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2019
FIRST QUARTER
ENDED MARCH 31, 2019
UNAUDITED FINANCIAL STATEMENTS

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Registered Office
Faysal House, St-02, Sharah-e-Faisal, Karachi
Tel: 021-32795200 Fax: 021-32795226

CORPORATE INFORMATION

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment Nomination and Remuneration Committee

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

Board Strategy Committee

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

CORPORATE INFORMATION

Board IT Committee

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

Shariah Board

Mufti Muhammad Mohib ul Haq Siddiqui	Chairman Shariah Board
Dr. Mufti Khalil Ahmad Aazami	Shariah Board Member
Mufti Muhammad Abdullah	Resident Shariah Board Member

Syed Majid Ali

Chief Financial Officer

Mr. Aurangzeb Amin

Company Secretary & Head of Legal

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

Auditors

M/s. Mohsin Tayebaly & Co, Advocate

Legal Advisors

Registered Office

Faysal Bank Limited
Faysal House, St-02, Commercial Lane,
Main Shahra-e-Faisal,
Karachi-Pakistan

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

Share Registrar

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

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

DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Directors' Review of Faysal Bank Limited along with Unconsolidated Financial Statements for the quarter ended March 31, 2019.

Company Profile

Faysal Bank Limited (FBL) was incorporated in Pakistan on 3rd October, 1994 as a public limited company. The Bank's shares are listed on the Pakistan Stock Exchange and its footprint now spreads over 150 cities with 455 branches (out of which 255 are Islamic including 01 sub branch). Bank has placed 458 ATMs all over the country for the convenience of its customers.

FBL is offering services to Corporate, Retail, Commercial, SME and Agri-based customers. Bank is on the path of transforming into a full-fledged Islamic Bank and is increasing its reach by opening new branches so as to provide banking services to its customer at their door step. Alongside branch expansion, FBL is investing in technology to provide secured and trouble free banking services to its customers.

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% (2018: 66.78%) of the shareholding in the Bank. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar Holdings B.S.C. and is the ultimate parent of the Bank. DMIT was formed by indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

Economic Update

Recent economic developments indicate that the impact of stabilization measures has started to unfold. Current account deficit, particularly in Jan and Feb 2019, has contracted considerably, while Core Inflation (Non-Food Non-Energy), after increasing to 8.80% in Feb'19, came down to 8.50%. Forex reserves have started to accumulate, thanks to the friendly nations; and the currency pair, PKR-USD is trading close to the Real Effective Exchange Rate (REER), indicating a fair value of PKR. Despite positives, real GDP growth has fallen, fiscal consolidation remains a challenge, current account deficit is still high and CPI inflation trajectory remains upward.

As a result of monetary tightening and currency adjustments Large-scale Manufacturing (LSM) that accounts for 65% of overall industrial output, contracted by 2.3% during July-Jan FY19 against 7.2% growth recorded in the same period last year. In agriculture, major crops posted a decline in production as a result of water shortages and diminishing production area. As a result of slowdown in industrial and agriculture sector alongside moderation in domestic demand, SBP projects real GDP growth at around 3.5% in FY19.

The fiscal deficit reached 2.7% of GDP in the first half of FY19 compared to 2.2% in the first half of FY18. Development spending was not curbed enough to offset the limited growth in revenues and hefty expenditures on debt servicing and defense.

External sector saw a major improvement as the current account deficit (CAD) fell to USD 8.8 billion between July-Feb FY19 compared to USD 11.4 billion in the same period last year. A fall in CAD by 22.6% can be attributed to a fall in imports of 1.6% vis-à-vis import growth of 17.7% last year. Jan and Feb'19 CAD numbers suggest a sharp fall in trade deficit, which was further complemented by increasing trend in remittances. Between July-Feb FY19 workers' remittances rose by 11.8% from USD 12.8 billion to USD 14.4 billion.

DIRECTORS' REVIEW

Average CPI inflation reached 6.8% between July-Mar FY19 as compared to 3.8% in the same period last year. After increasing to 7.2% and 8.2% in Jan'19 and Feb'19 respectively, it peaked to 9.4% in Mar'19, for the first time in 5 years. A drastic rise in CPI trajectory can be explained by adjustments in the electricity and gas tariffs, second-round impact of exchange rate depreciation and rising perishable food prices. SBP projected headline CPI inflation to fall between 6.5% and 7.5% for FY19.

Pakistan is expected to close the IMF shortly, as announced recently by Finance Ministry. Further tightening on the fiscal and monetary front, is expected to slow down domestic demand growth even more. Whereas, net exports will only rise with time. Implementation of structural reforms in fiscal management and macroeconomic adjustments are expected to recover growth in medium term, ensure stability in domestic prices, improve debt sustainability and lay foundations for a sustainable economy.

Bank's Performance

The Bank is pursuing a strategy with the following features:

- Branch network expansion with an objective to increase customer reach and provide them banking services at their doorstep,
- Selectively grow assets in the areas of Corporate, Commercial, SME and Consumer segments,
- Use of technology to facilitate customers and reduce cost of doing business, and
- Ultimately, converting to a full-fledged Islamic Bank.

Some of the achievements are highlighted as follows:

- FBL, acting as a mandated lead advisor and arranger, successfully closed a first ever shariah compliant Pakistan Energy SUKUK having SLR eligibility amounting to PKR 200 billion. The proceeds were utilized to partially settle circular debt.
- FBL, acting as a mandated lead advisor, arranged long term financing of PKR 309 million under the Islamic mode. The proceeds will be utilized for setting up a 5MW PV based solar power plant in Thar.
- Tijarah product was developed and launched.
- The Bank launched Visa EMV Debit Card (chip card) with contactless (NFC) feature. Faysal Bank debit cards will now be EMV compliant cards that will provide the added security of 'Chip and PIN' authentication on transaction processing over all EMV ready Points of Sale (POS) and ATM terminals.
- The Bank has enabled free transaction alerts on all digital channels for its customers over digital transactions and payments.
- FBL's Customer Relationship Form revised for ease of providing mandatory/regulatory data.
- New KYC functionality in core banking system has been developed.
- 5,165 participants were trained both in class rooms and online trainings in Q1 2019. Total training man hours clocked in were 31,201.

DIRECTORS' REVIEW

- 1,281 participants were trained in Mandatory Islamic Banking Certification program and others i.e. Islamic Banking Level-I and Introduction to IB for Consumer Staff and Banking.
- Faysal Bank has launched FBL Induction Program for Newly Hired Staff where 87 participants will be trained in 3 batches.

Financial Highlights

(PKR in million)

Balance Sheet	Mar' 19	Dec' 18	Growth
Investment	125,836	214,186	-41.2%
Financing	297,850	296,445	0.5%
Total assets	545,669	599,914	-9.0%
Deposits	422,133	409,384	3.1%
Profit & Loss Account	Mar' 19	Mar' 18	Growth
		Restated	
Total revenue	6,650	4,904	35.6%
Administrative expense	3,790	3,135	20.9%
Profit before tax and provision	2,860	1,769	61.7%
Net provision including WWF	(137)	(236)	-41.8%
Profit before taxation	2,997	2,005	49.5%
Taxation	(1,388)	(786)	76.7%
Profit after taxation	1,609	1,219	32.0%
Earnings per Share (rupees)	1.06	0.80	

- The Bank, in view of increasing rates scenario, has reduced its exposure in Government Securities in favor of short term investments in interbank market. The funds will be diverted to Government Securities at an appropriate time to take full benefit of higher interest rates. As a result, the investments are showing a reduction of 41.2%.
- The Bank after witnessing an impressive growth of 28% in financing in 2018 has slowed down further growth to keep the advances and deposit ratio at around 70%.
- Total assets are showing a reduction of 9.0% due to reduction in carry over transactions whereby the Bank was borrowing from the interbank market and investing in treasury bills at a positive spread.
- Deposits have grown by 3.1% despite a very challenging market conditions. Most of the growth is in low cost Current and Savings Accounts.
- Growth in financing in 2018 and increase in policy rates has resulted in increase in net margins by PKR 1.6 billion and consequently total revenues are higher by PKR 1.7 billion.

- Increase in administrative expenses is mainly due to expansion in branch network, inflation and devaluation of PKR.
- Focus on recovery of Non-Performing loans continued and as a result in this quarter the Bank witnessed a net reversal of PKR 206 million in provisions.
- Taxation is higher, due to higher profits in this quarter and booking of super tax charge relating to prior year.

On an overall basis profit after tax at PKR 1.6 billion is 32% higher than the same period last year and Earning Per Share improved from PKR 0.80 to PKR 1.06.

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, 2017:

Long-Term	AA
Short-Term	A1+

Stable outlook has been assigned to the ratings by both the rating agencies.

Subsequent Events

No material changes or commitments affecting the financial position of the Bank have occurred between the end of the financial year of the Bank and the date of this report.

Acknowledgement

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 25, 2019 and signed by the Chief Executive Officer and a director.

