	2.47	87,671	0.03	28,821	0.07
Construction	6,514,081	2.83	5,720,291	1.68	1,095,831	2.82
Ready made garments	2,815,800	1.23	692,604	0.20	128,550	0.33
Footwear and leather garments	1,171,931	0.51	158,128	0.05	333,491	0.86
Automobile and transportation equipment	573,499	0.25	4,024,968	1.18	310,315	0.80
Financial	2,528,589	1.10	16,950,190	4.98	1,071,377	2.75
Oil refining / marketing	8,951,056	3.89	5,877,957	1.73	6,435,852	16.54
Distribution / trading	11,217	-	58,610,052	17.22	3,031,839	7.79
Electronics and electrical appliances	4,685,132	2.04	953,249	0.28	359,324	0.92
Production and transmission of energy	39,175,968	17.05	2,969,772	0.87	2,427,655	6.24
Iron and steel	5,217,059	2.27	634,694	0.19	976,118	2.51
Food and allied	7,425,868	3.23	3,631,426	1.07	1,421,047	3.65
Synthetic and rayon	1,654,293	0.72	55,546	0.02	1,021,550	2.62
Paper and board	1,209,691	0.53	143,677	0.04	297,232	0.76
Individuals	20,390,495	8.87	108,933,737	32.01	993,415	2.55
Telecommunication	2,888,385	1.26	477,690	0.14	2,794,921	7.18
Transportation, road and air	14,030,225	6.10	681,358	0.20	2,929,918	7.53
Mining and quarrying	4,083,548	1.78	76,345	0.02	4,019	0.01
Others	30,343,602	13.20	109,670,742	32.22	7,490,134	19.26
	229,825,518	100.00	340,306,404	100.00	38,918,770	100.00

* Contingent liabilities in this note are presented at cost and includes direct credit substitutes, transaction related contingent liabilities, trade related contingent liabilities and indemnity issued.

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FOR THE YEAR ENDED DECEMBER 31, 2017

44.1.2 Segment by sector

	2017					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Public / Government	44,391,189	17.35	39,900,140	10.69	14,641,340	25.70
Private	211,436,038	82.65	333,181,023	89.31	42,336,467	74.30
	255,827,227	100.00	373,081,163	100.00	56,977,807	100.00

	2016					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Public / Government	51,407,749	22.37	21,603,435	6.35	7,360,128	18.91
Private	178,417,769	77.63	318,702,969	93.65	31,558,642	81.09
	229,825,518	100.00	340,306,404	100.00	38,918,770	100.00

* Contingent liabilities in this note are presented at cost and includes direct credit substitutes, transaction related contingent liabilities, trade related contingent liabilities and indemnity issued.

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

	2017		2016	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	----- Rupees '000 -----			
Chemical and Pharmaceuticals	756,335	643,333	815,720	633,712
Agriculture	1,491,871	868,923	1,665,290	821,169
Textile	7,429,963	6,946,915	7,709,641	6,917,514
Cement	56,084	56,084	51,054	51,054
Sugar	-	-	21,078	-
Construction	538,707	527,886	586,115	546,309
Ready made garments	1,672,612	1,543,046	1,879,782	1,743,340
Footwear and leather garments	532,073	233,667	213,830	145,578
Automobile and transport equipment	182,265	163,567	203,883	185,185
Financial	50,853	50,309	105,853	105,309
Oil refining / marketing	80,366	80,366	261,594	261,594
Distribution / trading	-	-	-	-
Electronics and electrical appliances	1,421,886	1,407,453	1,636,437	1,518,987
Production and transmission of energy	2,934,005	2,934,005	2,934,005	2,934,005
Iron and steel	770,967	647,115	2,075,835	919,589
Food and allied	1,288,221	967,576	1,363,168	949,436
Synthetic and rayon	482,083	482,083	482,083	482,083
Paper and board	204,967	147,452	232,847	137,616
Transportation, road and air	312,871	267,471	125,270	96,497
Telecommunications	12,855	9,269	12,855	3,317
Individuals	2,397,785	1,889,705	2,287,527	1,830,358
Mining and quarrying	3,451	3,451	13,673	9,387
Others	4,700,856	3,856,725	5,358,520	4,238,225
	27,321,076	23,726,401	30,036,060	24,530,264

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

Public / Government	-	-	-	-
Private	27,321,076	23,726,401	30,036,060	24,530,264
	27,321,076	23,726,401	30,036,060	24,530,264

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44.1.5 Geographical segment analysis

	2017			
	Profit before taxation	Total assets employed	Net assets employed	Contingent liabilities *
	----- Rupees '000 -----			
Pakistan	7,269,312	488,026,907	39,232,276	56,977,807
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	<u>7,269,312</u>	<u>488,026,907</u>	<u>39,232,276</u>	<u>56,977,807</u>

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingent liabilities *
	----- Rupees '000 -----			
Pakistan	6,658,637	444,464,661	35,008,325	38,918,770
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	<u>6,658,637</u>	<u>444,464,661</u>	<u>35,008,325</u>	<u>38,918,770</u>

* Contingent liabilities for the purpose of this note are presented at cost and includes direct credit substitutes, transaction related contingent liabilities, trade related contingent liabilities and indemnity issued.

44.2 Credit Risk: General disclosures Basel II specific

The Bank has adopted the Standardized Approach under Basel. According to the regulatory statement submitted under the Standardized Approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorized as retail portfolio. Claims on corporate constitute 63.33% (2016: 63.07%) of the total risk weighted assets, 3.21% (2016: 3.40%) represents claims on PSEs and 16.56% (2016: 13.91%) pertains to claims categorized as retail portfolio.

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44.2.1 Credit Risk: Disclosures for portfolio subject to Standardised Approach

For domestic claims, External Credit Assessment Institutions (ECAIs) recommended by the SBP, namely Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) are used. For claims on foreign entities, ratings assigned by Standard and Poor's, Fitch and Moody's are used. Exposures not rated by any of the aforementioned rating agencies are categorized as unrated.

Types of exposure for which each agency is used in the year ended December 31, 2017 are as follows;

Exposures	PACRA	JCR-VIS	Standard and Poor's	Moody's	Fitch
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
Sovereigns	-	-	✓	-	-
PSEs	✓	✓	-	-	-

The SBP indicative mapping process as instructed in the SBP's circular "Minimum Capital Requirements for Banks and DFIs" (indicated in table below) was used to map alpha numeric ratings of PACRA, JCR-VIS, S&P's, Moody's, Fitch Ratings, and numeric scores of ECAs, to the SBP's rating grades.

Long Term Rating Grades Mapping

SBP Rating	ECA Scores	PACRA	JCR-VIS	S & P	Moody's	Fitch
1	0,1	AA- and above	AA- and above	AA- and above	Aa3 and above	AA- and above
2	2	A+ to A-	A+ to A-	A+ to A-	A1 to A3	A+ to A-
3	3	BBB+ to BBB-	BBB+ to BBB-	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	4	BB+ to BB-	BB+ to BB-	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	5,6	B+ to B-	B+ to B-	B+ to B-	B1 to B3	B+ to B-
6	7	CCC+ & Below	CCC+ & Below	CCC+ & Below	Caa1 & Below	CCC+ & Below

Short Term Rating Grades Mapping

SBP Rating	PACRA	JCR-VIS	S & P	Moody's	Fitch
S1	A-1 & above	A-1 & above	A-1 & above	P-1	F1
S2	A-2	A-2	A-2	P-2	F2
S3	A-3	A-3	A-3	P-3	F3
S4	Others	Others	Others	Others	Others

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

Exposures	Rating Category	Amount Outstanding	Deduction CRM	Net Amount
	----- Rupees '000 -----			
- Cash and Cash Equivalent		9,956,270	-	9,956,270
- Corporate	1	36,213,330	-	36,213,330
	2	19,278,101	10,364	19,267,737
	3,4	-	-	-
	5,6	-	-	-
	Unrated	29,301,515	844,666	28,456,849
	Unrated-2	43,464,719	893,950	42,570,769
- Public Sector Entities	1	11,422,885	-	11,422,885
	2,3	-	-	-
	Unrated	1,504,681	-	1,504,681
- Banks	1,2,3	10,168,501	-	10,168,501
	4,5,6	3,140	-	3,140
	Unrated	12,861	-	12,861
- Sovereigns etc.	1	-	-	-
	2	-	-	-
	3	-	-	-
	4,5	94,051	-	94,051
	6	-	-	-
	Unrated	-	-	-
- Government of Pakistan		97,396,393	5,979,277	91,417,116
- SBP		5,378,974	-	5,378,974
- Retail		42,390,759	4,680,646	37,710,113
- Residential Mortgage		4,276,107	15,486	4,260,621
- Past Dues Loans		3,127,964	246,475	2,881,489
- Past Dues against Residential Mortgage		320,933	6,318	314,615
- Significant investment in Commercial entities		-	-	-
- Significant investment and DTAs above 15% threshold		2,033,708	-	2,033,708
- Unlisted Equity Investments		80,346	-	80,346
- Listed Equity Investments		908,947	-	908,947
- Operating Fixed Assets		11,443,527	-	11,443,527
- Other Assets		7,215,559	-	7,215,559
		335,993,271	12,677,182	323,316,089

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The Bank has adopted the Comprehensive Approach of Credit Risk Mitigation for the Banking Book. Under this approach, cash, lien on deposits, government securities and eligible guarantees etc. are considered as eligible collateral. Where the Bank's exposure to an obligor is secured by eligible collateral, the Bank reduces its exposure for the calculation of capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

Collaterals used by the Bank for Credit Risk Mitigation (CRM) were as follows:

- Cash margin
- Government securities
- Guarantees of governments and banks
- Shares listed on recognized stock exchange.

44.3 Market risk

It is the risk that the value of on-balance sheet and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as interest rates, equity prices and/or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office, market risk management and treasury middle office perform market risk management activities within the Bank. The Bank has Enterprise Risk Management Committee which is responsible for recommending market risk policies and strategies for the Board approval and its subsequent implementation and review.

44.4 Foreign exchange risk / currency risk

Foreign exchange risk / currency risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movements in currency exchange rates on the value of open foreign currency positions. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect revenues from foreign exchange dealing.

The Bank undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position to the extent of statutory Foreign Exchange Exposure Limit (FEEL) prescribed by the SBP. Foreign exchange risk exposures are managed by matching future maturities.

Exposure limits such as counterparty, gap, net open position, dealer and bucket-wise currency delta limits are in place in accordance with the Bank's approved policies in order to manage associated risk and concentration at the acceptable tolerance levels.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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44.4.1 Currency Risk

	2017			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	----- Rupees '000 -----			
Pakistan Rupee	478,456,207	415,063,972	(24,061,325)	39,330,910
United States Dollar	8,102,417	28,149,258	19,888,492	(158,349)
Great Britain Pound	1,041,286	3,716,589	2,701,527	26,224
Japanese Yen	156	3,589	-	(3,433)
Euro	397,891	1,858,856	1,471,306	10,341
Other Currencies	28,950	2,367	-	26,583
	488,026,907	448,794,631	-	39,232,276

	2016			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	----- Rupees '000 -----			
Pakistan Rupee	436,374,105	384,340,805	(17,013,383)	35,019,917
United States Dollar	6,615,994	20,159,500	13,497,068	(46,438)
Great Britain Pound	1,143,721	3,066,201	1,928,019	5,539
Japanese Yen	3,091	526	468	3,033
Euro	302,461	1,889,304	1,587,828	985
Other Currencies	25,289	-	-	25,289
	444,464,661	409,456,336	-	35,008,325

44.5 Equity position risk

Equity position risk is the risk arising from unfavourable fluctuations in prices of shares in which the Bank carries long positions as part of its trading book. It is a risk to earnings or capital that results from adverse changes in the value of equity related portfolios of the Bank. Price risk associated with equities could be systematic or unsystematic. Systematic risk is due to sensitivity of portfolio's value to changes in overall level of equity prices, while unsystematic risk is associated with price volatility that is determined by the specific characteristics of the investee company.

The Bank's equity position is governed by position limits imposed by State Bank of Pakistan for overall investment and per scrip exposure. Additionally, there are internal limits set to manage overall earnings in the form of stop loss limits and maintain a diverse portfolio through sector concentration limits.

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44.6 Mismatch of Interest Rate Sensitive Assets and Liabilities / Yield / Interest Rate Risk

		2017										
		Exposed to Yield / Interest risk										
Effective Yield / Interest rate	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	Non-interest bearing financial instruments	
----- Rupees '000 -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with												
	treasury banks	37,861,767	-	-	-	-	-	-	-	-	37,861,767	
	Balances with other banks	1,872,771	-	-	-	-	-	-	-	-	1,872,771	
5.8	Lendings to financial institutions	9,010,335	9,010,335	-	-	-	-	-	-	-	-	
6.5	Investments	179,706,358	79,342,482	54,052,050	4,500,155	2,500,669	6,432,057	10,686,636	8,050,476	7,746,302	1,054,688	
7.5	Advances	231,532,160	76,281,751	86,466,163	39,118,748	24,761,557	739	497,160	608,968	198,781	3,618	
	Other assets	6,180,734	-	-	-	-	-	-	-	-	6,180,734	
		466,164,125	164,634,568	140,518,213	43,618,903	27,262,226	6,432,796	11,183,796	8,659,444	7,945,083	1,058,306	
											54,850,790	
Liabilities												
	Bills payable	7,304,326	-	-	-	-	-	-	-	-	7,304,326	
4.8	Borrowings	54,788,547	33,377,996	15,171,185	3,421,534	50,950	14,250	223,003	782,628	571,157	930,213	
3.4	Deposits and other accounts	373,081,163	32,730,014	35,396,206	21,002,269	30,713,574	12,673,694	15,686,037	31,815,531	44,477,149	19,055,987	
	Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	
	Other liabilities	12,729,642	-	4,245,132	-	-	-	-	-	-	8,484,510	
		447,903,678	66,108,010	54,812,523	24,423,803	30,764,524	12,687,944	15,909,040	32,598,159	45,048,306	19,986,200	
											145,565,169	
	On-balance sheet gap	18,260,447	98,526,558	85,705,690	19,195,100	(3,502,298)	(6,255,148)	(4,725,244)	(23,938,715)	(37,103,223)	(18,927,894)	(90,714,379)
Off-balance sheet financial instruments												
Forward lending												
	Cross currency and interest rate swaps	-	-	-	-	-	-	-	-	-	-	
	Forward foreign exchange contracts	33,594,675	17,665,705	15,316,474	612,496	-	-	-	-	-	-	
		33,594,675	17,665,705	15,316,474	612,496	-	-	-	-	-	-	
Forward borrowing												
	Cross currency and interest rate swaps	2,361,939	-	-	-	184,029	500,417	831,668	448,747	397,078	-	
	Forward foreign exchange contracts	10,258,375	5,824,045	3,542,879	891,451	-	-	-	-	-	-	
		12,620,314	5,824,045	3,542,879	891,451	184,029	500,417	831,668	448,747	397,078	-	
	Off-balance sheet gap	20,974,361	11,841,660	11,773,595	(278,955)	(184,029)	(500,417)	(831,668)	(448,747)	(397,078)	-	-
	Total Yield / Interest Risk Sensitivity Gap	110,368,218	97,479,285	18,916,145	(3,686,327)	(6,755,565)	(5,556,912)	(24,387,462)	(37,500,301)	(18,927,894)	-	
	Cumulative Yield / Interest Risk Sensitivity Gap	110,368,218	207,847,503	226,763,648	223,077,321	216,321,756	210,764,844	186,377,382	148,877,081	129,949,187	-	

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2016

Exposed to Yield / Interest risk

Effective Yield / Interest rate	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	Non-interest bearing financial instruments
----- Rupees '000 -----											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	37,239,302	-	-	-	-	-	-	-	-	-	37,239,302
Balances with other banks	1,139,375	-	-	-	-	-	-	-	-	-	1,139,375
Lendings to financial institutions	5.9 5,000,000	5,000,000	-	-	-	-	-	-	-	-	-
Investments	7.3 170,210,137	221,288	40,229,736	53,458,010	19,798,213	17,670,639	6,384,724	16,667,019	10,443,935	-	5,336,573
Advances	7.1 204,830,997	54,159,756	71,437,582	31,273,223	18,380,975	3,135,650	7,312,196	7,277,629	4,734,140	1,505,500	5,614,346
Other assets	5,410,164	-	-	-	-	-	-	-	-	-	5,410,164
	423,829,975	59,381,044	111,667,318	84,731,233	38,179,188	20,806,289	13,696,920	23,944,648	15,178,075	1,505,500	54,739,760
Liabilities											
Bills payable	5,982,285	-	-	-	-	-	-	-	-	-	5,982,285
Borrowings	3.9 52,806,084	31,935,634	11,143,078	7,335,040	8,418	121,742	31,367	1,109,720	583,889	14,453	522,743
Deposits and other accounts	3.6 340,306,404	32,502,276	32,555,433	25,838,206	26,349,658	8,633,442	12,663,341	25,195,155	47,271,047	14,288,790	115,009,056
Sub-ordinated loans	8.7 1,497,000	-	-	748,500	748,500	-	-	-	-	-	-
Other liabilities	8,395,089	-	-	-	-	-	-	-	-	-	8,395,089
	408,986,862	64,437,910	43,698,511	33,921,746	27,106,576	8,755,184	12,694,708	26,304,875	47,854,936	14,303,243	129,909,173
On-balance sheet gap	14,843,113	(5,056,866)	67,968,807	50,809,487	11,072,612	12,051,105	1,002,212	(2,360,227)	(32,676,861)	(12,797,743)	(75,169,413)
Off-balance sheet financial instruments											
Forward lending											
Cross currency and interest rate swaps	-	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts	26,599,238	12,731,798	12,245,365	1,074,224	547,851	-	-	-	-	-	-
	26,599,238	12,731,798	12,245,365	1,074,224	547,851	-	-	-	-	-	-
Forward Borrowing											
Cross currency and interest rate swaps	877,690	-	-	-	-	-	-	-	877,690	-	-
Forward foreign exchange contracts	9,413,147	4,106,388	4,977,800	328,959	-	-	-	-	-	-	-
	10,290,837	4,106,388	4,977,800	328,959	-	-	-	-	877,690	-	-
Off-balance sheet gap	16,308,401	8,625,410	7,267,565	745,265	547,851	-	-	-	(877,690)	-	-
Total Yield / Interest Risk Sensitivity Gap		3,568,544	75,236,372	51,554,752	11,620,463	12,051,105	1,002,212	(2,360,227)	(33,554,551)	(12,797,743)	
Cumulative Yield / Interest Risk Sensitivity Gap		3,568,544	78,804,916	130,359,668	141,980,131	154,031,236	155,033,448	152,673,221	119,118,670	106,320,927	

44.6.1 Yield curve risk is the risk that a financial instrument will suffer either a decline in income or capital because future changes in prevailing interest rates impact assets more or less than they impact liabilities.

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44.6.2 The interest rate risk of the Bank arises when there is a mismatch between contractual maturities, which are subject to interest rate adjustment within a specified period or re-pricing of on and off-balance sheet assets and liabilities. Risk is addressed by Asset and Liability Management Committee that reviews the interest rate dynamics at regular intervals and decides re-pricing of assets and liabilities to ensure that the spread of the Bank remains at an acceptable level.

44.6.3 Major sources of Interest rate risk are;

- i) differences between the timing of rate changes and the timing of the cash flows (re-pricing risk);
- ii) changing rate relationships among different yield curves affecting Bank's activities (basis risk);
- iii) changing rate relationships across the range of maturities (yield curve risk);
- iv) interest-related options embedded in the Bank's products (options risk); and
- v) changes in marked-to-market value of financial instruments which occur when interest rate changes (price risk).

44.7 Liquidity Risk

Liquidity Risk is the risk that the Bank will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replenish funds when they are withdrawn.

Liquidity risk management framework is governed by the liquidity risk management policy. The policy provides specific directives for measuring and managing liquidity risk; identifies responsible personnel; and defines their respective roles and responsibilities relating to liquidity risk management.

Management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BoD)
- Board Risk Management Committee (BRMC)
- Asset and Liability Committee (ALCO)
- Enterprise Risk Management Committee (ERMC)
- Treasury
- Risk Management (Enterprise Risk Management)
- Finance

The BoD approves the liquidity policy including risk limits and ensures, through quarterly reviews by the BRMC, that the Bank's liquidity risk is being managed prudently. BRMC plays a strategic role in liquidity risk management by overseeing the liquidity risk profile of the Bank. ERMC defines the risk tolerance levels and sets risk limits for effective liquidity risk management. ALCO ensures adherence with policy requirements and risk limits so that the Bank remains sufficiently liquid at all times.

The Bank ensures to maintain a diversified portfolio of liquid assets and funding base. Sources of funding comprise of a good mix of core deposits. Concentration of deposit, especially large volume deposits, is closely monitored to anticipate any potential liquidity issues in case of their withdrawals.

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Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like liquid assets to liquid liabilities, liquid assets to total deposits, large volume deposits to total deposits, advances to deposits, liquid assets to volatile assets and liabilities. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, the Bank has also implemented SBP Basel II liquidity standards for ensuring compliance with the requirements of LCR, NSFR and other monitoring tools.

The Bank performs liquidity stress testing on periodic basis in order to ensure sufficient liquidity is always available to meet financial obligations/ commitments. Stress testing aims to quantify the potential impact of extreme yet plausible events or movements on the value of portfolio. Shocks include withdrawal of deposits, withdrawal of wholesale / large deposits, withdrawal of top deposits, etc. The results of stress testing are shared with relevant forums on a periodic basis.

Contingency Funding Plan (CFP) is a part of liquidity risk management policy of the Bank. CFP provides a set of several early warning indicators of a possible liquidity shortfall situation; describes the action taken to manage it and the roles and responsibilities of relevant authorities.

Liquidity coverage ratio measures the liquidity of the Bank to convert High Quality Liquid Assets (HQLA) in cash to meet the immediate liquidity requirements in the next thirty days period. HQLA are assets which can be readily sold or used as collaterals to obtain funds at little or no loss of value under the stress conditions. HQLA comprise of cash and treasury balances, un-encumbered investments in government securities, other rated debt instruments and equities of non-financial instruments.

44.7.1 Liquidity Coverage Ratio (LCR)

According to Basel III instructions issued by State Bank of Pakistan vide its BPRD Circular No. 08 dated June 23, 2016, it is mandatory for all the banks to calculate and report the LCR statement on monthly frequency with the minimum benchmark of 90% as of December 31, 2017.

The Liquidity Coverage Ratio (LCR) is a quantitative requirement which aims to ensure that the Bank maintains an adequate level of unencumbered high quality liquid assets which can easily be converted into cash at little or no loss of value in private markets, to withstand an acute liquidity stress scenario over a 30-day horizon at both the entity and consolidated level.

The LCR has two components:

- a) Value of the stock of High Quality Liquid Assets (HQLA) in stressed conditions; and
- b) Total net cash outflows, calculated according to the stress scenario for which the Bank would need sufficient liquidity on hand to survive for up to 30 days.

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Particulars	Total Unweighted ^a Value (average)	Total Weighted ^b Value (average)
	------(Rupees '000)-----	
HIGH QUALITY LIQUID ASSETS		
1 Total high quality liquid assets (HQLA)		158,597,029
CASH OUTFLOWS		
2 Retail deposits and deposits from small business customers of which:	115,895,154	11,589,515
2.1 stable deposit	-	-
2.2 Less stable deposit	115,895,154	11,589,515
3 Unsecured wholesale funding of which:	234,367,012	67,120,201
3.1 Operational deposits (all counterparties)	22,685,554	5,671,389
3.2 Non-operational deposits (all counterparties)	195,399,424	45,166,778
3.3 Unsecured debt	16,282,034	16,282,034
4 Secured wholesale funding	-	194,475
5 Additional requirements of which:	50,731,529	5,072,845
5.1 Outflows related to derivative exposures and other collateral requirements	-	-
5.2 Outflows related to loss of funding on debt products	-	-
5.3 Credit and Liquidity facilities	50,731,529	5,072,845
6 Other contractual funding obligations	10,733,965	10,733,965
7 Other contingent funding obligations	185,493,357	5,663,845
8 TOTAL CASH OUTFLOWS		100,374,846
CASH INFLOWS		
9 Secured lending	2,263,392	-
10 Inflows from fully performing exposures	42,193,406	21,871,590
11 Other cash inflows	2,335,742	882,120
12 TOTAL CASH INFLOWS	46,792,540	22,753,710
	TOTAL ADJUSTED VALUE	
21 TOTAL HQLA		158,597,029
22 TOTAL NET CASH OUTFLOWS		77,621,136
23 LIQUIDITY COVERAGE RATIO		2.118

- a unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
- b Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).
- c Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on level 2B and level 2 assets for HQLA and cap on inflows).

44.7.2 Net Stable Funding Ratio (NSFR)

According to Basel III instructions issued by State Bank of Pakistan BPRD Circular No. 08 dated June 23, 2016, it is mandatory for all the banks to calculate and report the Net Stable Funding Ratio (NSFR) on a quarterly basis with the minimum of 100% on an ongoing basis from December 31, 2017.

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The purpose of the NSFR is to ensure that Bank holds a minimum amount of stable funding based on the liquidity characteristics of its assets and off-balance sheet activities over a one year horizon.

The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items and promotes funding stability. The objective is to reduce maturity mismatches between the asset and liability items on the balance sheet and thereby reduce funding and rollover risk.

Particulars	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year		
------(Rupees '000)-----						
Available Stable Funding (ASF) Item						
1	Capital:	33,661,677	-	-	225,885,348	259,547,025
2	Regulatory capital	33,661,677	-	-	-	33,661,677
3	Other capital instruments	-	-	-	225,885,348	225,885,348
4	Retail deposits and deposit from small business customers:	-	-	52,011,179	-	46,810,061
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	52,011,179	-	46,810,061
7	Wholesale funding:	26,583,244	-	68,669,201	-	47,626,223
8	Operational deposits	26,583,244	-	-	-	13,291,622
9	Other wholesale funding	-	-	68,669,201	-	34,334,601
10	Other liabilities:	73,141,268	-	4,329,288	2,547,599	2,164,644
11	NSFR derivative liabilities	-	-	-	2,481,931	-
12	All other liabilities and equity not included in other categories	73,141,268	-	4,329,288	65,668	2,164,644
13	Total ASF					356,147,953

Required Stable Funding (RSF) Item						
14	Total NSFR high-quality liquid assets (HQLA)				200,957,709	2,761,690
15	Deposits held at other financial institutions for operational purposes	1,872,771	-	-	-	936,386
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA	6,010,335	-	-	-	601,034
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	3,350,852	221,719	-	613,487
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	-	-	65,419,655	55,606,707
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	53,748,773	34,936,702
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	-	-	-	-
22	Other assets:					
23	Physical traded commodities, including gold	-	-	-	-	-
24	Assets posted as initial margin for derivative contracts	-	-	-	-	-
25	NSFR derivative assets	-			2,416,263	-
26	NSFR derivative liabilities before deduction of variation margin posted	-			2,481,931	-
27	All other assets not included in the above categories	142,723,867	-	-	15,546,128	105,234,222
28	Off-balance sheet items					13,236,619
29	Total RSF					213,926,847
30	Net Stable Funding Ratio (%)					166.48%

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44.8 Maturities of Assets and Liabilities (based on contractual maturities)

		2017									
		Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
----- Rupees '000 -----											
Assets											
Cash and balances with treasury banks	37,861,767	37,861,767	-	-	-	-	-	-	-	-	-
Balances with other banks	1,872,771	1,872,771	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,010,335	9,010,335	-	-	-	-	-	-	-	-	-
Investments	179,706,358	79,342,482	55,367,093	5,815,197	5,130,751	6,432,057	10,686,636	8,050,476	7,803,809	1,077,857	
Advances	231,532,160	87,220,999	29,675,799	15,973,170	12,266,124	20,639,460	19,805,611	25,237,737	13,262,740	7,450,520	
Operating fixed assets	12,939,625	27,171	39,196	263,542	281,360	304,014	521,242	762,979	1,413,884	9,326,237	
Deferred tax assets - net	1,607,625	-	-	-	-	-	-	-	1,607,625	-	
Other assets	13,496,266	3,535,678	1,568,598	2,812,002	796,393	1,362,746	109,387	3,177,712	133,750	-	
	488,026,907	218,871,203	86,650,686	24,863,911	18,474,628	28,738,277	31,122,876	37,228,904	24,221,808	17,854,614	
Liabilities											
Bills payable	7,304,326	7,304,326	-	-	-	-	-	-	-	-	
Borrowings	54,788,547	33,623,627	15,171,185	3,421,534	50,950	14,250	223,003	782,628	571,157	930,213	
Deposits and other accounts	373,081,163	293,399,120	34,091,542	18,366,587	25,310,423	1,182,117	636,287	95,087	-	-	
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	
Other liabilities	13,620,595	916,751	5,511,010	1,864,078	2,351,727	1,469,562	1,505,563	1,904	-	-	
	448,794,631	335,243,824	54,773,737	23,652,199	27,713,100	2,665,929	2,364,853	879,619	571,157	930,213	
Net assets	39,232,276	(116,372,621)	31,876,949	1,211,712	(9,238,472)	26,072,348	28,758,023	36,349,285	23,650,651	16,924,401	
Share capital	13,197,361										
Reserves	7,936,338										
Unappropriated profit	12,527,973										
	33,661,672										
Surplus on revaluation of assets - net	5,570,604										
	39,232,276										

		2016									
		Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
----- Rupees '000 -----											
Assets											
Cash and balances with treasury banks	37,239,302	37,239,302	-	-	-	-	-	-	-	-	
Balances with other banks	1,139,375	1,139,375	-	-	-	-	-	-	-	-	
Lendings to financial institutions	5,000,000	5,000,000	-	-	-	-	-	-	-	-	
Investments	170,210,137	221,288	41,550,180	54,778,454	22,439,101	17,670,639	6,384,724	16,675,784	10,443,935	46,032	
Advances	204,830,997	42,197,946	28,487,345	23,915,621	24,774,263	17,670,450	22,644,758	26,040,111	15,437,998	3,662,505	
Operating fixed assets	12,111,881	9,515	4,229	266,646	301,795	287,958	482,502	762,586	760,849	9,235,801	
Deferred tax assets - net	2,264,212	-	-	-	-	-	-	-	2,264,212	-	
Other assets	11,668,757	2,656,854	1,410,112	2,739,641	1,055,586	398,711	891,262	2,305,418	211,173	-	
	444,464,661	88,464,280	71,451,866	81,700,362	48,570,745	36,027,758	30,403,246	45,783,899	29,118,167	12,944,338	
Liabilities											
Bills payable	5,982,285	5,982,285	-	-	-	-	-	-	-	-	
Borrowings	52,806,084	32,458,377	11,143,078	7,335,040	8,418	121,742	31,367	1,109,720	583,889	14,453	
Deposits and other accounts	340,306,404	260,381,428	31,557,486	23,581,485	22,641,377	853,990	1,050,864	189,774	50,000	-	
Sub-ordinated loans	1,497,000	-	-	748,500	748,500	-	-	-	-	-	
Other liabilities	8,864,563	741,204	912,253	1,344,690	2,492,015	1,458,447	1,914,280	1,674	-	-	
	409,456,336	299,563,294	43,612,817	33,009,715	25,890,310	2,434,179	2,996,511	1,301,168	633,889	14,453	
Net assets	35,008,325	(211,099,014)	27,839,049	48,690,647	22,680,435	33,593,579	27,406,735	44,482,731	28,484,278	12,929,885	
Share capital	11,997,601										
Reserves	7,158,248										
Unappropriated profit	9,985,870										
	29,141,719										
Surplus on revaluation of assets - net	5,866,606										
	35,008,325										

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44.9 Maturities of Assets and Liabilities (based on expected withdrawal pattern)

In line with SBP BSD Circular Letter No. 02 and 03 of 2011 on “Maturity and Interest Rate Sensitivity Gap Reporting”, deposit withdrawal pattern analysis on Current and Saving Accounts (CASA) is conducted on four years weekly data. The outliers (seasonal variations) are adjusted from data using fourth spread statistical methodology. Subsequently, the data is analysed through regression analysis so as to capture the deposit withdrawal behaviour in higher maturity time bands. The regression analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawal in order to arrive at an estimated deposits withdrawal pattern. This methodology is in line with industry best practices and regulatory guidance.

		2017									
		Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
		----- Rupees '000 -----									
Assets											
Cash and balances with											
treasury banks		37,861,767	204,455	412,693	836,745	1,699,993	3,564,685	4,590,739	9,414,328	14,400,723	2,737,406
Balances with other banks		1,872,771	1,872,771	-	-	-	-	-	-	-	-
Lendings to financial institutions		9,010,335	9,010,335	-	-	-	-	-	-	-	-
Investments		179,706,358	79,342,482	55,367,093	5,815,197	5,130,751	6,432,057	10,686,636	8,050,476	7,803,810	1,077,856
Advances		231,532,160	43,944,264	35,161,393	26,276,906	34,304,250	22,765,658	23,128,692	25,237,737	13,262,740	7,450,520
Operating fixed assets		12,939,625	27,171	39,196	263,542	281,360	304,014	521,242	762,979	1,413,884	9,326,237
Deferred tax assets - net		1,607,625	-	-	-	-	-	-	-	1,607,625	-
Other assets		13,496,266	3,535,678	1,568,598	2,812,002	796,393	1,362,746	109,387	3,177,712	133,750	-
		488,026,907	137,937,156	92,548,973	36,004,392	42,212,747	34,429,160	39,036,696	46,643,232	38,622,532	20,592,019
Liabilities											
Bills payable		7,304,326	7,304,326	-	-	-	-	-	-	-	-
Borrowings		54,788,547	33,623,627	15,171,185	3,421,534	50,950	14,250	223,003	782,628	571,157	930,213
Deposits and other accounts		373,081,163	36,008,411	36,907,525	24,075,709	36,911,252	25,513,557	31,980,344	64,404,145	98,224,233	19,055,987
Sub-ordinated loans		-	-	-	-	-	-	-	-	-	-
Other liabilities		13,620,595	916,751	5,511,010	1,864,078	2,351,727	1,469,562	1,505,563	1,904	-	-
		448,794,631	77,853,115	57,589,720	29,361,321	39,313,929	26,997,369	33,708,910	65,188,677	98,795,390	19,986,200
Net assets		39,232,276	60,084,041	34,959,253	6,643,071	2,898,818	7,431,791	5,327,786	(18,545,445)	(60,172,858)	605,819
Share capital		13,197,361									
Reserves		7,936,338									
Unappropriated profit		12,527,973									
		33,661,672									
Surplus on revaluation of assets - net		5,570,604									
		<u>39,232,276</u>									

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2016

Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
----- Rupees '000 -----										
Assets										
Cash and balances with										
treasury banks	37,239,302	227,159	312,810	679,617	1,282,894	3,748,136	4,012,535	6,494,534	18,135,541	2,346,076
Balances with other banks	1,139,375	1,139,375	-	-	-	-	-	-	-	-
Lendings to financial institutions	5,000,000	5,000,000	-	-	-	-	-	-	-	-
Investments	170,210,137	221,288	41,550,180	54,778,454	22,439,101	17,670,639	6,384,724	16,675,784	10,443,935	46,032
Advances	204,830,997	32,841,471	25,391,848	26,807,851	31,275,649	19,196,814	24,176,750	26,040,111	15,437,998	3,662,505
Operating fixed assets	12,111,881	9,515	4,229	266,646	301,795	287,958	482,502	762,586	760,849	9,235,801
Deferred tax assets - net	2,264,212	-	-	-	-	-	-	-	2,264,212	-
Other assets	11,668,757	2,656,854	1,410,112	2,739,641	1,055,586	398,711	891,262	2,305,418	211,173	-
	444,464,661	42,095,662	68,669,179	85,272,209	56,355,025	41,302,258	35,947,773	52,278,433	47,253,708	15,290,414
Liabilities										
Bills payable	5,982,285	5,982,285	-	-	-	-	-	-	-	-
Borrowings	52,806,084	32,458,377	11,143,078	7,335,040	8,418	121,742	31,367	1,109,720	583,889	14,453
Deposits and other accounts	340,306,404	36,313,234	33,451,740	27,698,043	30,405,448	23,500,936	25,334,882	39,569,680	109,743,651	14,288,790
Sub-ordinated loans	1,497,000	-	-	748,500	748,500	-	-	-	-	-
Other liabilities	8,864,563	741,204	912,253	1,344,690	2,492,015	1,458,447	1,914,280	1,674	-	-
	409,456,336	75,495,100	45,507,071	37,126,273	33,654,381	25,081,125	27,280,529	40,681,074	110,327,540	14,303,243
Net assets	35,008,325	(33,399,438)	23,162,108	48,145,936	22,700,644	16,221,133	8,667,244	11,597,359	(63,073,832)	987,171
Share capital	11,997,601									
Reserves	7,158,248									
Unappropriated profit	9,985,870									
	29,141,719									
Surplus on revaluation of assets - net	5,866,606									
	35,008,325									

44.10 Operational risk

Operational risk is the risk of direct or indirect losses resulting from inadequate or failed internal processes or systems, human factors or from external events. The Bank's businesses are dependent on the ability to process a large number of transactions efficiently and accurately. Operational risks and losses originate from business / operational process failure, IT security failure, natural disasters, dependence on key suppliers, fraud, service quality compromises, regulatory non-compliance, loss of key staff and social and environmental impacts.