President & CEO

Chairman / Director

Karachi

Dated: April 25, 2019

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
Note	----- Rupees '000 -----	

ASSETS

Cash and balances with treasury banks	9	41,517,280	43,173,993
Balances with other banks	10	1,929,639	1,847,595
Lendings to financial institutions	11	33,654,894	2,997,486
Investments	12	125,836,170	214,185,591
Advances	13	297,849,525	296,444,861
Fixed assets	14	18,025,996	11,612,007
Intangible assets	15	1,316,028	1,331,731
Deferred tax assets	16	168,927	183,206
Other assets	17	25,370,405	28,137,713
		545,668,864	599,914,183

LIABILITIES

Bills payable	18	8,670,753	23,543,525
Borrowings	19	40,387,019	98,351,921
Deposits and other accounts	20	422,132,974	409,383,802
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	29,209,290	25,136,420
		500,400,036	556,415,668
NET ASSETS		45,268,828	43,498,515

REPRESENTED BY

Share capital		15,176,965	15,176,965
Reserves		8,710,722	8,778,908
Surplus on revaluation of assets	22	5,302,571	5,093,667
Unappropriated profit		16,078,570	14,448,975
		45,268,828	43,498,515

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2019

Note	Quarter ended		
	March 31, 2019	March 31, 2018	
	----- Rupees '000 -----		
		Restated	
Mark-up / return / interest earned	25	12,205,025	7,224,092
Mark-up / return / interest expensed	26	7,260,647	3,844,034
Net mark-up / interest income		4,944,378	3,380,058

NON MARK-UP / INTEREST INCOME

Fee and commission income	27	786,103	766,072
Dividend income		75,148	15,232
Foreign exchange income		792,462	408,677
Income from derivatives		53,272	18,140
(Loss) / gain on securities	28	(47,449)	267,786
Other income	29	45,865	47,972
Total non-markup / interest income		1,705,401	1,523,879
Total income		6,649,779	4,903,937

NON MARK-UP / INTEREST EXPENSES

Operating expenses	30	3,790,199	3,135,434
Workers welfare fund		62,568	76,644
Other charges	31	6,177	-
Total non-markup / interest expenses		3,858,944	3,212,078
Profit before provisions		2,790,835	1,691,859
Reversal of provision and recoveries against written-off debts - net	32	(206,304)	(312,878)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		2,997,139	2,004,737

Taxation	33	1,388,348	785,845
PROFIT AFTER TAXATION		1,608,791	1,218,892

		----- Rupees -----	
Basic / diluted earnings per share	34	1.06	0.80

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Quarter ended	
	March 31, 2019	March 31, 2018
	----- Rupees '000 -----	
		Restated
Profit after taxation for the period	1,608,791	1,218,892
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of investments - net of tax	229,708	18,150
Items that will not be reclassified to profit and loss account in subsequent periods:		
- Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
- Movement in surplus on revaluation of non-banking assets - net of tax	-	-
Total comprehensive income	1,838,499	1,237,042

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED MARCH 31, 2019

Share capital	Reserves					Surplus / (deficit) on revaluation of			Unappropriated profit	Total
	Capital			Statutory reserve	Total	Investments	Fixed assets/ Non-banking assets	Total		
	Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR)- gain on bargain							

Rupees'000

Balance as at January 1, 2018 (audited)	13,197,361	-	10,131	756,873	23,952	7,145,382	7,936,338	1,449	5,611,794	5,613,243	12,499,528	39,246,470
Transfer to reserve for issue of bonus shares	-	1,979,604	-	-	-	-	1,979,604	-	-	-	(1,979,604)	-
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	-	-	-	-	-	1,218,892	1,218,892
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	1,218,892	1,218,892
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(31,217)	-	-	(31,217)	-	-	-	-	(31,217)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	18,150	(20,373)	(2,223)	20,373	18,150
Balance as at March 31, 2018 (un-audited)	13,197,361	1,979,604	10,131	725,656	23,952	7,145,382	9,884,725	19,599	5,591,421	5,611,020	11,759,189	40,452,295
Profit after taxation for the period from April 1, 2018 to December 31, 2018	-	-	-	-	-	-	-	-	-	-	3,618,291	3,618,291
Other comprehensive income - net of tax	-	-	-	-	-	-	(455,545)	(695)	(456,240)	(22,181)	(478,421)	(478,421)
Total comprehensive income	-	-	-	-	-	-	(455,545)	(695)	(456,240)	(456,240)	3,596,110	3,139,870
Transfer to statutory reserve	-	-	-	-	-	967,437	967,437	-	-	-	(967,437)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(61,113)	(61,113)	61,113	-
Amortisation of intangible assets - customer relationship	-	-	-	(93,650)	-	-	(93,650)	-	-	-	-	(93,650)
Transactions with owners, recorded directly in equity												
- Bonus shares issued	1,979,604	(1,979,604)	-	-	-	-	(1,979,604)	-	-	-	-	-
Balance as at December 31, 2018 (audited)	15,176,965	-	10,131	632,006	23,952	8,112,819	8,778,908	(435,946)	5,529,613	5,093,667	14,448,975	43,498,515
Profit after taxation for the quarter ended March 31, 2019	-	-	-	-	-	-	-	-	-	-	1,608,791	1,608,791
Other comprehensive income - net of tax	-	-	-	-	-	-	229,708	-	229,708	-	229,708	229,708
Total comprehensive income	-	-	-	-	-	-	229,708	-	229,708	-	1,608,791	1,838,499
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(20,804)	(20,804)	20,804	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(68,186)	-	-	(68,186)	-	-	-	-	(68,186)
Transactions with owners, recorded directly in equity												
- Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	-	-	-	-	-	-
- Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019 (un-audited)	15,176,965	-	10,131	563,820	23,952	8,112,819	8,710,722	(206,238)	5,508,809	5,302,571	16,078,570	45,268,828

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
	----- Rupees '000 -----	
		Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,997,139	2,004,737
Less: dividend income	(75,148)	(15,232)
	<u>2,921,991</u>	<u>1,989,505</u>
Adjustments:		
Depreciation	704,930	215,919
Amortisation	29,510	48,513
Depreciation on non-banking assets	3,564	3,564
Workers' Welfare Fund	62,568	76,644
Reversal of provision against loans and advances - net	(191,003)	(303,759)
Reversal of provision for diminution in value of investments - net	(1,353)	(11,464)
Provision against off balance sheet obligations	6,773	28,320
Loss / (gain) on securities unrealised - held for trading - net	6,841	(1,613)
Gain on sale of fixed assets - net	(2,355)	(4,773)
Gain on sale of non-banking assets	-	-
Charge for defined benefit plan	-	30,905
Income from derivative contracts - net	(53,272)	(18,140)
Recovery of written off / charged off bad debts	(20,721)	(25,975)
	<u>545,482</u>	<u>38,141</u>
	<u>3,467,473</u>	<u>2,027,646</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	(30,657,408)	(17,546,733)
Held-for-trading securities	25,180,361	24,585,861
Advances	(1,192,940)	(21,520,070)
Others assets (excluding advance taxation)	2,058,269	259,452
	<u>(4,611,718)</u>	<u>(14,221,490)</u>
Increase / (decrease) in operating liabilities		
Bills Payable	(14,872,772)	779,504
Borrowings from financial institutions	(58,000,540)	(20,758,485)
Deposits	12,749,172	11,413,380
Other liabilities (excluding current taxation)	4,064,536	3,978,649
	<u>(56,059,604)</u>	<u>(4,586,952)</u>
Income tax paid	(726,906)	(716,294)
	<u>(57,930,755)</u>	<u>(17,497,090)</u>
Net cash flow used in operating activities		
	<u>(57,930,755)</u>	<u>(17,497,090)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment in available for sale securities	63,247,090	12,974,017
Net investment in held to maturity securities	249,072	299,532
Dividends received	1,122	15,909
Investment in operating fixed assets	(7,181,348)	(216,498)
Proceeds from sale of fixed assets	2,951	6,043
Proceeds from sale of non-banking assets	-	-
Net cash flow generated from investing activities	<u>56,318,887</u>	<u>13,079,003</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts / (payments) of sub-ordinated debt	-	-
Dividend paid	1,561	20,978
Net cash flow used in financing activities	<u>1,561</u>	<u>20,978</u>
Decrease in cash and cash equivalents	<u>(1,610,307)</u>	<u>(4,397,109)</u>
Cash and cash equivalents at the beginning of the period	<u>44,879,962</u>	<u>39,488,907</u>
Cash and cash equivalents at the end of the period	<u>43,269,655</u>	<u>35,091,798</u>

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

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

FOR THE QUARTER ENDED MARCH 31, 2019

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 Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank has a network of 455 branches (December 31, 2018: 455); including 254 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 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 Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2018 : 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 Holdings B.S.C.

- 1.2 Based on the unconsolidated financial statements of the Bank for the period ended September 30, 2018 and for the year ended December 31, 2017, 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, 2017: 'AA') and the short term rating as 'A1+' (December 31, 2017: '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 condensed interim unconsolidated 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 condensed interim unconsolidated 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 note 39 to these condensed interim unconsolidated financial statements.
- 2.4 The Bank has controlling interest in Faysal Asset Management Limited (FAML) and is required to prepare consolidated financial statements under the provisions of the Companies Act, 2017. These condensed interim financial statements represent the unconsolidated results of the Bank and a separate set of condensed interim consolidated financial statements are also being presented by the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017.
 - Islamic Financial Accounting standards (IAFS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017.
 - Provisions of, and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017, and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

FOR THE QUARTER ENDED MARCH 31, 2019

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives have been followed.

- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' (replaced by IFRS 9, 'Financial Instruments') 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 condensed interim unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the period ended March 31, 2019 the Bank has adjusted amortisation of intangible assets amounting to Rs. 68.186 million (net of tax) from the Non-distributable Capital Reserve.
- 3.4** 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 the 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 condensed interim unconsolidated financial statements.
- 3.5** The SECP has directed that the requirements of IFRS 10, 'Consolidated Financial Statements' are not applicable in case of investments by Companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of mutual funds are not considered in these condensed interim unconsolidated financial statements.
- 3.6** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2018.

4 BASIS OF MEASUREMENT

These condensed interim unconsolidated 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 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2018 except for the changes as disclosed in note 6.3 of these condensed interim unconsolidated financial statements.

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

FOR THE QUARTER ENDED MARCH 31, 2019

6.1 Amendments to the accounting and reporting standards that are effective in the current period

The Bank has applied the following amendments for the first time for their accounting period commencing January 1, 2019:

6.1.1 The State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 05 dated March 22, 2019 has amended the format of interim financial statements of banks. All banks are directed to prepare their interim financial statements on the revised format effective from the accounting year ending December 31, 2019. Accordingly the Bank has prepared these condensed interim unconsolidated financial statements on the new format prescribed by the SBP. The new format is consistent with the annual audited financial statements in classification and presentation perspective therefore no remeasurement or reclassification were made in these condensed interim unconsolidated financial statements.

6.1.2 Effective from January 1, 2019, the Bank has adopted IFRS 15, "Revenue from contracts with customers" which has replaced IAS 18, "Revenue". The standard addresses recognition and measurement of revenue from customers.

The adoption of IFRS 15 did not have any significant impact on recognition and measurement of revenue on the date of its adoption.

6.1.3 Effective from January 1, 2019, the Bank has also adopted IFRS 16, "Leases" which has replaced IAS 17, "Leases". The standard addresses recognition and measurement of leases for both lessor and lessee.

The impacts of adoption of IFRS 16 are further given in note 6.3 below.

6.2 Standards, interpretations of and amendments to the accounting and reporting standard that are not yet effective

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

Standards, Interpretations or Amendments

Standards, Interpretations or Amendments	Effective date
- IFRS 9 - 'Financial Instruments'	Accounting period ending on or after June 30, 2019
- IFRS 3 - 'Business Combinations' (amendments)	Accounting period beginning on or after January 1, 2020
- IAS 1 - 'Presentation of Financial Statements' (amendments)	Accounting period beginning on or after January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	Accounting period beginning on or after January 1, 2020

6.3 Change in Accounting Policy

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Bank has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The impact of this standard are therefore recognised in the balance sheet on January 1, 2019.

On adoption of IFRS 16, the Bank recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

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FOR THE QUARTER ENDED MARCH 31, 2019

(Rupees in '000)

Operating lease as at December 31, 2018	10,708,369
Impact of adoption of IFRS 16	<u>(4,132,083)</u>
Lease liability recognised as at January 1, 2019	<u>6,576,286</u>
Of which are:	
Current lease liabilities	631,282
Non-current lease liabilities	<u>5,945,004</u>
	<u>6,576,286</u>

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets are of the following types:

	March 31, 2019	January 1, 2019
	----- Rupees in '000 -----	
Property	<u>6,709,529</u>	<u>7,178,178</u>
Total right-of-use assets	<u>6,709,529</u>	<u>7,178,178</u>

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

Property plant and equipment	increased by Rs.7,178 million
Other liabilities which includes lease liabilities	increased by Rs. 6,576 million
Other assets which includes prepayments	decreased by Rs. 601.892 million

The change in accounting policy affected the following items in the profit and loss account on January 1, 2019:

Markup expense	increased by Rs. 189.269 million
Administrative expenses which includes depreciation and rent expenses	increased by Rs. 94.649 million

The net impact of profit before tax, profit after tax and retained earnings decreased by Rs 283.919 million, Rs 173.191 million and Rs 173.191 million respectively. Whereas EPS has been decreased by Rs 0.11 per share.

Bank leasing activities

The Bank leases various premises for branch network. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Until December 31, 2018, these leases were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

1. Fixed payments (including in-substance fixed payments), less any lease incentives receivable
2. Variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees

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FOR THE QUARTER ENDED MARCH 31, 2019

3. The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
4. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

1. The amount of the initial measurement of lease liability
2. Any lease payments made at or before the commencement date less any lease incentives received
3. Any initial direct costs, and
4. Restoration costs.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018.

8 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2018.

9 CASH AND BALANCES WITH TREASURY BANKS

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
In hand		
- Local currency	9,199,023	10,351,342
- Foreign currency	2,837,618	2,444,182
	12,036,641	12,795,524
With State Bank of Pakistan in		
- Local currency current account	19,902,972	17,961,225
- Foreign currency current account	1,725,970	1,684,395
- Foreign currency deposit account	5,008,083	4,977,571
	26,637,025	24,623,191
With National Bank of Pakistan in		
- Local currency current account	2,833,663	5,746,092
Prize bonds	9,951	9,186
	41,517,280	43,173,993

10 BALANCES WITH OTHER BANKS

In Pakistan		
- In current account	989,985	1,388,625
Outside Pakistan		
- In current account	939,654	458,970
	1,929,639	1,847,595

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
11 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	4,000,000	-
Repurchase agreement lendings (reverse repo)	29,654,894	2,997,486
	<u>33,654,894</u>	<u>2,997,486</u>
Less: provision held against lending to financial institutions	-	-
Lending to financial institutions - net of provision	<u>33,654,894</u>	<u>2,997,486</u>

12 INVESTMENTS

12.1 Investments by type:

Note	Un-audited March 31, 2019				Audited December 31, 2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	----- Rupees '000 -----							
Held-for-trading securities								
Federal Government securities	5,980,209	-	(40)	5,980,169	31,630,477	-	(11,067)	31,619,410
Shares	469,907	-	(17,868)	452,039	-	-	-	-
	<u>6,450,116</u>	<u>-</u>	<u>(17,908)</u>	<u>6,432,208</u>	<u>31,630,477</u>	<u>-</u>	<u>(11,067)</u>	<u>31,619,410</u>
Available-for-sale securities								
Federal Government securities	52,539,110	-	(129,136)	52,409,974	151,416,453	-	(199,053)	151,217,400
Shares	8,876,942	1,430,002	(216,315)	7,230,625	9,134,281	1,429,123	(480,988)	7,224,170
Non Government debt securities	43,331,489	559,787	7,355	42,779,057	7,443,897	559,787	9,355	6,893,465
	<u>104,747,541</u>	<u>1,989,789</u>	<u>(338,096)</u>	<u>102,419,656</u>	<u>167,994,631</u>	<u>1,988,910</u>	<u>(670,686)</u>	<u>165,335,035</u>
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt Securities	16,297,890	1,550,525	-	14,747,365	16,946,962	1,552,757	-	14,994,205
	<u>17,894,938</u>	<u>1,550,525</u>	<u>-</u>	<u>16,344,413</u>	<u>18,144,010</u>	<u>1,552,757</u>	<u>-</u>	<u>16,591,253</u>
Subsidiary *								
Fully paid up ordinary shares of Faysal Asset Management Limited	639,893	-	-	639,893	639,893	-	-	639,893
Total Investments	<u>129,732,488</u>	<u>3,540,314</u>	<u>(356,004)</u>	<u>125,836,170</u>	<u>218,409,011</u>	<u>3,541,667</u>	<u>(681,753)</u>	<u>214,185,591</u>

* related parties

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
12.2 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(554,918)	(605,467)
Less: profit receivable shown in other assets	(60,659)	(10,110)
Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.36% per annum (December 31, 2018: 12.36%) maturing in December, 2021.

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
12.3 Investments given as collateral		
- Market treasury bills	<u>25,712,076</u>	<u>59,034,240</u>

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

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	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
12.4 Provision for diminution in value of investments		
12.4.1 Opening balance	3,541,667	3,448,776
Charge / (reversals)		
Charge for the period / year	5,788	229,043
Reversals during the period / year	(7,141)	(136,152)
	(1,353)	92,891
Closing Balance	3,540,314	3,541,667

12.4.2 Particulars of provision against debt securities

	Un-audited		Audited	
	March 31, 2019	Provision	December 31, 2018	Provision
	----- Rupees '000 -----			
Category of classification				
Domestic				
- Other assets especially mentioned	-	-	-	-
- Substandard	-	-	-	-
- Doubtful	-	-	-	-
- Loss	-	-	-	-
	<u>2,110,312</u>	<u>2,110,312</u>	2,112,544	2,112,544
	<u>2,110,312</u>	<u>2,110,312</u>	<u>2,112,544</u>	<u>2,112,544</u>

The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 14,858.996 million (December 31, 2018: Rs. 15,490.626 million).