The Operational Risk Management function is primarily responsible for the oversight of operational risk management across the Bank. The operational risk management framework of the Bank is governed by the Operational Risk Management Policy and Procedures, while the implementation is supported by an operational risk management system and designated operational risk coordinators within different units across the bank. The framework is in line with international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

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The Bank has implemented an effective Operational Risk Management (ORM) framework for managing operational risk. Each department has processes and system controls in place to address operational risks within their area. Operational loss data is collected through a well defined program implemented across the Bank. Periodic workshops are conducted for Risk & Control Self Assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key Risk Indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes, are subject to comprehensive operational risk assessments, before implementation. Regular updates on operational risk status is presented to Enterprise Risk Management Committee (ERMC) and the Board of Directors through the Board Risk Management Committee (BRMC).

45 TRUST ACTIVITIES

The Bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Bank and, therefore, are not included in the statement of financial position. The following is the list of assets held under trust:

2017					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	
----- Rupees '000 -----					
Corporate	36	1,583,000	3,892,400	-	5,475,400
Insurance companies	1	-	-	-	-
Asset management companies	46	211,500	-	-	211,500
Employees funds	154	2,278,030	3,051,800	-	5,329,830
Charitable institution / NGO'S	21	887,410	32,700	-	920,110
Individuals	408	699,435	377,850	-	1,077,285
Related parties	9	557,485	147,600	-	705,085
Others	6	-	-	-	-
	681	6,216,860	7,502,350	-	13,719,210

2016					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	
----- Rupees '000 -----					
Corporate	32	1,039,815	1,002,100	-	2,041,915
Insurance companies	2	-	-	-	-
Asset management companies	45	91,000	-	-	91,000
Employees funds	153	637,850	3,727,700	-	4,365,550
Charitable institution / NGO'S	19	445,500	633,000	-	1,078,500
Individuals	328	547,125	494,850	-	1,041,975
Related parties	9	189,360	589,200	-	778,560
Others	6	-	-	-	-
	594	2,950,650	6,446,850	-	9,397,500

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 28, 2018 by the Board of Directors of the Bank.

47 GENERAL

47.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current year.

47.2 Figures have been rounded off to the nearest thousand rupees unless other wise stated.

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

48 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 28, 2018 has proposed a stock dividend of 15% amounting to Rs 1,979.604 million (2016: 10% stock dividend amounting to Rs 1,199.760 million). The Board of Director have also proposed the transfer of Rs 1,979.604 million to "Reserve for Bonus issue" from "Unappropriated Profit". The financial statements for the year ended December 31, 2017 do not include the effect of this proposed distribution which will be accounted for in the financial statements for the year ending December 31, 2018.



PRESIDENT & CEO



CHIEF FINANCIAL OFFICER



DIRECTOR



DIRECTOR



DIRECTOR

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

QUALITY OF AVAILABLE FOR SALE SECURITIES

1. Details of investments in Government securities (Pakistan Investment Bonds, Market Treasury Bills and Ijara Sukuk Bonds) are as follows:

	2017	2016	2017	2016	2017	2016
	At Cost		Market Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Market Treasury Bills	93,718,791	89,148,698	93,717,640	89,138,974	N/A	N/A
Pakistan Investment Bonds	19,232,587	43,426,331	19,309,160	43,732,892	N/A	N/A
Ijara Sukuk Bonds	6,312,055	4,474,967	6,308,601	4,477,685	N/A	N/A
	119,263,433	137,049,996	119,335,401	137,349,551		

2. Details of investments in fully paid-up shares of listed companies / modaraba certificates / certificates of closed end mutual funds are as follows:

2017	2016		2017	2016	2017	2016	2017	2016
Ordinary shares / certificates		Name of company / modaraba / mutual fund	At Cost		Market Values		Medium to Long Term Rating Assigned (where available)	
			-----Rupees '000-----		-----Rupees '000-----			
Banks / Financial Services								
1,762,772	1,762,772	Prudential Investment Bank Limited * / **	12,528	12,528	-	-	-	-
533,200	415,536	Habib Bank Limited	106,102	81,517	89,092	113,545	AAA	AAA
262,700	250,000	MCB Bank Limited	52,670	51,735	55,776	59,455	AAA	AAA
328,100	-	United Bank Limited	67,523	-	61,673	-	AAA	-
24,844,797	-	Bank of Punjab Limited	298,138	-	204,721	-	AA	-
Construction, Materials, Paints and Cements								
10,600	10,600	Dadabhoy Construction Technology Limited **	16	16	1	1	-	-
193,900	641,500	Akzo Nobel Pakistan Limited	48,008	104,398	41,301	150,124	-	-
790,300	594,100	D.G Khan Cement Company Limited	122,675	104,106	105,679	131,730	-	-
392,950	648,200	Lucky Cement Limited	219,510	388,930	203,316	561,510	-	-
-	201,900	Cherat Cement Company Limited	-	20,221	-	35,139	-	A
732,600	-	International Steels Limited	80,055	-	77,927	-	A+	-
1,000	1,000	Quality Steel Works Limited	13	13	-	-	-	-
-	105,260	Bestway Cement Limited	-	18,481	-	29,042	-	AA-
1,630,000	-	Fauji Cement Limited	49,989	-	40,766	-	-	-
1,073,000	-	Maple Leaf Cement Factory Limited	74,872	-	73,436	-	A+	-
		Balance carried forward	1,132,099	781,945	953,688	1,080,546		

* The Bank holds more than 10% of investees' capital in Prudential Investment Bank Limited – 17.10% (2016: 17.10%)

** Delisted companies. However, in certain cases last available market value has been disclosed in the current and previous year.

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

2017		2016		2017		2016		2017		2016	
Ordinary shares / certificates		Name of company / modaraba / mutual fund		At Cost		Market Values		Medium to Long Term Rating Assigned (where available)			
				-----Rupees '000-----		-----Rupees '000-----					
		Balance brought forward		1,132,099	781,945	953,688	1,080,546				
		Oil and Gas									
589,080	150,800	Pakistan State Oil Limited		196,042	52,998	172,665	65,479	AA		AA	
420,250	611,300	Pakistan Oilfields Limited		230,064	194,579	249,738	326,813	-		-	
1,330,100	1,261,200	Oil & Gas Development Company Limited		199,977	175,699	216,527	208,539	AAA		AAA	
1,654,000	100,000	Sui Southern Gas Co Limited		49,741	2,938	50,430	3,635	A+		A+	
1,023,500	-	Pakistan Petroleum Limited		187,361	-	210,749	-	-		-	
818,900	-	Sui Northern Gas Co Limited		84,106	-	77,476	-	AA-			
96,700	-	National Refinery Limited		50,728	-	41,665	-	-		-	
		Electricity and Energy									
34,261,500	17,548,500	K-Electric Limited		249,267	137,914	216,190	164,429	AA		AA	
-	960,500	Nishat Chunian Power Limited		-	52,598	-	53,289	-		A+	
824,300	195,000	Pak Elektron Limited		48,828	12,189	39,146	13,900	A+		A+	
1,823,900	1,119,500	Hub Power Company Limited		191,293	123,523	165,975	138,236	AA+		AA+	
2,924,000	1,280,500	Kot Addu Power Company Limited		196,709	99,445	157,604	100,903	AA+		AA+	
		Personal Goods, Textile & Spinning									
53,500	53,500	Colony Sarhad Textile Limited **		27	27	-	-	-		-	
1,500	1,500	Al-Qaim Textile Mills Limited **		3	3	-	-	-		-	
178,645	178,645	Crown Textile Mills Limited **		1,239	1,239	-	-	-		-	
80	80	Fateh Textile Mills Limited **		29	29	6	6	-		-	
41,600	41,600	Hakkim Textile Mills Limited **		10	10	-	-	-		-	
8,500	8,500	Mehr Dastgir Textile Mills Limited **		2	2	13	13	-		-	
69,000	69,000	Sunshine Cotton Mills Limited **		69	69	-	-	-		-	
79,300	79,300	Zahoor Cotton Mills Limited **		22	22	-	-	-		-	
2,567,046	2,567,046	Zahoor Textile Mills Limited **		2,500	2,500	-	-	-		-	
710,300	1,000,000	Nishat Mills Limited		99,533	108,863	106,190	152,270	AA		AA	
		Non Life Insurance									
-	1,367,500	Adamjee Insurance Company Limited		-	70,270	-	101,386	-		AA+	
		Food Producers									
9,500	9,500	Morafco Industries Limited **		126	126	97	97	-		-	
9,000	9,000	Suraj Ghee Industries Limited **		117	117	-	-	-		-	
		Balance carried forward		2,919,892	1,817,105	2,658,159	2,409,541				

** Delisted companies. However, in certain cases last available market value has been disclosed in the current and previous year.

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

2017	2016		2017	2016	2017	2016	2017	2016
Ordinary shares / certificates		Name of company / modaraba / mutual fund	At Cost		Market Values		Medium to Long Term Rating Assigned (where available)	
			-----Rupees '000-----	-----Rupees '000-----	-----Rupees '000-----	-----Rupees '000-----		
		Balance brought forward	2,919,892	1,817,105	2,658,159	2,409,541		
		Chemicals and Fertilizers						
17,539,528	17,539,528	Agritech Limited	578,399	578,399	85,418	222,401	-	-
2,379,000	700,000	Engro Fertilizers Limited	143,608	43,174	161,106	47,586	AA-	AA-
1,558,800	948,100	Fauji Fertilizer Company Limited	124,257	100,288	123,317	98,953	AA	AA
1,243,100	1,224,800	Engro Corporation Limited	366,699	378,271	341,542	387,147	AA	AA
1,475,000	1,264,500	Fauji Fertilizer Bin Qasim Limited	50,244	65,471	52,422	64,755	-	-
		Transportation and Automobiles						
23,920	100,000	Indus Motor Company Limited	40,252	106,734	40,190	161,453	-	-
3,692,500	6,816,500	Pakistan International Bulk Terminal	88,129	212,020	55,203	224,876	-	-
		Health Care Equipment and Services						
48,000	48,000	Medi Glass Limited **	38	38	-	-	-	-
		Pharmaceuticals						
346,230	210,000	The Searle Company Limited	99,715	108,124	109,014	137,296	-	-
96,000	176,500	Abbot Laboratories (Pakistan) Limited	76,067	150,070	66,971	168,926	-	-
		Fixed Line Telecommunication						
-	1,342,500	Pakistan Telecommunication Limited	-	24,381	-	23,064	-	-
		General Industrials / Others						
900	900	VISA Incorporation - Class C Shares	-	-	11,331	7,345	-	-
102,500	102,500	Fatima Enterprises Limited **	1,789	1,789	-	-	-	AA-
-	26,000	Hashmi Can Company Limited **	-	156	-	-	-	-
30,258	39,018	Siemens Pakistan Engineering Company Limited	38,452	49,584	28,401	55,196	-	-
214,450	125,000	Packages Limited	133,111	68,596	109,333	106,256	AA	AA
223	223	Syed Match Company Limited **	3	3	3	3	-	-
1,630,500	1,630,500	Dolmen City REIT	16,367	16,372	17,932	17,724	RR1	RR1
			4,677,022	3,720,575	3,860,342	4,132,522		

** Delisted companies. However, in certain cases last available market value has been disclosed in the current and previous year.

Provision for diminution in the value of investments against above shares amounts to Rs 657.804 million (2016: Rs 499.066 million)

Note: The Bank hold various delisted and non-traded shares, certificates of modarabas and units of closed end mutual funds having Nil carrying value which have not been disclosed individually.

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

3. Details of investments in unlisted companies classified as available for sale are as follows:

	2017	2016	2017	2016	2017	2016
	At Cost		Market Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Al Hamra Avenue (Private) Limited ** / * / +	265,937	265,937	Not Applicable	-	-	-
28,812,500 (2016: 28,812,500) ordinary shares of Rs 10 each The Bank holds 17.99% (2016: 17.99%) of investee's capital. Chief Executive: Mr. Habib Ahmed Break up value per share: Rs. 12.41 (2016: Rs 12.41) Period of financial statements: June 30, 2012 (audited)						
Al Hamra Hills (Private) Limited * / +	5	5	Not Applicable	-	-	-
500 (2016: 500) ordinary shares of Rs 10 each						
DHA Cogen Limited * / +	325,000	325,000	Not Applicable	-	-	-
63,694,475 (2016: 63,694,475) ordinary shares of Rs 10 each The Bank holds 19.10% (2016: 19.10%) of investee's capital. Chief Executive: Siraj ul Haq Break up value per share: Rs. (29.1) (2016: Rs (29.1)) Period of financial statements: December 31, 2013 (audited)						
Himont Chemical (Private) Limited *	1,037	1,037	Not Applicable	-	-	-
810,000 (2016: 810,000) ordinary shares of Rs 10 each						
Pace Barka Properties Limited *	52,000	52,000	Not Applicable	-	-	-
5,200,000 (2016: 5,200,000) ordinary shares of Rs 10 each The Bank holds 1.70% (2016: 1.70%) of investee's capital. Chief Executive: Aamna Taseer Break up value per share: Rs. 17.336 Period of financial statements: June 30, 2012 (audited)						
Pakistan Export Finance Guarantee Agency Limited *	5,688	5,688	Not Applicable	-	-	-
568,044 (2016: 568,044) ordinary shares of Rs 10 each						
1 Link (Gurantee) Limited *** / +	50,000	-	Not Applicable	-	-	-
5000,000 (2016: Nil) ordinary shares of Rs 10 each Chief Executive: Mr Najeeb Agrawala						
ISE Towers REIT Management Company Limited	-	-	30,346	-	-	-
3,034,603 (2016: Nil) ordinary shares of Rs 10 each Chief Executive: Aamna Taseer						
	699,667	649,667	30,346	-	-	-

* Fully provided investments

+ Strategic investments

** Includes 24,375,000 shares of Al Hamra Avenue (Private) Limited classified as strategic investment

*** This represents an amount of Rs 50 million issued to 1Link (Guarantee) Limited as part of the Banks commitment towards capital injection on its conversion to a private limited company subject to regulatory approvals. This amount has been recorded under "advance against shares" by 1Link (Guarantee) Limited.

Provision for diminution in the value of investments against above shares amounts to Rs 649.666 million (2016: Rs 649.666 million)

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

4. Preference shares – Listed companies

2017	2016	Name of Company	Rate	2017	2016	2017	2016	2017	2016
No. of Shares				At Cost	Market Values		Medium to Long Term Rating Assigned (where available)		
				-----Rupees '000-----		-----Rupees '000-----			
2,249,000	2,249,000	Azgard Nine Limited	8.95% Cumulative	22,490	22,490	-	-	-	-
				<u>22,490</u>	<u>22,490</u>	<u>-</u>	<u>-</u>		

Provision for diminution in the value of investments against above shares amounts to Rs 22.490 million (2016: Rs 22.490 million)

5. Details of investments in open ended mutual funds:

2017	2016	Name of the Fund	2017	2016	2017	2016	2017	2016
			At Cost	Net Asset Values		Medium to Long Term Rating Assigned (where available)		
		-----Rupees '000-----		-----Rupees '000-----				
Open ended Mutual funds								
2,413,740	2,413,740	Faysal Income Growth Fund	257,544	257,544	261,239	257,763	A(f)	A(f)
6,478,942	6,478,942	Faysal Savings Growth Fund	680,606	680,606	674,587	669,404	AA-(f)	AA-(f)
1,818,788	1,818,788	Faysal Islamic Savings Growth Fund	189,432	189,432	190,445	190,809	A+(f)	A(f)
556,181	556,181	Faysal Balanced Growth Fund	37,480	37,480	34,244	39,978	2-Star	2-Star
4,602	4,602	First Capital Mutual Fund	-	-	45	63	2-Star	-
1,941,182	-	Faysal Money Market Fund	200,000	-	201,611	-	AA (f)	-
142,925	-	Faysal Financial Sector Opportunity Fund	15,000	-	14,813	-	AA-(f)	-
			<u>1,380,062</u>	<u>1,165,062</u>	<u>1,376,984</u>	<u>1,158,017</u>		

Provision for diminution in the value of investments against the units of above funds amounts to Rs 0.856 million (2016: Rs 0.856 million)

6. Term Finance Certificates - Listed

	2017	2016	2017	2016	2017	2016
	At Cost		Market / Carrying Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Azgard Nine Limited *	51,476	51,476	-	-	-	D
31,640 (2016: 31,640) certificates of Rs 5,000 each						
Mark-up: Different spread over six months KIBOR rate in different years with no floor and cap						
Redemption: 12 unequal semi annual installments, 2012-2015: 47% and 2016-2017: 53% of the outstanding amount						
Maturity: September 2017						
Chief Executive Officer: Mr. Ahmed H. Shaikh						
Telecard Limited *	-	8,211	-	-	-	-
70,233 (2016: 70,233) certificates of Rs 5,000 each						
Mark-up: 5.04% above three months KIBOR rate, with no floor and no cap						
Redemption: 10 unequal semi-annual installments commencing 18 months from the last date of public subscription.						
Maturity: May 2015						
Chief Executive Officer: Mr. Syed Aamir Hussain						

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016	2017	2016	2017	2016
	At Cost		Market / Carrying Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Bank Alfalah Limited - Fifth Issue	61,139	61,164	62,227	62,772	AA	AA
12,250 (2016: 12,250) certificates of Rs. 5,000 each						
Mark-up: 1.25% above six months KIBOR rate with no floor and cap						
Redemption: 0.30% semi annually in first 90 months, balance of 99.70% at maturity in the 96th Month						
Maturity: February 2021						
Chief Executive Officer: Mr. Nauman Ansari						
	112,615	120,851	62,227	62,772		

* Fully provided investments

Provision for diminution in the value of investments against above TFCs amounts to Rs 51.476 million (2016: Rs 59.687 million)

7. Term Finance Certificates - Unlisted

	2017	2016	2017	2016	2017	2016
	At Cost		Market / Carrying Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Dewan Cement Limited *	500,000	500,000	-	-	-	-
100,000 (2016: 100,000) certificates of Rs. 5,000 each						
Chief Executive Officer: Mr. Syed Muhammad Anwer						
Bank Alfalah Limited - Fourth Issue	-	132,987	-	134,383	-	AA-
40,000 (2016: 40,000) certificates of Rs. 5,000 each						
Mark-up: 2.50% above six months KIBOR rate with no floor and cap						
Redemption: Three equal semi annual instalments commencing 84 months after the issue date						
Maturity: December 2017						
Chief Executive Officer: Mr. Nauman Ansari						
Dewan Sugar Mills Limited *	8,311	8,311	-	-	-	-
10,000 (2016: 10,000) certificates of Rs 5,000 each						
Mark-up: SBP discount rate less 2% p.a. with 6% floor and 12% cap						
Maturity: June 2008						
Chief Executive Officer: Mr. Ghazanfar Baber Siddiqi						
	508,311	641,298	-	134,383		

* Fully provided investments

Provision for diminution in the value of investments against above TFCs amounts to Rs 508.311 million (2016: Rs 508.311 million)

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

8. Sukuks - Unlisted

	2017	2016	2017	2016	2017	2016
	At Cost		Market / Carrying Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Fatima Fertiliser Limited	1,316,132	2,400,000	1,352,326	2,400,000	AA-	AA-
480,000 (2016: 480,000) certificates of Rs. 5,000 each						
Mark-up: 1.1% above six months KIBOR rate with no floor and cap						
Redemption: 10 equal semi annual instalments						
Maturity: December 2021						
Chief Executive Officer: Mr. Fawad Ahmed						
Meezan Bank Limited	500,000	500,000	522,618	500,000	AA-	AA-
5,000 (2016: 5,000) certificates of Rs. 1 Million each						
Mark-up: 0.50% above six months KIBOR rate with no floor and cap						
Redemption: Bullet at maturity						
Maturity: September 2026						
Chief Executive Officer: Mr. Irfan Siddiqi						
AGP Private Limited	171,000	-	172,112	-	A	-
1,900 (2016: Nil) certificates of Rs. 100,000 each						
Mark-up: 1.3% above three months KIBOR rate with no floor and cap						
Redemption: Payable in 20 equal quarterly installments						
Maturity: June 2022						
Chief Executive Officer: Mr. Nusrat Munshi						
Sui Southern Gas Company Limited	4,200,000	-	4,200,000	-	A+	-
420,000 (2016: Nil) certificates of Rs. 10,000 each						
Mark-up: 1.1% above six months KIBOR rate with floor and cap of 2.5% and 30% respectively						
Redemption: 16 equal semi-annual installments						
Maturity: May 2027						
Chairman: Mr. Muhammad Ziad A Syed						
	6,187,132	2,900,000	6,247,056	2,900,000		

ANNEXURE II TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2017 as referred in note 12.8 to these financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Total (6+7+8)	Principal written-off	Interest/ Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						Principal	Interest/ Mark-up	Others	6	7					
1	Friends Exports Private Limited	S.I.T.E., Super Highway Karachi	Asim Salim Adnan Sali	42201-3879168-3 42201-2886129-3	Muhammad Salim	183,662	105,747	12,450	301,859	118,662	114,415	13,652	246,729		
2	Imran Masih	C/O Black Box, M3 Mezzanine Floor, Building 21-C, 24 Commercial Street, Phase II Extension DHA, Karachi.	Imran Masih	42201-4348705-1	Naseer Nash	481	288	121	890	60	321	127	508		
3	Raja Tahir Mejeed	House # 1, Street # 1-A, Near Noorani Masjid, Nizamabad, Ghazabad, Lahore.	Raja Tahir Mejeed	61101-3128320-5	Raja Mejeed Ahmad	506	-	-	506	492	40	-	533		
4	Shah Mohammad Ziauddin	C/O Huma's Lawn, 132B Sarai Quarter, IJ Chundrigar Road near Faysal Bank Limited, Karachi.	Shah Mohammad Ziauddin	42101-1387556-3	Shah Muhammad Badruddin	461	14	3	477	458	88	10	536		
5	Shahbaz Ali	34-B, Judicial Colony, Phase # 1, Thokar Niaz Beg, Lahore.	Shahbaz Ali	35202-23516762-1	Siraj Ali	1,277	474	76	1,827	-	481	81	562		
6	Uzma Mehtob	66-A, Phase-I, Canal View Niaz Bag, Lahore.	Uzma Mehtob	35200-9080794-7	Rais Ghazi Muhammad	1,538	268	315	2,121	-	259	335	594		
7	Sheikh Farooq Iqbal	C/O Pakistan Vehicles Engineering, Chong - 26, Motorway Chowk Peshawar Road, Peshawar.	Sheikh Farooq Iqbal	42101-1888680-9	Iqbal Ahmed Sheikh	522	414	59	995	-	554	73	627		
8	Santosh Kumar	Marton Road, Near Jubilee Market, Karachi.	Santosh Kumar	42301-5233952-3	Nand Lal	1,234	507	114	1,855	-	525	121	647		
9	Syed Babar Ali	House # 254/S, Setlitt Town, Rawalpindi.	Syed Babar Ali	37405-3713519-3	Masood Ul Hassan	1,475	836	129	2,440	-	875	131	1,006		
10	Mutlob Ashraf Shejar	House # 492-A, Street # 9, F-10/2, Islamabad.	Mutlob Ashraf Shejar	17301-7279039-9	Muhammad Abdul Samad	1,887	986	-	2,873	-	1,036	-	1,036		
11	Shabir Ahmed	53-E/1, Kenal Road University Town, Peshawar.	Shabir Ahmed	17301-1588256-9	Mohammad Abdullah Dar	1,990	684	125	2,799	-	950	133	1,083		
12	Basharat Rasool	House # R-10, Works Co-Operative Housing Society Near Wachs Public School, Gulistan-e-Iqbal, Block 4, Karachi.	Basharat Rasool	45504-5684145-1	Muhammad Shafi	4,188	1,388	259	5,845	-	821	274	1,095		
13	Muhammad Ajmal	77-B, Judicial Colony Opposite Canal View, Lahore.	Muhammad Ajmal	35202-9746793-1	Sheikh Muhammad Ashraf	4,087	956	571	5,614	-	803	571	1,374		
14	Mian Irfan Riaz	House # 302, A Mehran Block, Allama Iqbal Town, Lahore.	Mian Irfan Riaz	35202-2820687-3	Mian Riaz Ahmed	3,068	1,041	244	4,353	-	1,141	251	1,392		
15	Fahran Jabbar & Or Lubna Fahran	F-12/7, Parsa Villas Block-8, Clifton, Karachi.	Fahran Jabbar & Or Lubna Fahran	42301-1318563-5	Abdul Jabbar	5,925	1,145	554	7,625	-	1,118	572	1,690		
16	Shahayir Ashraf	68-A1, Syed Maratab Ali Road, Fcc Gulberg, Lahore.	Shahayir Ashraf	35202-9242567-9	Muhammad Ashraf	2,549	1,507	380	4,447	-	1,556	403	1,959		
17	Muhammad Wajahat Khurshid Akhter	House # 247, Riwarz Garden, Lahore.	Muhammad Wajahat Khurshid Akhter	35200-1428554-1	Ahmed Khurshid Akhter	6,112	2,001	59	8,172	-	2,037	63	2,100		

----- Rupees '000 -----

ANNEXURE II TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2017 as referred in note 12.8 to these financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Total (6+7+8)	Principal written-off (9+10)	Interest/ Mark-up written-off (11)	Other Financial Reliefs provided (12)	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13		
18	Zeeshan Ullah Khan Asif	E-26, Block-4, Gulshan-e-Iqbal, Karachi.	Zeeshan Ullah Khan Asif	42201-0343986-5	Sana Ullah Khan Asif	5,737	1,671	599	8,008	-	1,873	639	2,512	
19	Arshad Mehmood	House # 61, Lane # 3, Chakdala Scheme # 1, Rawalpindi.	Arshad Mehmood	61101-5121802-7	Suleman Khan	6,632	2,297	600	9,729	-	2,278	639	2,917	
20	Haseeb Hashmi	P-23-2-1, Block-F, Gulistan Colony #1, Behind Aziz Fatimah Hospital, Faisalabad.	Haseeb Hashmi	33100-6847614-7	Arshad Manzoor	2,358	2,767	148	5,273	-	2,922	157	3,079	
21	Shaheen Iqbal	House # 15, Main Double Road, F-10-3, Islamabad	Shaheen Iqbal	61101-6068357-3	Mohammad Sharif	4,275	3,065	394	7,734	-	3,105	419	3,524	
22	Ali Muhammad	Flat # 2, 2nd Floor, 25-C, SunSet Lane Phase II, DHA, Karachi.	Ali Muhammad	42000-5970270-7	Abdul Karim	4,468	3,449	74	7,991	-	3,476	79	3,555	
23	Sher Mohammad	House # A-179, Sector 11-B, North Karachi.	Sher Mohammad	42101-6905088-3	Bhuden Khan	3,945	4,637	355	8,936	-	3,384	362	3,746	
24	Abdul Wahid Bhatyi	House # 7, Street # 30, F-6/1, Islamabad.	Abdul Wahid Bhatyi	61101-9631192-1	Abdul Razaq Bhatti	3,710	3,688	299	7,696	-	3,733	318	4,051	
25	Nadeem Jan	House # R-320, Sector-14B, North Nazimabad, Karachi.	Nadeem Jan	42101-7337436-3	Akber Jan	3,328	4,009	237	7,574	-	4,017	253	4,270	
26	Raja Naseer Ahmed	Dara Pur Post Office Khaslahore House # 9, Street # 1, Air Force Officers Housing Scheme, Falcon Complex, Rawalpindi.	Raja Naseer Ahmed	37405-1983999-5	Naseer Ullah Khan	4,753	4,234	351	9,338	-	4,294	373	4,668	
27	Anjad Kamran	39-J/III, Gul Berg III, Feroz Market, Lahore.	Anjad Kamran	37405-9409959-7	Atta Ullah Qureshi	5,270	4,452	435	10,156	-	4,826	461	5,288	
28	Azra Saeed	House # 5, Block B, Gulistan Colony # 2, Faisalabad.	Azra Saeed	33100-0888083-6	Muhammad Saeed Khalid	4,666	5,744	320	10,720	-	5,783	337	6,120	
29	Naeem Yaqoob	23-E, Doctors Colony, Thukar Niaz Bag, Lahore	Naeem Yaqoob	35202-0776125-7	Muhammad Yaqoob	4,519	5,531	366	10,416	-	5,829	447	6,277	
30	Muhammad Zubair Asif	149 B, Iqbal Avenue Housing Society, near Shaikat Khanam Hospital, Lahore.	Muhammad Zubair Asif	33100-6287150-3	Muhsin Ahmed	4,880	6,100	383	11,362	-	6,171	394	6,565	
31	Zulqarnain Sarfaraz	Rajay Valial, Chak No 296, Rab Dakghna Tehsil, Faisalabad.	Zulqarnain Sarfaraz	33100-1455389-1	Abid Sarfaraz	5,884	6,243	445	12,572	-	6,661	474	7,136	
32	M Fayyaz Abbassi/Sadia Fayyaz Abbassi	House # 111, Street 21, Korangi Town, Islamabad.	M Fayyaz Abbassi/Sadia Fayyaz Abbassi	37405-9574566-5	Raja Muhammad Yaseen	7,820	8,491	606	16,917	-	8,752	614	9,366	
33	Muhammad Ilyas	39-J/III, Gul Berg III, Feroz Market, Lahore.	Muhammad Ilyas	35202-8949866-5	Ch Mohammad Hussain	11,969	9,010	1,039	22,019	-	9,397	1,227	10,624	
34	Zulqarnain Sarfaraz	Rajay Valial, Chak No 296, Rab Dakghna Tehsil, Faisalabad.	Zulqarnain Sarfaraz	33100-1455389-1	Abid Sarfaraz	9,816	10,436	686	20,938	-	11,134	735	11,869	
35	Mohammad Sharif Ansari	House # C-125, Block A, North Nazimabad, Karachi.	Mohammad Sharif Ansari	42401-2408996-5	Abdul Haleem	17,649	10,552	1,254	29,455	-	11,315	1,275	12,591	
36	Malik Manzoor Hussain	House # 1, Street No.14, Fzala Housing Scheme (Islamabad Highway), Rawalpindi.	Malik Manzoor Hussain	35302-2017732-5	Malik Karam Elahi	14,681	15,848	1,145	31,674	-	16,226	1,168	17,394	