12.5 Investment in subsidiary

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.

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
Particulars of the assets and liabilities of the subsidiary		
Revenue	<u>32,413</u>	110,012
Net loss	<u>(10,955)</u>	(54,091)
Total assets	<u>336,184</u>	380,587
Liabilities	<u>41,372</u>	74,743
Net assets	<u>294,812</u>	305,845
Percentage (%) holding of the Bank	<u>99.99%</u>	99.99%

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

FOR THE QUARTER ENDED MARCH 31, 2019

13 ADVANCES

	Performing		Non Performing		Total	
	Un-audited March 31, 2019	Audited December 31 2018	Un-audited March 31, 2019	Audited December 31 2018	Un-audited March 31, 2019	Audited December 31 2018
	----- Rupees '000 -----					
Loans, cash credits, running finances, etc.	195,060,379	210,086,919	26,061,189	25,712,067	221,121,568	235,798,986
Islamic financing and related assets	92,932,837	78,493,045	471,996	475,784	93,404,833	78,968,829
Bills discounted and purchased	6,437,922	4,990,707	505,311	499,787	6,943,233	5,490,494
Margin financing / reverse repo transactions	-	-	-	-	-	-
Advances - gross	294,431,138	293,570,671	27,038,496	26,687,638	321,469,634	320,258,309
Provision against advances						
- Specific	-	-	(22,924,281)	(23,135,261)	(22,924,281)	(23,135,261)
- General	(695,828)	(678,187)	-	-	(695,828)	(678,187)
	(695,828)	(678,187)	(22,924,281)	(23,135,261)	(23,620,109)	(23,813,448)
Advances - net of provision	293,735,310	292,892,484	4,114,215	3,552,377	297,849,525	296,444,861
	Un-audited		Un-audited		Audited	
	March 31,		March 31,		December 31,	
	2019		2019		2018	
	----- Rupees '000 -----					

13.1 Particulars of advances (Gross)

- In local currency	320,950,112	319,538,262
- In foreign currencies	519,522	720,047
	<u>321,469,634</u>	<u>320,258,309</u>

13.2 Advances include Rs. 27,038 million (December 31, 2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

Category of Classification	Un-audited March 31, 2019		Audited December 31, 2018	
	Non-performing loans	Provision	Non-performing loans	Provision
	----- Rupees '000 -----			
Domestic				
- Other Assets Especially Mentioned	270,483	-	198,389	100
- Substandard	1,862,727	262,285	1,241,631	158,324
- Doubtful	1,381,376	602,099	1,525,467	660,373
- Loss	23,523,910	22,059,897	23,722,151	22,316,464
Total	27,038,496	22,924,281	26,687,638	23,135,261

13.3 Particulars of provision against advances

	Un-audited March 31, 2019			Audited December 31, 2018		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
Opening balance	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
Charge for the period / year	285,623	17,641	303,264	1,672,814	109,521	1,782,335
Reversals during the period / year	(494,267)	-	(494,267)	(2,215,946)	-	(2,215,946)
	(208,644)	17,641	(191,003)	(543,132)	109,521	(433,611)
	(2,336)	-	(2,336)	(48,008)	-	(48,008)
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	22,924,281	695,828	23,620,109	23,135,261	678,187	23,813,448

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

FOR THE QUARTER ENDED MARCH 31, 2019

13.3.2 As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,596.670 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at March 31, 2019. The additional profit arising from availing the FSV benefit - net of tax as at March 31, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,037.836 million (December 31, 2018: Rs 951.717 million).

13.3.3 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.

The Bank is also required to maintain a general reserve of 1% against un-secured Small Enterprise financing portfolio as per the applicable requirements of the Prudential Regulations issued by the SBP.

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

Note	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	

14 FIXED ASSETS

Capital work-in-progress	14.1	619,197	475,098
Property and equipment		<u>17,406,799</u>	<u>11,136,909</u>
		<u>18,025,996</u>	<u>11,612,007</u>

14.1 Capital work-in-progress

Civil works	197,049	188,143
Equipment	197,972	142,598
Advances to suppliers	<u>224,176</u>	<u>144,357</u>
	<u>619,197</u>	<u>475,098</u>

14.2 Additions to fixed assets

Un-audited	
March 31, 2019	March 31, 2018
----- Rupees '000 -----	

The following additions have been made to fixed assets during the period:

Capital work-in-progress	452,225	186,408
Property and equipment		
Freehold land	-	-
Leasehold land	-	-
Building on freehold land	-	-
Building on leasehold land	-	-
Furniture and fixture	44,613	20,169
Electrical office and computer equipment	176,451	101,465
Vehicles	1,192	39
Others	<u>84,944</u>	<u>113,397</u>
	<u>307,200</u>	235,070
Total	<u><u>759,425</u></u>	<u><u>421,478</u></u>

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

FOR THE QUARTER ENDED MARCH 31, 2019

14.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

	Un-audited	
	March 31, 2019	March 31, 2018
	----- Rupees '000 -----	
Freehold land	-	-
Leasehold land	-	-
Building on freehold land	-	-
Building on leasehold land	-	-
Furniture and fixture	3	62
Electrical office and computer equipment	212	206
Vehicles	928	975
Others	-	29
Total	1,143	1,272

15 INTANGIBLE ASSETS

	Un-audited	Audited
	March 31, 2019	December 31, 2018
	----- Rupees '000 -----	
Capital work-in-progress	254,070	224,492
Intangibles	1,061,958	1,107,239
	1,316,028	1,331,731
Capital work-in-progress		
Computer software	254,070	224,492

15.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

Developed internally	-	-
Directly purchased	32,854	431
Through business combinations	-	-
Total	32,854	431

15.2 Disposals of intangible assets

The net book value of intangible assets disposed off during the period is as follows:

Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
Note	----- Rupees '000 -----	
16 DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Provision for diminution in the value of investments	108,788	95,977
- Provision against advances, off balance sheet etc.	1,590,413	1,427,294
- Provision against other assets	104,762	94,017
- Deficit on revaluation of investments	131,858	234,738
	<u>1,935,821</u>	<u>1,852,026</u>
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	(1,307,402)	(1,184,279)
- Surplus on revaluation of non banking assets	(23,377)	(23,377)
- Fair value adjustment relating to net assets acquired upon amalgamation	(360,475)	(340,314)
- Accelerated tax depreciation	(75,640)	(120,850)
	<u>(1,766,894)</u>	<u>(1,668,820)</u>
	<u>168,927</u>	<u>183,206</u>
17 OTHER ASSETS		
Income / mark-up accrued in local currency - net of provision	7,308,667	5,059,391
Income / mark-up accrued in foreign currency - net of provision	69,237	66,476
Advances, deposits, advance rent and other prepayments	794,411	1,226,008
Advance taxation (payments less provisions)	2,729,597	3,562,370
Non-banking assets acquired in satisfaction of claims	1,803,938	1,807,502
Mark to market gain on forward foreign exchange contracts	2,676,936	2,868,688
Acceptances	7,014,494	10,899,656
Credit cards and other products fee receivable	329,175	334,588
Receivable from brokers against sale of shares	61,417	447,272
Dividend receivable	149,374	75,348
Others	1,429,705	786,960
	<u>24,366,951</u>	<u>27,134,259</u>
Less: Provision held against other assets	(257,564)	(257,564)
Other assets (net of provision)	<u>24,109,387</u>	<u>26,876,695</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,261,018	1,261,018
Other assets - total	<u>25,370,405</u>	<u>28,137,713</u>
17.1 Provision held against other assets		
Dividend receivable	75,348	75,348
SBP penalties	64,383	64,383
Fraud forgery theft and account receivable	13,802	13,802
Security deposits	22,994	22,994
Others	81,037	81,037
	<u>257,564</u>	<u>257,564</u>
17.1.1 Movement in provision held against other assets		
Opening balance	257,564	249,980
Charge for the period / year	-	9,782
Reversals during the period / year	-	(2,198)
	-	7,584
Amount written off	-	-
Closing balance	<u>257,564</u>	<u>257,564</u>

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Un-audited March 31, 2019	Audited December 31, 2018
----- Rupees '000 -----			
18	BILLS PAYABLE		
	In Pakistan	8,670,753	23,543,525
	Outside Pakistan	-	-
		<u>8,670,753</u>	<u>23,543,525</u>
19	BORROWINGS		
	Secured		
	Borrowings from the State Bank of Pakistan		
	- Under export refinance scheme - Part I and II	19.1 11,093,935	11,895,711
	- Under long term financing facility	19.2 2,264,615	1,786,815
	- Under long term financing facility for renewable power energy (RPE)	19.3 962,784	962,784
	- Under scheme of financing facility for storage of agricultural produce	19.4 103,087	117,219
	- Under Islamic export refinance scheme	19.5 4,653,104	4,107,833
		19,077,525	18,870,362
	Repurchase agreement borrowings	-	58,968,300
	Total secured	<u>19,077,525</u>	<u>77,838,662</u>
	Unsecured		
	Call borrowings	-	325,000
	Overdrawn nostro accounts	177,264	141,626
	Musharaka acceptances	19.6 8,615,000	7,700,000
	Other borrowings	19.7 12,517,230	12,346,633
	Total unsecured	<u>21,309,494</u>	<u>20,513,259</u>
		<u>40,387,019</u>	<u>98,351,921</u>

19.1 In accordance with the Export Refinance Scheme (ERF), 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 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. Borrowing 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 rates on this facility was 1% and 2% per annum (December 31, 2018: 1% to 2% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.

19.2 These represent borrowings from the SBP under scheme for long term financing facility. The markup rates on these facilities are ranging from 2% to 4.5% per annum (December 31, 2018: 2% to 4.5% per annum) payable on quarterly basis, with maturities upto December 2028. As per the terms of the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the respective date of maturity of finances by directly debiting the current account of the Bank maintained with the SBP.

19.3 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.

19.4 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 (December 31, 2018: 2.5% to 3.5%) payable on quarterly basis with maturities upto September 2023. 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.

19.5 In accordance with the Islamic Export Refinance Scheme (IERS), the Bank has entered into musharaka agreements for 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 average mark-up rate on this facility is 2.28% (December 31, 2018: 2.28%) payable on quarterly basis with maturities upto 180 days from the date of grant.

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

FOR THE QUARTER ENDED MARCH 31, 2019

- 19.6** These Musharaka acceptances are on profit and loss sharing basis. The expected rates on these deals are expected to range between 9.25% to 10.25% per annum (December 31, 2018: 9.50% to 9.80% per annum). These deals have maturities upto May 2019.
- 19.7** This represents borrowings from a foreign financial institution. The mark-up rates on these borrowings are ranging from 3.80% to 4.76% per annum (December 31, 2018: 3.28% to 4.76%) with maturities upto July 2019.

20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	March 31, 2019			December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees '000						
Customers						
Current deposits – remunerative	4,218,376	-	4,218,376	4,063,646	-	4,063,646
Current deposits – non-remunerative	120,004,063	15,001,528	135,005,591	112,565,332	14,367,150	126,932,482
Savings deposits	121,614,016	15,282,184	136,896,200	110,520,860	15,358,413	125,879,273
Term deposits	114,356,830	5,042,771	119,399,601	116,529,111	3,898,877	120,427,988
Margin deposits	2,576,659	44,327	2,620,986	2,721,574	47,179	2,768,753
	<u>362,769,944</u>	<u>35,370,810</u>	<u>398,140,754</u>	<u>346,400,523</u>	<u>33,671,619</u>	<u>380,072,142</u>
Financial Institutions						
Current deposits	1,282,148	59,947	1,342,095	1,129,922	49,068	1,178,990
Savings deposits	13,784,925	-	13,784,925	20,950,300	-	20,950,300
Term deposits	8,865,200	-	8,865,200	7,182,370	-	7,182,370
	<u>23,932,273</u>	<u>59,947</u>	<u>23,992,220</u>	<u>29,262,592</u>	<u>49,068</u>	<u>29,311,660</u>
	<u>386,702,217</u>	<u>35,430,757</u>	<u>422,132,974</u>	<u>375,663,115</u>	<u>33,720,687</u>	<u>409,383,802</u>

	Note	Un-audited	Audited
		March 31, 2019	December 31, 2018
Rupees '000			
21 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		2,618,149	1,962,508
Mark-up / return / interest payable in foreign currency		29,210	19,891
Unearned commission and income on bills discounted		120,321	66,698
Accrued expenses		2,310,266	2,081,150
Acceptances	17	7,014,494	10,899,656
Unclaimed dividends		46,697	45,136
Mark to market loss on forward foreign exchange contracts		992,483	1,239,594
Branch adjustment account		9,091	5,301
Charity fund balance		2,690	1,409
Provision against off-balance sheet obligations	21.2	132,011	125,238
Security deposits against lease		1,839,492	2,067,095
Withholding tax payable		115,697	83,975
Federal excise duty payable		23,741	52,450
Payable to brokers against purchase of shares		193,254	897,109
Fair value of derivative contracts		776,134	771,326
Short sale Pakistan Investment Bonds		2,046,138	-
Credit cards and other products payables		1,103,146	895,567
Leased liability		6,483,346	-
Token money against disposal of assets		610,003	572,276
Fund held as security		214,698	214,698
Others	21.1	2,528,229	3,135,343
		<u>29,209,290</u>	<u>25,136,420</u>

- 21.1** This includes payable to Islamic Investment Company of the Gulf (Bahamas) Limited - a related party against acquisition of shares of Faysal Asset Management Limited amounting to Rs 225 million.

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Un-audited March 31, 2019	Audited December 31, 2018
----- Rupees '000 -----			
21.2 Provision against off-balance sheet obligations			
Opening balance		125,238	101,090
Exchange adjustment		-	-
Charge for the period / year		6,773	57,434
Reversals during the period / year		-	(33,286)
		6,773	24,148
Closing balance		132,011	125,238
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of			
- Available for sale securities		(338,096)	(670,686)
- Fixed assets		5,467,810	5,476,251
- Non-banking assets acquired in satisfaction of claims		1,261,018	1,261,018
		6,390,732	6,066,583
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		131,858	234,740
- Fixed assets		(1,196,268)	(1,184,279)
- Non-banking assets acquired in satisfaction of claims		(23,751)	(23,377)
		(1,088,161)	(972,916)
		5,302,571	5,093,667
23 CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	18,226,940	17,988,308
- Commitments	23.2	247,986,873	230,966,872
- Other contingent liabilities	23.3	4,293,244	4,293,244
		270,507,057	253,248,424
23.1 Guarantees:			
Financial guarantees		1,417,536	1,417,536
Performance guarantees		6,225,196	7,068,425
Other guarantees		10,584,208	9,502,347
		18,226,940	17,988,308
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		32,046,305	32,048,821
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	153,148,416	94,403,136
- forward government securities transactions	23.2.2	29,701,839	62,083,269
- derivatives - cross currency swaps (notional principal)	23.2.3	6,692,490	4,483,600
- forward lending	23.2.4	-	-
- operating leases	23.2.5	-	10,708,369
- extending credit (irrevocable)	23.4	26,179,627	27,079,658
Commitments for acquisition of:			
- operating fixed assets		119,792	46,719
- intangible assets		98,404	113,300
		247,986,873	230,966,872

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	97,155,722	66,533,034
Sale	55,992,694	27,870,102
	<u>153,148,416</u>	<u>94,403,136</u>

23.2.2 Commitments in respect of forward government securities transactions

Purchase	-	59,084,100
Sale	29,701,839	2,999,169
	<u>29,701,839</u>	<u>62,083,269</u>

23.2.3 Commitments in respect of derivatives

Purchase	-	-
Sale	6,692,490	4,483,600
	<u>6,692,490</u>	<u>4,483,600</u>

23.2.4 Commitments in respect of forward lending

Forward repurchase agreement lending	-	-
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23.2.5 Commitments in respect of operating leases

Not later than one year	-	1,421,897
Later than one year and not later than five years	-	5,275,107
Later than five years	-	4,011,365
	<u>-</u>	<u>10,708,369</u>

23.3 Other contingent liabilities

(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	2,510,000	2,510,000
(ii) Indemnity issued favouring the High Court in one of the cases	457,543	457,543

(iii) 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 Honorable High Court of Sindh against such levy of tax. A stay order has been granted by the Honorable High Court of Sindh in respect of payment of this additional demand.

(iv) Income tax assessments of the Bank have been finalised upto the tax year 2018 (accounting year 2017).

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 (December 31, 2018: Rs. 1,154.701 million). Subsequently, the Commissioner Income Tax Appeals (CIT(A)) has deleted the said additional tax liability, however the Income Tax Department has filed an appeal with the Income Tax Appellate Tribunal against the order of CIT(A). 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 condensed interim unconsolidated financial statements in respect of the matter.

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

FOR THE QUARTER ENDED MARCH 31, 2019

- (v) There are certain claims against the Bank not acknowledged as debt amounting to Rs 32,644 million (December 31, 2018: Rs 31,579 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 (December 31, 2018: 25,299 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and / or internal assessments, management is confident that the 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 condensed interim unconsolidated financial statements.

23.4 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 26,180 million (December 31, 2018: Rs 27,080 million) which are irrevocable in nature.

24 DERIVATIVE INSTRUMENTS

Un-audited March 31, 2019	Audited December 31, 2018
----- Rupees '000 -----	

Cross currency swaps (notional principal)	<u>6,692,490</u>	<u>4,483,600</u>
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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).