Rupees '000

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Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2017 as referred in note 12.8 to these financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Total (6+7+8)	Principal written-off (9+10)	Interest/Mark-up written-off (11)	Other Financial Reliefs provided (12)	Total (10+11+12)
						Principal	Interest/Mark-up	Others	6	7					
37	Yasir Ali Jatoi	House # 21-A, Muslim Housing Society, Qasimbabad, Lahore.	Yasir Ali Jatoi	41306-4620784-7	Dadian Khan Jatoi	8,005	7,541	13,187	28,733	-	7,982	13,251	-	21,233	
38	Mohammad Pervez Khan	Faraz Avenue, Flat # 73, Block-E, Gulistan-e-Johar, Block 20, near Johar Moor, Karachi	Mohammad Pervez Khan	42101-1870739-3	Abdul Majeed Khan	19,135	19,439	1,494	40,068	-	20,085	1,525	-	21,620	
39	Yasir Ishaq	House # 47/48, Green View Colony, Faisalabad.	Yasir Ishaq	33100-3962569-1	Irshad Ahmed	19,637	23,655	1,484	44,776	-	23,830	1,579	-	25,408	
40	Imtiaz Rafi Butt	8-Zafar Ali Road, Lahore	Imtiaz Rafi Butt Shazi Imtiaz Rafi	35201-2361943-7 35201-7029632-9	1. Muhammad Rafi Butt 2. Imtiaz Rafi Butt	13,011	63,917	-	76,928	-	63,823	-	-	63,823	
41	Agro Leads International	Diamond Tower, Main Bazar Chowk Hussain Agahi, Multan.	Ashraf Ali Aique AbdulHameed	36302-8310973-1 36302-0490448-5	1. Chaudhry Hakoomat Ali 2. Man Sardar Ali	5,000	27,166	-	32,166	-	27,068	-	-	27,068	
42	Mushtaq Packages	House # 260, Block-S, North Nazimabad, Karachi	Shakeel Ahmed	42101-5452464-7	Mushtaq Hussain	7,600	19,738	-	27,338	-	20,350	-	-	20,350	
43	Steel Co.	Plot No.6, Street No.15, Ghoray Shah Road, Lahore	Najam Tufail	35202-8963776-1	Muhammad Tufail	17,965	19,942	-	37,907	-	18,776	-	-	18,776	
44	Pak Hero Industries Private Limited	467-G-3, Johar Town, Lahore	Javed Iqbal AbdulHameed	35202-8633382-5 35202-4294315-1	1. Ch. Muhammad Sharif	10,597	16,639	-	27,236	-	17,203	-	-	17,203	
45	Cadet College Sialkot	Kotli Noona, Sambrial Dasika Road, District, Sialkot.	Sultan Sikandar	35201-1664367-1	Chaudhary Sultan Ahmed	12,940	18,408	-	31,348	-	16,452	-	-	16,452	
46	Immad Iftikhar Malik	35-B, Sharif Colony, Gulberg, Canal Park, Lahore	Immad Iftikhar Malik	35202-7939481-1	Iftikhar Ahmad Malik	14,996	15,038	-	30,034	-	16,404	-	-	16,404	
47	Akbari Auro's Private Limited	Nala Wala Building, Green Street, Plaza Quarters, Karachi	Mohammad Yousuf Akbari Mohammad Akeel Akbari	42301-9577510-7 42301-5978403-7	Mohammad Saeed Akbari Mohammad Saeed Akbari	9,021	13,560	-	22,581	-	13,915	-	-	13,915	
48	Pakza International	Rana House, 988 -A, Street 05 Raja Ghulam Rasool Na Rasool Nager, Faisalabad	Dilshad Ahmed	33100-4379742-7	Ghulam Muhammad	7,000	12,048	-	19,048	-	13,254	-	-	13,254	
49	Faisal Iqbal Khan/Rehana Iqbal	37-11, Khayaban-e-Bahra, Phase V DHA near Sultan Masjid, Karachi	Faisal Iqbal Khan/Rehana Iqbal	42301-5566887-7	Iqbal Ahmed Khan	3,000	12,445	-	15,445	-	12,497	-	-	12,497	
50	Relaxor	Showroom 1 And 2, Sabah Palace, P.E.C.H.S Block-6, Shahrah-e-Faisal, Karachi.	Amanullah Abban	42201-5936836-3	Haji Muhammad Abban	12,975	11,645	-	24,620	-	10,563	-	-	10,563	
51	Attab Enterprises	5 - Moleod Road, Lahore	Aftab Ahmad Malik	35202-9373554-9	Muhammad Ashiq Malik	9,970	12,074	-	22,044	-	10,012	-	-	10,012	
52	Muhammad Nadeem	C-12, Block 16, Gulistan-e-Johar, Karachi.	Muhammad Nadeem	42101-1789300-1	Ghulam Murtaza	8,663	10,661	-	19,324	-	9,756	-	-	9,756	
53	Oficmobel	House # 7-8, Block-48, S.M.C.H.S, Karachi	Ashraf Abban	42201-8779326-7	Ammannullah Abban	11,982	10,751	-	22,733	-	9,590	-	-	9,590	
54	Sajid Jewellers	31 A, Block 3, Olara	Sajid Jewellers	35302-1952448-3	Shokat Ali	8,606	10,136	-	18,742	-	9,524	-	-	9,524	
55	Muhammad Shakeel	P-8, Gulshan Colony, Faisalabad	Muhammad Shakeel	33100-7198297-5	Sh. Saeed Muhammad	7,000	10,117	-	17,117	-	9,263	-	-	9,263	
56	Yaqoob & Company	162- Hunza Block, Allama Iqbal Town, Lahore	Yaqoob & Company	35202-4068970-5	Malik Feroz Din	8,000	10,710	-	18,710	-	8,753	-	-	8,753	

Rupees '000

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Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2017 as referred in note 12.8 to these financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year						Total (6+7+8)	Principal written-off (9+10)	Interest/ Mark-up written-off (11)	Other Financial Reliefs provided (12)	Total (10+11+12)
						Principal	Interest / Mark-up	Others	6	7	8					
----- Rupees '000 -----																
57	Uppal Construction Company	House # 10, Street # 08, Sector-B, DHA Phase - I, Islamabad	Inam Ul Haq Zil E Humma Omer Usman Taimur Uham	37101-5008715-7 37101-7313758-8 37101-0239427-1 37101-0232477-1	1. Abdul Rasheed 2. Inam Ul Haq 3. Inam Ul Haq 4. Inam Ul Haq	9,552	4,642	27	14,221	-	2,642	27	2,668			
58	M/S Al Habibe Sanitary Store	1No.08 Risala Road, Suncas Center, Hyderabad	Munawar Hussain	41304-2860644-5	Habib Khan	725	1,412	-	2,138	-	1,141	-	1,141			
59	Planet - T The Toyland	No 5, Raheel Arcade Opp. Singer Show Room, Tariq Road, Karachi.	Muhammad Raheel Kamran	42201-9285157-1	Man Muhammad Ali Abbas	9,000	9,427	-	18,427	-	8,205	-	8,205			
60	Shaheen Enterprises	No 5, Block - A, Al-Rahim Shopping Center, Hyderabad	Abdul Sattar Khan	41303-9010699-5	Ibrahim Khan	3,000	3,606	-	6,606	-	3,383	-	3,383			
61	M/S Nasir Beverage Agency	Nasir Beverages Agency, Darya Road, Near Suzuki Stand, Kofri District, Jamshoro	Arif Khan	41504-0364207-1	Muhammad Naeem Khan	3,749	1,888	-	5,637	-	1,825	-	1,825			
62	H. A. International	1Flat No. J-201, Zainab Plaza, Gulshan-e-Iqbal, Block-17, Karachi	Ahmed Arif Rogathia	42201-7677279-3	Mohammad Arif Rogath	2,722	4,118	-	6,840	-	3,781	-	3,781			
63	Fateema Poultry Farm	Deh Pathra-ii, Sakran Road, Hub, Baobhistan	Zakir Ali Nasser Faz-E-Ali	42201-0529582-5 42201-0682577-3	Aun Ali Nasir Haider Ali	1,198	1,945	-	3,143	-	2,050	-	2,050			
64	Mohammad Ashraf Bera	1 Nono.606, Al Garden, Garden East Karachi, Pakistan	Mohammad Ashraf Bera	42301-0856449-9	Abdul Sattar Bera	3,349	1,948	-	5,296	-	1,423	-	1,423			
65	Mehran Cotton Agency	402 Plot No 7, 71-72 G.K.Kharadar Squire Building, Karachi	Muhammad Peyal	42301-0898699-9	Gul Muhammad	81	912	-	993	-	767	-	767			
66	M.H.Khan Mughal	House # 3, Muslim Housing Society, Hyderabad,	Muhammed Hashim	41306-9729479-9	Bhooro Khan	385	2,610	-	2,995	-	2,637	-	2,637			
67	M/S Shafie International	204, 208-209, Al-Kabir Plaza, Sonrab Kiriak Road, Sadder, Karachi	Shafie Mohammad Shah	42301-2570210-1	Ali Asghar Shah	400	589	-	989	-	621	-	621			
68	Air Aid Travels	12, Ground Floor, Muhammad Plaza, Jinnah Avenue, Blue Area, Islamabad.	Muhammad Younas Malik Malik Muhammad Siddique	34202-0698659-7 34202-0704386-1	1. Muhammad Siddique 2. Malik Abdul Ghanni	3,663	1,018	1	4,682	-	881	1	882			
69	Pakistan Iron & Steel Corporation	Plot # 163, Near Bilal Masjid, Mohonpura Road (City Sadder Road), Rawalpindi.	Sh. Imran Shahid	37405-9357552-5	Sh. Abdul Shahid	5,276	7,123	-	12,399	-	5,183	-	5,183			
70	Crishita Sugar Mills Limited	187-A, Scotch Corner, Upper Mall, Lahore.	Faisal Jawad Bhatti Farhat Shakeel Muhammad Masood Tahir	35202-2619201-3 35202-2483651-6 38403-2266601-9	1. Shakeel Bhatti 2. Shakeel Bhatti 3. Rab Navroz	21,078	10,086	-	31,163	-	6,995	-	6,995			
71	Cash Departmental Store	House # 153-B, Street # 48, Sector F-10-4, Islamabad	Hussain Sabri	61101-4751048-1	Mohammad Hussain	9,479	6,109	-	15,589	-	2,876	-	2,876			
72	Munir Sons	19-Block-J-I, Johar Town, Lahore	Shekhi Nasir Ahmad	35202-8257500-1	Shekhi Noor Ahmad	563	4,710	-	5,273	-	4,525	-	4,525			
73	Sigma Knitting Mills Limited	House # 8, Hazrat Gul Road, Lahore	Faiz Rahim Khan Zahid Ali Khan Mrs. Nadeem Akbar	35201-7724738-3 35201-9010218-5 35201-4304900-0	1. Rahim-Ug-Din Khan 2. Hamid Ali Akbar 3. Zahid Ali Khan	10,702	13,881	-	24,584	-	5,491	-	5,491			

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S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year						Total (6+7+8)	Interest/ Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						Principal	Interest/ Mark-up	Others	6	7	8				
74	Unitas Construction Private Limited	House # 59, Ghori Street, Islamabad, Lahore	Nadeem Zar Mrs. Nadeem Akbar	35202-2258521-5 35201-4340490-0	1. Barkat Ali Zair 2. Zahid Ali Khan	7,469	4,728	-	12,197	-	2,764	-	2,764		
75	Anjad Amin Forgings	28-10, Shahid Park, Nishitar Town, Daroghawala, Lahore	Anjad Amin	35201-6505616-3	Amin Ahmed	4,500	5,280	-	9,780	-	4,777	-	4,777		
76	Raja Rani	Shoes 48, New Lalazar Colony, Okara	Muhammad Imran	35302-6190627-5	Muhammad Shafi	1,000	1,140	-	2,140	-	1,042	-	1,042		
77	Izn-5 Enterprises	House # 38, Allama Iqbal Town, Gujranwala	Sajjad Akbar Naqvi	34101-1529821-9	Muhammad Tasaddaq Naqvi	3,969	7,000	-	10,969	-	6,214	-	6,214		
78	Malik Brothers	House # 698, Cheak # 9, Gulshan Town, Vehari	Malik Rashid Minhas	36603-3711555-7	Malik Khurshid Ahmed	996	1,309	-	2,305	-	1,088	-	1,088		
79	Poswal Zari Corporation	House # 1547, Block # 10 Chichawaini, District Sahiwal	Khalid Rasool	36302-8781439-1	Chaudhary Alta Muhammad	4,702	2,298	-	7,001	-	2,013	-	2,013		
80	Abid Thread Works	11-A, 50-Lawrence Road, Lahore	Ali Abid	35202-2467312-3	Akhtar Ali	2,500	4,315	-	6,815	-	4,501	-	4,501		
81	Premier Traders	401- Nishitar Block, Allama Iqbal Town, Lahore	Abdul Qayyum (Late)	35202-3074893-9	Muhammad Yaqoob	4,500	7,972	-	12,472	-	7,210	-	7,210		
82	Nick & Shery International	7- Zeevat Block, Allama Iqbal Town, Lahore	Shahid Mahmood Foza Shahid	35202-3002419-9 35202-2797456-8	1. Shekh Abdul Karim 2. Shahid Mahmood	-	1,799	-	1,799	-	1,499	-	1,499		
83	Bashier General Store & Services	55 A-1 PE C.H.S. Lahore	Imran Bashir	35202-7848843-7	Bashir Ahmed	5,997	6,228	-	12,226	-	4,775	-	4,775		
84	MASlam Steel Re-Rolling Mills	Warah Star Naz Abad, Haji Pura, Beghbanpura, Lahore	Muhammad Fayyaz	35201-7878457-9	Muhammad Aslam	4,160	2,395	-	6,555	-	2,267	-	2,267		
85	Asim Hussain	208, 2nd Floor, Dubai Plaza, 6th Road, Rawalpindi.	Asim Hussain	37405-8187780-7	Noor Alam Awan	2,650	7,149	-	9,799	-	7,342	-	7,342		
86	Inter Network	111 - Bank Square, Model Town, Lahore	Naveed Mozahir Ali	35202-2865376-7	Adnan Ali	1,989	2,406	-	4,405	-	2,582	-	2,582		
87	Wahgra Farm Services	Wahgra Dakhana Deepapour Sham Din, Okara	Yar Muhammad	35301-1942293-1	Dost Muhammad	6,500	8,972	-	15,472	-	8,141	-	8,141		
88	Classic Links	630- PCSRF-II, Johar Town, Lahore	Shah Rukh Hayat Khan Altaf Hussain	35202-2440502-1 35202-7121001-7	Riffat Hayat Khan 1. Haji Lal Din	373	1,639	-	2,012	-	1,686	-	1,686		
89	Lal Din & Sons	16-B, Block-G, Johar Town, Lahore	Ghulam Hussain	35202-1878165-5	1. Haji Lal Din	5,997	3,019	-	9,016	-	3,007	-	3,007		
90	Chand Sawian	50- Ravi Road, Lahore	Talib Hussain	35200-1400727-3	Abdul Ghani	3,401	3,981	-	7,382	-	3,904	-	3,904		
91	Chaudhry Khalid Bashir	35- Yasrab Colony, Lahore	Chaudhry Khalid Bashir	35202-2188432-7	Ch. Bashir Ahmad	4,496	4,384	-	8,880	-	3,863	-	3,863		
92	M.S Corporation	P-18, Abu Bakar Street, Khyaban Colony, Faisalabad	Muhammad Munir	33100-0102969-1	Muhammad Saddiq	3,376	1,961	-	5,338	-	1,703	-	1,703		
93	Mohammad Baber Khan	930-1, Block-Z, DHA, Lahore	Mohammad Baber Khan	35201-0465423-3	Mushtaq Ahmed Khan	4,902	7,006	-	11,908	-	6,298	-	6,298		
94	Agro Leads Enterprises	Diamond Tower, Main Bazar Chowk Hussain Agahi, Multan.	Ashraf Ali Atique Abdul Hameed	36302-8310973-1 36302-0490448-5	1. Chaudhry Hekoomat Ali 2. Man Sardar Ali	-	1,006	-	1,006	-	1,006	-	1,006		
95	Majid Traders	B-I-35-31, Block 3A, Municipal Committee, Okara	Majid Ali	35302-1909598-7	Shokat Ali	5,000	5,917	-	10,917	-	5,851	-	5,851		
96	New Kausar Hardware & Iron Store	31 A, Block 3, Okara	Wajid Ali	35302-1952450-3	Shokat Ali	4,000	4,647	-	8,647	-	4,480	-	4,480		

----- Rupees '000 -----

ANNEXURE II TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2017 as referred in note 12.8 to these financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Total (6+7+8)	Principal written-off	Interest/ Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						Principal	Interest / Mark-up	Others	6	7					
1	2	3	4	5	6	7	8	9	10	11	12	13			
97	Izzat Jaffery	House # 240, Street # 35, Sector F-10/1, Islamabad	Izzat Jaffery	61101-0617801-1	S.W.H Jaffery	8,944	10,044	-	18,987	-	7,365	-	7,365		
98	Ahmed Hassan Meela	113/3, Stadium Road, Sargodha	Ahmed Hassan Meela	35201-8888516-9	Nasrullah Khan Meela	3	758	-	761	-	758	-	758		
99	Abdul Sattar	Chak No.168 J.B, Po. Chek No.214, J.B, Tehsil And District Jhang	Abdul Sattar	33201-6651900-9	Khan Muhammad	-	1,230	-	1,230	-	970	-	970		
100	Muzzafer Ahmed	Mellanwala P.O. Khas Tehsil Deska District, Sialkot	Muzzafer Ahmed	34601-5690819-9	Ahmed Ali	-	697	-	697	-	697	-	697		
101	Inam Ullah Khan	Lala Kalay Po. Turrab Farm Tehsil & District, Peshawar	Inam Ullah Khan	17301-1488399-5	Faqir Ghulam Muhammad	-	1,191	-	1,191	-	985	-	985		
102	Naila Arbab	Near Police Chouki Lalakalay P.O. Turrab Farm Peshawar	Naila Arbab	17301-5001657-4	Arbab Faisal Rehman	500	1,359	-	1,859	-	1,174	-	1,174		
103	Muhammad Shafiq	Muslimabad P.O. Khazana, Tehsil & District, Peshawar	Muhammad Shafiq	17301-7962214-1	Muhammad Rafique	38	973	-	1,011	-	973	-	973		
104	Khadim Ali Bhatti	Mauza Harpal Bhatti P.O. Ratali Kalan Noshera Vikran District Gujranwala	Khadim Ali Bhatti	34103-6732559-5	Mehar Din Urf Mehar	458	1,335	-	1,793	-	1,166	-	1,166		
105	Zulikha	Goth Khokhar Tando, Allah Yar	Zulikha	41307-8234685-4	Sher	3	1,186	-	1,189	-	1,136	-	1,136		
106	Mian Arshad Iqbal	Mauza Zakhira Gashkori, Chek No.48/3-R, Tehsil & District Okara	Mian Arshad Iqbal	35302-5988539-1	Khan Muhammad	-	746	-	746	-	746	-	746		
107	Arshad Ali	House No.33/61, Mohallah Beghadi Road Samanabad Block A, Lahore	Arshad Ali	35202-0688174-3	Mian Karim Buksh	-	838	-	838	-	527	-	527		
108	Muhammad Nasrullah	House No.699, Mohallah Block F2, Wagda Town, Lahore	Muhammad Nasrullah	35301-1987470-1	Ghulam Rasool Khan	2,098	450	-	2,548	-	575	-	575		
109	Muhammad Rabnawaz	Dera Rehmanwala, Mozamabad, P.O. Khas, Tehsil Bhalwal District Sargodha	Muhammad Rabnawaz	38401-0339599-3	Nazar Muhammad	1,300	1,999	-	3,299	-	1,572	-	1,572		
110	Muhammad Iqbal Qari	Saboki Post Office Saboki Dandian Tehseel Kamonky Zila, Gujranwala	Muhammad Iqbal Qari	34102-6677685-5	M. Saadique	2,085	1,407	-	3,492	-	964	-	964		
111	Ghulam Abbas	Mauza Randher & Hussain Pur Randher Tehsil Deska District, Sialkot	Ghulam Abbas	34601-7708758-9	Ghulam Haider	415	1,819	-	2,234	-	1,383	-	1,383		
112	Muhammad Umer Sarwar Lodhi	House # 02, Lodhi Villa, Faisal Street, Chungi # 6, Bosaan Road, Multan	Muhammad Umer Sarwar Lodhi	36302-0663207-5	Mukhtom Ghulam Sarwar Khan Lodhi	2,000	1,763	-	3,763	-	1,220	-	1,220		
113	Sikandar Mubarez Khan	Post Office, Jaranwala Chek 125 Gaaf Bay Tehseel Muhammad Nagar Jaranwala District, Faisalabad	Sikandar Mubarez Khan	37203-6535739-5	Sher Khan	1,000	1,255	-	2,255	-	578	-	578		

----- Rupees '000 -----

ANNEXURE II TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2017 as referred in note 12.8 to these financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year						Total (6+7+8)	Principal written-off (9-7+8)	Interest/ Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						Principal	Interest / Mark-up	Others	6	7	8					
1	2	3	4	5	6	7	8	9	10	11	12	13	Rupees '000			
114	Muhammad Hussain	Mauza Modhanwala P.O. Khas Hafizabad, Tehsil & District Hafizabad	Muhammad Hussain	34301-1780124-3	Peer Muhammad	650	800	-	1,540	-	674	-	674			
115	Ch Mahmood Ul Hassan	Saeedan Wala Chak 116/15 L Po Khas Mian Channu District Khanawal	Ch Mahmood Ul Hassan	36104-0401956-7	Chaudhary Hakeem Ul Hassan	3,000	649	-	3,650	-	572	-	572			
116	Hamid Ishfaq Bucha	23-A Gulguishi Multan	Hamid Ishfaq Bucha	36302-0272182-3	Malik Muhammad Isha	195	2,426	-	2,621	-	1,837	-	1,837			
117	Raja Atfah Hussain Raja Zafar Hussain	Chak No.124 Gb, P.O. Khas, Tehsil Jaranwala, District Faisalabad	Raja Atfah Hussain Raja Zafar Hussain	33104-4607128-9 35101-1527343-3	Raja Zafar Hussain	2,572	2,832	-	5,404	-	1,579	-	1,579			
118	Tulla Control Poultry Shed	Faiceeran P.O. Same Tehsil Malakwal District M.B. Din	Gulzar Ahmad	90403-0149860-9	Sher Muhammad	4,800	1,896	-	6,696	-	1,237	-	1,237			
119	Syed Tanveer Hussain Shah	Bc-256, Gulistan-E-Sajid Hyderabad	Syed Tanveer Hussain Shah	41303-3208113-9	Syed Saadullah Shah	1,784	1,932	-	3,716	-	2,106	-	2,106			
120	Mazhar Hussain	Chak No.22 S.B, P.O. Khas Tehsil & District Saigodha	Mazhar Hussain	39403-5270076-3	Malik Muhammad Ishaq	453	822	-	1,275	-	603	-	603			
121	Muhammad Saleem	House No. 10 Golf Avenue Canal Bank Mughalpura Lahore	Muhammad Saleem	35201-7841942-7	Meraj Din	-	1,077	-	1,077	-	592	-	592			
122	Liaqat Ali	Chandpur P.O. Khas Tehsil & District Nanikana Sahib	Liaqat Ali	35402-2450449-5	Nayamat Ali	1,008	733	-	1,741	-	613	-	613			
123	Meraj Muhammad	Falt No.1, Al-Meraj Centre, I.T. Centre G-11/1 Islamabad	Meraj Muhammad	61101-7827750-3	Ghulam Sarwar	-	865	-	865	-	665	-	665			
124	Muhammad Nawazish Ali Pirzada	96-Executive Lodges, Lahore	Muhammad Nawazish Ali Pirzada	35202-1237390-1	Mian Maqbool Ahmed	1,978	2,097	-	4,076	-	1,871	-	1,871			
125	Muhammad Rafique	Mouza Karnal Pur Jalyal District Lodhran	Muhammad Rafique	36203-0165754-3	Ahmad Buksh	1,000	1,273	-	2,273	-	1,163	-	1,163			
126	Noor Poultry Products & Farms	House # 107-C, Allama Iqbal Road, Garhi Shahu, Lahore	Yasir Zaheer Anir Zaheer	35202-5455559-3 35202-8681732-3	Zaheer Rehmani Zaheer Rehmani	2,300	1,327	-	3,627	-	1,405	-	1,405			
127	Rasool Khan & Rozi Khan	Nawan Thatha Po Mandi Shah Jeviana Hessian Tehsil & District Jhang	Rasool Khan Rozi Khan	33202-1236111-3 33202-1236107-7	Gulab Khan	500	722	-	1,222	-	726	-	726			
128	Shah Zaib Khan	Nawan Thatta Mandi Shah Jeviana, Tehsil & District Jhang	Shah Zaib Khan	33202-5946304-9	Gulab Khan	800	1,099	-	1,899	-	750	-	750			
129	Kw Chicks	House No. 32 Street No.2 Babar Colony Rahim Yar Khan	Muhammad Mansha	31303-8679052-7	Muhammad Yousaf	3,794	768	-	4,562	-	615	-	615			
						773,700	799,136	41,401	1,614,237	119,672	763,523	43,553	926,750			

ANNEXURE III TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

The Bank is operating 197 Islamic banking branches (2016: 146) and 1 Islamic sub-branch (2016: 1). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2017 are as follows:

(A) Statement of financial position as at December 31, 2017

	Note	2017	2016
		-----Rupees '000-----	
ASSETS			
Cash and balances with treasury banks		7,716,588	5,601,380
Balances with other banks		113,094	83,370
Due from financial institutions		-	-
Investments		25,399,578	16,246,917
Islamic financing and related assets	(A3)	45,601,317	32,316,678
Operating fixed assets		1,685,039	1,175,046
Deferred tax assets		-	-
Other assets		3,573,338	954,377
		84,088,954	56,377,768
LIABILITIES			
Bills payable		1,329,424	896,669
Due to financial institutions		4,450,000	200,000
Deposits and other accounts	(C)		
- Current accounts		31,485,430	18,424,972
- Saving accounts		15,600,698	12,548,303
- Term deposits		12,025,841	7,077,218
- Others		14,986	34,955
- Deposits from financial institutions - remunerative		11,060,378	9,618,020
- Deposits from financial institutions - non-remunerative		41,939	5,500
Due to head office		2,263,153	1,007,797
Deferred tax liabilities		42,307	24,645
Other liabilities		741,735	2,131,144
		79,055,891	51,969,223
NET ASSETS		5,033,063	4,408,545
REPRESENTED BY			
Islamic banking fund		2,880,000	2,880,000
Reserves		-	-
Unappropriated profit		1,949,363	1,357,645
		4,829,363	4,237,645
Surplus on revaluation of assets - net of tax		203,700	170,900
		5,033,063	4,408,545
(A1) Remuneration to Shari'ah Board		9,906	9,762
(A2) Charity fund			
Opening balance		4,844	1,034
Additions during the year	(A2.1)	8,201	5,610
Payments / utilization during the year	(A2.2) & (A2.3)	(4,800)	(1,800)
Closing balance		8,245	4,844
(A2.1) Sources of addition in charity fund			
Non-shariah compliant income		556	-
Late payment charges		7,548	5,564
Profit on saving accounts		97	46
		8,201	5,610

ANNEXURE III TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
	-----Rupees '000-----	
(A2.2) Sector wise details of charity disbursement		
Health	4,300	1,300
Education	200	200
Social work	300	300
	4,800	1,800
	Note	2016
		-----Rupees '000-----
(A2.3) Donee wise details of charity disbursement		
The Indus Hospital	1,500	300
Shaukat Khanum Memorial Trust	2,500	300
Sindh Institute of Urology and Transplantation (SIUT)	100	300
Punjab Institute of Cardiology	100	300
DEWA Institute of Special and Inclusive Education	100	100
Alamgir Welfare Trust	100	100
The Kidney Centre	100	100
SADA Welfare Foundation	100	100
Saylani Welfare Trust	100	100
The Citizens Foundation	100	100
	4,800	1,800
(A3) Islamic financing and related assets	(A3.1)	45,601,317
(A3.1) Islamic mode of financing		
Financing		
Murabaha	606,921	861,049
Musharaka cum Ijarah	11,269	11,269
Diminishing Musharaka	37,188,597	23,602,710
Fixed assets Ijarah financing - net	17,665	493,559
Istisna	90,873	-
	37,915,325	24,968,587
Advance against financing		
Advance against Murabaha financing	153,923	251,821
Advanced against Diminishing Musharaka	3,873,577	6,332,472
Advance against Ijarah	3,374,766	635,417
Advance against Istisna	574,102	400,000
	7,976,368	7,619,710
Gross Islamic financing and related assets	45,891,693	32,588,297
Provision against Islamic financing and related assets	(290,376)	(271,619)
	45,601,317	32,316,678
(A3.2)		
Murabaha receivable - gross	625,570	1,026,101
Less: Deferred Murabaha income	(8,775)	(52,167)
Add: Profit receivable shown in other assets	(9,874)	(112,885)
Murabaha financings	606,921	861,049
Murabaha sale price	625,570	1,026,101
Murabaha purchase price	(606,921)	(861,049)
	18,649	165,052

ANNEXURE III TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(B) Profit and loss account

	2017	2016
	-----Rupees '000-----	
Profit / return earned on financing and investments	4,910,831	3,359,915
Profit / return expensed	2,056,236	1,952,029
Net spread earned	2,854,595	1,407,886
(Reversal of provision) / provision against non-performing financings - net	(4,191)	32,103
Provision / (reversal of provision) against consumer financings - general	22,948	(5,989)
Reversal against provision for diminution in the value of investments	-	-
Recoveries against written off debts	-	(220)
	18,757	25,894
	2,835,838	1,381,992
Other income		
Fee, commission and brokerage income	266,482	167,244
Dividend income	-	-
Income from dealing in foreign currencies - net	60,994	8,159
Loss on sale of securities - net	(712)	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	6,274	1,552
Total other income	333,038	176,955
	3,168,876	1,558,947
Other expenses		
Administrative expenses	2,577,039	1,606,552
Other provision / write-offs	-	31,336
Other charges	119	18
Total other expenses	2,577,158	1,637,906
	591,718	(78,959)
Extraordinary items / unusual items	-	-
Profit / (loss) for the year	591,718	(78,959)

(C) Sectors and avenues of deposits and funds

The deposits and funds accepted under the pools mentioned in note (D) are provided to diversified sectors and avenues of the economy / businesses.

	2017	2016
	-----Rupees '000-----	
Government and other securities	25,399,578	16,246,917
Textiles, chemicals, pharmaceuticals, food and allied	4,797,853	4,111,549
Production and transmission of energy	9,352,022	7,038,599
Transportation	3,142,775	5,337,739
Construction / housing	4,555,496	4,327,540
Others	24,043,547	11,772,870
	71,291,271	48,835,214

Musharaka investments from the SBP under Islamic Export Refinance Scheme (IERS) are channeled towards the export sector of the economy.

ANNEXURE III TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(D) Pool management

The Bank's Islamic Banking Division (FBL IBD) has maintained the following pools:

- i. 'General Pool' for local and foreign currency deposits;
- ii. 'Islamic Export Refinance Pool' ;
- iii. 'Treasury Musharaka Pool' ;
- iv. 'Barkat Investment Pools' ; and
- v. 'Barkat Equity Pool

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency caters the needs of all FBL IBD depositors and provide profit / loss based on Modaraba and Musharaka;
- The IERS Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP and is based on Musharaka basis.
- The 'Treasury Musharaka Pool' is to provide Shari'ah compliant mechanism for Interbank money market deals and manage the liquidity position of FBL IBD balance sheet by creating sub pools against each FBL IBD money market deals;
- The Barkat Investment Pools are created to cater the needs of high net worth clients and are based on mudarbah basis;
- The Barkat Equity Pool is created to mainly cater the funding requirements of project / long term financing assets during non accrual period; and
- The risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

(D1) Profit / (loss) distribution to depositor's pool

Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

Gross income generated from relevant assets, calculated at the end of the month is first divided between FBL IBD and investors / depositors in the ratio of FBL IBD's equity commingled in a pool on pro rata basis, and then amongst FBL IBD and the depositors as per agreed Mudarib fee and weightages declared before start of a month, respectively. All Modaraba and Musharaka based deposits are fully invested in respective pools to produce returns for them. In case where FBL IBD is unable to utilise all funds available for investment, priority is given to the deposit account holders.

ANNEXURE III TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

All remunerative accounts such as savings accounts, investment certificates and business kamil accounts are opened on the basis of Modaraba or a combination of Modaraba and Musharaka. The return on these deposits is calculated on the basis of Profit and Loss Sharing (PLS). Unless specified, all remunerative local and foreign currency deposits are taken as General Modaraba and Musharaka pool.

Profit share is determined using weight assigned to each category of deposit within a pool and profit sharing ratio. These weightages and profit sharing ratio are declared by FBL IBD in compliance with the requirements of the SBP.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. The Direct expenses are charged to respective pool. The Indirect expenses including the establishment cost are borne by FBL IBD as Mudarib. The Direct expenses charged to the pools include depreciation of Ijara assets, cost of sales of inventories, insurance / Takaful expenses of pool assets, stamp fee, documentation charges, brokerage fee for the purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools etc. Provisions against any non-performing assets of the pool are not passed on to the pool except on the actual loss / write-off of such non-performing asset and suspension of income against non-performing assets. The profit of the pool is shared between the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

Particulars	2017		2016	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	1,382,715	50.15	1,154,324	50.11
- Amount and percentage of Mudarib share transferred to depositors through Hiba	478,820	34.63	674,410	58.42
- Profit rate earned (annualised)	-	7.14	-	7.62
- Profit rate distributed (annualised)	-	4.34	-	5.20

ANNEXURE IV TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Details of disposal of fixed assets to executives, and other persons having cost of more than Rs.1 million or net book value of Rs. 250,000 or above are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser / Insurer / addresses (only in case of individuals)
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----- Rupees '000 -----

Owned - Vehicles

Mercedes Benz	8,000	5,440	2,560	2,880	320	As per Bank Policy	Mr. Yousaf Hussain - President & CEO
Audi	7,445	3,574	3,871	3,871	-	As per Bank Policy	Mr. Khurram Gul Agha - Ex-Executive
Toyota Fortuner	5,106	1,634	3,472	3,880	408	As per Bank Policy	Mr. Meraj Uddin - Ex-Executive
Mercedes Benz	4,000	4,000	-	2,300	2,300	Bid	Mr. Iftikhar Ahmed - Individual H.No. R-373, Shamsi Villas, Khurram Abad Landi No.2, Sector F-37, Malir Karachi.
Toyota Vigo	2,455	2,455	-	1,839	1,839	Bid	Mr. Nauman Ahmed Siddiqui - Individual 608, Showroom No.2, Fatima Jinnah Colony, M.A.Jinnah Road, Karachi
Toyota Corolla Grande	2,303	737	1,566	1,750	184	As per Bank Policy	Mr. Meraj Uddin - Ex-Executive
Toyota Corolla GLL	1,690	1,239	451	1,300	849	Insurance Claim	EFU Insurance Company Limited
Honda Civic	1,381	1,105	276	928	652	Bid	Mr. M. Tahir Khan - Individual Plot No. 163-D, Flat No. H-1, PECHS Block-3, Karachi.
Honda City	1,197	957	240	1,018	778	Bid	Mr. Nauman Ahmed Siddiqui - Individual 608, Showroom No.2, Fatima Jinnah Colony, M.A.Jinnah Road, Karachi.