24.1 Product Analysis

Counterparties	March 31, 2019 (Un-audited)					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
----- Rupees '000 -----						
With banks for						
Hedging	-	-	-	-	-	-
Market making	3,624,523	(525,436)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	3,067,967	(250,698)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	6,692,490	(776,134)	-	-	-	-

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

FOR THE QUARTER ENDED MARCH 31, 2019

Counterparties	December 31, 2018 (Audited)					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
----- Rupees '000 -----						
With banks for						
Hedging	-	-	-	-	-	-
Market making	2,484,210	(457,384)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	1,999,390	(313,942)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	4,483,600	(771,326)	-	-	-	-

	Note	Un-audited	
		March 31, 2019	March 31, 2018
----- Rupees '000 -----			
25 MARK-UP / RETURN / INTEREST EARNED			
On:			
a) Loans and advances		8,457,753	4,621,720
b) Investments		3,130,072	2,462,471
c) Lendings to financial institutions		15,842	19,367
d) Balances with banks		21,117	7,186
e) Securities purchased under resale agreements		580,241	113,348
		<u>12,205,025</u>	<u>7,224,092</u>
26 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		5,894,981	3,068,826
Securities sold under repurchase agreements		118,580	194,159
Other short term borrowings		26,882	52,198
SBP borrowings		94,751	93,193
Short sale of Pakistan Investment Bonds		17,272	98,205
Musharaka acceptances		229,504	80,831
Leased assets		189,269	-
Cost of foreign currency swaps against foreign currency deposits / borrowings		689,408	256,622
		<u>7,260,647</u>	<u>3,844,034</u>
27 FEE AND COMMISSION INCOME			
Branch banking customer fees		139,951	151,881
Consumer finance related fees		80,674	62,901
Card related fees (debit and credit cards)		280,209	278,193
Credit related fees		24,314	9,816
Investment banking fees		50,352	53,500
Commission on trade		68,850	71,763
Commission on guarantees		20,004	19,410
Commission on cash management		9,878	18,995
Commission on remittances including home remittances		8,425	9,352
Commission on bancassurance		96,021	87,589
Others		7,425	2,672
		<u>786,103</u>	<u>766,072</u>
28 (LOSS) / GAIN ON SECURITIES			
Realised - net	28.1	(40,608)	266,173
Unrealised - held for trading - net		(6,841)	1,613
		<u>(47,449)</u>	<u>267,786</u>

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited	
	March 31, 2019	March 31, 2018
	Rupees '000	
28.1 Realised (loss) / gain on:		
Federal Government securities	(10,038)	110,889
Shares	(34,430)	155,284
Open end mutual funds	3,860	-
	<u>(40,608)</u>	<u>266,173</u>
29 OTHER INCOME		
Rent on property	44,909	36,981
Gain on sale of fixed assets - net	2,355	4,773
Gain on sale of non-banking assets - net	-	-
Gain on short sale of Pakistan Investment Bonds (PIBs)	(3,440)	-
Notice pay	1,638	5,913
Others	403	305
	<u>45,865</u>	<u>47,972</u>
30 OPERATING EXPENSES		
Total compensation expense	1,432,373	1,102,009
Property expense		
Rent and taxes	36,893	354,335
Insurance	21,954	23,096
Utilities cost	125,365	97,194
Security (including guards)	152,644	116,111
Repair and maintenance (including janitorial charges)	86,548	100,992
Depreciation	103,092	92,014
Others	18,086	21,191
	<u>544,582</u>	<u>804,933</u>
Information technology expenses		
Software maintenance	237,820	163,127
Hardware maintenance	49,892	49,494
Depreciation	78,093	86,582
Amortisation	29,510	48,513
Network charges	55,709	43,851
Others	-	-
	<u>451,024</u>	<u>391,567</u>
Other operating expenses		
Directors' fees and allowances	12,347	20,954
Legal and professional charges	8,556	18,767
Outsourced services costs	99,611	309,635
Travelling and conveyance	26,529	19,935
NIFT clearing charges	12,570	13,980
Depreciation	527,307	40,888
Training and development	3,806	2,284
Postage and courier charges	23,435	17,024
Communication	26,153	30,168
Marketing, advertisement and publicity	82,345	68,709
Donations	69,431	1,228
Auditors remuneration	11,978	12,266
Insurance	144,965	101,651
Stationery and printing	62,498	51,889
Bank fees and charges	26,515	29,265
Brokerage and commission	10,537	10,069
Deposit protection premium	73,737	-
Others	139,900	88,213
	<u>1,362,220</u>	<u>836,925</u>
	<u>3,790,199</u>	<u>3,135,434</u>

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

FOR THE QUARTER ENDED MARCH 31, 2019

Note	Un-audited	
	March 31, 2019	March 31, 2018
----- Rupees '000 -----		
31 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	6,177	-
Impairment charged for non-banking assets acquired in satisfaction of claims	-	-
	<u>6,177</u>	<u>-</u>
32 REVERSAL OF PROVISION AND RECOVERIES AGAINST WRITEN-OFF DEBTS - NET		
Reversal of provision for diminution in value of investments	12.4 (1,353)	(11,464)
Reversal of provision against loans and advances	13.3 (191,003)	(303,759)
Bad debts written off directly	3,174	1,427
Recovery of written off / charged off bad debts	(23,895)	(27,402)
Provision against off balance sheet obligations	21.2 6,773	28,320
	<u>(206,304)</u>	<u>(312,878)</u>
33 TAXATION		
Current	1,198,177	730,465
Prior years	298,934	65,000
Deferred	(108,763)	(9,620)
	<u>1,388,348</u>	<u>785,845</u>
34 BASIC EARNINGS PER SHARE		
Profit for the period	<u>1,608,791</u>	<u>1,218,892</u>
	Number of shares in thousands	
Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>
	----- Rupees -----	
Basic earnings per share	<u>1.06</u>	<u>0.80</u>
34.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at March 31, 2019 and March 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.		
35 FAIR VALUE MEASUREMENTS		
The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.		
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.		
35.1 Fair value of financial assets		
The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:		
Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.		
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).		

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	March 31, 2019 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	58,390,143	-	58,390,143
Shares	7,200,279	30,346	-	7,230,625
Non-Government Debt Securities	-	42,779,057	-	42,779,057
Financial assets - disclosed but not measured at fair value				
Investments				
	-	14,858,996	-	14,858,996
Financial liability - measured at fair value				
Pakistan Investment Bonds				
	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)				
	-	-	8,731,979	8,731,979
Non-banking assets acquired in satisfaction of claims				
	-	-	3,064,956	3,064,956
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange				
	-	99,740,680	-	99,740,680
Forward sale of foreign exchange				
	-	56,893,198	-	56,893,198
Derivatives sales				
	-	6,692,490	-	6,692,490
	December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	182,836,810	-	182,836,810
Shares	7,193,824	30,346	-	7,224,170
Non-Government Debt Securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments				
	-	15,490,626	-	15,490,626
Financial liability - measured at fair value				
Pakistan Investment Bonds				
	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)				
	-	-	8,774,714	8,774,714
Non-banking assets acquired in satisfaction of claims				
	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange				
	-	69,187,310	-	69,187,310
Forward sale of foreign exchange				
	-	28,895,283	-	28,895,283
Derivatives sales				
	-	4,483,600	-	4,483,600

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 the Bank to exercise such transfers.

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

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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 / PKFRV rates.
Ijara Sukuk	Fair values of GoP Ijarah Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from 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
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Bank for the year ended December 31, 2018.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Bank for the year ended December 31, 2018.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Bank which are also on the panel of the 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 condensed interim unconsolidated financial statements.

36 SEGMENT INFORMATION

36.1 Segment Details with respect to business activities

	Retail	CIBG	Treasury	SAM	Others	Total
----- Rupees in '000 -----						
Profit and loss for the quarter ended March 31, 2019						
Net mark-up / return / profit	(3,510,422)	6,489,689	1,899,375	35,402	30,334	4,944,378
Inter segment revenue - net	6,495,194	(5,826,292)	(1,308,494)	(36,725)	676,317	-
Non mark-up / return / interest income	<u>829,932</u>	<u>167,622</u>	<u>774,656</u>	<u>520</u>	<u>(67,329)</u>	<u>1,705,401</u>
Total Income	<u>3,814,704</u>	<u>831,019</u>	<u>1,365,537</u>	<u>(803)</u>	<u>639,322</u>	<u>6,649,779</u>
Segment direct expenses	2,502,622	111,402	79,476	31,955	1,133,489	3,858,944
Inter segment expense allocation	<u>943,573</u>	<u>121,246</u>	<u>30,320</u>	<u>23,633</u>	<u>(1,118,772)</u>	<u>-</u>
Total expenses	<u>3,446,195</u>	<u>232,648</u>	<u>109,796</u>	<u>55,588</u>	<u>14,717</u>	<u>3,858,944</u>
Provisions	(4,106)	108,604	(4,909)	(317,185)	11,292	(206,304)
Profit before tax	<u>372,615</u>	<u>489,767</u>	<u>1,260,650</u>	<u>260,794</u>	<u>613,313</u>	<u>2,997,139</u>

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FOR THE QUARTER ENDED MARCH 31, 2019