Owned - Office furniture, fixtures, equipments, and computers

Automated Teller Machines	36,047	36,047	-	179	179	Bid	M/s. Touch Point
Generator	3,296	3,296	-	1,093	1,093	Bid	Rajab Ali & Company
Generator	1,053	1,053	-	60	60	Bid	Haider & Ali

Owned - Leasehold improvements

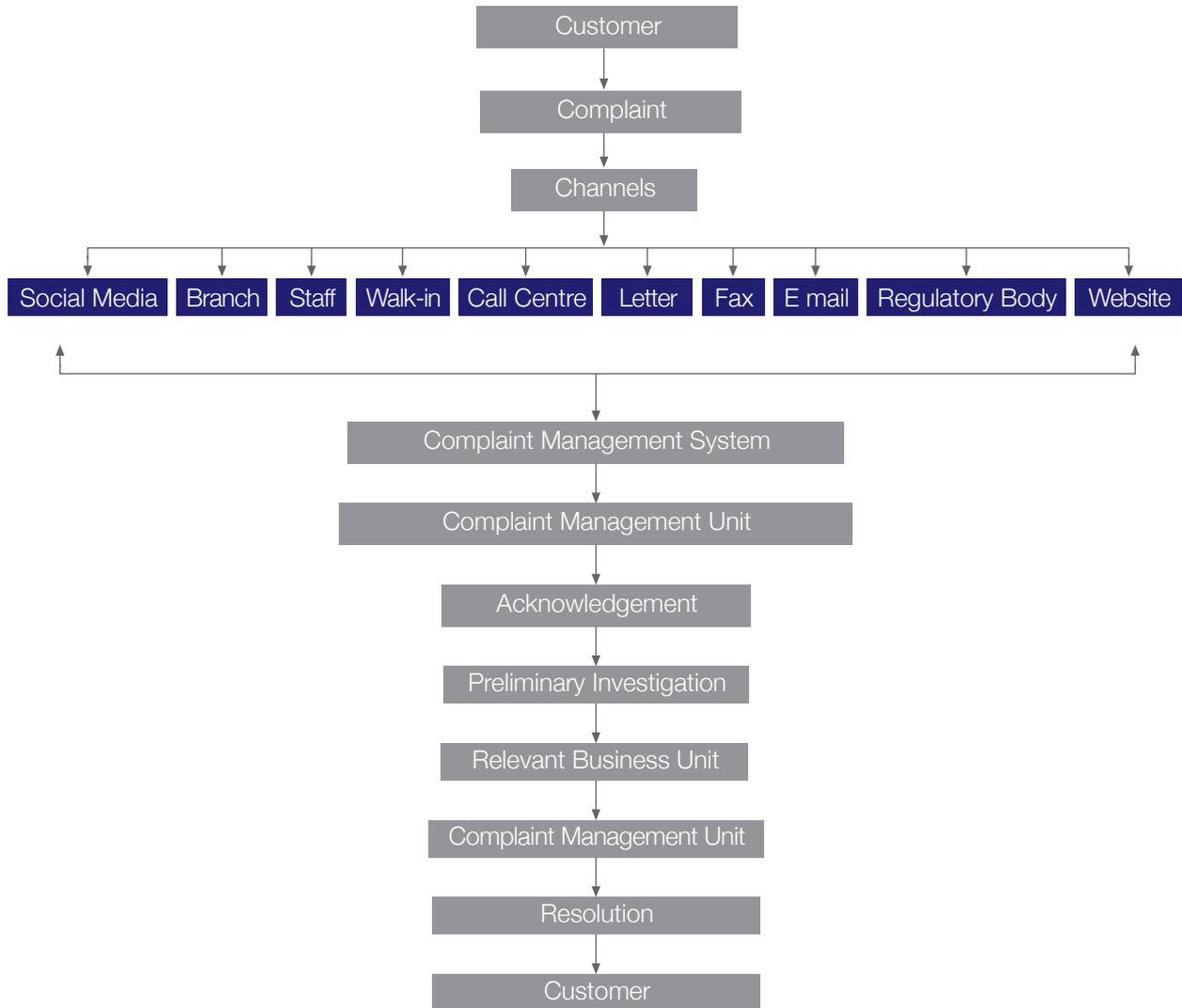
Fixtures including civil works	14,569	14,569	-	164	164	Bid	Farhan and Company
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Details of disposal of fixed assets having cost no more than Rs. 1 million or net book value of Rs. 250,000 or above are as follows:

- Disposed of	101,968	99,257	2,711	15,773	13,062	Various	-
- Written off	48,502	48,379	123	-	(123)	Written off	-
	239,012	223,742	15,270	37,035	21,765		

CONSUMER GRIEVANCES HANDLING MECHANISM

Following is the Bank's consumer grievances handling mechanism chart.



Consumer Grievances Handling Mechanism

- Customer makes a complaint against the Bank via call centre, branch, email, website etc. and the same are lodged in the system.
- All customer complaints are acknowledged to the customer.
- Initial investigation of the complaint will be conducted by the Complaints Management Unit (CMU) of the Bank, the same will be forwarded to the relevant department for their feedback.
- In case a complaint exceeds its stipulated time, the customer will be informed through an interim reply.
- Resolution of the complaint will be provided to the customer.
- In case where the complaint is declined by the Bank then it will be ensured that the customer will be provided with alternate grievance redressal forums.

CONSUMER GRIEVANCES HANDLING MECHANISM

Listed below are the initiatives taken by Complaint Management Unit Department in the year 2017:

1. Initiation of a new unit to resolve a complaint on the first call
2. Automation of Complaint Acknowledgement
3. Automation of interim responses

Total number of complaints received by the Bank in the year 2017 are 71,693 and the average time taken to resolve them was 4 working days.

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS ON DECEMBER 31, 2017

Category No.	Categories of Shareholders	Category Wise No. of Shareholders	Number of Shares Held	Category Wise Number of Shares Held	Percentage %
1.	Associated Companies, Undertakings and Related Parties				
	Ithmaar Bank B.S.C		631,349,927		
			2,882,876*		
	Faisal Finance (Luxembourg) S.A.		112,382,686		
			513,163*		
	MFAI (Jersey) Limited		77,351,712		
		6	353,205*	951,167,527	72.07
	DMI (Jersey) Limited		56,191,340		
			256,582*		
	State Life Insurance Corporation of Pakistan		69,886,036		
2	Mutual Funds				
	CDC- Trustee MCB Pakistan Stock Market Fund		11,061,500		
	CDC- Trustee JS Large CAP. Fund		2,316		
	CDC-Trustee AKD Index Tracker Fund		85,497		
	CDC-Trustee NAFA Stock Fund		11,694,182		
	CDC- Trustee NAFA Multi Asset Fund		652,871		
	CDC-Trustee NIT-Equity Market Opportunity Fund		434,852		
	CDC- Trustee NAFA Asset Allocation Fund		1,000,373		
	CDC-Trustee PIML Strategic Multi Asset Fund	16	3,000	31,731,089	2.40
	CDC- Trustee First Capital Mutual Fund		410		
	CDC- Trustee National Investment (UNIT) Trust		1,021,588		
	CDC- Trustee PIML Value Equity Fund		17,500		
	CDC- Trustee UBL Stock Advantage Fund		3,376,000		
	CDC- Trustee UBL Asset Allocation Fund		1,000		
	CDC- Trustee UBL Retirement Savings Fund- Equity Sub Fund		673,500		
	CDC- Trustee Pakistan Capital Market Fund		600,000		
	CDC- Trustee MCB Pakistan Asset Allocation Fund		1,106,500		

* These represent 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 a stay order issued by the Honorable High Court of Sindh.

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS ON DECEMBER 31, 2017

Category No.	Categories of Shareholders	Category Wise No. of Shareholders	Number of Shares Held	Category Wise Number of Shares Held	Percentage %
3	Directors and their spouse(s) and minor Children				
	Farooq Rahmatullah Khan		1,241		
	Ahmed Abdulrahim Mohamed Abdulla Bucheery		629		
	Mian Muhammad Younis		632		
	Juma Hasan Ali Abul		629		
	Imtiaz Ahmad Pervez	11	115,952	122,940	0.01
	Abdulelah Ebrahim Mohamed AlQasimi		500		
	Abdulla Abdulaziz Ali Taleb		500		
	Fuad Azim Hashimi		2,200		
	Ali Munir		657		
	Yousaf Hussain		-		
4	Executives	8	83,745	83,745	0.01
5	Public Sector Companies and Corporations	11	131,131	131,131	0.02
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	23	9,279,354	9,279,354	0.70
7	Foreign Investors	44	59,970,341	59,970,341	4.54
8	General Public	16,936	235,488,843	235,488,843	17.84
9	Others	150	31,761,139	31,761,139	2.41
	Total	17,205	1,319,736,109	1,319,736,109	100.00

Total Paid-up Capital Shares 1,319,736,109

5% of the Paid-up Capital Shares 65,986,805

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS ON DECEMBER 31, 2017

S. No.	Shareholders holding 5% or more voting rights in the Listed Company	Number of Shares Held	Percentage %
1	Ithmaar Bank B.S.C	631,349,927 2,882,876*	48.06
2	Faisal Finance (Luxembourg) S.A.	112,382,686 513,163*	8.55
3	MFAI (Jersey) Limited	77,351,712 353,205*	5.89
4	State Life Insurance Corporation of Pakistan	69,886,036	5.30

* These represent 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 a stay order issued by the Honorable High Court of Sindh.

Combined Pattern of CDC and Physical Shareholding

AS ON DECEMBER 31, 2017

Category No.	Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage %
1	Associated Companies, undertakings and Related Parties	6	951,167,527	72.07
2	Mutual Funds	16	31,731,089	2.40
3	Directors and their spouse(s) and minor Children	11	122,940	0.01
4	Executives	8	83,745	0.01
5	Public Sector Companies and Corporations	11	131,131	0.02
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	23	9,279,354	0.70
7	Foreign Investors	44	59,970,341	4.54
8	General Public	16,936	235,488,843	17.84
9	Others	150	31,761,139	2.41
	Total	17,205	1,319,736,109	100.00

PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2017

Number of Shareholders	Shareholdings' Slab		Total Shares Held
4617	1	to 100	128,488
5957	101	to 500	1,672,368
1219	501	to 1000	885,438
3602	1001	to 5000	8,955,220
716	5001	to 10000	5,074,760
297	10001	to 15000	3,598,381
149	15001	to 20000	2,634,006
92	20001	to 25000	2,060,072
58	25001	to 30000	1,576,123
43	30001	to 35000	1,398,232
35	35001	to 40000	1,313,144
30	40001	to 45000	1,285,225
25	45001	to 50000	1,205,972
25	50001	to 55000	1,333,017
22	55001	to 60000	1,269,890
18	60001	to 65000	1,127,830
13	65001	to 70000	863,173
14	70001	to 75000	1,018,757
15	75001	to 80000	1,164,297
16	80001	to 85000	1,321,423
8	85001	to 90000	699,810
5	90001	to 95000	462,298
12	95001	to 100000	1,182,147
6	100001	to 105000	607,793
10	105001	to 110000	1,092,070
5	110001	to 115000	566,007
10	115001	to 120000	1,177,063
4	120001	to 125000	490,869
7	125001	to 130000	888,683
6	130001	to 135000	791,859
2	135001	to 140000	273,677
4	140001	to 145000	570,759
5	145001	to 150000	745,711
2	150001	to 155000	308,363
3	155001	to 160000	477,060
2	160001	to 165000	325,274
2	165001	to 170000	332,500
2	170001	to 175000	346,893
2	180001	to 185000	361,185
1	185001	to 190000	186,150
1	190001	to 195000	195,000
11	195001	to 200000	2,194,126
3	200001	to 205000	601,689
2	205001	to 210000	416,116
3	210001	to 215000	638,922
2	215001	to 220000	440,000
2	220001	to 225000	443,602
2	225001	to 230000	457,528

PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2017

Number of Shareholders	Shareholdings' Slab			Total Shares Held
1	235001	to	240000	235,675
2	245001	to	250000	495,906
2	250001	to	255000	503,207
1	255001	to	260000	258,711
2	260001	to	265000	524,082
2	265001	to	270000	534,948
1	270001	to	275000	274,070
3	300001	to	305000	906,805
2	305001	to	310000	618,882
2	310001	to	315000	626,691
2	325001	to	330000	657,000
1	340001	to	345000	341,425
1	350001	to	355000	354,935
1	355001	to	360000	357,914
2	360001	to	365000	726,295
1	365001	to	370000	369,847
1	375001	to	380000	376,200
1	380001	to	385000	383,250
1	390001	to	395000	393,000
1	410001	to	415000	415,000
1	420001	to	425000	423,500
2	430001	to	435000	868,142
1	435001	to	440000	440,000
1	475001	to	480000	477,278
2	495001	to	500000	1,000,000
2	515001	to	520000	1,033,159
1	520001	to	525000	525,000
1	525001	to	530000	526,736
2	545001	to	550000	1,097,500
1	565001	to	570000	570,000
1	595001	to	600000	600,000
3	600001	to	605000	1,808,678
1	605001	to	610000	610,000
1	635001	to	640000	640,000
1	640001	to	645000	640,954
1	650001	to	655000	652,871
1	655001	to	660000	656,000
2	670001	to	675000	1,347,250
1	725001	to	730000	728,561
1	755001	to	760000	758,345
1	790001	to	795000	792,000
1	795001	to	800000	800,000
1	830001	to	835000	831,813
2	845001	to	850000	1,693,742
1	950001	to	955000	952,987
1	955001	to	960000	955,890
1	980001	to	985000	984,604
1	1000001	to	1005000	1,000,373

PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2017

Number of Shareholders	Shareholdings' Slab			Total Shares Held
1	1015001	to	1020000	1,015,732
1	1020001	to	1025000	1,021,588
1	1070001	to	1075000	1,071,669
1	1095001	to	1100000	1,100,000
1	1105001	to	1110000	1,106,500
1	1135001	to	1140000	1,139,050
1	1175001	to	1180000	1,176,664
1	1200001	to	1205000	1,200,500
2	1205001	to	1210000	2,416,500
1	1240001	to	1245000	1,244,983
1	1295001	to	1300000	1,296,835
1	1335001	to	1340000	1,335,992
1	1565001	to	1570000	1,565,600
1	1650001	to	1655000	1,651,902
1	1720001	to	1725000	1,721,395
1	1790001	to	1795000	1,792,787
1	1810001	to	1815000	1,811,126
1	2165001	to	2170000	2,166,577
1	2635001	to	2640000	2,640,000
1	2800001	to	2805000	2,804,849
1	3100001	to	3105000	3,101,375
1	3155001	to	3160000	3,156,093
2	3195001	to	3200000	6,399,000
1	3295001	to	3300000	3,300,000
1	3315001	to	3320000	3,318,500
1	3375001	to	3380000	3,376,000
1	3380001	to	3385000	3,382,416
1	3510001	to	3515000	3,512,130
1	3555001	to	3560000	3,557,200
1	4005001	to	4010000	4,009,199
1	4135001	to	4140000	4,135,168
1	4390001	to	4395000	4,393,140
1	4465001	to	4470000	4,467,731
1	4835001	to	4840000	4,838,000
1	6200001	to	6205000	6,202,756
1	7180001	to	7185000	7,181,900
1	9995001	to	10000000	10,000,000
1	11060001	to	11065000	11,061,500
1	11690001	to	11695000	11,694,182
1	14835001	to	14840000	14,837,000
1	24085001	to	24090000	24,085,123
1	28005001	to	28010000	28,005,500
1	30005001	to	30010000	30,005,500
1	33750001	to	33755000	33,754,986
1	43595001	to	43600000	43,596,726
1	53345001	to	53350000	53,346,550
1	56190001	to	56195000	56,191,340
1	69885001	to	69890000	69,886,036
1	112380001	to	112385000	112,382,686
1	631345001	to	631350000	631,349,927
17205				1,319,736,109

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
1	165	South	Green Belt Residency Branch	Karachi	021-35877922, 021-35375103	Green Belt Residency, Shop No. 13-16, Plot No. Commercial 7/1, Block 2, KDA Scheme-5, Kehkashan, Clifton, Karachi
2	269	South	Clifton Centre Branch	Karachi	021-35830113-5	Plot No. DC-1, 16-A, 16-B, Block 5, Clifton Centre, Kehkashan, Karachi
3	330	South	Abdullah Haroon Road Branch	Karachi	021-111-11-22-33	16-Abdullah Haroon Road, Karachi
4	425	South	Zamzama Branch	Karachi	021-35875303, 021-35875323, 021-35822781	13-C, 7th Zamzama, Commercial Lane, Clifton, Karachi
5	175	South	Phase IV DHA Branch	Karachi	021-35802423	14-C, Sunset Commercial Street No. 2, Phase IV, DHA, Karachi
6	196	South	Saba Avenue Branch	Karachi	021-35245377, 021-35245380	Shop No. 2 & 3, Ground Floor, Plot No. 36-C, Badar Commercial Street, St. No. 6, Phase V, Karachi
7	216	South	DHA Phase VIII Branch	Karachi	021-35246011	43-C, Al-Murtaza Commercial Lane No. 4, DHA, Phase VIII, Karachi
8	338	South	Defence Branch	Karachi	021-35341761, 02135856091, 021-35854038, 021-35854035	22/C, Lane-2, Shahbaz Commercial, Phase VI, DHA, Karachi
9	441	South	Bukhari Commercial Branch	Karachi	021-335149595-97	Ground, Basement and First Floor, 19-C Bukhari Commercial Lane No 5, Phase VI, DHA, Karachi
10	115	South	Shahrah-e-Adalat Branch	Quetta	081-2840386-87, 081-2840587, 081-2842028	Shahrah-e-Adalat Road, Quetta
11	183	South	Fatima Jinnah Road Branch	Quetta	081-2837234, 081-2824973, 081-2836943, 081-2824807	Yousuf Centre, Fatima Jinnah Road, Quetta

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
12	453	South	Turbat Branch	Turbat	0852-411074	Khewat # 32, Khatooni # 32, Al Salam Market, Main Road, Turbat
13	170	South	I. I. Chundrigar Road Branch	Karachi	021-32638011-13	11/13, Trade Centre, I.I Chundrigar Road, Karachi
14	118	South	Quality Height Clifton Branch	Karachi	021-35863772-74-75, 021-35868429, 021-35868514	32-A, Ground Floor, Quality Heights, K.D.A Scheme No. 5, Clifton Block-8, Karachi
15	172	South	Stadium Lane, Khayaban-e-Mujahid Branch	Karachi	021-35349113, 021-35349111	43-C, Stadium Lane II, Khayaban-e-Mujahid, DHA Phase V, Karachi
16	173	South	Khayaban-e-Tanzeem Branch	Karachi	021-35877909-10, 021-35824827, 021-35877846	Plot No. C-4-D-N, Phase V, Khayaban-e-Tanzeem, DHA, Karachi
17	209	South	Korangi No.2 Branch	Karachi	021-35071758-59	Q-14, Ground Floor, Sector 33-A, Korangi No.2, Karachi
18	198	South	Khalid Bin Waleed Road Branch	Karachi	021-34302249-50, 021-34554302	Plot No. 89-B, Block-2, PECHS, Karachi
19	255	South	Mehmoodabad Branch	Karachi	021-34376346-48-49	Plot No. SA-85, Block 7, Karachi Administration Employees Cooperative Housing Society (KAECHS), Karachi
20	281	South	Tariq Road Branch	Karachi	021-35143538-39	Shop No. 1 & 2, Plot 9-C, Block 2, Main Tariq Road, P.E.C.H.S, Karachi
21	156	South	Korangi Industrial Area Branch	Karachi	021-35114402-3	Plot No. 51/9, Sector 15, Main Korangi Road, Karachi
22	424	South	I.I. Chundrigar Road II Branch	Karachi	021-32418300-1	Nadir House, I. I. Chundrigar Road, Karachi
23	123	South	Jodia Bazar I Branch	Karachi	021-32471440-3, 021-32443795, 021-32444073	G-2, Plot No. MR-6/52/1, Ismail Trade Centre, Ram Bharti Street, Karachi
24	134	South	Cloth Market Branch	Karachi	021-32439021-22, 021-32438150	BR-2-1/1, Bander Quarters, New Neham Road, Kharadar, Karachi

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
25	145	South	New Challi Branch	Karachi	021-32214903-04	Abid Chamber, Plot 3 SR. 6/9, Shahr-e-Liaquat, Karachi
26	164	South	Timber Market Branch	Karachi	021-32734508, 021-32734490	Plot No. 6/2 Old Haji Camp, Siddique Wahab Road Lee Quarters, Karachi
27	217	South	APWA Complex Garden Branch	Karachi	021-32294779-80	Shop No. SOA, 5 Ground Floor Apwa Complex, Plot No. 67-AC, Garden Road, Karachi
28	227	South	Burns Road Branch	Karachi	021-32211077-23-43	Shop No. 4 & 5, Ground Floor, Lokhat Mansion, Survey No. 2, Shahr-e-Liaquat, Burns Road, Karachi
29	236	South	Electronic Market Branch	Karachi	021-32751585-86	Shop No. 3, Hashmi Electronics Centre, Abdullah Haroon Road, Saddar, Karachi
30	290	South	Pak Colony Branch	Karachi	021-32556695-96-97	Plot No. 250, 251 & 252 Modern Colony, Manghopir Road, Karachi
31	422	South	Zainab Market - AHR Branch	Karachi	021-35652099, 021-35684525, 021-35683301	State Life Building No. 11, Abdullah Haroon Road, Karachi
32	423	South	Jodia Bazar II Branch	Karachi	021-32522225-8	NP 12/74, Mohammad Shah Street, Karachi
33	436	South	Metroville Branch	Karachi	021-36661300, 021-36662034	Street 15, Block 3, Metroville Site, Karachi
34	437	South	Denso Hall Branch	Karachi	021-32752306-9	Plot No.19, Survey Sheet No. WO-07, Wadhomal Oddharam Quarters, M/A Jinnah Road, Saddar Town, Karachi
35	138	South	Saddar Branch	Hyderabad	022-2728356-59	Plot No. 339, Main Bohra Bazar Saddar, Hyderabad
36	230	South	Sukkur Branch	Sukkur	071-5617195-97	City Survey No. D1596 / 1-D, Race Course Road, Sukha Talab, Sukkur

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
37	239	South	Latifabad Branch	Hyderabad	022-3820526-7	C - 489, Unit No 8, Latifabad, Hyderabad
38	258	South	Mirpur Khas Branch	Mirpurkhas	0233- 876472-75	City Survey No. 715, 716 and 718, Ward A, Umerkot Road, Taluka and District, Mirpurkhas
39	272	South	Nawabshah Branch	Nawabshah	0244-330895-97	CS No. 555, Ward B, Main Mohni Bazar, Nawabshah
40	287	South	Larkana Branch	Larkana	074-4056054-56	City Survey No. 2016/4-A Ward C, Faysal Bank Chowk, Larkana City
41	291	South	Qasimabad Branch	Hyderabad	022-2103433-34	Plot No. B-1, R.S.258/2, Bilal Villas Housing Scheme, Deh Sari, Taluka, Gasimabad
42	292	South	Ghotki Branch	Ghotki	0723-600807	Ground Floor, City Survey No. 890, Ward-B, Situated At Devri Sahab Road, Ghotki
43	297	South	Shahdadkot Branch	Shahdadkot	074-4014227-28	Plot City Survey No. 520 Ward B, Situated at Shaikh Mohala, Shahdadkot
44	301	South	Kandhkot Branch	Kandhkot	072-2572705-7	Plot No.130, Main Bazar Shah Abdul Latif Road, Near Police Station, Kandhkot
45	195	South	Nazimabad Branch	Karachi	021-36707420	Plot No.16, Row No. 1, Sub Block A, Block III (III-A, 1 / 16), Nazimabad, Karachi
46	221	South	Power House UP More Branch	Karachi	021-36961034-36	R1, Sector 5C-4, North Karachi, Near Agha Khan Lab, Powerhouse Chowrangi, Karachi
47	222	South	Buffer Zone Branch	Karachi	021-36950081-87	Plot No. R-2, Sector 15-A / 2, Buffer Zone, North Karachi, Karachi
48	231	South	Gulzar-e-Hijri Branch	Karachi	021-34652159	Plot No. A-747/C, Block 13-A, KDA Scheme 33, Pakistan Employee Cooperating Housing Society, Karachi
49	265	South	Federal B. Area II Branch	Karachi	021-36340242-5	Plot No. St-4/A-1, Block-20, Scheme-16, Federal B. Area, Adjacent Bank Al Habib, Karachi

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
50	342	South	North Nazimabad Branch	Karachi	021-36721600-4	D-4, Block D, North Nazimabad, Karachi
51	428	South	Hyderi - North Nazimabad Branch	Karachi	021-36648751	Show Room No. 01, Ground Floor, Euro Continental Tower, Plot No D-10, Block-B, KDA Scheme No. 2, North Nazimabad, Karachi.
52	438	South	Federal B. Area Branch	Karachi	021-36800694, 021-36800695	C-25, Block 17, Federal B. Area, Karachi
53	139	South	SITE Branch	Karachi	021-32585918-20	Plot No. B-17, State Avenue, Karachi
54	152	South	North Karachi Industrial Area Branch	Karachi	021-36957155, 021-36954054, 021-36356475	SA-2, St 1/1, Sector 12-B, North Karachi Industrial Area, Karachi
55	110	South	Karachi Main Branch	Karachi	021-111-747-747, 021-32795200	Faysal House, St-02, Main Shahrah-e-Faisal, Karachi
56	119	South	Gulshan-e-Iqbal Branch	Karachi	021-34994262-3	B-35, Block 13-A, Main University Road, Gulshan-e-Iqbal, Karachi
57	127	South	Shaheed-e-Millat Branch	Karachi	021-34388104-6	Iqbal Arcade, Plot No. 6, 3/7, DMC Society, Karachi
58	131	South	Shahrah-e-Faisal Branch	Karachi	021-34315634-37	Business Avenue Centre, Block No. 6, PECHS, Karachi
59	143	South	MACHS Branch	Karachi	021-34390511, 021-34390516	Plot No. 2, F Commercial, MACHS, Karachi
60	153	South	Gulshan Chowrangji Branch	Karachi	021-34815319, 021-34833720, 021-34833718	Shop No. 1-4, Ground Floor, Sana Arcade, Plot No. ZC-6, Block No. 7, KDA Scheme 24, Karachi
61	210	South	Gulshan Block-2 Branch	Karachi	021-3497 2202, 021-34972998	A-287, Block-2, K.D.A Scheme -24, Gulshan e Iqbal, Karachi
62	333	South	Shaheed-e-Millat II Branch	Karachi	021-111-321-321, 021-34382595	72-AZ, Block 7/8, Al- Riaz, Karachi

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
63	335	South	Gulshan-e-Iqbal II Branch	Karachi	021-34830110, 021-34830111, 021-34830112, 021-34830108, 021-34830109	SB-25, Block 13/C, Main University Road, Gulshan-e-Iqbal, Karachi
64	442	South	Tipu Sultan Road Branch	Karachi	021-34301181-3	Plot No. 110, Zonal Commercial Area, Karachi
65	174	South	Gulistan-e-Jauhar Branch	Karachi	021-34026856, 021-34030556-7	Shop No. 28 & 29, Ruffi Lake Drive, Block 18, K.D.A Scheme No. 36, Karachi
66	252	South	Safoora Goth Branch	Karachi	021-34023795, 021-34023791, 021-34023798	Shop No. 1,2,3,4, Plot SV-9, Block VII, Gulistan-e-Jauhar, KDA Scheme No. 36, Karachi
67	112	Central I	The Mall Branch Branch	Lahore	042-37236014-8	43, Shahrah-e-Quaid-e-Azam, Lahore
68	132	Central I	Circular Road Branch	Lahore	042-37673001-6	Babar Center, 51, Circular Road, Lahore
69	137	Central I	Shallimar Garden Branch	Lahore	042-36844714-18	Bilal Market, Chowk Shallimar Bagh, GT Road, Baghbanpura, Lahore
70	179	Central I	Shahalam Market Branch	Lahore	042-376756719	5 A-C, Near Fowara Chowk, Shah Alam Market, Lahore
71	180	Central I	Urdu Bazar Branch	Lahore	042-37314617-18	S-38, R-205-A, Cattle Street, Circular Road, Urdu Bazar, Lahore
72	186	Central I	Shahdara Branch	Lahore	042-37902501-4	GT Road, Shahdara, Lahore
73	197	Central I	McLeod Road Branch	Lahore	042-36370024-45-67	Property No. SE-10-R-2, Situated at 3 Nicolson Road, Lahore
74	205	Central I	Mughalpur Branch	Lahore	042-36524863-4	3/15 Jahangir Road, Lal Pul, Near AFC, Mughalpur, Lahore
75	218	Central I	Nila Gumbud Branch	Lahore	042-37360032-34	8-The Mall, Bank Square, Lahore

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
76	223	Central I	Brandreth Road Branch	Lahore	042-3767224-5	78 Brandreth Road, Old Nishter Road, Lahore
77	253	Central I	Fruit Market Branch	Lahore	042-379445043	136, Farooq Centre, Fruit Market Scheme, Ravi Link Road, Lahore
78	273	Central I	Daroghawala Branch	Lahore	042-36533526-30	386-C, More Salamat Pura, Main G.T Road, Daroghawala, Lahore
79	276	Central I	Shadbagh Branch	Lahore	042-37614813-17	Tajpura Chowk, Near PTCL Exchange, Misri Shah, Shadbagh, Lahore
80	467	Central I	Badami Bagh Branch	Lahore	042-37708160-4	343-Circular Road, Badami Bagh, Lahore
81	469	Central I	Bilal Gunj Branch	Lahore	042-37214084-8	16-Shahjehan Road, Bilal Gunj, Lahore
82	122	Central I	Sialkot Main Branch	Sialkot	052-4292501-2	Plot No. B1-16S-98B, 17-Paris Road, Opp CC & I, Sialkot
83	128	Central I	Gujranwala Branch	Gujranwala	055-3730301-2-3-4	GT Road, Main Branch, Zia Plaza, Gujranwala
84	146	Central I	Gujrat Branch	Gujrat	053-3536781	Noble Furniture Plaza, GT Road, Gujrat
85	238	Central I	Daska Branch	Daska	052-6614623-4	Plot No. 3, 4 & 5, Muslim Market, Gujranwala, Daska
86	245	Central I	Lalamusa Branch	Lalamusa	053-7519577-6	Faysal Bank Limited, Shayyan Plaza Kaira, GT Road, Lalamusa
87	261	Central I	Cannt Sialkot Branch	Sialkot	052-4261710	100-A, Aziz Shaheed Road, Cannt, Sialkot
88	268	Central I	Sheikhupura Road Branch	Gujranwala	055-4240157	Rehman Market, Sheikhupura Road, Gujranwala
89	279	Central I	Wazirabad Branch	Wazirabad	055-6609526	Al-Rehmat Plaza, Sialkot Road, Near Chowk Haji Pura, Wazirabad
90	142	Central I	Allama Iqbal Town Branch	Lahore	042-37806022, 042-37806025	18-Hunza Block, Main Road, Allama Iqbal Town, Lahore
91	150	Central I	Model Town Branch	Lahore	042-35884705-7	13-C, Faysal Bank, Bank Square Model Town, Lahore

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
92	158	Central I	Faisal Town Branch I	Lahore	042-35201991-2	10-C, Main Boulevard, Faisal Town, Lahore
93	187	Central I	Liberty Branch	Lahore	042-35752108-9	37-E, Ill Saeed Alam Tower, Liberty Market, Gulberg III, Lahore
94	271	Central I	Main Multan Road Branch	Lahore	042-37801904, 042-378019011	235/1, Badar Block, Allama Iqbal Town, Main Multan Road, Lahore
95	274	Central I	Kairim Block Branch	Lahore	042-35295572-4, 042-35295578-79	2B-2C, Kairim Block, Allama Iqbal Town, Lahore
96	419	Central I	Faisal Town II Branch	Lahore	042-35203894	594-A, Faisal Town, Lahore
97	457	Central I	Gulberg Industrial Area Branch	Lahore	042-35717142, 042-35717145	25-B-2, Gulberg III, Lahore
98	125	Central I	DHA H-Block Branch	Lahore	042-35897712-7	136/1, Block-H, Commercial Area, Phase-I, DHA, Lahore Cantt
99	160	Central I	Thokar Niaz Baig Branch	Lahore	042-35457491	Jamal Market, Ali Town, Opp. Lahore University, Thokar Niaz Baig, Raiwand Road
100	181	Central I	Bedian Road Branch	Lahore	042-37165350	Bedian Road, Near DHA Phase VI, Lahore Cantt
101	189	Central I	Walton Cantt. Branch	Lahore	042-36604309-12	36-Jinnah Plaza, Main Boulevard Defence Link Road, Walton Cantt, Lahore
102	211	Central I	New Airport Road Branch	Lahore	042-37396852-54	Adjoining Divine Mega-II Plaza, New Airport Road, Cantt, Lahore
103	282	Central I	Tufail Road Branch	Lahore	042-36604909-14	Garrison Officers Mess 12, Tufail Road, Lahore Cantt
104	334	Central I	Cavalry Ground Branch	Lahore	042-36655590	4/5 Haroon Plaza, Cavalry Ground, Lahore
105	417	Central I	Phase V DHA Branch	Lahore	042-37182356-58	Plot No. 10, Commercial Area, Sector C-C-A, Phase-V, DHA, Lahore
106	462	Central I	DHA Z Block Branch	Lahore	042-35725903-904	326 Z-Block, Phase III, DHA, Lahore, Pakistan

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
107	178	Central I	Shadman Branch	Lahore	042-35408506	11-A, Shadman 1, Jail Road, Lahore
108	188	Central I	Ichra Branch	Lahore	042-37569934-5	172, Ferozepur Road, Ichra, Lahore
109	208	Central I	Chouburji Branch	Lahore	042-35244832, 042-35244872	50, Chouburji Chowk, Lahore
110	233	Central I	CMH Chowk Branch	Lahore	042-36602327	1482/14-15, Day Building, CMH Chowk, Sarwar Road, Lahore Cantt
111	331	Central I	Upper Mall Branch	Lahore	042-111-11-22-33, 042-35751001-6	310-Upper Mall, Shahrah-e-Quaid-e-Azam, Lahore
112	401	Central I	Egerton Rd Branch	Lahore	042-36301629, 042-36363781, 042-36301574	Property No. SE-27-R-3, 7 Egerton Road, Lahore
113	416	Central I	Gulshan-e-Ravi Branch	Lahore	042-37404506, 042-37404512	2/B, Civic Center, Gulshan-e-Ravi, Lahore
114	468	Central I	Jail Road Branch	Lahore	042-37420318, 042-37423961	9-Main Jail Road, Lahore
115	148	Central I	Main Boulevard Gulberg Branch	Lahore	042-35787839, 042-35787840, 042-35787850	69-B, Main Boulevard, Gulberg-III, Lahore
116	182	Central I	Johar Town Branch	Lahore	042-35300897, 042-35315735-6	435-G-I, Johar Town, Lahore
117	212	Central I	Ghazi Chowk Branch	Lahore	042-35212250-4	8-A, Awaisia Cooperative Housing Society, Ghazi Chowk, Link College Road, Township Lahore
118	256	Central I	EME Society Branch	Lahore	042-37511081-4	111-D, Commercial Area, EME Society, DHA Multan Road, Lahore
119	309	Central I	Ayubia Market Branch	Lahore	042-35926825-6	Property No. 18, Block-B, New Muslim Town, Lahore

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
120	459	Central I	Valancia Society Branch	Lahore	042-35224791-2	9-A, Commercial Zone Valancia Society, Lahore
121	461	Central I	PIA Society Branch	Lahore	042-35227087-9	Building / Plot 402, Block No. E, PIA Housing Society Road, Near BFC, Lahore
122	464	Central I	New Garden Town Branch	Lahore	042-35861111, 042-35868010	Awami Complex, Usman Block No.2, New Garden Town, Lahore
123	111	Central II	Civil Line Branch	Faisalabad	041-2644481-5	Bilal Road, Civil Lines Faisalabad
124	121	Central II	Bosan Road Branch	Multan	061-6214905-9	1/A-2, Officers Colony, Bosan Road, Multan
125	133	Central II	Old Bahawalpur Road Branch	Multan	061-4783391, 061-4783523	129/1, Old Bahawalpur Road, Multan
126	149	Central II	Bahawalpur Branch	Bahawalpur	062-2730691-3	2-Rehman Society, Noor Mahal Road, Bahawalpur
127	154	Central II	Vehari Branch	Vehari	067-3366401, 067-3366123	47-A, Karkhana Bazar, Vehari
128	155	Central II	Okara Branch	Okara	044-2551772, 044-2551773	M.A. Jinnah Road, Okara
129	157	Central II	Rahim Yar Khan Branch	Rahim Yar Khan	068-5889411-4	27-Town Hall Opp. City Park, Rahim Yar Khan
130	163	Central II	Jhang Branch	Jhang	047-7623283-4	P-10/1/A, Katchery Road, Near Session Chowk, Saddar, Jhang
131	176	Central II	GM Abad Branch	Faisalabad	041-2691262, 041-2691375	39-B, Usman Plaza, Sadar Bazar GM Abad, Faisalabad
132	177	Central II	Satyana Road Branch	Faisalabad	041-8730405, 041-8730443	Plot No. 721, DGM Block, Batala Colony, Satyana Road, Faisalabad
133	200	Central II	Burewala Branch	Burewala	067-3773011-3	5 C, Multan Road, Burewala, District Vehari
134	201	Central II	Sadiqabad Branch	Sadiqabad	068-5702440	Property Khata No. 235, Khatooni No.235, situated at Main Water Supply Road, Mouza Mahal

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
135	202	Central II	Sahiwal Branch	Sahiwal	040-4224060-4	Sarwar Shaheed Road, Sahiwal
136	203	Central II	Gulshan Market Branch	Multan	061-6784277-8	11 Y-block, Gulshan Market, New Multan, Multan
137	224	Central II	Madina Town Branch	Faisalabad	041-8723365, 041-8723317	Madina Town Branch, Faisalabad
138	225	Central II	Chichawatni Branch	Chichawatni	040-5482305-6	GT Road, Chichawatni
139	226	Central II	Depalpur Branch	Depalpur	044-4540766-68-9	Shop No. 1 & 2, Gillani Heights, Madina Chowk, Depalpur
140	228	Central II	Toba Tek Singh Branch	Toba Tek Singh	046-2517801-2	P-356 A/15-5, ST-6, Chaudhry Park, Farooq Shaheed Road, Toba Tek Singh
141	229	Central II	Mian Channu Branch	Mian Channu	065-2664262-3	GT Road near T-Chowk, Mian Channu
142	232	Central II	Arifwala Branch	Arifwala	0457-835425-6	173-D Thana Bazar, Arifwala
143	241	Central II	Khanewal Branch	Khanewal	065-2553610-1	Plot No. 75, Block-12, Sir Syed Road, Khanewal
144	242	Central II	Haroonabad Branch	Haroonabad	063-225130-2	25/C, Grain Market, Haroonabad Dist., Bahawalnagar
145	247	Central II	Pakpattian Branch	Pakpattian	045-7352307-9	College Road, Pakpattian
146	249	Central II	Rabwah Branch	Rabwah, Chenab Nagar	047-6215530-2	Plot No. 09, Gol Bazar Darul Saddar, Chenab Nagar, Rabwah
147	254	Central II	Samanabad Branch	Faisalabad	041-2563671-3	650 A, Samanabad, Industrial Labor Colony, Faisalabad
148	260	Central II	Vehari Road Branch	Multan	061-6241083-4	Sheary Commercial Center, Vehari Road, Multan
149	263	Central II	Khanpur Branch	Khanpur	068-5577411-4	Faysal Bank Ltd, Doabba Road, Khanpur
150	264	Central II	Chishtian Branch	Chishtian	063-2507809-10	143 B-Block, Main Bazar, Chishtian
151	266	Central II	Bahawalnagar Branch	Bahawalnagar	063-2279338-9	2-B, Ghalla Mandi, Bahawalnagar

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
152	270	Central II	Hasilpur Branch	Hasilpur	062-2441403-4	16-D Baldia Road, Hasilpur.
153	275	Central II	Kot Addu Branch	Kot Addu	066-2241093-6	GT Road Kot Addu.
154	280	Central II	Gojra Branch	Gojra	046-3512023-5	Teshil Office Road Gojra
155	283	Central II	Yazman Mandi Branch	Yazman Mandi	062-2703161-2	56/A-DB Bahawalpur Road, Yazman
156	284	Central II	Ahmedpur East Branch	Ahmedpur East	062-2275214-5	22, Dera Nawab Road, Adjacent Civil Hospital, Ahmedpur East
157	285	Central II	Liaquatpur Branch	Liaquatpur	068-5792451-2	Shop # 9-10 Abbasia Road, Liaquatpur
158	286	Central II	Renala Khurd Branch	Renala Khurd	044-2635781-3	20-A/2-L, Gulshan Ishaq Colony, Welcome Road, Renala Khurd
159	288	Central II	Clock Tower Branch	Faisalabad	041-2630971-3	Plot No. 221/A, Clock Tower, Faisalabad
160	293	Central II	Pattoki Branch	Pattoki	049-4421950-3	55-Allama Iqbal Road, Pattoki
161	298	Central II	Haveli Lakha Branch	Haveli Lakha	044-4775091-4	Head Sulemanki Road, Haveli Lakha, Depalpur, Okara
162	299	Central II	Factory Area Branch	Faisalabad	041-2540186-7	Factory Area, Tata Market, Faisalabad
163	341	Central II	Cannt Branch	Multan	061-4588377-9	44/D, Aziz Shaheed Road, Cantt, Multan
164	448	Central II	Dera Ghazi Khan Branch	Dera Ghazi Khan	064-2474175-7	Block 18, Hospital Chowk, Pakistan Plaza, Dera Ghazi Khan
165	120	North	Haider Road Branch	Rawalpindi	051-5701018-2	32, Haider Road, Rawalpindi Cantt, Rawalpindi
166	135	North	Satellite Town Branch	Rawalpindi	051-4424969-7	5th Road, City Shopping Centre, Commercial Market, Satellite Town, Rawalpindi
167	168	North	Raja Bazar Branch	Rawalpindi	051-5530661, 051-5775625, 051-5775623, 051-5775627	U-I, Iqbal Road, Fawara Chowk, Raja Bazar, Rawalpindi

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
168	184	North	Westridge Branch	Rawalpindi	051-5166835-7	Peshawar Road Westridge, RV Arcade, Rawalpindi
169	214	North	Sadiqabad Road Branch	Rawalpindi	051-4257745, 051-4573741-2	72-C, Satellite Town, Sadiqabad Road, Rawalpindi
170	234	North	Kalma Chowk Branch	Rawalpindi	051-5683053-4	Kalma Chowk, Kamalabad, Dhoke Syedan Road, Rawalpindi
171	267	North	Gulraiz Branch	Rawalpindi	051-5596187-9 -102-106	Plot No. 27, Gulraiz Scheme II, Rawalpindi
172	278	North	PWD Branch	Islamabad	051-5706450-1	Atta Arcade, Ground Floor, Main Blvd, Near Police Foundation, PWD, Islamabad
173	337	North	Civil Lines Branch	Rawalpindi	051-111321321, 051-5795105	CL / 55-A, Civil Lines, Meo Road, Rawalpindi
174	409	North	Ganj Mandi Branch	Rawalpindi	051-5539115, 051-5535988	Ganj Mandi, Raja Bazar, Rawalpindi
175	166	North	E-11 Branch	Islamabad	051-2305109	Royal Plaza, E11/2 Markaz, Islamabad
176	213	North	F-8 Markaz Branch	Islamabad	051-2287412 -3	NPT Building, F-8, Markaz, Islamabad
177	332	North	F-7/II Branch	Islamabad	051-111-11-22-33	15, F-7 Markaz, Opposite Fg College For Women, F-7/2, Islamabad
178	204	North	Jhelum Branch	Jhelum	054-4625458	Koh-e-Noor Bank Square, Old GT Road, Cantt, Jhelum
179	259	North	Dhudial Branch	Dhudial	058-27465816	Hussain Shopping Centre, Main Bazaar, Dhudial, AK
180	235	North	Chaksawari Branch	Chaksawari	058-27454800	Khalid Plaza, Main Bazar, Chaksawari
181	190	North	Dina Branch	Dina	054-4636831	Property No.1880, Al Bilal Plaza, GT Road, Dina
182	116	North	Mirpur A.K Branch	Mirpur A.K	058-27445100-2	Opposite Quaid-e-Azam Stadium, Mian Muhammad Road, Mirpur, Azad Kashmir

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
183	289	North	Rawat Branch Branch	Rawat Isb	051-4612114-6	Office No. 1, Riaz Hussain Shah Plaza, Main GT Road, Rawat
184	162	North	Kharian Branch	Kharian	053-7536067	Rizwan Plaza, GT Road, Kharian
185	136	North	GT Road Branch	Gujar Khan	051-3514985, 051-3514996	B-III, 215-D, Ward No. 5, GT Road, Gujar Khan
186	215	North	Mandi Bahauddin Branch	Mandi Bahauddin	054-6600371	Railway Road, Mandi Bahauddin
187	405	North	Khayyam Chowk Branch	Sargodha	048-483726545	Khayyam Chowk, Railwar Road, Sargodha
188	450	North	Bhalwal Branch	Bhalwal	048-6642405	Liaqat Shaheed Road, Bhalwal
189	243	North	Chakwal Branch	Chakwal	054-3553933	Talagang Road, Opposite Alliance Travels, Chakwal
190	294	North	Gilgit Branch	Gilgit	05811-457380-9	ZS Plaza, Shahr-e-Quaid-e-Azam, Opposite Radio Station Pakistan, Jutial, Gilgit
191	295	North	Skardu Branch	Skardu	05815-456400-10	Plot Own Kasra No. 658/25/123, Skamaidan Bazar College Road, Near Old Yaddgar Chowk, Skardu
192	296	North	Chilas Branch	Chilas	05812-450730-40	Near Madni Masjid, Main Bazar Chilas, District Diamer, Chilas
193	300	North	Dassu Branch	Dassu	0998-407301-9	Shreen Plaza, Dassu, Kohistan
194	113	North	Blue Area Branch	Islamabad	051-2275096-9	15-West, Jinnah Avenue, Blue Area, Islamabad
195	169	North	I-10 Markaz Branch	Islamabad	051-4102105-8	3-G, Monawwar Plaza, C-10, I-10 Markaz, Islamabad
196	194	North	F-11 Markaz Branch	Islamabad	051-2228142-4	Plot 14, F-11, Markaz, Islamabad
197	220	North	G-10 Markaz Branch	Islamabad	051-2351330, 051-2351353	20-A Ground Floor, Sardar Plaza, G-10 Markaz Branch, Islamabad

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
198	262	North	Bara Koh Branch	Islamabad	051-2304041-50	Shop No. 8,11 Usman Plaza, Main Murree Road, Bara Koh, Islamabad
199	452	North	Roshan Center, Blue Area II Branch	Islamabad	051-2275250-2	78-W, Roshan Center, Jinnah Avenue, Blue Area, Islamabad
200	191	North	University Road Branch	Peshawar	091-5711401-8	4652-4670, Omer Plaza, Jahangirabad, University Road, Peshawar
201	192	North	Khyber Bazar Branch	Peshawar	091-2220471-3	417-D, Outside Bajori Gte, Shoba Chowk, Khyber Bazar, Peshawar
202	219	North	Abbottabad Branch	Abbottabad	0992-385919-20, 0992-385925	841 Farooqabad Main Mansehra Road, Abbottabad
203	246	North	Attock Branch	Attock	057-2602061-2	Plot No. 169, Shaikh Jaffar Plaza, Saddiqui Road, Attock
204	248	North	Haripur Branch	Haripur	0995-616427-9	Akbar Arcade, Akbar Khan Plaza, Shahrah-e-Hazara, Haripur
205	250	North	Peshawar University Camp Branch	Peshawar	091-5610913, 091-5610943	Ground Floor, Western Corner, Academic Block - II, University of Peshawar, Peshawar
206	277	North	Pipal Mandi Branch	Peshawar	091-2592802	Ashraf China Trade Centre, Pipal Mandi, Peshawar
207	411	North	Fakhr-e-Alam Branch	Peshawar	091-5285289, 091-5270176-8	1 Fakhr-e-Alam Road, Cantt, Peshawar

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
1	3004	South	Quetta	IBB Zarghoon	081-2443177, 081-2443265	Near Bukhari Petroleum, New Zarghoon Road, Quetta
2	3018	South	Quetta	IBB Quetta Gandhari	081-2837890, 081-2843005, 081-2820916, 081-2837320	1-25/14-15, Gandhari Bazaar, Quetta
3	3097	South	Quetta	IBB Shahbaz Town	081-28203346	Plot No. 15-C, Shahbaz Town, Phase II, Quetta Cantt.
4	3107	South	Chaman	IBB Chaman, Main Trench Road	082-6612326	Khatooni No. 685, Khasra No. 1283, 1284 & 1285, Main Trench Road, Chaman
5	3146	South	Hub	IBB Hub Chowki	085-3310104-5	Plot Bearing Mutation No.1161, Khasra No. 857/2, Khatooni No. 988, Mouza Pathra, Tehsil Hub, District Lasbella
6	3123	South	Quetta	IBB Hazar Ganji	081-2472927	Shop No. 8 & 9, Plot No. 8-B & 9-B, New Truck Stand, Commercial Complex, Hazar Ganji, Quetta
7	3134	South	Zhob	IBB Zhob	082-2412406-7	Property Bearing No. B/59, Market Road, Zhob, Balochistan
8	3121	South	Khuzdar	IBB Khuzdar, Main Bazar	084-8412934-5	Khasra No. 2142, 2143, 2144 & 2145, Intaqal No. 2053, situated on Rabia Khuzdari Road, Khuzdar, Balochistan
9	3135	South	Gwadar	IBB Gwadar	086-4210448-9	Property bearing Khasra No. 427, Khewat No.191, Khatooni No.191, situated on Airport Road, Gwadar, Balochistan
10	3144	South	Quetta	IBB Quetta Cantt	0316-1180912-3	Shop No. 12, Jinnah Shopping Complex, Jinnah Road, Quetta Cantt
11	3042	South	Hyderabad	IBB Saddar, Hyderabad	022-2730074-7	C.B., 41/474/2, Saddar, Hyderabad
12	3052	South	Hyderabad	IBB Market Road, Hyderabad	022-613408	Grand Market, Plot No. C.S. 1284 & 1296, Ward A, Market Road, Hyderabad

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
13	3083	South	Hyderabad	IBB Auto Bahn Road	022-3821385	Plot No.55, Block "BI", Hyderabad Railway Employee Co-operative Housing Society Ltd, near Mazar Auto Bhan Road, Deh Giddu Bunder, Taluka Latifabad, District Hyderabad
14	3108	South	Hyderabad	IBB Gari Khata	022-2720523	Plot No. F/810, Ward "F", Khokhar Mohalla, Station Road, Gari Khata, Hyderabad
15	3171	South	Shahdadpur	IBB Shahdadpur	0332-3355988	Plot Bearing C.S.No. 558, Ward-A, Station Road, Shahdadpur, District Sanghar
16	3170	South	Dadu	IBB Dadu	0334-2168591	Plot bearing C.S. No. 615/2, Ward-B, Shahani Mohalla, Dadu
17	3172	South	Hyderabad	IBB Cloth Market	0310-1028172	Plot No.122, Sheet No. 92, C.S. No. 914, Ward-G, Doman Wah Road, near Cloth Market, Hyderabad
18	3187	South	Jacobabad	IBB Jacobabad	0722-651194-5	Shop No.1 & 2, Property Bearing C.S. No. 235/22, 235/23,235/24,235/27, all in Ward No. 06 (C) & 670 situated in Ward No.06 (Lar Wah) Town, Jacobabad
19	3400	South	Karachi	IBB Korangi Road, DHA I	021-35311444	Speedy Towers 129/I & II, Main Korangi Road, Phase I, DHA, Karachi
20	3001	South	Karachi	IBB Sharfabad	021-34860997-8	Shop No. 08, 09, Al Haram Tower 1, Jamaluddin Afghani Road, BMCHS, Sharfabad, Karachi
21	3010	South	Karachi	IBB Jodia Bazar	021-32463265-7	Plot No. M.R. 3/18-II-B-143, Market Quarter, Bolton Market, Karachi
22	3026	South	Karachi	IBB Dhoraji	021-34860853-5	Shop No. G-1 to G-4 Talha Arcade, Plot No. 35/187 Block 7/8, C.P Berar Co. Society karachi
23	3031	South	Karachi	IBB Khy-e-Shahbaz	021-35342366, 021-35342364	43-C Khy-e-shabbaz Phase VI DHA Karachi
24	3050	South	Karachi	IBB Rashid Minhas Road	021-34832874	Plot No. 16, Al Musavvir Crown, Block 10-A, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
25	3060	South	Karachi	IBB DHA Phase 2 Ext.	021-35319591 -95-96-97	Ground Floor plot No. 61C 21st Comm Street DHA PH- II ext KHI.
26	3080	South	Karachi	IBB DHA Phase I	021-35311295	Plot No.103/C, Commercial Area 'B', Phase-I, DHA, Karachi
27	3115	South	Karachi	IBB Moin Steel Market	021-32375643-6	Shop No.1, Ground Floor, Survey No.5, Survey Sheet No. R:C.I, Rancho Quarters, Karachi
28	3189	South	Karachi	IBB Clifton Block 9	0310-2840175-6	Showroom No.1, Building No. D-39, Ground Floor, Main Chaudhry Khaliq-u-Zaman Road, Clifton Block- 9, Karachi
29	3087	South	Karachi	IBB Landhi No. 6	021-35030613-6	Quarter No. 32/9, Sector/Area No.5-D, Landhi Township, Karachi
30	3043	South	Karachi	IBB Gulshan Block 6	021-34819572-6	Plot No. FL-2/4, Block-6, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi
31	3078	South	Karachi	IBB Binoria SITE	021-32586605-6	Ground Floor, Plot No. LC-2-A/29, Survey Sheet No. 35 P/1-35L/13, Situated at Sindh Industrial Trading Estate Limited, Karachi
32	3103	South	Karachi	IBB Bahria Town, Karachi	0321-8980742	Bahria Town (Pvt) Ltd, Head Office, Customer Support Center, Super Highway, Karachi
33	3098	South	Karachi	IBB Model Colony	021-34491623-4	Ground Floor, Plot No. 95, Sheet No. 4, Model Colony, Karachi
34	3099	South	Karachi	IBB Malir Cantt, Karachi	0316-1180904-5	Commercial Plot No. S-20, Bazar Area, Malir Cantonment, Karachi
35	3188	South	Karachi	IBB Gulshan-e-Maymar	0317-2697547-9	Plot No.SB-34, Sector-X, Sub Sector-IV, KDA Scheme-45, Gulshan-e-Maymar, Karachi
36	3046	South	Karachi	IBB Cattle Colony	021-35080121	Plot 3-A, Commercial Area, Landhi, Malir, Karachi
37	3063	South	Karachi	IBB Gulbahar	021-36729805-8	Plot No. 476-478, Ghousia Colony Golimar, Karachi

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
38	3064	South	Karachi	IBB Shah Faisal	0333-2267829	Plot No.B-9, Main Electronic Market, Shah Faisal Colony, No.1, Karachi
39	3066	South	Karachi	IBB Ayesha Manzil	021-36360874-5	Shop No.1 & 2, Ground Floor, Komal Classic, Plot No. C 10, Block No. 4, Federal B. Area, Near Ayesha Manzil, Karachi
40	3068	South	Karachi	IBB Shershah	021-32580178	D-283/21 and D-283/22 SITE, Shershah, Karachi
41	3137	South	Karachi	IBB Ishaqabad, Gharibabad	021-36825612-7	Plot No. G-1 on Plot No.16-C Survey No. 226 Block C, Situated at Deh Gujro Tapo Sangal Ishaqabad, Liaquatabad, Karachi
42	3136	South	Karachi	IBB Al Hilal Society	021-34890354-5	Shop No.4/A, 4/B, UK Appartment, Plot No. Fl-3A Near Al-Hilal Society, Block 14, Gulshan-e- Iqbal, Karachi
43	3186	South	Karachi	IBB Orangi Town	021-36660185-6	Shop No.30, Commercial Plot, Sector No.6-E, Orangi Township, Karachi
44	3086	South	Karachi	IBB West Wharf	021-32313308-9	Ground Floor, Plot No.21, Warehouse Area, West Wharf, Karachi
45	3096	South	Karachi	IBB Truck Stand	021-323353525-6	Ground Floor, Plot No.195-C/1, Category A, New Truck Stand, Hawksbay Road, Keamart Town, Karachi
46	3131	South	Karachi	IBB Zaibunnisa Street	021-35140214-5	Shop No.02 Survey No.06, Sheet no. SB-7, Main Zaibunnisa street Saddar Bazar Quarters, Karachi.
47	3151	South	Karachi	IBB Plaza Quarter	021-32760588-9	Plot Survey No. 37/20/1 & 2, Survey Sheet, PR No. 1, Sheet E-8, Green Street, Preedy Quarter, Karachi
48	3190	South	Karachi	IBB Seher Commercial, Karachi	021-35847244-5	Shop & Hall No. 2, Plot No. 34-C, Commercial Avenue, Seher Lane-4, Phase VII, DHA, Karachi
49	3059	South	Karachi	IBB Nagan Chowrangji	021-36940461	Plot No. R-410, Sector No.11-C/1, North Karachi Township, North Karachi, Karachi

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
50	3079	South	Karachi	IBB Sohrab Goth	021-36829994-5	Shop No.05 & 06, Ground Floor, Plot No.1-B/3, Sub Sector 1-B/3, Sector 1-A, KDA Scheme No.33, Karachi
51	3081	South	Karachi	IBB Gulberg	0345-3475050	Shop No.05 & 06, Ground Floor, Plot No.BS-1, Block-13, Federal B Area, KDA Scheme No.16, Karachi
52	3007	South	Karachi	IBB Nazimabad	021-36613053-5	Ground Floor, Commercial Hall No.2, Arshad Plaza, Plot No. IV-D, 15/1, Nazimabad, Karachi
53	3421	Central I	Lahore	IBB Cavalry Ground	042-36603412-5	97-Commercial Area, Cavalry Ground, Lahore
54	3006	Central I	Lahore	IBB Leads Centre	042-35783955-57-9	Leads Centre Branch, Shop No. 4, 4A & 4B, Leads Centre, Main Boulevard, Gulberg-111, Lahore
55	3008	Central I	Lahore	IBB Azam Cloth Market, Lahore	042-37671351-4	Faysal Bank, Akbar Block, Rahim Centre, Azam Cloth Market, Lahore
56	3025	Central I	Lahore	IBB Allama Iqbal Town	042-37811068, 042-37811100, 042-37811074	20, Gulshan Block, Allama Iqbal Town, Lahore
57	3033	Central I	Lahore	IBB Circular Road, Lahore	042-37670600-5	33-Circular Road, outside Shah Alam Gate, Lahore
58	3032	Central I	Lahore	IBB Township, Lahore	042-35176051-3	Faisal Town 894, D Peco Road, Township, Lahore
59	3037	Central I	Lahore	IBB Raiwind Road	042-35320164, 042-35320264, 042-35320360	131/178, Bohbastein Chowk, Raiwind Road, Lahore
60	3038	Central I	Lahore	IBB Z Block DHA Branch	042-35743741-3	10-Z, Commercial Phase III, DHA Lahore
61	3040	Central I	Lahore	IBB Expo Centre	042-35316023-4	Plot No.590 Block H-3, Opposite Expo Centre, M.A Johar Town, Lahore
62	3051	Central I	Lahore	IBB Bahria Town	042-35452054-8	IBB Plot No.5/A, Sector C, Bahria Town, Lahore

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
63	3065	Central I	Lahore	IBB Azam Cloth Market II	042-37656802	Property No. F-1173, Multani Mohalla, Koocha Sodaagran, Chuna Mandi, Lahore
64	3067	Central I	Lahore	IBB Ferozepur Road	042-35827951-3	Mohallah Makhdoom Abad, Chungi Amr Sidhu, Main Ferozepur Road, Lahore
65	3090	Central I	Lahore	IBB Kot Lakhpat	042-35119959-60	IBB Kot Lakhpat, LHR (3090) Building No.1, Civic Centre, Quaid-e-Azam Town, Township Scheme, Lahore
66	3117	Central I	Lahore	IBB Bund Road	042-3714091-95-96	Building No.SW/II-23-C-S-68, Nawan Sanda Main Band Road, Lahore
67	3132	Central I	Lahore	IBB Mull Chowk	042-37860071-76	Al Khan Plaza, Near Sunder Industrial Estate Gate, No.1 Mull Chowk, Lahore
68	3130	Central I	Lahore	IBB Bahria Orchard, Lahore	0317-2015824-59	Plot No.19, Eastern Block, Bahria Orchards, Main Raiwand Road, Lahore
69	3127	Central I	Lahore	IBB Lake City	0317-2015804	Plot No.14, Commercial Block No. 36, Lake City Br.3127. Raiwind Road Lahore
70	3139	Central I	Lahore	IBB Kahna Nau	042-35274016-7	Property unit No. S86R-1968, Situated at Mouza Gajumata Tehsil Model Town Lahore
71	3160	Central I	Lahore	IBB Shahpur Kanjira	042-37513521-27	Khasra No. 3432, Khewat No. 624, Khatooni No.804 to 836, Opposite to EME Housing Society, Shahpur Kanjira, 17 KM Multan Road, Tehsil and District Lahore
72	3164	Central I	Lahore	IBB Ichra Baba Azam Chowk	042-37560029-30	Building bearing Khasra No.19846/9044, Khewat No.6753, Khatooni No.12250, Mouza Ichra, Chowk Baba Azam, Lahore
73	3167	Central I	Sharqpur Sharif	IBB Sharqpur Sharif	056-2590223-9	Building bearing Khasra No.914, Khatooni No.352, Khewat No.152, Main Approach Road, Sharqpur Shareef, District Sheikhpura

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
74	3180	Central I	Raiwind	IBB Raiwind City	042-35390955-56	Khewat No.1762, Khatooni No.2162, Situated Mouza Raiwind, District & City Lahore
75	3194	Central I	Talab Saray	IBB Abadi Talab	0317-2015827-28	Property Khewat No. 246/238, Khatoni No. 400, Abadi Sarai Manga, Raiwind Road Talab Sarai, Mouza Manga Uttar, Manga Raiwind Road, Tehsil Raiwind, District Lahore
76	3088	Central I	Lahore	IBB DHA Phase VI	042-31788513-14	Plot No. 7, Block - A, Sector CC, Phase VI, DHA Lahore cantt.
77	3166	Central I	Lahore	IBB DHA Phase IV	0300-4001737	Building No.113, Block CCA, Phase IV-C Commercial, DHA Cantt, Lahore.
78	3110	Central I	Lahore	IBB Barki Road	042-36624946	Building bearing Khewat No. 41/1, Khatooni No. 245, Khadra No. 512/126/3, Situated at Barki Road, haad bast mouza class mardi, Lahore Pakistan
79	3173	Central I	Lahore	IBB Khayaban-e-Jinnah	042-35181779-80	Building No. 646, Situated at Air Lines Housing Scheme, Main Khayaban-e-Jinnah Road, Lahore
80	3054	Central I	Kasur	IBB Kasur	049-2760781-3	BIV -9R-220/A, Outside Lahori Gate Railway Road Kasur
81	3056	Central I	Sheikhupura	IBB Sheikhupura	056-3614270-71-73	3-C, College Road Civil Lines, Sheikhupura
82	3073	Central I	Kasur	IBB Allahabad	049-4751288-99	Main Kasur Road, Allahabad
83	3089	Central I	Kot Radha Kishan	IBB Kot Radha Kishan	049-2380105-107	Khewat No. 298, Khatooni No. 403 to 418, near Ghala Kot Radha Kishan, District Kasur
84	3116	Central I	Phool Nagar	IBB Phool Nagar	049-4510707	Khewat No.230 Khatooni No.399 Salim Khata 81- Canal Nagar, Main Bazar, Phool Nagar
85	3149	Central I	Lahore	IBB DHA Phase III, XX Block	0317-2015801-803	Plot No.68/A, Block XX, Phase III-C Commercial, Defence Housing Society-DHA, Lahore
86	3030	Central I	Gujranwala	IBB G.T. Road, Gujranwala	055-3735531	157- Al Majeed Centre, Street No.14 Mohalla

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
87	3017	Central I	Gujrat	IBB Gujrat	053-3535933	East Circular Road Gujrat
88	3119	Central I	Gujranwala	IBB Satellite Town, Gujranwala	055-3261101	GT Road Moor Eminabad Gujranwala
89	3122	Central I	Ghakkhar Mandi	IBB Ghakkhar Mandi	055-3880163	BV732-B, Main GT Road, Ghakkhar Mandi Tehsil Wazirabad Distt Gujranwala.
90	3129	Central I	Gujrat	IBB Bhimber Road, Gujrat	053-3600313	Khewat No. 45, Khatoni No. 58, Khasra No.882, Situated at Ghulab Street, opposite Alena centre Main Bhimber Road Gujrat
91	3104	Central I	Gujranwala	IBB Peoples Colony	055-4244174	Main Market Peoples Colony, Gujranwala
92	3133	Central I	Gujranwala	IBB Cantt	055-3861723	Plot No.10 B, Situated at Super Market Saddar Bazaar Area, Gujranwala Cantt
93	3143	Central I	Gujrat	IBB Rehman Shaheed Road	053-3510756	Khewat No.213 Khatooni No. 227, Khasra No.63 Rakba Mahal, Aduwal Rehman Shaheed, Gujrat
94	3142	Central I	Gujranwala	IBB Wapda Town, Gujranwala	055-486011	Plot No.MM-07 Main Market, Block B3, Wapda Town, Gujranwala.
95	3175	Central I	Muridke	IBB Muridke	042-37950536	Salam Khata No.15/128, Khewat No.648, Khatooni No.1828, Main G.T Road, Muridke.
96	3179	Central I	Rana Town	IBB Rana Town	042-37960362	Khewat No.690, Khatoni No.767, Salam Khata, Qita 7, Mouza Chak No.39/U.C.C, Tehsil Ferozewala District, Sheikhpura
97	3178	Central I	More Eminabad	IBB More Eminabad	055-3730426	Khewat No.993, Khatoni No.1151, Khasra No.1862 / 1029 / 1030, GT Road, Main Bank Al-Habib Morr Emnabad Mouza Dhilawali, Tehsil District, Gujranwala
98	3176	Central I	Kotla Arab Ali Khan	IBB Kotla Arab Ali Khan	053-7575425-6	Khasra No.552, Khewat / Khatooni No. 87/510, Situated Ali Khanat Village, Kotla Arab Ali Khan

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
99	3165	Central I	Lahore	IBB LDA Plaza Johar Town	042-35447445	Building No.452-F, Muhammad Ali Johar Town, Opposite Lahore Development Authority Office, Johar Town, Lahore
100	3023	Central I	Daska	IBB Daska Road	052-32420203-4	Plot No. 651, Daska Road, Pul Aik, Sialkot
	3023	Central I	Sialkot	IBB City Housing, Sialkot (Sub Branch)	034-56779200	City Housing Society LTD,shop No.19, Sialkot
101	3109	Central I	Sialkot	IBB Kashmir Road, Sialkot	052-4268378	Property bearing No.Bill-11S-99/1/A/1RH, Kashmir Road Pacca Garha, Sialkot
102	3105	Central I	Sialkot	IBB SIE, Sialkot (Small Industrial Estate)	052-3242926	Shop No. B III-8S-222, Ugoki Road, SIE Sialkot
103	3138	Central I	Sambrial	IBB Sambrial, Sialkot	052-6523964-65	Property bearing No. B-VII-281, Sialkot Wazirabad Road, Opposite Sabzi Mandi, Sambrial
104	3158	Central I	Sialkot	IBB Gohadpur Road, Sialkot	052-4296021-2	Khewat No.52, Khatooni No.141, Khasra No 33, Mouza Gohadpur, Main Gohadpur Road, Sialkot.
105	3159	Central I	Narowal	IBB Old Katchery Road, Narowal (RUA)	054-2470063-4	Khewat No.1443, Khasra No.1057, Khatooni No. 2259, Old Kachary Road, Near Woman Development & Bait-ul-Maal, Narowal
106	3016	Central I	Lahore	IBB Zrar Shaheed Road	042-36636801-7	Zarar Shaheed Road, Joray Pull near Ranger Girls High School, Lahore Cantt
107	3162	Central I	Lahore	IBB Manawa, Lahore	042-36523022, 042-37132736	Ship No.2, Plot No.762, G.T Road, Near Al Hafeez Garden, Manawa, Lahore
108	3181	Central I	Lahore	IBB Shahdara Town	042-37926131-32-33-34-35-36	Property No.N130R-36 / 33 / RH, Near Main Bus Stand, situated at Shahdara Town, Lahore
109	3072	Central I	Lahore	IBB Maragzar Housing Society	042-35461519	Main 80, Feet Road, Near Millad Chowk, Maragzar Society, Multan Road, Lahore

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
110	3082	Central I	Lahore	IBB Samanabad	042-37564024-25	Plot No.381 / N, bearing number SXVI-1-S-32/A/Rh, Main Pouch Road, Samanabad, Lahore
111	3156	Central I	Lahore	IBB Izmir Town	042-35961833-66	Plot No. 5, Block A, Izmir Town, (Pakistan Expatriates Co-Operative Housing Society Izmir Ltd.) Main Canal Bank Road, Lahore
112	3192	Central I	Lahore	IBB Ferozpur Road II	042-35441694-95	Property No. S-86-R-405, situated at Ferozpur Road, Naseerabad (Bhabra), Near Samad Rubber Works Factory, Lahore
113	3157	Central II	Jaranwala	IBB Jaranwala	041-4310724-25	Chak No. 127, G.B Khasra No. 4/1/2, Khewat No.3770,Khatooni No, 5358, Jaranwala
114	3022	Central II	Multan	IBB Abdali Road, Multan	061-4571768, 061-4570768, 061-4581905-6, 061-4570398, 061-4517408	80-Abdali Road, Multan
115	3047	Central II	Multan	IBB Chowk Shaheedan, Multan	061-4574462-64	Property No. 1771/SH, Ward No. VIII-M, Chowk Shaheedan, Multan
116	3084	Central II	Multan	IBB Model Town, Multan	061-6306156-57	104 Block-A, Model Town, Multan
117	3128	Central II	Multan	IBB Vehari Chowk, Multan	061-4480914-15	Shop No. 51 & 52 Madni Commercial Center, Vehari Road, Vehari Chowk, Multan
118	3145	Central II	Multan	IBB Garden Town, Multan	061-6537421-23	Property No. 7/RH/SH, Main Shershah Road, Garden Town, Multan
119	3161	Central II	Multan	IBB Chungi No. 14, Multan	061-4421170-72	Khewat No. 523/515, Khatooni No. 559, Ghungi No. 14, Mumtazabad Road, Near Ahmedabad, Metro Bus Stop, Mouza Taraf Juma Khalsa, Multan
120	3183	Central II	Multan	IBB Gulghast Colony, Multan	061-6511817-18	Property No. 219 Category-C, Town Scheme No. 2, Gulghast Colony, Near Govt. Girls Comprehensive School, Multan.