	Retail	CIBG	Treasury	SAM	Others	Total
----- Rupees in '000 -----						
Statement of financial position						
as at March 31, 2019						
Cash and bank balances	15,843,914	-	27,603,005	-	-	43,446,919
Investments	-	37,573,996	87,468,278	3,253,384	1,080,826	129,376,484
- Investment provision	-	(51,416)	(927,023)	(2,561,875)	-	(3,540,314)
Net inter segment lending	329,073,453	-	-	-	(329,073,453)	-
Lendings to financial institutions	-	-	33,654,894	-	-	33,654,894
Advances - performing	60,551,408	231,037,113	-	-	2,842,617	294,431,138
Advances - non-performing	5,003,300	2,375,932	-	19,502,070	157,194	27,038,496
- Advances - provisions	(3,937,934)	(773,740)	-	(18,785,635)	(122,800)	(23,620,109)
Others	17,208,065	10,997,633	3,271,241	(694,476)	14,098,893	44,881,356
Total Assets	423,742,206	281,159,518	151,070,395	713,468	(311,016,723)	545,668,864
Borrowings	1,581,940	17,470,585	21,334,494	-	-	40,387,019
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	401,430,398	19,367,808	-	108,143	1,226,625	422,132,974
Net inter segment borrowing	-	238,026,943	126,148,252	520,593	(364,695,788)	-
Others	20,729,868	6,294,182	3,793,888	84,732	6,977,373	37,880,043
Total liabilities	423,742,206	281,159,518	151,276,634	713,468	(356,491,790)	500,400,036
Equity	-	-	(206,239)	-	45,475,067	45,268,828
Total Equity and liabilities	423,742,206	281,159,518	151,070,395	713,468	(311,016,723)	545,668,864
Contingencies and commitments	6,996,039	68,816,477	189,542,745	1,097,899	4,053,897	270,507,057

Profit and Loss for the quarter ended March 31, 2018

Net mark-up / return / profit	(1,287,716)	3,068,810	1,542,944	295,355	(239,335)	3,380,058
Inter segment revenue - net	3,668,669	(2,751,797)	(1,245,465)	(326,267)	654,860	-
Non mark-up / return / interest income	875,671	173,728	600,315	409	(126,246)	1,523,879
Total Income	3,256,624	490,741	897,794	(30,503)	289,279	4,903,937
Segment direct expenses	2,022,541	95,235	72,660	36,807	984,835	3,212,078
Inter segment expense allocation	807,757	94,183	20,757	20,571	(943,268)	-
Total expenses	2,830,298	189,418	93,416	57,378	41,567	3,212,078
Provisions	178	62,529	(11,464)	(360,910)	(3,211)	(312,878)
Profit before tax	426,148	238,794	815,842	273,029	250,924	2,004,737

Statement of financial position as at December 31, 2018

Cash and bank balances	19,912,358	-	25,109,230	-	-	45,021,588
Investments	-	21,886,526	191,461,086	3,298,820	1,080,826	217,727,258
- Investment provision	-	(53,648)	(584,443)	(2,903,576)	-	(3,541,667)
Net inter segment lending	329,612,992	-	-	-	(329,612,992)	-
Lendings to financial institutions	-	-	2,997,486	-	-	2,997,486
Advances - performing	61,398,861	229,378,051	-	199,356	2,594,403	293,570,671
Advances - non-performing	5,336,454	1,405,387	-	19,777,837	167,960	26,687,638
- Advances - provisions	(4,602,273)	(662,904)	-	(18,435,951)	(112,320)	(23,813,448)
Others	10,092,323	13,261,830	6,218,701	421,155	11,270,648	41,264,657
Total Assets	421,750,715	265,215,242	225,202,060	2,357,641	(314,611,475)	599,914,183
Borrowings	1,893,185	16,327,177	80,131,559	-	-	98,351,921
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	389,819,208	18,218,136	-	102,865	1,243,593	409,383,802
Net inter segment borrowing	-	220,490,624	142,699,535	2,193,276	(365,383,435)	-
Others	30,038,322	10,179,305	2,806,862	61,500	5,593,956	48,679,945
Total liabilities	421,750,715	265,215,242	225,637,956	2,357,641	(358,545,886)	556,415,668
Equity	-	-	(435,896)	-	43,934,411	43,498,515
Total Equity and liabilities	421,750,715	265,215,242	225,202,060	2,357,641	(314,611,475)	599,914,183
Contingencies and commitments	18,728,388	68,514,605	160,970,005	1,039,706	3,995,720	253,248,424

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

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37 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiary, associate, employee benefit plans and its directors and key management personnel. The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
Rupees '000								
Investments								
Opening balance	-	-	5,183,886	-	-	-	23,169	3,762,571
Investment made during the period / year	-	-	2,205,309	-	-	616,724	-	2,693,897
Investment redeemed / disposed off during the period / year	-	-	(2,701,449)	-	-	-	-	(1,342,863)
Transfer in / (out) - net	-	-	639,893	-	-	23,169	-	50,000
Closing balance	-	-	4,687,746	-	-	639,893	-	5,183,886
Provision for diminution in value of investments	-	-	-	2,327,089	-	-	-	2,321,301
Advances								
Opening balance	-	17,841	159,031	5,002,325	-	19,209	135,513	4,636,528
Addition during the period / year	-	17	9,067	702,273	-	-	95,950	472,248
Repaid during the period / year	-	(355)	(1,0780)	(617,327)	-	(1,368)	(72,432)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	(106,451)
Closing balance	-	17,503	157,318	5,087,271	-	17,841	159,031	5,002,325
Provision held against advances	-	-	-	2,928,249	-	-	-	2,930,659
Other Assets								
Interests / mark-up accrued	-	17	139	1,832,241	-	15	112	860,805
Receivable from staff retirement fund	-	-	-	-	-	-	-	-
Commission income receivable	-	-	2,053	-	-	-	13,165	-
Provision against other assets	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	182	76,275	110,207	2,734	182	47,517	85,892	3,139,284
Received during the period / year	-	91,015	195,977	17,044,821	-	155,800	1,522,613	832,914
Withdrawn during the period / year	-	(50,128)	(201,392)	(17,036,719)	-	(127,042)	(1,488,298)	(832,920)
Transfer in / (out) - net	-	-	-	-	-	-	2,740	(2,740)
Closing balance	182	117,162	104,792	10,836	182	76,275	110,207	2,734
Other Liabilities								
Interests / mark-up payable	-	83	13	8,441	-	62	196	9,055
Payable to staff retirement fund	-	-	-	177,503	-	-	-	177,503
Other liabilities	-	83	13	185,944	-	62	196	186,556

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FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>15,176,965</u>	<u>15,176,965</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>38,652,106</u>	36,860,215
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>38,652,106</u>	36,860,215
Eligible Tier 2 Capital	<u>4,967,370</u>	4,970,159
Total Eligible Capital (Tier 1 + Tier 2)	<u>43,619,476</u>	41,830,374
Risk Weighted Assets (RWAs):		
Credit Risk	<u>208,627,002</u>	198,856,534
Market Risk	<u>14,135,080</u>	14,200,024
Operational Risk	<u>35,913,323</u>	35,913,323
Total	<u>258,675,405</u>	248,969,881
Common Equity Tier 1 Capital Adequacy ratio	<u>14.94%</u>	14.81%
Tier 1 Capital Adequacy Ratio	<u>14.94%</u>	14.81%
Total Capital Adequacy Ratio	<u>16.86%</u>	16.80%

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 March 31, 2019 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, 2018 an additional Capital Conservation Buffer of 1.90% (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 March 31, 2019 stood at Rs 15.176 billion (2018: Rs 15.176 billion). As at March 31, 2019 Bank's CAR stood at 16.86% whereas CET1 and Tier 1 ratios both stood at 14.94%.

The Bank is also in compliance with the CCB requirements.

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>38,652,106</u>	36,860,215
Total Exposures	<u>636,302,465</u>	753,092,496
Leverage Ratio	<u>6.07%</u>	4.89%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>160,678,713</u>	142,734,534
Total Net Cash Outflow	<u>120,926,682</u>	98,435,120
Liquidity Coverage Ratio	<u>1.337</u>	1.452
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>362,241,786</u>	359,743,076
Total Required Stable Funding	<u>266,131,848</u>	275,300,061
Net Stable Funding Ratio	<u>136.11%</u>	130.67%

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FOR THE QUARTER ENDED MARCH 31, 2019

39 ISLAMIC BANKING BUSINESS

The Bank is operating 254 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1).