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
121	3193	Central II	Shujaabad	IBB Shujaabad	061-4425541-42	Khewat No.663/677, Khatoni No. 771, Khasra No. 561/1/2 Situated at Mouza Shujaabad Urban, Jalalpur Road, Shujaabad
122	3199	Central II	Multan	IBB MDA Chowk, Multan	061-4544275-76	Shop No. 1 to 6, Bamazai Arcade, Mouza Taraf Mubarak Awal, MDA Chowk, Multan
123	3003	Central II	Faisalabad	IBB Sargodha Road, Faisalabad	041-8580381-7	Muslim Town, Chak 122/Jb, Main Sargodha Road, Faisalabad
124	3021	Central II	Faisalabad	IBB Liaquat Road, Faisalabad	041-2617403-8, 041-2619025, 041-2627806-7	3-Liaquat Road, Faisalabad
125	3014	Central II	Faisalabad	IBB Minarwa Road Faisalabad	041-2416281-85	Shop No.1,2, 46-50, New Grain Market, Minerwa Road, Faisalabad
126	3061	Central II	Chiniot	IBB Chiniot	047-6333561-3	Property No.3188/3178, Main Faisalabad Rd, Sagheer Town, Near NADRA Office, Chah Kararri Wala, Chiniot No. 2, Chiniot
127	3085	Central II	Faisalabad	IBB Millat Chowk, Faisalabad	041-8580824-26	136 B-II/1 Gulistan Colony, Millat Chowk, Faisalabad
128	3118	Central II	Faisalabad	IBB Jhang Road, Faisalabad	041-2651805-06	P-1, Street Tayran Wali, Partab Nagar, Main Jhang Road, Faisalabad
129	3120	Central II	Faisalabad	IBB Canal Road, Faisalabad	041-8751940-41	Khasra No.16/3/3, Khewat No. 3688-2421, SQNo.83, Chak No.207 RB, Canal Road, Faisalabad
130	3150	Central II	Faisalabad	IBB Circular Road, Faisalabad	041-2636341-42	Chak No. 212/RB, Shop No.4 & 5, Khasra No. 1038/1, Jinnah Market, Bank square, T.B Hospital, Circular Road Faisalabad
131	3140	Central II	Faisalabad	IBB Peoples Colony, Faisalabad	041-8717785-86	Building No.22/A-1 Peoples Colony, Faisalabad
132	3141	Central II	Faisalabad	IBB Gol Karyana, Faisalabad	041-2604022-23	Shop No.72, Gol Karyana Bazar, Near Rail Bazar, Faisalabad

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
133	3182	Central II	Faisalabad	IBB Hajjabad	041-8580624-25	Qita 3, Khewat No.1, Khatoni No.704, situated at Chak No.207 RB, Sheikhpura Road, opposite Millat Square Filling Station, Hajjabad, Faisalabad.
134	3184	Central II	Samundri	IBB Samundri	041-3420106-07	Khewat No.5/5, Khewat No.16/16, situated at Chak No.533 GB, Gojra Road, Tehsil Surmandri, Faisalabad
135	3200	Central II	Shahkot	IBB Shahkot	056-3711935-36	Khewat No.142, Khatoni No.481, Sq. No.36, Kila No.23/1/53/1/1/42, on Main College Road, Near Shahkot Stadium, Shahkot
136	3039	Central II	Bahawalpur	IBB Ghallah Mandi Road, Bahawalpur	062-2731115-6, 2731118	Plot No.29, Block A, Ghallah Mandi Road, Model Town-B, General Official Colony, Bahawalpur
137	3092	Central II	Rahim Yar Khan	IBB New Ghalla Mandi, RYK	068-5708003, 04	Near New Ghalla Mandi, Chak No. 72/NP Rahim Yar Khan
138	3163	Central II	Lodhran	IBB Lodhran	060-8361654-55	Property bearing Khewat No.22-21, Khatooni No. 202-206, situated at Main Multan Bahawalpur Road Near National Bank of Pakistan
139	3191	Central II	Sadiqabad	IBB KLP Road, Sadiqabad	068-5700246-47	Khata No. 38/38, Khatooni No.41-44, Main KLP Road, Situated at Chak No.10/NP, Sadiqabad
140	3057	Central II	Sahiwal	IBB Sahiwal	040-4221601-03	Khata No.923, Khatooni Number 942, Gali Sukh Chain, Mohallah Baloch Ganj, Sahiwal
141	3091	Central II	Sahiwal	IBB Farid Town, Sahiwal	040-4270353, 040-4270359	Khewat No. 6135, Khatoni No. 6209, Khasra No. 1685/390/1, Farid Town, Sahiwal
142	3112	Central II	Layyah	IBB Layyah	060-6411007-8	Shama Colony, Opposite BYCO petrol pump, Layyah
143	3113	Central II	Jampur	IBB Jampur	060-4567316-17	Moahmudia Colony near THQ Hospital, Jampur
144	3174	Central II	Dera Ghazi Khan	IBB Dera Ghazi Khan	0316-8880959	Shops No. 53, 54, Block No.2, Khata No 4312, Khasra No.5514-5515, situated at Katchery Road, Dera Ghazi Khan.

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
145	3177	Central II	Okara	IBB Okara	044-2510858-59	Khasra No. D/2894, Khewat No.2736, Khatoni No.2772, Chak No.1A/4L, D-Block, Near Press Club, Okara.
146	3185	Central II	Kamalia	IBB Kamalia	046-3413805-06	Khewat No.55/55, Khatoni No.62 to 68, Qita 11, Rajan Road, Kamalia.
147	3195	Central II	Okara	IBB Chak No. 51/2-L, Okara	0310-2840156 , 0310-2840168	Chak No. 51/2-L, Main Depalpur Road, Okara
148	3019	North	Mirpur AJK	IBB Mirpur AJK	058-27448412	IBB Branch Al Manzar Building, Allama Iqbal Road, Mirpur, AJK
149	3124	North	Muzaffarabad AJK	IBB Muzaffarabad AJK	058-22442391-4	Khasra No.522 Bank Road Muzaffarabad AJK
150	3034	North	Mansehra	IBB Mansehra	0997-308303 308304-308305	Rehman Plaza Mansehra , Ground Floor, Tehsil & Distt Mansehra
151	3126	North	Mansehra Road Abbottabad	IBB Mansehra Road Abbottabad	0992-341780	Opposite Sethi Masjid Mansehra Road, Abbottabad
152	3153	North	Ghourghushti	IBB Ghourghushti	0572-542213-14-19	Property No.783-785, Main Bazar, Lakkar Mandi, Ghourghushti.
153	3197	North	Peshawar	IBB Dalazak Road, Peshawar	091-2583782	Khasra No. 195, 197, Ground Floor, Malik Plaza, Iqbal Colony, Dalazak Road, Peshawar
154	3009	North	Mingora	IBB Mingora, Swat	0946-722011-13	First & 2nd Floor, Abasindh Tower, Green Chowk, Madyan Road, Mingora, Swat
155	3011	North	Mardan	IBB Bank Road, Mardan	0937-870256-258	Khatak Plaza, Bank Road, Mardan
156	3053	North	Buner	IBB Buner	0939-555464-5	Sawari Bazar, Buner

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
157	3055	North	Timergara	IBB Timergara	0945-821351-3	Fakhar Plaza Opposite General Bus Stand Main G.T Timergara Dir Lower
158	3058	North	Mingora Swat	IBB Makan Bagh Mingora	0946-700801-2	Faysal Bank, Saidu Sharif Road, Makan Bagh, Mingora KPK
159	3069	North	Batkhehla	IBB Batkhela	0932-411850-2	Al-Madina Market, Near Khwar, Main bazar, Batkhela Distt: Malakand.
160	3071	North	Mingora	IBB Matta Bazar, Swat	0946-790043	Property No.2468, Main Matta Bazar, Tehsil Matta, District Swat, Pakistan
161	3125	North	Mardan	IBB New Adda Mardan	0937-870152	Khasra No.1564 & 1563, New Adda Branch Mardan
162	3154	North	Swabi	IBB Amman Chowk Sawabi	0938-222102,103	Khasra No 3356-7, Aman Chowk, Mardan, Swabi Road, Teshil & District Swabi.
163	3070	North	Gilgit	IBB Naseem Chowk	05811-450790	PIA Link Road, Airport Road, Main Bazar, Gilgit
164	3024	North	Islamabad	IBB F-10 Markaz	051-2296962-3, 051-2222873, 051-2809056-8, 051-2222881, 051-2106723	Ground Floor, 7-L, F-10 Markaz, Islamabad
165	3044	North	Islamabad	IBB Aabpara Market	051-2870474-76	Unit No.715, Kamran Restaurant, Aabpara Market, Khayaban-e-Suharwardy, ISB
166	3048	North	Islamabad	IBB I-8 Markaz	051-4861800-802	Plot No. 33, Aneek Arcade, Sector No. 1-8 Markaz, Islamabad
167	3077	North	Islamabad	IBB DHA Phase II	051-5419401	PlotNo. 12, Sector E, Jinnah Boulevard, Phase II, DHA, Islamabad
168	3147	North	Islamabad	IBB D-12, Islamabad	051-2706153	Plot No.10 Aim Arcade Shop No.1 & 2, D-12 markaz Islamabad

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
169	3102	North	Islamabad	IBB Kuri Road	05402214-15	Ground Floor, Grandeur Arcade, Khewat No. 39, Khasra No. 1403/1225/2, Mouza Rehara, Kuri Road, Islamabad
170	3152	North	Islamabad	IBB G-11, Islamabad	051-2364106	Shop No 1 & 2, Plot No. 08, Al- Anayat Shopping Plaza, G-11 Markaz, Islamabad
171	3196	North	Islamabad	IBB Sector B-17, Main GT Road	051-5203365, 051-5203366	Plot No. 7, lower ground floor, Sea Square, MPCHS, B-17, Main G-T Road, Islamabad
172	3045	North	Talagang	IBB Talagang	0543-411995	Madina Plaza Chakwal Road Talagang
173	3075	North	Sargodha	IBB Muslim Bazar	048-3700850-53	Ground Floor, Al-Ghafoor Plaza, Muslim Bazar, Sargodha
174	3074	North	Mandi Bahauddin	IBB Mandi Bahauddin, Katchehry Road	0546-500947	Katchery Road M-B-DIN
175	3106	North	Mianwali	IBB Ballo Khel, Mianwali	0459-230675-77-78	Bismillah Plaza Main Bazar ,Ballokhel Road, Mianwali
176	3111	North	Sargodha	IBB Satellite Town, Sargodha	048-3213375	46-A Satellite, Town Sargodha
177	3148	North	Dinga	IBB Dinga	0537-401931	Khewat No.141, Khatooni No.428-462, Khasra 69, Main Bazar, Dhalian Chwok Dinga, Tehsil Kharian, Distt Gujrat
178	3169	North	Malakwal	IBB Malakwal	0546-581208-9-11	Khewat No. 455, Khatooni No. 807-815, Badshahpur Road, (Katchery Road), Tehsil Malakwal, Distract Mandi Bahauddin
179	3198	North	Sargodha	IBB Faisalabad Road	0346-2023024	Khewat No.167, Khatooni No.195, Ground Floor, Burj Abdul Aziz, Canal View, 47 Pull, Faisalabad Road, Sargodha
180	3005	North	Rawalpindi	IBB The Mall	051-5701054-57	Century Towers, 6 The Mall, Rawalpindi
181	3062	North	Rawalpindi	IBB Bahria Town	051-5412154-55	Plot No.177, Service Avenue, Intellectual Village, Bahria Town, Phase-7, Rawalpindi

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
182	3076	North	Rawalpindi	IBB Kashmir Road, Rawalpindi	051-5562448, 051-5562445-47	116 A-C, Kashmir Road, Rawalpindi
183	3114	North	Rawalpindi	IBB Adyala Road, Rawalpindi	051-5157540	Khewat No. 521, Khatooni No. 635-637, Khasra No. 1428 / 462 / 2 / 2 (3 Qittas), Mouza Dhaman, Adyala Road, Rawalpindi
184	3168	North	Rawalpindi	IBB Scheme III	051-5766108	Ayaz Plaza, Plot No. 77, Chaklala Scheme III, Rawalpindi
185	3013	North	Peshawar	IBB 6th Saddar Road, Peshawar Cantt	091-5273093 091-5273182	Tasnim Plaza, 6th Saddar Road, Peshawar Cantt
186	3012	North	Peshawar	IBB GT Road Peshawar	091-2590484-7	Faysal Bank Ltd Rahim Medical Center Peshawar City
187	3020	North	Charsadda	IBB Charsadda	091-6511013/ 091-6511011	Ground Floor Gold Mines Towers Nowshera Rd Charsadda
188	3028	North	Nowshera	IBB Nowshera Cantt	0923-613400-2	Amin Tower, Shobra Chowk, G.T Road Nowshera Cantt.
189	3035	North	Kohat	IBB Kohat	092-2522451-52	Plot No.14 Survey No.253-C, Near Butt Super Store, Katchery Chowk, Hangu Road, Kohat Cantt. Pakistan
190	3036	North	Dera Ismail Khan	IBB D.I.Khan	096-6718903-906	Plot No.19, Survey No.79, Near GPO chowk, Circular Road, D.I.Khan
191	3041	North	Peshawar	IBB Ashraf Road Branch Peshawar	091-2593364, 091-2593164	Ashraf Road Branch, Peshawar
192	3049	North	Bannu	IBB Bannu	092-8611540-41	Ex. Gts Chowk, Near Durrani Plaza, Mouza Fatima Khel Bannu
193	3093	North	Peshawar	IBB Warsak Road, Peshawar	091-5200543, 091-5200542	Property No. 2841,3481, Ground Floor, Noor Plaza, Warsak Road, Peshawar
194	3094	North	Peshawar	IBB Edgerton Road, Peshawar	091-2593108	Plot No.22-23, Wadud Building, Edgerton Road, (Muhammad Ali Johar Road, Peshawar

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	CITY	BRANCH NAME	CONTACT	BRANCH ADDRESS
195	3095	North	Peshawar	IBB PHASE III Chowk, Hayatabad	091-5612043	Shop No 5-6, Ground Floor, Waqar Plaza, Gul Abad Colony, Jamrud Road, Phase III Chowk, Hayatabad, Peshawar
196	3155	North	Khyber Agency	IBB Shahkas Khyber Agency (RUA)	091-5612043	Ground Floor, Spinzar Market, Shahkas, Wazeer Dhand, Jamrud Road, Khyber Agency, Peshawar
197	3201	North	Peshawar	IBB Canal Road, Peshawar	091-5711015, 091-5711225	Naseem Plaza, Khasra No. 2464-2451-1102/2, Academy Town, Near Ghandara University, Canal Road, Peshawar

CODE OF CONDUCT

INTRODUCTION

Faysal Bank's reputation is a priceless asset that each of us is responsible for maintaining. Our organisational reputation determines employee loyalty and how we feel about coming to work.

The Code of Conduct is designed to guide the personal business ethics to all of us. It applies to every employee of Faysal Bank Limited. In addition, other persons performing services for the Bank may be subject to the Code by Contract or Agreement. You are expected to read this document promptly upon receiving it. Please read and understand the Bank's policies that relate to sections of this Code.

In addition to the guidelines included in the Code, compliance with the requirements of all applicable laws and regulations governing banks must be adhered to.

Adherence to the Bank's Code of Conduct is a condition of employment. All employees are required to comply with the Code, and no waivers from its coverage may be granted.

IDEOLOGY OF PAKISTAN

No employee shall express views detrimental to the ideology or integrity of the Islamic Republic of Pakistan.

EMPLOYEES IDENTITY CARD

The Bank's employee card gives you a unique identity as a teammate of Faysal Bank Limited. It is compulsory that employees wear the card for identification and security reasons.

HEALTH, SAFETY & HYGIENE

Faysal Bank is committed to providing a working environment that is both safe and fit for conducting ideal banking business and ensures that health and safety issues are a priority for all banking operations. You shall adhere to applicable health and safety rules and cooperate with the Management to ensure compliance of health and safety legal requirements. Reporting must be made without delay if any potential health / security hazard is seen.

Smoking and chewing betel leaf (paan) are strictly prohibited in all the offices of the Bank and at the customer's premises. Customers may politely be informed of this regulation which has been introduced in the interest of public health as well as keeping the work place neat and clean.

PROFESSIONAL ATTIRE

You are required to follow the dress code that is appropriate for the office and customer interaction, as appended below:

Dress Code for Gents

Male employees shall wear a suit or dress trousers, dress shirt, suit jacket (obligatory for VP and above, optional for the rest), necktie and dress shoes during all workdays. Shalwar kameez with formal waistcoat or sherwani is also allowed. Employees facing customers in branches open on Saturdays shall also follow this code from Monday through Saturday.

Staff with no customer dealing may come on working Saturdays in smart casuals. Jeans, collarless / sleeveless T-shirts, shalwar kameez without waistcoat / sherwani, are strictly not allowed.

The above dress code also applies to all internees.

Dress Code for Ladies

Female employees should dress elegantly with cultural norms i.e. shalwar kameez, kurta suit, or any modest dressing (loose-fitting dress codes) with shoes or formal flat heels. All the female staff in Islamic Banking Group i.e. Head Office and Islamic Branches (existing and new) are required to wear Hijab (a scarf covering the entire head and hair, and a gown without being ostentatious covering hands up to wrists till toes) while on duty, training and clients' visits, as required by Islamic injunction. Adherence of this dress code is mandatory and shall be communicated in interview sessions with new candidates.

The staff is expected to show discretion in their selection of makeup and jewellery.

The above dress code also applies to all internees.

BUSINESS ETHICS AND COMPLIANCE WITH LAW

You are expected to protect and enhance the assets and reputation of Faysal Bank Limited.

Our business is based on a strong tradition of trust. It is the reason our customers come to us. Honesty and integrity are cornerstones of ethical behaviour. Trustworthiness and dependability are essential to lasting relationships. Our continued success depends on doing what we promise - promptly, competently and fairly.

In our rapidly evolving businesses, each of us is challenged by a complex environment. This often requires fast responses under pressure. No written policy can definitively set forth the appropriate action for all business situations. **Accordingly, rather than a set of specific rules, this Code emphasises a standard of ethical conduct that must permeate all of our business dealings and relationships.** Individual businesses may issue additional policies that provide more specific guidance about certain practices related to that business. You should speak with your supervisor for more information about any of those policies that pertain to you. You also should pay careful attention to compliance training programs to help you apply the Code in your daily activities.

You must discharge your duty in accordance with the Bank's rules and regulations, Islamic Banking practices, internal SOPs, customs and standing instructions, usage and practices pertaining to the Bank's operation, in addition to all applicable laws & regulations imposed by regulatory authorities, along with the Code.

Faysal Bank's Threshold and Differentiator Values are governed by Shariah, and the Bank expects its employees to be committed to the cause of Islamic Banking.

The Code of Conduct provides guidelines for a variety of business situations. It does not try to anticipate every ethical dilemma you may face. Faysal Bank, therefore, relies on your good judgment.

You should consult the Legal Counsel whenever you have a question about the legality of a course of action. You must also exercise the utmost care to ensure that all statements you make, especially those made to the government bodies that regulate our businesses (or with which we do business), are accurate. If you are in doubt about any situation or behaviour, you should speak to your manager, Compliance or your Human Resources representative.

Managers, by virtue of their positions of authority, must be ethical role models for all employees.

An important part of a manager's responsibility is to exhibit the highest standards of integrity in all dealings with fellow employees, customers, suppliers and the community at large. An equally important responsibility is to obtain employees' commitment and develop their ability to make sound ethical judgments. Managers must communicate the seriousness of the Bank's expectations for ethical conduct and their own personal support of these expectations. Ethical managership includes both fostering a work environment that encourages employees to voice concerns or otherwise seek assistance if faced with potentially compromising situations, and supporting those who speak out. Managers must be alert to any situations and / or actions that may be unethical or potentially damaging to the Company's reputation and to respond appropriately. Managers must

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avoid giving even implicit approval of such situations and actions. For example, managers must ensure that financial reports and product and service claims are honest and complete.

TREATMENT OF TEAM MEMBERS & COLLEAGUES

You are expected to treat colleagues, employees and others, with whom you interact, with professionalism, respect and dignity.

Treating all employees with respect and dignity is an FBL Value that applies to everyone. Employees working in any department shall speak in such low volume and pitch that the colleague sitting at the adjoining desk should not be disturbed. Talking to colleagues across desks is not encouraged at all, and intercom facility can be utilised for this purpose. This is particularly important for managers who influence the work environment of their areas on a daily basis. Managers must remember that they are role models for their employees and that these employees are likely to treat their colleagues, including employees whom they manage, and others, as they themselves are treated.

The Bank expects managers to seek out the ideas of subordinates and to involve them in decisions whenever appropriate. At the same time, once a decision is made, everyone involved is expected to pull together and support it.

In addition, you must respect and maintain the confidentiality of information you learn about your employees and colleagues (e.g. salaries, performance reviews, disabilities or leaves of absence). You must not share this information with anyone either inside or outside your department, except as is necessary to perform your job.

DEALING & COMMUNICATION WITH REGULATORS

All communications with regulators must be handled through the appropriate level / department / function. Where communication with the regulator is part of an employee's job description (e.g. dealing with the regulators for filing regular financial returns which is the responsibility of the respective department sending the regular returns). In these cases, Compliance is only involved if there is a potential breach of regulations. Guidelines of SBP issued in this regard shall be strictly followed. A copy of all non-routine correspondence with the regulators must be provided to the Compliance Function.

Meetings with Regulators

Any visits to regulators by employees or Senior Management must be notified to and if required may be coordinated by the Compliance Function.

Reporting to Regulators

Information provided to regulators by FBL must:

- a) Be accurate;
- b) Not omit any information that might result in the information provided being misleading;
- c) Be provided only after all reasonable enquiries are made to ascertain the accuracy and completeness of the information;
- d) Be reviewed by Head of the Department / Function.

Inspection by Regulators

Regulators may inspect FBL to enable regulators to inspect its activities. FBL must maintain all records in a form capable of being checked or audited. Employees must ensure that they do not amend, destroy, erase or make further entries to any record or file which is, or may be, relevant to a matter being inspected or investigated by a regulator or to any disciplinary process or appeal process. Employees must cooperate with

CODE OF CONDUCT

any inspection carried out by the regulator to the fullest possible degree. Compliance may coordinate inspections but employees must:

- a) Make themselves readily available to the inspection team;
- b) On receipt of a proper request by the regulator, produce to the inspection team any documents, files, and computer data and other material in their possession or control;
- c) Give the inspection team access, at all times, to FBL's premises and reasonable facilities; to the extent that they are properly requested by the regulator, permit the inspection team to copy any documents or other material in FBL's premises or elsewhere at FBL's expense and to remove copies and hold them elsewhere;
- d) Answer truthfully and fully all questions put to them by the inspection team. Failure to comply with a request by regulators to produce records and documents, give regulators access to the premises, staff or records of FBL for the purposes of supervision or inspection or to provide information relating to a transaction is an offence for which FBL and Senior Management may be punished by fine or imprisonment. Directors, officers or employees of FBL must comply with any fines, prohibitions, requirements, sanctions, penalties, orders and decisions of any regulator.

DEALING & COMMUNICATION WITH CUSTOMERS

Employees must ensure that all communications with customers are done in official form and with official contents. In case this is not clear, please contact your supervisor immediately. FBL must manage conflicts of interests appropriately and ensure fair treatment of all clients.

Employees must not unfairly or unreasonably place the interests of FBL above those of a client. Employees must ensure they are aware of each client's current financial situation and other relevant facts about the client appropriate to the services provided to or requested by the client. If FBL has control of client assets, it must ensure those assets are properly accounted for and safeguarded in accordance with regulatory, contractual or fiduciary responsibilities.

Every employee shall not divulge any information relating to the affairs of its customers except in circumstances in which it is, in accordance with law, practice and customary usage among bankers, necessary or appropriate to divulge such information.

EMPLOYEES' DUTY OF NON-DISCLOSURE & TIPPING OFF

Anti-Money Laundering (AML) Act of 2010 forbids and makes it a crime, for the Bank or employee to alert a client or potential client (or any party involved in the transaction) to the fact that the Bank is investigating their actions or motives, or to tell them, or any other outside party, that a report of activity identified as suspicious has been prepared and / or filed. The same also applies for the Currency Transaction Reporting (CTR) to Financial Monitoring Unit. Such an act is known as Tipping Off and is a punishable crime under AML Act of 2010 which may lead to fine and / or imprisonment. Such an act may also subject an employee to disciplinary action by the Bank.

To protect against a violation of any non-disclosure requirements, employees should adhere to the following guidelines:

- Never disclose to the client or any third parties that information has been provided to any department within FBL or a government authority or that any suspicious activity investigation is contemplated or underway.
- Never take any action that might otherwise alert the subject that FBL has suspicions that will result in a report or filing a Suspicious Transaction Reporting (STR) and treat the filing of an STR as a confidential matter, even within FBL.

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CONFIDENTIALITY

It is the policy of FBL to honour all applicable laws, including AML, data protection, privacy and Bank confidentiality laws. Copies of STR filings and underlying documentation are maintained as confidential documents. This means they are shared within FBL only on a "need to know" basis. A summary or description of these reports (and supporting materials) may be shared with local regulators as required by applicable law. Generally, regulators are also required to treat as confidential any details that they are provided. In case of any uncertainty as to how to respond to such an inquiry, kindly contact the Compliance Function for guidance.

FBL EMPLOYEE REPORTING RESPONSIBILITIES

Every employee of FBL is responsible for identifying reportable events and adhering to the CAAML policy with respect to any suspicious activity he / she may observe in his / her job capacity. Consistent with FBL's CAAML policy, employees with client-related duties are responsible for understanding the nature of their clients' transactions, business and source of wealth, and for using currently available FBL resources to monitor their clients' activity for consistency with this understanding. This review activity is a formal means by which Reportable Events may be identified. In addition, employees must be diligent and alert in all aspects of their job functions, including but not limited to the use and review of any available reports and information databases, and must use common sense and experience to guide them in asking questions and spotting irregularities.

When a possibly suspicious activity or potential legal or regulatory violation is observed, the employee is responsible for calling the situation to the attention of his / her supervisor, who will notify the Functional Head and the Compliance Function. In extremely sensitive situations or in any instance where an employee is uncomfortable working with their supervisors on such matters, he / she may directly report to the Compliance Function.

Failure to follow the STR policy when a Reportable Event occurs is a breach of policy and may subject an employee to disciplinary action.

KNOW YOUR CUSTOMER AND ANTI-MONEY LAUNDERING

Every client must be owned by a relationship officer of the business line. Such relationship officer will be responsible for the client's KYC, due diligence and ensuring that FBL is safeguarded against criminal activities like money laundering, terrorist financing, drug trafficking, etc in this regard.

We must ensure that we have sufficient information about our customers to satisfy ourselves as to their reputation, standing and the nature of their business activities.

Money laundering is the process by which banks are used as vehicles to disguise or "launder" the proceeds of criminal activity. Such activities undermine a bank's integrity, damage its reputation, deter honest customers and expose a bank to severe sanctions. Faysal Bank fully supports the international drive against money laundering and is committed to assisting relevant authorities in preventing money laundering.

Faysal Bank's success on this front is dependent upon the cooperation of all employees. Everyone must exercise prudence and vigilance when assessing potential new clients, handling client requests and processing client transactions. With everyone's commitment and determination, it is possible to translate the spirit of FBL's Core Values and business principles into daily practice, continue to protect the integrity of the banking system, and maintain the Bank's reputation as a respectable and trustworthy institution.

Accordingly, the following precautionary steps are to be adopted in this connection:

- The identity of every new customer with whom we deal must be established from reliable identifying documents.
- If you suspect that funds stem from illegal activities, this must be reported internally to your Reporting Supervisor or Compliance who will liaise with competent authorities.

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- Customers should not be warned when information relating to them is being reported.
- Detailed requirements on Bank's due diligence policy and procedures are to be followed as given in the Compliance Manual.

INSIDER TRADING

Insider trading involves the improper use of unpublished price sensitive information for personal benefit when dealing in securities.

Part X of the Securities Act, 2015 prohibits every person to indulge in insider trading. Employees who have privileged price sensitive information and are due to other means, as defined under the said Act, considered to be an insider, should not indulge themselves in insider trading. Those found guilty of contravening the provisions of the Act can be awarded imprisonment up to three years or obliged to pay fine as well as compensation to any person who may have suffered on account of such insider trading.

SPECULATIVE DEALING

Personal dealing in speculative transactions can entail employees with risks to their financial standing, distract them from the performance of their duties and impact the reputation of the Bank. For these reasons, employees should not engage in speculative transactions for their personal account.

Accordingly, no employee shall:

- Borrow money from or in any way place himself / herself under pecuniary obligation to a broker or money lender / financier or any firm or persons having dealings with the Bank;
- Buy or sell stocks, shares, commodities, foreign exchange or securities of any description without funds to meet the full cost thereof;
- Lend / finance money in his private capacity to a constituent of the Bank or have personal dealings with a constituent for the purpose of sale of bill of exchange, Government paper or any other securities.

In this connection, employees are advised to note that borrowing money from any source of placing themselves under pecuniary obligations beyond the capacity to repay or honour the commitment will be tantamount to speculative activity.

If employees are unclear whether any particular transaction / activity could be considered speculative they should seek guidance from their Executive Officer or Compliance. Please refer to the Compliance Manual Chapter 29 - Personal Account Dealing Policy on the Intranet for details and for adherence.

CONFLICT OF INTEREST

You must be alert to any situation that could compromise the position of trust you hold as a Faysal Bank employee, and avoid any kind of conflict between your personal interests and those of Faysal Bank.

You may engage in outside activities that do not conflict with the interests of the Bank, interfere with the responsibilities of its employees, or damage or misuse the reputation, trademarks, relationships, confidential information or other property of the Bank. The Bank has adopted the following guidelines to protect both the Bank and employees against conflicts of interest, and from situations that create a perception of impropriety.

From time to time, situations will arise that are not clear-cut. If you are uncertain about the propriety of your conduct or business relationships, consult your supervisor, Legal or Compliance.

You should never use your position with the Bank, or information acquired during your employment, in a manner that may create a conflict - or the appearance of a conflict - between your personal interests and the interests of the Bank

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or its customers and clients. You should also be aware that actual or potential conflicts of interest can arise not just from dealings with external parties, such as customers or suppliers, but also from relationships or transactions with managers, subordinates or other employees. If a conflict or potential conflict arises, you must report it immediately to your manager or the Compliance Function, who will review it and any such discussion will be held in confidence to the extent possible and in a spirit of cooperation.

Employees must ensure that their personal interests do not conflict with the duties which are owed to the Bank or which the Bank owes to its customers. This includes engaging in any of the following activities without the prior written approval of the Management:

- Becoming personally involved in any transaction of the Bank / Group.
- Negotiating or contracting on behalf of the Bank with an entity in which you or a relative has an interest.
- Accepting any employment (whether part time, temporary or other), retainership, consultancy, directorship or partnership outside the Bank except with the approval / allowance of the Bank's concerned authorities as and if required.

If you are in doubt about whether a certain circumstance might create a conflict of interest, you may consult the Compliance for guidance before taking action.

PERSONAL INVESTMENT POLICY

This policy covers Members of Investment Committee and Members of Investment Staff (Back Office) who are required to disclose their personal investments in stocks, shares and other securities.

Accordingly, a staff member in the above category is required to obtain prior permission in writing from the Chief Executive for personal investments making sure that there is no case of conflict of interest. A copy should also be forwarded to Compliance.

In case prior approval could not be obtained for any reason, investment made should be reported to Compliance as and when investment is made.

EXTERNAL FUNCTIONS

You may not simultaneously work for any concern that does business with or competes with the Bank without the approval of the Head HR and / or authorities concerned as and if required.

You must disclose the following outside positions to the HR, who will determine if a conflict exists:

- A member of your immediate family or household works for, and holds a position that can influence decisions at a firm that directly competes with or does business with the Bank.
- A member of your immediate family or household holds a position that interacts with positions of authority at a firm that directly competes with or does business with the Bank.
- Further, you may not serve as a director, trustee, officer or similar position (paid or otherwise) of any business, other than with the Bank or one of its subsidiaries, without prior approval of the HR and / or authorities concerned as and if required. This rule does not apply to charitable, civic, religious, educational, public or social organisations, or to residential boards whose activities do not conflict with the interests of the Bank and do not impose excessive demand on your time.
- An employee must obtain the consent of Corporate Communication and Human Resources before submitting a work for publication, articles, or making a public speech / media presentation / interview in either medium.

BOOKS AND RECORDS

ACCURACY AND COMPLETENESS

You must ensure that the accounting and financial records of the Bank meet the highest standards of accuracy and completeness.

Reporting accurate, complete and understandable information about the Bank's business, earnings and financial condition is an essential responsibility of all employees. It is not the exclusive responsibility of the Bank's accounting personnel to ensure that the Bank's accounting and financial records are accurate and complete. If you have reason to believe that any of the Bank's books and records are not being maintained in an accurate or complete manner, you are expected to report this immediately to your manager, the Chief Financial Officer, Compliance or the HR. Similarly, the Bank relies on you to speak up if you feel that you are being pressured to prepare or destroy documents in violation of Bank policy. You also should speak up if you become aware that any misleading, incomplete or false statement has been made to an accountant, auditor, attorney or government official in connection with any audit, examination or filing with a government agency, such as the State Bank of Pakistan or Securities and Exchange Commission.

PROTECTION AND PROPER USE OF BANK'S PROPERTY & INFORMATION

As Faysal Bank's employee, you are entrusted with protecting the Bank's property.

Acts of dishonesty against the Bank or its customers involving theft, destruction or misappropriation of money, property, office equipment, information, data, devices, supplies or any other items of value are, of course, prohibited. Falsification, alteration or substitution of records for the purpose of concealing or aiding such acts are also prohibited. If you suspect someone has committed such an act or you witness such an act, you should report it immediately to Security. If you prefer, you can speak informally and confidentially with Compliance.

You also must protect the use of the Bank's computer equipment, including Faysal Bank's domain email, public email, customers' information or customers' data, and Internet access. The email should only be used for official purpose. All communication and information are the property of the Bank and the Bank reserves the right to retrieve message contents for the purpose of monitoring. You are, therefore, accountable for all activities under your password.

You must remember that the Management has zero tolerance on both password sharing (Ref. IT Security Policy Section 10.3.1 present at Bankopedia) and key compromise (esp. vault and ATM keys / combination).

You should additionally follow the Bank's policies and procedures in connection with the disposition of personal computers, personal digital assistants, mobile phones or other Bank assets.

You should review the Bank's policies present at the Banks Intranet Portal.

GIFTS AND ENTERTAINMENT

It is the policy of the Bank that gifts are not to be accepted from customers or suppliers and potential donors must be diplomatically informed of this. However, if the employees are offered gifts, other than minor items, they should politely but firmly decline them, referring to the Bank policy, if necessary.

Exceptions

In cases where refusal of a gift would be regarded as an affront or it would be impractical or impossible to return the gift then in certain cases it can be accepted provided the gift is:

- Not in the form of cash,
- Clearly not in return for any consideration or in the anticipation of such,
- Of nominal value only.

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Most of the Takaful coverage companies to generate business offer a number of inducements to their clients. The employee dealing with such entities for coverage of the Bank employees, assets, transit items or obtaining policies on behalf of customers for trade finance or consumer products must exercise due care and caution; negotiate the best advantageous coverage at best prices without any consideration for self. This due care and cautiousness must be adhered in case of valuers / contractors and consultants as well.

Any departure or proposed departure not included above must be reported through the line to the Compliance Function for a ruling on acceptance:

Employees are allowed to accept only minor items such as small number of inexpensive items like calendars, diaries, desk pads, pens, etc. The Department Heads / Line Managers / Compliance should be consulted if any doubts are encountered.

If gifts are delivered at their houses or workplace and cannot be easily returned without incurring embarrassment, they must hand over gifts to the Department Head / HRD, which will consider the most appropriate ways of dealing with them.

Personal Gifts by Employees

Personal friendships developed on the basis of banking relationships can sometimes encourage the exchange of gifts for personal account. Care must be taken in this regard as it must be realised that, unfortunately, what may be offered simply as a token of friendship and goodwill, may be construed, in some circumstances, as not only a breach of ethics but even a criminal action.

Presenting Gifts

Gifts may be given for promotional purposes or on special occasions where it may be appropriate while remaining within the jurisdiction of FBL management. The context in which such gifts are given is important and care must be exercised to avoid any such event that could be misinterpreted or construed as bribery or corruption.

No lavish entertainment offered or extended to any government or private official, agent / supplier or employee. Their entertainment is limited to routine lunches or dinners occurring during the conduct of regular business and that only to the extent that it is not in violation of the policy of the government, private entity involved and has duly been sanctioned by the Bank. Invitations to customers' / suppliers' social events, sports or theatre tickets, golf outings, non-business dinners etc should be avoided.

It must be ensured that the entertainment against the Islamic injunctions (like music) must be avoided.

CONFIDENTIAL INFORMATION AND TRADE SECRETS

You must protect confidential information and trade secrets, and prevent such information from being improperly disclosed to others inside or outside the Bank.

You may learn, to a greater or lesser degree, facts about the Bank's business plans, operations or "trade secrets" that are not known to the general public or to competitors. Sensitive information such as customer data, the terms or fees offered to particular customers, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing or strategic plans, proprietary or products and systems developments are examples of the Bank's confidential information and trade secrets. Similarly, during the course of performing your responsibilities, you may obtain information concerning possible transactions with other companies or receive confidential information about other companies. You may not disclose any confidential information or trade secret of the Bank to others or use any such information for your own or someone else's benefit. Within the Bank, confidential information and trade secrets should be divulged only to other employees who need the information to carry out their business responsibilities.

CODE OF CONDUCT

You also are responsible for maintaining the confidentiality of sensitive employee information, such as salary, bonus or performance appraisal data. These obligations apply both during and subsequent to your employment with the Bank. You must be careful not to discuss such matters with family members, business or social acquaintances, or in places where you can be overheard, such as taxis, elevators, the Bank cafeteria or restaurants. In addition, you should not communicate or transmit confidential or sensitive information through external online communications services, such as the Internet. You are also required to maintain “Clean Desk”, leaving no confidential information on the working place / desk unattended.

The confidentiality of non-banking information must also be respected regardless of how an employee comes across it. If an employee receives or holds information which he / she knows or believes is confidential to another person / organisation, he / she should not disclose that information to anyone else. The distinction between this information and the other is not always clear. If in doubt, consult Human Resources.

BREACHES & DISCIPLINARY ACTION

In the event of an employee committing breach of this Code or any of the provisions of Employment Rules or contravenes instructions / orders issued to him / her in connection with official work or who displays negligence, inefficiency, indolence or criminal (riotous) behaviour or does anything detrimental to the interests of the Bank or is guilty of any other act of fraud, misconduct or insubordination, the Competent Authority, in its sole discretion and without limitation may impose on him / her one or more of the following penalties:

- Postponement or stoppage of increment or promotion.
- Recovery from pay of the whole or part of any pecuniary loss caused to Bank by the employee.
- Demotion to a lower stage of pay in his / her Grade or to a lower Grade.
- Dismissal from service, which will involve permanent disqualification for future employment in the Bank without notice period.
- Termination from service.
- Compulsory retirement from service.

سيرة
الملك

GLOSSARY OF TERMS

ACCRUAL BASIS

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

BONUS ISSUE (SCRIP ISSUE)

The issue of new shares to existing shareholders in proportion to their shareholdings. It is a process for converting a company's reserves (in whole or part) into issued capital and hence does not involve an infusion of cash.

CAPITAL ADEQUACY RATIO

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

CASH EQUIVALENTS

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CASH RESERVE RATIO (CRR)

Cash Reserve Ratio is the amount of funds that the banks have to keep with SBP.

CHARITY

Means monetarily helping those in need. Customer is asked to undertake that if he/she fails to pay rent on due date, he/she will pay certain amount to a charity, which will be administered through the Islamic Bank.

CONTINGENCIES

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence of one or more future events.

COMMITMENT TO EXTEND CREDIT

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

COST / INCOME RATIO

Operating expenses as a percentage of total income.

CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

DEFERRED TAXATION

Sum set aside for tax in the Financial Statements that will become payable in a financial year other than the current financial year.

DIMINISHING MUSHARAKAH

In Diminishing Musharakah, the financier and the client participate either in joint ownership of a property or equipment whereby the share of the financier is divided into a number of units and the client undertakes to purchase these units one by one periodically until he is the sole owner of the property/equipment.

GLOSSARY OF TERMS

DIVIDEND

A sum of money paid by a company to its shareholders out of its profits (or reserves).

DIVIDEND PAYOUT RATIO

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

DIVIDEND YIELD RATIO

Dividend per share divided by the market value of share.

DERIVATIVES

Derivative is a financial instrument or other contract which has the following characteristics:

- (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- (c) it is settled at a future date.

EARLY TERMINATION CHARGES

If the customer wishes to terminate the Ijarah Agreement before the agreed period, the customer has an option to buy the asset on the pre-agreed purchase price.

EARNINGS PER SHARE

Profit after taxation divided by the weighted average number of ordinary shares in issue.

EFFECTIVE TAX RATE

Net tax charge divided by the profit before taxation.

FINANCE LEASE

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

FORCED SALE VALUE (FSV)

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged / pledged assets in a forced / distressed sale conditions.

FORWARD EXCHANGE CONTRACT

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

GUARANTEES

An agreement involving a promise by a person (the guarantor) to fulfill the obligations of another person owning debt if that person fails to perform.

GLOSSARY OF TERMS

HIBAH

Gift

HISTORICAL COST CONVENTION

Recording transactions at the actual value received or paid.

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

IFRIC

International Financial Reporting Interpretation Committee

INCOME IN SUSPENSE

Income suspended on non-performing financing.

INCOME SPREAD

Represents the difference between the average rate of income earned and the average rate of cost paid on funds.

IJARAH

Letting on lease. Technically, sale of a definite usufruct in exchange for a definite reward. Commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment or a building to a client against an agreed rental.

ISTISNA

Istisna is a type of sale transaction where the buyer places an order with the seller to manufacture certain asset and the sale is completed upon delivery of the asset to the buyer. Istisna is used for providing financing facility for transactions where customer is involved in manufacturing or construction. Under Istisna Financing transaction, the client manufactures goods for the Bank and upon delivery of the goods to the Bank, the client is appointed as Agent of Bank to sell those goods in the market.

LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange and treasury bills.

LOAN LOSSES AND PROVISIONS

Amount set aside against possible losses on loans, advances and other credit facilities as a result of their becoming party or wholly uncollectible.

MATERIALITY

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of financial statements.

MUDARIB

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

GLOSSARY OF TERMS

RABB-UL-MAAL

A person who invests capital in a Mudarabah.

REPURCHASE AGREEMENT

Contract to sell and subsequently repurchase securities at a specified date and price.

REVERSE REPURCHASE AGREEMENT

Transaction involving the purchase of securities by a bank or dealer and resale back to the seller at a future date and specified price.

RETURN ON AVERAGE EQUITY

Net profit for the year, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

REVENUE RESERVE

Reserves set aside for future distribution and investment.

RIBA / INTEREST

Riba literally means increase, addition, expansion or growth. It is, however, not every increase, or growth, which has been prohibited by Islam. In the Shariah, Riba technically refers to the premium that must be paid without any consideration in a loan transactions. According to the jurists of Islam this definition covers the two types of Riba, namely Riba Al Fadhl and Riba Al Naseah.

NET ASSETS VALUE PER SHARE

Shareholders' funds divided by the number of ordinary shares in issue.

NET DIVIDENDS

Dividend net of withholding tax.

NET INTEREST INCOME

The difference between what a bank earns on assets such as loans and securities and what it pays on liabilities such as deposits, refinance funds and inter-bank borrowings.

NPLS TO GROSS ADVANCES / LOANS

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

NON PERFORMING LOAN - OAEM CATEGORY

Where markup/interest or principal is overdue by 90 days for agricultural financing.

NON PERFORMING LOAN - SUBSTANDARD CATEGORY

Where markup/interest or principal is overdue by 90 days or more from the due date.

NON PERFORMING LOAN - DOUBTFUL CATEGORY

Where markup/interest or principal is overdue by 180 days or more from the due date.

GLOSSARY OF TERMS

NON PERFORMING LOAN - LOSS CATEGORY

Where mark-up/interest or principal is overdue by one year or more from the due date and Trade Bill (Import/Export or Inland Bills) are not paid/adjusted within 180 days of the due date.

OFF BALANCE SHEET TRANSACTIONS

Transactions that are not recognized as assets or liabilities in the balance sheet but which give rise to contingencies and commitments.

PRICE EARNINGS RATIO (P/E RATIO)

Market price of a share divided by earnings per share.

PRUDENCE

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

RETURN ON AVERAGE ASSETS

Profit after tax divided by the average assets.

RISK WEIGHTED ASSETS

On Balance Sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

SHAREHOLDERS' FUNDS

Total of Issued and fully paid share capital and revenue reserves.

SHARIAH BOARD

Shariah Board means a board of members constituted by the Bank pursuant to the regulations of the State Bank of Pakistan to oversee and supervise the Islamic banking operations of the Bank.

SHARIAH-COMPLIANT

An act or activity that complies with the requirements of the Shariah.

STATUTORY RESERVE FUNDS

A capital reserve created as per the provisions of the Banking Companies Ordinance, 1962.

SUKUK

A sukuk is an Islamic financial certificate, that complies with Shariah. Sukuk represents undivided shares in the ownership of tangible assets relating to particular projects or special investment activity.

TAKAFUL

Islamic Insurance. A scheme of mutual support that provides coverage to individuals against hazards of falling into unexpected and dire need.

WEIGHTED AVERAGE COST OF DEPOSITS

Percentage of the total cost / interest expensed on average deposits of the Bank for the period.

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FORM OF PROXY

I / We, _____ of _____ a member(s) of FAYSAL BANK LIMITED and holding _____ ordinary shares, as per Register Folio No. / Participant's ID / CDC sub Account No. _____ hereby, appoint _____ Folio No. / Participant's ID / CDC sub Account No _____ or failing him / her _____ of _____ as my / our proxy to vote and act for me / us on my / our behalf at the **Annual General Meeting** of the Bank that will be held on **March 28, 2018** and at any adjournment thereof.

Signed _____ day of _____, 2018

Witness:

1. _____

2. _____

Revenue Stamp
Rs. 5/-

Signature of Member(s)

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **March 22, 2018 to March 28, 2018** (both days inclusive). Transfer received at the Shares Registrar of the Bank, by the close of business on March 21, 2018 will be treated in time for attending Annual General Meeting that will be held on March 28, 2018 in Karachi.
2. A member entitled to attend and vote at the Meeting may appoint another Member as per his / her proxy to attend and vote for him / her provided that a corporation may appoint as its proxy, a person who is not a member, but is duly authorised by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Meeting.
3. Members are required to timely notify any change in their address to Bank's Shares Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

FORM OF PROXY

A. For attending the Meeting:

- i) In case of individuals, the account holder or sub account holder and / or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or sub account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

بی۔ برائے پراکسی کی تقرری

- i۔ انفرادی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایسا فرد کو جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات قواعد کے مطابق اپ لوڈ کر لی گئی ہیں۔ پراکسی فارم مندرجہ بالا شرائط کے مطابق جمع کرانے ہوں گے۔
- ii۔ پراکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام پتے اور قومی شناختی کارڈ نمبر فارم میں درج ہوں۔
- iii۔ ممبر پراکسی ہولڈر کے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک ہونی چاہئیں۔
- iv۔ پراکسی ہولڈر کو اجلاس کے موقع پر اپنا اصل CNIC یا پاسپورٹ پیش کرنا ہوگا۔
- v۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) پراکسی فارم کے ہمراہ کمپنی کو پیش کرنا ہوں گے۔

شریعی بورڈ رپورٹ برائے سال ۲۰۱۷

2. اسلامی بورڈ فولیو میں اضافے کے پیش نظر، موجودہ ٹیموں میں سے افرادی وسائل کو خصوصی طور پر اسلامی عقود کے لئے مختص کرنا چاہئے، اس کے ساتھ ساتھ نئے ملازمین کی تقرری کے دوران اسلامی ذہن رکھنے والے، اسلامی فائننس کے پیشہ ورانہ تجربہ اور تربیت کے حامل افراد کو ترجیح دینی چاہئے۔
3. چونکہ تحول اور پھیلاؤ کے عمل کو مستعدی سے جاری رکھنے کے لئے بینک کو اسلامی بینکاری کی ذہنیت رکھنے والے پیشہ ورانہ ماہرین کی ضرورت ہے، اس لئے ملازمین کی صلاحیت اور اہلیت کو بڑھانے والے نئے پروگراموں کو تسلسل کے ساتھ جاری رکھنے کی ضرورت ہے۔ تربیتی کلینڈر اندرونی طور پر کام کرنے والے ملازمین کی موثر تربیت پر مشتمل ہونا چاہئے اور اس کے ساتھ ساتھ اعلیٰ انتظامیہ کو بھی باقاعدہ تربیتی کلینڈر میں شامل کرنا چاہئے، مزید برآں، صارفین اور عام لوگوں میں شعور اور آگاہی پیدا کرنے کے لئے بھی اس طرح کی نشستوں کا انعقاد کرنا چاہئے۔
4. برکت اسلامک بینکنگ کی برانچز میں مسلسل اضافے کو پیش نظر رکھتے ہوئے، برکت اسلامک بینکنگ کی پراڈکٹس کی اشتہاری مہم میں وسعت لانے کی ضرورت ہے۔

واللہ سبحانہ و تعالیٰ اعلم

محمد

مفتی محمد مجب الحق صدیقی

چئیرمین شریعی بورڈ

محمد

مفتی خواجہ نور الحسن

ریزیڈنٹ شریعی بورڈ ممبر

محمد

ڈاکٹر مفتی خلیل احمد اعظمی

ممبر شریعی بورڈ

بتاریخ: ۱۶ فروری ۲۰۱۸ء | ۲۹ جمادی الاول ۱۴۳۸ھ

شریعی بورڈ رپورٹ

برائے سال ۲۰۱۷

آفس کے ملازمین اور ان کے معاون شعبہ جات کی اہلیت اور صلاحیت میں اضافہ کرنا تھا۔ بینک کے شعبہ L&D نے منتخب ملازمین کے لئے مختلف بیرونی اداروں کے توسط سے بھی تربیتی پروگرام منعقد کئے۔

شریعی بورڈ کی رائے

اگرچہ بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ مکمل طور سے اس بات کو یقینی بنانے کے ذمہ دار ہیں کہ فیصل بینک لمیٹڈ، برکت اسلامک بینکنگ کے تمام امور اس طور پر انجام دیئے جائیں کہ وہ ہمہ وقت شرعی اصولوں کے عین مطابق ہوں تاہم، ہم سے ایک رپورٹ پیش کرنا مطلوب ہے جو کہ فیصل بینک لمیٹڈ، برکت اسلامک بینکنگ کے مجموعی ماحول کے شرعی اصولوں کے مطابق ہونے کے بارے میں ہو۔

اپنی رائے تشکیل دینے کے لیے، جو کہ اس رپورٹ میں بیان کی گئی ہے، بینک کے شریعی کمپلائنس ڈیپارٹمنٹ نے ہر قسم کے عقود، متعلقہ دستاویزات اور پراسس فلوز کو جانچنے کے لئے نمونہ جاتی جائزوں کا اہتمام کیا۔ اس کے ساتھ ساتھ ہم نے اندرونی اور بیرونی شریعی آڈٹ کی رپورٹوں کا بھی جائزہ لیا۔

مذکورہ بالا تفصیل کی بنیاد پر ہماری رائے مندرجہ ذیل ہے:

1. ہماری رائے کے مطابق، اسلامک بینکنگ ڈویژن کے امور بحیثیت مجموعی، شریعی بورڈ کی طرف سے جاری کردہ فیصلے، فتاویٰ جات اور ہدایات کی روشنی میں شریعت کے اصول و ضوابط کے مطابق انجام دیئے گئے ہیں۔
2. جائزہ کے دوران کسی بھی قابل اصلاح مسئلہ کو نوٹ کیا گیا اور، انتظامیہ نے ان مسائل کو حل کیا یا مستقبل میں اسکی درستگی کی یقین دہانی کروائی۔ مندرجہ بالا تفصیل کو پیش نظر رکھتے ہوئے، ہماری رائے کے مطابق، برکت اسلامک بینکنگ ڈویژن کے امور، اسٹیٹ بینک آف پاکستان کی طرف سے جاری شدہ، شریعی کمپلائنس سے متعلقہ قواعد و ضوابط، اصول اور ہدایات کے مطابق انجام دیئے گئے ہیں۔
3. بینک، تمام معاملات میں شریعی کمپلائنس کو یقینی بنانے کے لئے ایک جامع نظام رکھتا ہے۔
4. بینک کے پاس، شریعی کمپلائنس اور اندرونی شریعی آڈٹ کی شکل میں ایک واضح نظام موجود ہے، اس بات کو یقینی بنانے کے لئے کہ تمام غیر شرعی ذرائع سے حاصل ہونے والی آمدنی چھٹی اکاؤنٹ میں جمع کرائی جائے اور اسے شفاف طور پر خیراتی مقاصد میں خرچ کیا گیا ہے۔
5. فنڈز کی تعین، نفع و نقصان کی تقسیم اور پول مضمینت شرعی قوانین، اصولوں اور اسٹیٹ بینک آف پاکستان کی طرف سے پول کے انتظام و انصرام کے سلسلے میں ملنے والی ہدایات کے مطابق ہے۔
6. اگرچہ بینک کا شعبہ L&D اسلامی فنانس کے حوالے سے افرادی قوت کی تربیت مختلف تربیتی پروگراموں کے ذریعے پوری تندی سے کر رہا ہے، لیکن اس کے باوجود پورے سسٹم کے تحول کے چیلنج کو سامنے رکھتے ہوئے، ملازمین اور انتظامیہ میں شریعی کمپلائنس کی اہمیت اور بینک کے پراڈکٹس اور طریقانے کار سے متعلق شعور بیدار کرنے کے لئے کوششوں کو بڑھانا چاہئے۔
7. اپنی ذمہ داریوں سے موثر طور پر عمدہ برآں ہونے کے لئے شریعی بورڈ کو مکمل اور مناسب وسائل فراہم کئے گئے ہیں۔

شریعی بورڈ کی طرف سے تجاویز

مندرجہ بالا تفصیلات کی بنیاد پر ہم تجویز دیتے ہیں کہ:

1. انتظامیہ اور دیگر معاون ٹیموں کی کارکردگی اگرچہ قابل ستائش ہے، تاہم نظام کے مکمل طور پر تحول کے تقاضوں کو مزید مستعدی کے ساتھ پورا کرنے کی ضرورت ہے۔ اس مقصد کو حاصل کرنے کے لئے تمام متعلقہ شعبوں کو، شریعی کی معاونت کے ساتھ، زیادہ سے زیادہ محنت و کاوش کرنے کی ضرورت ہے۔

شریعی بورڈ رپورٹ

برائے سال ۲۰۱۷

شریعی ایڈوائزری سروسز

دوران سال، بینک نے کئی اسلامی عقود میں شریعی ایڈوائزری سروسز فراہم کیں، جس میں مختلف انڈسٹریز مثلاً، شوگر مل، سیمنٹ انڈسٹری اور پاور سیکٹر سے متعلق عقود شامل ہیں۔ ان تمام عقود کا مجموعی حجم ۹،۵۷۲ ملین روپے، جبکہ اس میں فیصل بینک برکت اسلامک کی شمولیت ۳،۵۲۲ ملین روپے کی تھی۔

شریعی ہوم

ملازمین کی اسلامی فنانس سے متعلق اہلیت کو بڑھانے والے مختلف مواقع کی دستیابی کو یقینی بنانے کے لئے SCD نے شریعی ہوم بنایا، جو کہ بینکوپیدیا (بینک کے انٹرنیٹ پورٹل) پر موجود ہے، جسکو مسلسل بہتر بھی بنایا جا رہا ہے۔ اس پورٹل کو شریعی بورڈ کی شعبہ جاتی قراردادوں، بینک کے ماتول کے شریعی کمپلائنس ہونے سے متعلق RSBM کی رپورٹوں، شریعی کمپلائنس کی جائزہ رپورٹوں اور شریعی بورڈ کی سالانہ رپورٹوں کے ذریعے باقاعدگی کے ساتھ اپ ڈیٹ کیا جاتا ہے۔ اسی طرح مذکورہ پورٹل پر اسلامی فنانس سے متعلق تربیتی مواد اور پریزنٹیشنز بھی موجود ہیں۔

پراڈکٹ ڈیولپمنٹ

شریعی بورڈ کی زیر نگرانی، پراڈکٹ ٹیم نے موجودہ پراڈکٹس کو بہتر کرنے اور نئی پراڈکٹس کو ان کے معاہدات اور دستاویزات سمیت، تیار کرنے کے لئے کاوش کی۔ اس سال کے دوران، فیصل بینک برکت اسلامک نے اپنی اثاثہ جاتی پراڈکٹس کے مجموعے کو، رنگ مشارکہ مع اس کی اقسام کے، متعارف کروانے اور ہوم فنانس کی مختلف اقسام کے اضافے کے ساتھ، مزید بہتر کیا ہے۔ اپنے صارفین کو حج اور عمرہ جیسی مقدس سہولیات فراہم کرنے کی خاطر، حج اور عمرہ پراڈکٹ کی منظوری بھی اسی سال دی گئی۔ Paypak کے ساتھ الحاق کر کے فیصل بینک برکت اسلامک نے بھی برکت Paypak ڈیبٹ کارڈ کا اجراء کیا ہے، جو مقامی ادائیگی کی ایک اسکیم ہے۔ ۵۵ سال یا اس سے زائد عمر والے شہریوں کی مالی ضروریات کو پورا کرنے کے لئے ایک خصوصی پراڈکٹ "Life plus Saving Account" کے برانڈ کے ساتھ متعارف کرائی گئی ہے۔ بے رول مینیجمنٹ کا انتظام کرنے کے لئے کیش مینیجمنٹ ٹیم کے ساتھ مل کر ایک اور پراڈکٹ "Barkat Paycheq plus" بھی متعارف کرائی گئی ہے۔ اسی طرح فیصل بینک نے کراچی میں Solitaire Preferred Islamic Banking کے نام سے ترجیاتی اسلامی بینکاری مرکز قائم کیا، جس کا مقصد اپنے صارفین کو خصوصی سہولیات فراہم کرنا ہے۔

چیریٹی (خیرات)

چیریٹی فنڈ کی ابتدائی رقم 4.844 ملین روپے تھی اور سال کے دوران صارفین سے تاخیر سے ادائیگی کرنے کی وجہ سے 7:548 ملین کی رقم وصول کی گئی۔ مزید برآں، شریعی کمپلائنس ڈیپارٹمنٹ کے جائزوں اور اندرونی شریعی آڈٹ کے دوران کئی عقود کی طرف شریعی بورڈ کی توجہ دلائی گئی، جن میں منظور شدہ پالیسیز اور طریقے عمل کی رو سے شریعی ہدایات کی خلاف ورزی پائی گئی، ایسی خلاف ورزی کی وجہ سے مزید 0.556 ملین روپے چیریٹی فنڈ میں جمع کرائے گئے۔ اس عرصے کے دوران 4.800 ملین روپے شریعی بورڈ اور بینک انتظامیہ کی ہدایات کے مطابق مختلف خیراتی اداروں میں تقسیم بھی کئے گئے۔ چیریٹی کی تفصیل نوٹ نمبر A-2.2 پر موجود ہے۔

لرننگ اینڈ ڈولپمنٹ

تربیت یافتہ افرادی قوت اسلامی بینکاری کی انڈسٹری میں کامیابی کی کنجی ہے۔ اس سال کے دوران اعلیٰ سطحی انتظامیہ کی تربیت کے لئے بینک نے NIBAF کے تعاون سے ایک تفصیلی تربیتی پروگرام کا آغاز کیا۔ علاوہ ازیں اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق، نئی کھلنے والی برانچز کے ملازمین کو ۵ روزہ اسلامی بینکاری کی تربیتی سرٹیفیکیشن پروگرام کے تحت تربیت دی گئی۔ اس سال اسلامی بینکاری کے اعلیٰ کورسز بھی متعارف کرائے گئے، جن کا مقصد بالخصوص فرنٹ

شریعی بورڈ رپورٹ برائے سال ۲۰۱۷

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد لله رب العالمین، والصلاة والسلام علی خاتم الانبیاء والمرسلین محمد المصطفی الصادق الامین وعلی آلہ واصحابہ اجمعین

اللہ سبحانہ و تعالیٰ کے فضل و کرم سے، "برکت اسلامک بینکنگ" کے برانڈ سے کام کرتے ہوئے، "فیصل بینک لمیٹڈ" نے اپنی اسلامی بینکاری کا ایک اور کامیاب سال مکمل کر لیا ہے۔ فیصل بینک تسلسل کے ساتھ اپنے اسلامی برانچز کے نیٹ ورک میں وسعت لا رہا ہے اور سال ۲۰۱۷ میں ۵۰ نئی برانچز کے اضافے کے ساتھ اسلامی برانچز کا کل نیٹ ورک ۱۹۷ برانچز تک پہنچ چکا ہے۔

دوران سال شریعی بورڈ نے چار میٹنگز کا انعقاد کیا، جس میں مختلف موجودہ اور نئی پراڈکٹس، طریقہ ہائے عمل، عقود و معاملات اور ان کے شرعی اصولوں کے مطابق ہونے کا جائزہ لیا گیا۔ شریعی گورننس فریم ورک کی ہدایت کے تحت، دوران سال شریعی بورڈ کی بورڈ آف ڈائریکٹرز کے ساتھ بھی دو دفعہ میٹنگز کا انعقاد ہوا جس میں شریعی کمپلائنس ماحول کے بارے میں بورڈ کو تفصیلی طور پر آگاہ کیا گیا۔

شریعی بورڈ، بینک کے اسلامی بینکاری کی طرف مکمل تحول کے معاملات کے متعلق بورڈ آف ڈائریکٹرز اور بینک انتظامیہ کی بصیرت کو سراہتا ہے۔

سال ۲۰۱۷ کے میں پیش آنے والے امور کا خلاصہ درج ذیل ہے:

شریعی کمپلائنس ڈیپارٹمنٹ

شریعت کے مطابق عملدرآمد کو یقینی بنانے کے لیے شریعی کمپلائنس ڈیپارٹمنٹ (SCD) نے شریعی بورڈ کی زیر نگرانی مختلف شعبہ جات سے متعلق منظور شدہ پراسس فلوز، پالیسیز اور طریقہ ہائے عمل کا نمونہ جاتی بنیادوں پر جائزہ لیا۔ یہ جائزے ٹریڈ لینڈ بزنس سرویسز، کریڈٹ ایڈمنسٹریشن ڈیپارٹمنٹ، سروس کوالٹی، کال سنٹر، کمپلیٹ سنٹر، اور برانچز سے متعلق تھے۔ علاوہ ازیں SCD نے نفع کی تقسیم اور ماہانہ بنیادوں پر اس کے حساب کتاب کے طریقہ کار کا بھی جائزہ لیا تاکہ اس طریقہ کار کے شریعی بورڈ کی طرف سے دی گئی رہنمائی کے مطابق ہونے کی یقین دہانی حاصل کی جاسکے۔

مندرجہ بالا شعبہ جات اور ان کے علاوہ دیگر شعبہ جات میں ملازمین کی صلاحیت اور اہلیت کو جانچنے کے لئے جائزے لئے گئے اور باہمی تبادلہ خیال کی نشستوں کا انعقاد کیا گیا۔ مزید برآں، شریعی بورڈ کی ہدایات کے مطابق، سربراہ SCD اور RSBM نے لاہور، ملتان اور کراچی میں بینک کے مختلف مقامی دفاتر اور اسلامی برانچز کے دورے کئے، جس میں ملازمین کے ساتھ اسلامی بینکاری کے حوالے سے شعور اور آگاہی پیدا کرنے والی نشستوں کا انعقاد کیا گیا۔

رواں سال، SCD نے صارفین کے ساتھ مخصوص ۸۲ پراسس فلوز کی منظوری حاصل کی اور ۲۱ سنڈیکٹ کے عقود میں شرکت کی منظوری بھی زیر عمل لائی گئی۔ اس کے علاوہ SCD نے حقیقتاً زیر عمل طریقہ کار کو جانچنے کے لئے عملی معائنے بھی کئے۔ شریعی بورڈ کی تشکیل کے ساتھ ہی اسلامی بینک کی پالیسیز اور طریقہ کار کے عمل کو روایتی بینک سے الگ کرنے کا عمل شروع کر دیا گیا تھا۔ اسی سلسلے میں اس سال SCD نے ۲۸ موجودہ اور نئی پالیسیز/طریقہ کار عمل کا جائزہ لیا اور شریعی بورڈ سے ان کی منظوری لی گئی۔

SCD نے ملازمین میں اہلیت اور صلاحیت پیدا کرنے میں بھی اہم کردار ادا کیا۔ اس سلسلے میں شریعی کمپلائنس ٹیم نے تربیتی مواد میں بہتری لانے اور مختلف تربیتی نشستوں کے انعقاد کے ذریعے بھی مذکورہ ہدف حاصل کرنے میں تعاون کیا۔

ڈائریکٹرز رپورٹ

ہولڈنگ کمپنی

اتمار بینک B.S.C (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کے ماتحت ادارہ ہے، جو بالواسطہ اور بلا واسطہ طور پر بینک کے ۶۶.۷۸ فیصد (۲۰۱۶ میں ۶۶.۷۸ فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک B.S.C (کلوزڈ)، اتمار ہولڈنگ B.S.C کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (DMIT) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے اور اتمار ہولڈنگ B.S.C کا بھی سربراہ ادارہ ہے۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، آئسٹنہ سالانہ اجلاس عام کی تاریخ پر سبکدوش ہو جائیں گے اور دوبارہ تقرری کے لیے اہل ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو مالیاتی سال ۲۰۱۸ کے لیے بینک کے آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کی ہے۔

توثیقی بیان:

ہم بورڈ اور بینک انتظامیہ کی جانب سے حصص مالکان اور صارفین کا شکریہ ادا کرنا چاہتے ہیں کہ انہوں نے بینک پر اپنے اعتماد کا اظہار کیا ہے۔ تعاون اور رہنمائی کا سلسلہ جاری رکھنے پر ہم بینک دولت پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بھی شکر گزار ہیں۔ ادارے کی سرپرستی کے لیے تمام صارفین کا بھی شکریہ ادا کرتے ہیں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لیے پوری لگن اور توجہ سے کام کرنے پر ہم شریعہ بورڈ اور تمام ملازمین کے بھی بے حد مشکور ہیں۔



چیئرمین



پریزیڈنٹ اور سی ای او

کراچی

۲۸ فروری، ۲۰۱۸

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

کارپوریٹ گورننس سے متعلق تمام مروج طریقوں کے مطابق فیصل بینک ۲۰۱۲ سے اب تک پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) اور مشیروں کی ٹیم کی مدد سے اپنے ڈائریکٹرز کی کارکردگی کا جائزہ لیتا آیا ہے۔ بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ لینے سے متعلق بینک دولت پاکستان کے جاری کردہ رہنما اصولوں کا اگست ۲۰۱۶ میں اطلاق کیا گیا اور اس سلسلے میں انسٹی ٹیوٹ آف کارپوریٹ گورننس کی معاونت سے ۲۰۱۷ میں فیصل بینک کے بورڈ آف ڈائریکٹرز نے اپنی کارکردگی کا مختلف پہلوؤں سے احاطہ کیا ہے۔ اس میں بورڈ کا کردار، کمیٹیز، ٹریننگ، اسٹریٹیجی، رسک منیجمنٹ اور بورڈ میٹنگز شامل ہیں۔ کارکردگی کے جائزے میں درج ذیل پہلوؤں کا احاطہ کیا گیا:

- مجموعی طور پر مکمل بورڈ
- انفرادی ڈائریکٹر (انڈیپنڈنٹ، نان ایگزیکٹو اور سی ای او)
- بورڈ کمیٹیز

بینک دولت پاکستان کے طے کردہ طریقہ کار پر عمل کرتے ہوئے ماہرین کے تیار کردہ سوالناموں اور دیگر متعلقہ طریقہ کار کے تحت بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ ”مقداری“ طریقے کے تحت کیا گیا۔ یہ طریقہ مخصوص معاملات کی نشاندہی اور درست پیمائش کے حوالے سے انتہائی کارآمد ہے۔ فیصل بینک کے بورڈ آف ڈائریکٹرز کے لیے اسے ۱۰ اہم نمبر رکھے جاتے ہیں۔ کسی بھی بیان سے ڈائریکٹرز اپنے اتفاق یا عدم اتفاق کا اس پیمانے پر تعین کرتے ہیں۔ اس طریقہ کار کے تحت بالکل درست اور قابل پیمائش معلومات حاصل ہوتی ہیں جو بیچ مارک کے طور پر بروئے کار لائی جاسکتی ہیں۔

اسٹیٹمنٹ آف انٹرنل کنٹرول

بینک انتظامیہ کی جانب سے انٹرنل کنٹرول کے حوالے سے پیش کی جانے والی رپورٹ کی توثیق کرتے ہوئے بورڈ انتہائی مسرت محسوس کر رہا ہے۔ انٹرنل کنٹرول کا نظام مستحکم ہے۔ اس کا اطلاق اور نگرانی بھی معیاری ہے۔ انٹرنل کنٹرول سے متعلق انتظامیہ کا بیان بھی اس رپورٹ کا حصہ ہے۔

رسک منیجمنٹ فریم ورک

چیف رسک آفیسر (CRO) کی سربراہی میں رسک منیجمنٹ گروپ (RMG) تشکیل دیا گیا ہے۔ بورڈ آف ڈائریکٹرز نے سی آر کو پورے ادارے میں رسک منیجمنٹ فریم ورک نافذ کرنے کا مکمل اختیار دیا ہے۔ رسک منیجمنٹ فریم ورک مالیاتی گوشواروں کے نوٹ ۴۴ میں بیان کیا گیا ہے۔

ڈائریکٹرز رپورٹ

کارپوریٹ گورننس

بینک نے ۳۱ دسمبر ۲۰۱۷ کو ختم ہونے والے سال سے متعلق کوڈ آف کارپوریٹ گورننس (دی کوڈ) کی تمام شرائط پر عملدرآمد کیا ہے۔ ایس ای سی پی نے لسٹڈ کمپنیوں کے لیے نیا کوڈ آف گورننس جاری کیا ہے جو کہ یکم جنوری ۲۰۱۸ سے لاگو ہوگا۔ اس حوالے سے انتظامیہ کا بیان، آڈیٹرز رپورٹ کے ہمراہ اس سالانہ رپورٹ کا حصہ ہے۔

کوڈ کی شق XIX کے تحت بیان:

- الف۔ بینک انتظامیہ کے تیار کردہ مالیاتی گوشوارے تمام معاملات، آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلی کی درست نشاندہی کرتے ہیں؛
- ب۔ بینک کے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا گیا ہے؛
- ج۔ مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ پالیسیوں کے تسلسل کو لاگو کیا گیا اور اکاؤنٹنگ اندازے مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں؛
- د۔ بین الاقوامی مالیاتی رپورٹنگ کے معیار کو جو پاکستان کے بینکوں پر قابل عمل ہیں، مالیاتی گوشواروں کی تیاری میں مد نظر رکھا گیا ہے اور اس سے کسی بھی روگردانی کی مناسب طور پر اشاعت اور وضاحت کر دی گئی ہے؛
- و۔ لسٹنگ ریگولیشن میں درج کارپوریٹ گورننس کے قواعد سے کوئی انحراف نہیں کیا گیا۔
- ز۔ انٹرنل کنٹرول نظام مستحکم ہے، اس پر منوٹر عمل کے ساتھ ساتھ نگرانی بھی کی جاتی ہے؛
- ھ۔ بینک کے تسلسل کے ساتھ کام کرنے کی صلاحیت پر کوئی قابل ذکر شک نہیں ہے؛
- ح۔ گزشتہ چھ برس کے کلیدی آپریٹنگ اور مالیاتی ڈیٹا کو خلاصے کی شکل میں سالانہ رپورٹ کے ابتدائی صفحات میں پیش کیا گیا ہے؛
- ط۔ پروویڈنٹ فنڈ اور گریجویٹ فنڈ کے آڈٹ شدہ مالیاتی گوشواروں کے تحت ان کی مالیت کے ۱۳۱ء ۹۷۷ ملین روپے اور ۲۰۱۷ء ۲۳۹ ملین روپے ہے؛
- ی۔ بورڈ آف کمیٹی کی میٹنگز کی تفصیلات (بشمول ڈائریکٹرز کی حاضری) کی تفصیل سالانہ رپورٹ میں شامل ہے؛
- الف۔ کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ڈائریکٹرز کی سرٹیفیکیشن قواعد کے مطابق ہے؛
- ب۔ شیئر ہولڈنگ کا پیٹرن بھی اس رپورٹ کا حصہ ہے؛
- ج۔ ۲۰۱۷ کے دوران ڈائریکٹرز، سی ای او، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ یا ان کی شریک حیات یا بچوں نے بینک کے شیئرز میں کوئی تجارت نہیں کی، سوائے درج ذیل کے:

نمبر شمار	ڈائریکٹر	شیئرز کی تعداد	خریداری کی تاریخ
۱۔	محترم عبداللہ ابراہیم محمد القاسمی	۵۰۰	۳۰ مارچ ۲۰۱۷
۲۔	محترم عبداللہ عبدالعزیز علی طالب	۵۰۰	۳۰ مارچ ۲۰۱۷

مذکورہ بالا حصص ڈائریکٹرز کی جانب سے کوالی فیکیشن حصص کی مد میں خریدے گئے۔

ڈائریکٹرز رپورٹ

اس کے نتیجے میں، بینک کی فی حصص آمدن (EPS)، سال ۲۰۱۶ کے ۳۶۲۶ روپے کے مقابلے میں ۲۰۱۷ میں ۵ فیصد اضافے کے ساتھ ۳۶۴۲ روپے تک جا پہنچی ہے۔

بینک کے بورڈ آف ڈائریکٹرز نے سال ۲۰۱۷ کے لئے ۱۵ فیصد حتمی بونس ڈیوڈنڈ تجویز کیا ہے۔

کریڈٹ ریٹنگ

جے سی آر۔ وی 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+

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 کوالٹی۔ 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 لیے بڑی یقین دہانی۔ قلیل المیعاد فنڈز کے متبادل ذرائع تک رسائی موجود ہے۔ درجہ بندی سرکاری قلیل المیعاد قرضوں کی درجہ بندی سے ذرا سی 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 لیے بڑی یقین دہانی موجود ہے۔“

ڈائریکٹرز رپورٹ

گزشتہ سال ۲۰۱۷ء میں روپے کے مقابلے میں سال ۲۰۱۷ء کے دوران بینک نے بعد از محصول منافع کی مد میں ۱۴۵۱ ارب روپے کمائے ہیں جو کہ گزشتہ سال کے منافع میں ۵ فیصد اضافہ ظاہر کرتا ہے۔ گزشتہ تین سال سے رائج سود کی کم شرح کے باعث بینکاری کو بڑھنے میں مشکلات اور منافع کمانا چیلنج بن گیا ہے۔ فیصل بینک نے اپنی آمدنی کے ذرائع کو مستحکم بنانے اور کم شرح سود کے اثرات کو کم کرنے کے لیے اخراجات پر قابو پانے جیسے مؤثر اقدامات بروقت اٹھائے اور نتیجے میں نہ صرف منافع کی سطح کو برقرار رکھا گیا بلکہ گزشتہ سال کے مقابلے میں اضافہ ریکارڈ کیا گیا۔

بیلنس شیٹ پر بینک کے مجموعی اثاثہ جات ۱۴۳۵ ارب روپے یعنی ۹۸ فیصد سے بڑھ کر گزشتہ سال کے ۱۴۲۴ ارب روپے کے مقابلے میں بڑھ کر ۱۴۸۸ ارب روپے تک پہنچ گئے ہیں۔ قرضہ جات ۱۳ فیصد اضافے کے ساتھ ۲۳۱۵ ارب روپے کی سطح پر پہنچ گئے ہیں۔ بینک کا ایڈوانسز ٹو ڈپازٹس ریشو ۶۸ فیصد کی سطح پر ہے جو کہ بینکاری کی صنعت میں دیگر اداروں کے مقابلے میں قدر بہتر ہے۔

بینک کے ڈپازٹس ۳۴۰۳ ارب روپے سے بڑھ کر ۳۷۳ ارب روپے کی سطح پر پہنچ گئے ہیں اور ان میں گزشتہ سال کے مقابلے میں ۱۰ فیصد اضافہ ریکارڈ کیا گیا ہے۔ بینک نے کم خرچے والے کرنٹ اور سیونگ اکاؤنٹس (CASA) میں ڈپازٹس بڑھانے کے لیے بہت زیادہ کوششیں کی ہیں تاکہ ڈپازٹس میں اضافے کے ساتھ آمدنی کا تحفظ کیا جاسکے۔ CASA ڈپازٹس میں ۱۴۴ فیصد اضافہ ہوا ہے جو کہ ۲۲۸ ارب روپے سے بڑھ کر ۲۶۱ ارب روپے کی سطح پر پہنچ گئے ہیں۔ اسی طرح بینک کے ڈپازٹس پر اخراجات بھی ۲۰ bps تک کم ہو گئے ہیں۔

بینک نے اپنے غیر فعال قرضوں کے پورٹ فولیو کو بہتر انداز میں سنبھالا ہوا ہے اور گزشتہ سالوں کے دوران قرضوں کی واپسی کے تسلسل سے آمدنی کا ایک مستقل ذریعہ بن گیا ہے۔ زیر جائزہ سال کے دوران بینک نے پرانے قرضوں کی واپسی کی مد میں غیر فعال قرضوں کی ریکوری کے ذریعے ۲۶۰۲ ارب روپے حاصل کر لیے ہیں اور مجموعی طور پر اس عرصے کے دوران ۴۹۶۶ ارب روپے کا رپورسل ریکارڈ کیا ہے جبکہ ۲۰۱۶ میں اس مد میں ۵۶۲۱ ارب روپے کا رپورٹیشن ریکارڈ کیا گیا تھا۔ NPL کوریج ۸۱ فیصد سے بڑھ کر ۸۶ فیصد تک ہو گئی ہے جس سے واضح ہوتا ہے کہ غیر فعال قرضوں کی مد میں مناسب پروویژن رکھا گیا ہے۔

بینک نے نان-فنانسڈ کاروبار پر اپنی توجہ مرکوز کر رکھی ہے۔ گزشتہ سال کے مقابلے میں فی کمیشن سے آمدنی میں ۱۳۶ فیصد تک اضافہ ہوا ہے۔ ٹریڈ اور کنزیومر پروڈکٹس کے حجم میں کافی اضافہ دیکھا گیا ہے اور توقع کی جاتی ہے کہ آئندہ برسوں میں مذکورہ شعبوں سے آمدنی میں مزید اضافہ ہوگا۔

لاگت میں کمی کے لیے مؤثر اقدامات کے ذریعے انتظامی اخراجات پر سختی سے قابو پایا گیا ہے۔ نئے اقدامات کے ذریعے جائزے کے طریقہ کار کو سخت بنا کر لاگت اور منافع کا تقابلی جائزہ بھی لیا جاتا ہے۔ گزشتہ سال کے مقابلے میں لاگت میں اضافے کی وجوہات میں افراط زر اور نئی شناختوں کے قیام پر آنے والے اخراجات شامل ہیں۔

ڈائریکٹرز رپورٹ

مستقبل پر نظر

فیصل بینک مکمل اسلامی بینک میں تبدیل ہونے کی راہ پر گامزن ہے۔ ہیومن ریسورسز، ٹیکنالوجی اور پروڈکٹ ڈیولپمنٹ کے شعبوں میں گنجائش پیدا کرنے کے لیے خاطر خواہ کام مکمل ہو چکا ہے اور اب بینک روایتی شاخوں اور قرضوں کو اسلامی بینکاری میں تبدیلی کے اقدامات کر رہا ہے۔ بینک نے ایک ڈیجیٹل بینکنگ اسٹریٹیجی بنانے کی منصوبہ بندی کر لی ہے تاکہ اپنے صارفین کو محفوظ، جدید، صارف دوست بینکاری کی سہولیات فراہم کی جاسکیں۔ بینک اپنے اخراجات کو مناسب حد تک محدود کرنے کے لیے کوششیں جاری رکھے گا۔

مالیاتی جھلکیاں

۲۰۱۶	۲۰۱۷	
(ملین روپے)		
۱۸،۹۹۹	۱۹،۵۵۲	کل آمدن
(۱۱،۷۷۶)	(۱۲،۷۷۹)	آپریٹنگ لاگت
۷،۲۲۳	۶،۷۷۳	آپریٹنگ منافع
(۵۷۷)	۶۸۶	پروویژن برائے نان پرفارمنگ لوز
۱۷	(۱۸۳)	سرمایہ کاری کی قدر میں کمی کے لیے پروویژن
(۴)	(۶)	پروویژن برائے آف بیلنس شیٹ آئی گیشنز
(۵۶۴)	۴۹۷	
۶،۶۵۹	۷،۲۷۰	قبل از محصول منافع
۲،۳۵۷	۲،۷۵۵	پروویژن برائے محصول
۴،۳۰۲	۴،۵۱۵	بعد از محصول منافع
۷،۶۳۸	۹،۹۸۶	غیر تقسیم شدہ منافع
۱۱،۹۴۰	۱۲،۵۰۱	
(۱،۲۰۰)	-	منتقلی / تقسیم
-	(۱،۲۰۰)	۱۰ فیصد حتمی کیش ڈیوڈنڈ
(۸۶۰)	(۹۰۳)	۱۰ فیصد حتمی بونس حصص کا اجراء
۸۹	۱۰۵	اسٹیٹیوٹری ریزروز میں منتقلی
۱۷	۲۵	فلسڈ ایسٹس اور نان بینکنگ ایسٹس کی ری ویلیو ایشن سرپلس میں منتقلی۔ بعد از محصول
(۱،۹۵۴)	(۱،۹۷۳)	ری میورمنٹ آف پوسٹ ایمپلائمنٹ آئی گیشن۔ بعد از محصول
۹،۹۸۶	۱۲،۵۲۸	غیر تقسیم شدہ منافع
۳،۲۶	۳،۲۲	فی حصص آمدن (روپے)

ڈائریکٹرز رپورٹ

تربیت اور ترقی

- آخری سہ ماہی میں ۲۰۱۷ء کو تربیت دی گئی اور ۲۰۱۷ء میں مجموعی طور پر ۲۱،۹۶۴ شرکاء کو تربیت فراہم کی گئی۔ ۲۰۱۷ء میں مجموعی طور پر ۱۷۸،۹۲۰ گھنٹوں پر مشتمل تربیت فراہم کی گئی۔
- اعلیٰ انتظامی افسران نے اسلامی بینکاری اور فنانس کورس مکمل کیا۔
- شاخوں کی توسیع کے لیے ۹۶ شرکاء کو لازمی اسلامی بینکاری سرٹیفیکیشن پروگرام کے تحت تربیت دی گئی۔
- بینک کے ۷۶ فیصد عملے نے لازمی اسلامی بینکاری کی تربیت آن لائن حاصل کی۔
- ۶۵ برانچ سروس (ٹرینی) آفیسرز کو چھ ماہ کا تربیتی پروگرام مکمل کرنے کے بعد شاخوں میں مقرر کر دیا گیا ہے۔
- ملک بھر سے ۸۰۰ سے زائد شرکاء کو اخلاقیات اور اقدار کے تربیتی پروگرام اور سروس سوفٹ اسکولز کے تحت تربیت دی گئی۔
- ۲۰۱۷ء کے لیے ۱۹۰۰ سے زائد شرکاء کو بینک کے انڈکشن پروگرامز کے تحت تربیت دی گئی۔
- بینک دولت پاکستان کے نیشنل فنانشل لٹریسی پروگرام کے تحت فیصل بینک کے فیلڈ ٹرینرز کے ذریعے ۱۹ تربیتی سیشن منعقد کیے گئے۔
- بینک نے معروف تعلیمی اداروں کے کیریئر فینرز میں شرکت کی اور ٹرینی آفیسرز پروگرام کے لیے کیمپس کا بھی اہتمام کیا۔

ادارے کی سماجی ذمہ داری

- ایک معروف این جی او کو تربت آئی سینٹر کے لیے آپریٹنگ مانیٹرنگ اسکوپ اور سلٹ لیپ بطور عطیہ دیئے گئے۔
- درج ذیل تعلیمی اداروں میں طلبہ کو اسپانسر کیا:
 - رہنما پبلک اسکول
 - پروفیشنل ایجوکیشن فاؤنڈیشن
 - کارگیٹریڈنگ انسٹی ٹیوٹ

فیصل ایسٹ مینجمنٹ میں سرمایہ کاری

گزشتہ سال کے دوران بورڈ آف ڈائریکٹرز نے اسلامک انویسٹمنٹ کمپنی آف دی گلف (Bahamas) لمیٹیڈ سے فیصل ایسٹ مینجمنٹ لمیٹیڈ (FAML) کے پچاس فیصد اضافی حصص ۲۲۵ ملین روپے میں خریدنے کی منظوری دی جس کے نتیجے میں (FAML) میں بینک کی شیئر ہولڈنگ ۳۰ فیصد سے بڑھ کر ۸۰ فیصد ہو جائے گی۔ بینک نے اس ٹرانزیکشن کی منظوری کے لئے بینک دولت پاکستان کو درخواست دی جو مسترد ہو گئی البتہ بینک، بینک دولت پاکستان کو اس فیصلے پر نظر ثانی کی درخواست دینے کا ارادہ رکھتا ہے۔

ڈائریکٹرز رپورٹ

- فیصل بینک نے فنانشنگ کے اسلامی اور روایتی طریقوں کے امتزاج کے تحت ۴ ارب روپے کے سنڈیکیٹڈ سہولت کے انتظام کے لیے شریعہ اسٹریٹجی کچنگ ایڈوائزر کے طور پر حصہ لیا۔ یہ سہولت ایک معروف سیمنٹ پلانٹ میں بیلننگ، ماڈرنائزیشن، ری ہیبلی ٹیشن اینڈ ایکسپنشن (BMRE) کی ضروریات کے لیے استعمال کی جا رہی ہے۔
- فیصل بینک نے فنانشنگ کے اسلامی اور روایتی طریقوں کے امتزاج کے تحت ۴.۴۸۰ ارب روپے کی سنڈیکیٹڈ سہولت کے انتظام کے لیے جوائنٹ لیڈ اریجنجر اور شریعہ اسٹریٹجی کچنگ ایڈوائزر کے طور پر حصہ لیا۔ سہولت کو ایک شوگر مل کے مستند اثاثوں کے حصول کے لیے جزوی فنانشنگ کے لیے استعمال کیا جا رہا ہے۔
- فیصل بینک نے ۱۶.۱۹۷ ارب روپے کی سنڈیکیٹڈ اسلامی سہولت کے لیے جوائنٹ اریجنجر کے طور پر حصہ لیا۔ سہولت کو روزانہ ۷۰،۷۰،۷۰ سٹن سیمنٹ کی پیداوار کے حامل دوسرے پلانٹ کی تعمیر کے لیے استعمال کیا جائے گا۔
- فیصل بینک نے ریٹیڈ، سیکورڈ، لانگ ٹرم، نجی طور پر تشکیل کردہ سنڈیکیٹڈ کے تحت ۷ ارب روپے کے سکوک کے اجراء کے لیے مینڈیٹڈ لیڈ ایڈوائزر اور اریجنجر، شریعہ اسٹریٹجی کچنگ ایڈوائزر اور امیٹو ایجنٹ کے طور پر حصہ لیا۔ یہ سکوک مہمان نوازی کے شعبے میں بانی کی حیثیت رکھنے والے ادارے نے اپنے شعبے کی ترقی، توسیع، بنیادی سرمایہ، بیلننگ، ماڈرنائزیشن اینڈ ری پلیمینٹ اور ری فرہمنٹ کی سرگرمیوں جیسی ضروریات کے لیے جاری کیا جا رہا ہے۔

پروڈکٹ ڈیولپمنٹ اور نئے اقدامات

- پروڈکٹ BTF کو زیادہ خصوصیات اور فوائد کے ساتھ فیصل فلکیسی کریڈٹ بنا دیا گیا ہے۔
- PIL اور کریڈٹ کارڈز کے پلیٹ فارم کے تحت معروف لائف اسٹائل برانڈز کے ۲۸ سے زائد پارٹنرز کے ساتھ ”ہوم اسٹائلز“ کے نام سے گھر کی جدید طریقوں سے تزئین و آرائش کے لیے سہولت متعارف کرائی گئی ہے۔
- IGI لائف اشورنس کے اشتراک سے اسلامی بیکاری کے صارفین کی ضروریات کو تحفظ دینے کے لیے تکافل شیلڈ پلان کے نام سے شرعی اصولوں کے مطابق پہلی تکافل پروڈکٹ کی رونمائی کی گئی ہے۔
- Zameen.com کے ساتھ ہاؤسنگ فنانس کے لیے حکمت عملی کا الائنس بنایا گیا ہے جس میں ابتدائی طور پر برانڈ کا استحکام، برانڈ کی آگاہی اور نئے کاروباری مواقع کے حصول کی رہنمائی شامل ہیں۔
- فیصل کارفنانسنگ کے لیے ڈیجیٹل مارکیٹنگ مہم متعارف کرائی گئی۔
- کورپوریٹ سسٹم کو یکجا کرنے کے مقصد سے تمام اسلامی پروڈکٹس کو مین کوربینڈنگ سسٹم SYMBOLS میں منتقل کر دیا گیا ہے۔
- بینک نے ایک ضابطہ اخلاق متعارف کرایا ہے جو کہ ویلتھ مینجمنٹ پروڈکٹس فروخت کرنے والے برانچ اسٹاف پر لاگو ہوگا۔

ڈائریکٹرز رپورٹ

ماحولیاتی تحفظ

بینک ماحولیاتی تحفظ کے حوالے سے اپنی ذمہ داریوں سے باخبر ہے اور اس سلسلے میں ایک جامع ماحولیاتی پالیسی تشکیل دی جا رہی ہے۔ بینک اس بات کو یقینی بنانے کے لیے کوشاں ہے کہ ماحولیاتی آلودگی کے نقصانات کو کم کیا جاسکے۔ اس کے لیے نئے پروجیکٹس میں اس بات کا خاص خیال رکھا جاتا ہے۔ اس کے علاوہ فیصل بینک لمیٹڈ نے توانائی کے قیمتی وسائل کو بچانے اور قدرتی روشنی سے فائدہ اٹھانے کے لیے بھی اقدامات کیے ہیں۔

فیصل بینک کی کارکردگی

بینک، ڈیجیٹل بینکنگ سپورٹ میں جدید ٹیکنالوجی، اثاثوں میں اضافے، اخراجات میں کمی اور اسلامی بینکاری میں منتقلی کے لیے جامع حکمت عملی کے تحت مصروف عمل ہے۔

زیر جائزہ عرصے کے دوران بینک کی چند نمایاں کامیابیوں پر نظر ڈالتے ہیں:

پروجیکٹ فناننگ اور سنڈیکیشن

- فیصل بینک فناننگ کے اسلامی اور روایتی طریقوں کے امتزاج کے تحت ۱۴۴۲ ارب روپے کی طویل مدتی فناننگ کے انتظام کے لیے پاکستان کے دیگر چھ بڑے بینکوں کے ساتھ لیڈ ایڈوائزر اور اریجنر کے طور پر حصہ لے رہا ہے۔ اس سہولت کو سرکاری تحویل میں ۲،۱۶۰ MW ہائیڈرو پاور پروجیکٹ کی فناننگ کے لیے استعمال کیا جائے گا۔
- فیصل بینک نے کامیابی کے ساتھ اسلامی اور روایتی طریقوں کے امتزاج کے تحت ٹرانسمیشن لائنز کی فراہمی کے لیے ۱۱۸ ارب روپے کی فناننگ میں جوائنٹ مینڈیٹ لیڈ اریجنر کے طور پر حصہ لیا۔ اس فناننگ کو تھر کول پاور پلانٹس سے بجلی کی تقسیم کے لیے ٹرانسمیشن انٹر کنیکشن کی تعمیر و ترقی کے لیے استعمال کیا جائے گا۔
- فیصل بینک نے ۱۱۳ ارب روپے کی طویل مدتی سنڈیکیٹڈ فناننگ کے لیے اسلامی طریقے کے تحت ایک معروف سیمنٹ پلانٹ میں ۱۱۵ ارب روپے کے ساتھ حصہ لیا۔ اس سہولت کو موجودہ پلانٹ کے مقام پر ایک تیسری پیداواری لائن کی تعمیر کے لیے استعمال کیا جائے گا، جس سے روزانہ ۶،۷۰۰ ٹن سیمنٹ کی پیداوار ہوگی۔
- فیصل بینک نے ۲۶،۷۵۰ ارب روپے کی سنڈیکیٹڈ طویل مدتی فناننگ کی سہولت میں ۲۶،۹۵۰ ارب روپے کے ساتھ کوارینجر کے طور پر حصہ لیا جس کا ایک معروف ٹیلی کام آپریٹر کے لیے دونوں اسلامی اور روایتی طریقوں کے امتزاج کے تحت انتظام کیا گیا۔
- فیصل بینک نے فناننگ کے اسلامی اور روایتی طریقوں کے امتزاج کے تحت ایک ارب روپے کی سنڈیکیٹڈ سہولت کے انتظام کے لیے جوائنٹ لیڈ اریجنر اور شریعہ اسٹریکچرنگ ایڈوائزر کے طور پر حصہ لیا۔ سہولت کو ایک معروف سیمنٹ مینوفیکچرر پلانٹ پرویسٹ ہیٹ ریکوری سسٹم کی خریداری اور تنصیب کے لیے استعمال کیا جا رہا ہے۔

ڈائریکٹرز رپورٹ

پہلی ششماہی کا مالیاتی خسارہ جی ڈی پی کے ۲.۵ فیصد کے قریب رہنے کا امکان ہے۔ ٹیکس وصولی میں مجموعی طور پر واضح اضافے کے باوجود، انفراسٹرکچر کی مد میں اخراجات میں اضافہ، سود کی رقم کی ادائیگیوں اور دفاع پر آنے والے خرچوں کے نتیجے میں آمدنی اور لاگت کے درمیان بہت زیادہ فرق ریکارڈ کیا گیا ہے، جس کی وجہ سے مالیاتی خسارے کے ہدف پر نظر ثانی کرنا پڑی اور اس کو جی ڈی پی کے ۲.۱ فیصد سے بڑھا کر ۵ فیصد کر دیا گیا ہے۔

بیرونی سطح پر، جولائی تا دسمبر ۲۰۱۷ء، ترسیلات زر میں ۲.۵۲ فیصد اضافہ ریکارڈ کیا گیا ہے جبکہ برآمدات سے حاصل وصولیاں ۰.۸۸ فیصد تک بڑھ گئیں۔ درآمدات کے بھاری بل کی وجہ سے پاکستان کی جانب سے ادائیگیوں کے توازن پر منفی اثرات مرتب ہوئے۔ مالی سال ۲۰۱۸ء کے جولائی تا دسمبر کے عرصے میں جاری کھاتوں کا خسارہ ۷.۴ ارب ڈالر تک جا پہنچا جبکہ گزشتہ سال اسی عرصے میں یہ خسارہ ۷.۷ ارب ڈالر تھا۔ مستقبل میں پاکستانی روپے کی قدر میں کمی کے باعث برآمدی پیسج اور درآمدی ڈیویڈنڈ میں اضافے کا امکان ہے تاکہ جاری کھاتوں کے خسارے پر قابو پایا جاسکے۔ عالمی سطح پر تیل کی قیمتوں میں اضافہ ایک پریشان کن بات ہو سکتی ہے۔

کمپنی پروفائل

فیصل بینک لمیٹڈ (FBL) کا قیام پاکستان میں ۱۳ اکتوبر ۱۹۹۴ء کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ بینک کے شیئرز کا اندراج پاکستان اسٹاک ایکسچینج میں ہے۔ فیصل بینک لمیٹڈ نے ۲۰۱۷ء میں اپنی شاخوں کے نیٹ ورک میں ۵۰ شاخوں کا اضافہ کیا ہے۔ فیصل بینک لمیٹڈ کی اب ملک بھر کے ۱۲۴ شہروں میں ۴۰۵ شاخیں ہیں۔ ان میں سے ۲۰۷ کمرشل، ۱۹۷ اسلامی شاخیں ہیں اور ایک ذیلی شاخ ہے۔ اس وقت بینک کے کل اثاثوں کی مالیت ۴۸۸ ارب روپے سے زائد ہے۔

فیصل بینک لمیٹڈ کمرشل، ریٹیل، کارپوریٹ اور اسلامی بینکاری کی تمام سرگرمیوں میں مصروف عمل ہے۔ بینک کا عزم ہے کہ اپنے صارفین کو معیاری خدمات فراہم کرتے ہوئے ان کی مالی ضروریات پوری کی جائیں۔ شاخوں کو مختلف پروڈکٹس کی فروخت کے مرکز میں تبدیل کر دیا گیا ہے۔ اس کے علاوہ بینک کے اندر کاروباری شعبوں کے درمیان ہم آہنگی اور شراکت داری کے ذریعے پروڈکٹس کی فروخت کے تمام تر مواقع بروئے کار لائے جاتے ہیں تاکہ صارفین کے مسائل زیادہ سے زیادہ ترجیحی بنیادوں پر حل کرنے کو یقینی بنایا جاسکے۔

فیصل بینک لمیٹڈ اب اسلامی مالیاتی ادارے میں تبدیل ہونے کی راہ پر گامزن ہے اور تبدیلی کے طریقہ کار پر جامع منصوبہ بندی سے تشکیل شدہ ڈھانچے کے مطابق عملدرآمد ہو رہا ہے تاکہ بینک کی کاروباری ترقی اور منافع کے تسلسل کو برقرار رکھا جاسکے۔

ڈائریکٹرز رپورٹ

فیصل بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں ۳۱ دسمبر، ۲۰۱۷ کو ختم ہونے والے سال کی رپورٹ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

اقتصادی اپ ڈیٹ

پاکستان کی معیشت سال ۲۰۱۷ کے دوران بیرونی خطرات کے باوجود مستحکم رہی۔ اصل جی ڈی پی میں اضافے کا تسلسل برقرار رہا اور جی ڈی پی گزشتہ ۱۱ برسوں کی بلند ترین سطح کی طرف گامزن ہے جبکہ افراط زر میں بھی تسلسل برقرار رہا۔ یہاں پر اس بات کا تذکرہ ضروری ہے کہ اس سال کے لیے بین الاقوامی منڈی میں جاری کردہ یورو بانڈ اور سلوک، جن کی مالیت ۲۴۵ ارب ڈالر ہے جن کو پاکستان کی تاریخ میں کم ترین شرح سود پر جاری کیا گیا۔ پاکستان کے سرکاری دستاویزات کے لیے غیر ملکی سرمایہ کاروں کی جانب سے ۱۸ ارب ڈالر کے آرڈرز کی بگنگ کے نتیجے میں پاکستان کی ڈیٹ مارکیٹ اور مجموعی طور پر معاشی صورتحال کو خاطر خواہ استحکام حاصل ہوا ہے۔ زیر جائزہ سال کے دوران ترسیلات زر میں معمولی اضافہ دیکھا گیا جبکہ برآمدات سے حاصل ہونے والی رسیدوں میں خاطر خواہ اضافہ ہوا ہے البتہ درآمدات کے بھاری بل نے تشویش میں اضافہ کر دیا ہے جس کے جاری کھاتے پر منفی اثرات مرتب ہو رہے ہیں۔

معیشت کے تمام تینوں اہم شعبوں زراعت، صنعت اور خدمات کی کارکردگی بہتر رہی اور تینوں شعبوں نے معیشت کے وسیع تر استحکام میں اپنا بھرپور حصہ ملا یا۔ زراعت میں پانی کی بہتر دستیابی سے پیداوار میں اضافہ ہوا ہے اور سرکاری تعاون کی بدولت زرعی ترقی کو استحکام ملا ہے۔ خریف کی اہم فصلوں (مکئی کے علاوہ) نے مالی سال ۲۰۱۷ کا ہدف حاصل کر لیا ہے۔ لارج اسکیل مینوفیکچرنگ (LSM) کی کارکردگی میں بہتری آئی ہے۔ توانائی کی بہتر تقسیم اور سود کی کم شرح سمیت تمام تر دیگر اسباب کی وجہ سے صنعتی شعبے میں ترقی کارہجان رہا جہاں کھاد کے شعبے کے علاوہ تمام شعبوں کی کارکردگی مثبت رہی۔ پبلک سیکٹر ڈیولپمنٹ پلان (PSDP) اور چائنہ پاکستان اکنامک کوریڈور (CPEC) سے منسلک پروجیکٹس کی بدولت تعمیراتی شعبے کو فائدہ ہوا، جس کی وجہ سے سیمنٹ اور اسٹیل کی طلب خاصی بڑھ گئی۔ خدمات کے شعبے میں، اجناس پیدا کرنے والے شعبوں میں بھی خاصی تیزی نظر آئی اور مجموعی طور پر تجارتی سرگرمیاں عروج پر رہنے کی امید ہے۔ تمام شعبہ جات کی کارکردگی کو مد نظر رکھتے ہوئے بینک دولت پاکستان نے مالی سال ۲۰۱۸ میں جی ڈی پی میں ۵.۸ فیصد اضافے کی توقع ظاہر کی ہے۔

سال ۲۰۱۷ کے دوران بنیادی شرح سود (پالیسی ریٹ) کو ۵.۷۵ فیصد پر برقرار رکھا گیا کیونکہ افراط زر میں استحکام رہا۔ گزشتہ سال اسی عرصے میں ۳.۸۸ فیصد کے مقابلے میں مالی سال ۲۰۱۸ کی پہلی ششماہی کے دوران کنزومر پرائس انڈیکس (CPI) کی شرح ۳.۷۵ فیصد تک رہی البتہ بنیادی افراط زر جن میں غیر غذائی اور توانائی کی قیمتوں میں دسمبر ۲۰۱۷ کے دوران سی پی آئی میں ۵.۵ فیصد سے بھی زیادہ اضافہ ریکارڈ کیا گیا۔ بین الاقوامی سطح پر خام تیل کی قیمتوں میں اضافے، درآمدی ڈیولپمنٹ کے اطلاق، کم پیداواری خلا اور پاکستانی روپے کی قدر میں مسلسل کمی کے باعث سال کے درمیانی عرصے میں سی پی آئی کے ۶.۰ فیصد تک پہنچنے کا امکان ہے۔ اس وجہ سے بینک دولت پاکستان نے جنوری ۲۰۱۸ میں پالیسی ریٹ میں ۲۵ bps کا اضافہ کیا ہے جو اب ۶ فیصد کی سطح پر آ گیا ہے۔ مالیاتی خسارہ ایک بہت بڑا مسئلہ ہے جس پر قابو پانے کے لیے وسیع بنیادوں پر پالیسی اصلاحات اور ٹیکس وصولی میں بہتری کی ضرورت ہے۔ مالی سال ۲۰۱۸ کی

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