Statement of financial position	Note	Un-audited	Audited
		March 31, 2019	December 31, 2018
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks		12,286,895	7,941,153
Balances with other banks		258,857	105,205
Investments	39.1	33,372,286	27,620,400
Islamic financing and related assets - net	39.2	93,068,291	78,659,697
Fixed assets		2,121,162	1,954,626
Intangible assets		34,022	38,263
Other assets		4,298,229	2,264,354
		145,439,742	118,583,698
LIABILITIES			
Bills payable		2,275,922	5,666,023
Due to financial institutions		13,824,263	11,157,833
Deposits and other accounts	39.3	76,696,613	69,489,203
Due to head office		39,534,322	24,134,341
Other liabilities		1,354,191	1,102,813
		133,685,311	111,550,213
		11,754,431	7,033,485
NET ASSETS			
REPRESENTED BY			
Islamic banking fund		9,180,000	4,680,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		145,638	121,608
Unappropriated profit	39.7	2,428,793	2,231,877
		11,754,431	7,033,485
CONTINGENCIES AND COMMITMENTS			
	39.4		
Un-audited			
		March 31, 2019	March 31, 2018
----- Rupees '000 -----			
Profit and loss account			
Profit / return earned	39.5	2,945,532	1,382,288
Profit / return expensed	39.6	1,826,070	709,995
Net profit / return		1,119,462	672,293
Other income			
Fee and commission income		127,386	93,109
Dividend income		-	-
Foreign exchange income		30,150	19,982
Income / (loss) from derivatives		-	-
Loss on securities		-	-
Other income		696	2,269
Total other income		158,232	115,360
Total income		1,277,694	787,653
Other expenses			
Operating expenses		947,335	741,824
Workers welfare fund		-	-
Other charges		-	-
Total other expenses		947,335	741,824
Profit before provisions		330,359	45,829
Provisions and write offs - net		27,411	(2,720)
Profit before taxation		302,948	48,549
Taxation		106,032	16,992
Profit after taxation		196,916	31,557

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Un-audited March 31, 2019				Audited December 31, 2018			
Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value

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

39.1 Investments by segments:

Federal Government Securities:

- Ijarah Sukuks	6,000,000	-	(69,000)	5,931,000	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	7,597,048	-	(69,000)	7,528,048	7,597,048	-	(107,400)	7,489,648

Provincial Government Securities

Shares:								
- Listed Companies	-	-	-	-	-	-	-	-
- Unlisted Companies	-	-	-	-	-	-	-	-

Non Government Debt Securities:

- Listed	-	-	-	-	-	-	-	-
- Unlisted	25,844,288	-	(50)	25,844,238	20,129,372	-	1,380	20,130,752
	25,844,288	-	(50)	25,844,238	20,129,372	-	1,380	20,130,752

Foreign Securities:

- Government securities	-	-	-	-	-	-	-	-
- Non Government Debt securities	-	-	-	-	-	-	-	-
- Equity securities	-	-	-	-	-	-	-	-

Associates

	-	-	-	-	-	-	-	-
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Subsidiaries

	-	-	-	-	-	-	-	-
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Total Investments	33,441,336	-	(69,050)	33,372,286	27,726,420	-	(106,020)	27,620,400
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----- Rupees '000 -----

	Un-audited March 31, 2019	Audited December 31, 2018
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39.2 Islamic financing and related assets

Ijarah	-	-
Murabaha	2,566,975	1,576,557
Musharaka	7,164	8,042
Diminishing Musharaka	60,608,463	56,773,632
Salam	-	-
Istisna	582,600	28,771
Running Musharaka	8,785,180	7,342,446
Fixed assets Ijarah financing - net	82,408	66,953
Musharaka - Islamic export refinance scheme	4,153,104	3,607,833
Advance against Murabaha financing	349,828	70,976
Advanced against Diminishing Musharaka	8,305,931	5,446,140
Advance against Ijarah	2,874,766	2,898,135
Advance against Istisna	4,388,083	1,092,956
Advance against Islamic export refinance - LTF	700,331	56,388
Inventory related to Islamic financing	-	-
Gross Islamic financing and related assets	93,404,833	78,968,829
Less: provision against Islamic financings		
- Specific	(233,860)	(219,120)
- General	(102,682)	(90,012)
	(336,542)	(309,132)
Islamic financing and related assets - net of provision	93,068,291	78,659,697

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

FOR THE QUARTER ENDED MARCH 31, 2019

39.3 Deposits	Un-audited			Audited		
	March 31, 2019			December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees '000						
Customers						
Current deposits	32,950,112	1,786,938	34,737,050	35,538,506	1,588,367	37,126,873
Savings deposits	17,802,204	631,755	18,433,959	11,065,460	688,077	11,753,537
Term deposits	10,619,174	328,724	10,947,898	13,726,680	292,710	14,019,390
	<u>61,371,490</u>	<u>2,747,417</u>	<u>64,118,907</u>	<u>60,330,646</u>	<u>2,569,154</u>	<u>62,899,800</u>
Financial Institutions						
Current deposits	238,427	-	238,427	31,960	-	31,960
Savings deposits	8,706,279	-	8,706,279	6,051,443	-	6,051,443
Term deposits	3,633,000	-	3,633,000	506,000	-	506,000
	<u>12,577,706</u>	<u>-</u>	<u>12,577,706</u>	<u>6,589,403</u>	<u>-</u>	<u>6,589,403</u>
	<u>73,949,196</u>	<u>2,747,417</u>	<u>76,696,613</u>	<u>66,920,049</u>	<u>2,569,154</u>	<u>69,489,203</u>
Rupees '000						
39.4 CONTINGENCIES AND COMMITMENTS	Un-audited			Audited		
	March 31, 2019			December 31, 2018		
- Guarantees	628,636			313,552		
- Commitments	9,172,400			9,390,440		
- Other contingent liabilities	-			-		
	<u>9,801,036</u>			<u>9,703,992</u>		
Rupees '000						
39.5 Profit / return earned of financing, investments and placement	Un-audited			Audited		
	March 31, 2019			March 31, 2018		
Profit earned on:						
Financing	2,198,567			950,784		
Investments	746,965			431,504		
Placements	-			-		
	<u>2,945,532</u>			<u>1,382,288</u>		
Rupees '000						
39.6 Profit on deposits and other dues expensed	Un-audited			Audited		
	March 31, 2019			March 31, 2018		
Deposits and other accounts	826,674			482,240		
Due to financial institutions	-			-		
Other short term borrowings	999,396			227,755		
	<u>1,826,070</u>			<u>709,995</u>		
Rupees '000						
39.7 Islamic Banking Business Unappropriated Profit	Un-audited			Audited		
	March 31, 2019			March 31, 2018		
Opening Balance	2,231,877			2,200,320		
Add: Islamic Banking profit for the period	196,916			31,557		
Less: Taxation	-			-		
Less: Transferred / Less: Reserves	-			-		
Remitted to Head Office	-			-		
Closing Balance	<u>2,428,793</u>			<u>2,231,877</u>		

40 GENERAL

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

41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on April 25, 2019 by the Board of Directors of the Bank.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Directors' Review of Faysal Bank Limited along with Consolidated Financial Statements thereon for the quarter ended March 31, 2019.

Company Profile

Status of the companies in Faysal Bank Group is as follows;

Holding Company : Faysal Bank Limited

Subsidiary : Faysal Asset Management Limited

FBL is offering services to Corporate, Retail, Commercial, SME and Agri customers and is on the path of transforming into an Islamic Financial Institution whereas Faysal Asset Management Ltd (FAML) is a Non-Banking Finance Company (NBFC), licensed to carry out asset management and investment advisory services.

Future Outlook

The bank is increasing its reach by opening new branches so as to provide banking services to its customer at their door step. Alongside branch expansion, FBL is investing in technology to provide user friendly, secure and trouble free services.

The Bank will continue to follow strategy of Branch network expansion to increase its customer reach. FAML acquisition has enhanced FBL's products offerings as funds management and advisory services are now available from FAML platform. Bank is on the path of structured growth with emphasis on building low cost core deposits.

Financial Highlights

	(PKR in million)	
Profit & Loss Account	Mar' 19	Mar' 18
Total revenue	6,667	4,904
Administrative expense	3,813	3,135
Profit before tax and provision	2,854	1,769
Net provision reversal including WWF	138	233
Profit before taxation	2,992	2,002
Taxation	(1,391)	785
Profit after taxation	1,601	1,217
Earnings per share (rupees)	1.05	0.80

DIRECTORS' REVIEW

Faysal group has earned PKR 1,601 million in the 1st quarter of 2019 as compared to PKR 1,217 million in corresponding period last year, resulting in increase in Profit after Tax by PKR 384 million or 31.6% growth. As a result, FBL group's EPS increased to PKR 1.05 from PKR 0.80, showing growth of more than 31%.

With higher markup rates revenue is showing a good growth whereas recovery of Non-Performing loans is providing a consistent stream of income in the form of reversal of provision. Administrative expenses are higher due to increase in branch network, inflation and devaluation of Pak Rupee. Taxation is higher due to additional charge of super tax in 2019.

Credit Rating

JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings to Faysal Bank Ltd. as on December 31, 2017:

Long-Term AA

Short-Term A1+

Stable outlook has been assigned to the ratings by both the rating agencies.

JCR-VIS Credit Rating Company Limited has assigned Asset Management rating of AM3 to the FAML.

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% (2017: 66.78%) of the shareholding in the Faysal Bank Ltd.

Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar Holding B.S.C. and is the ultimate parent of the Bank. DMIT was formed by indenture under the laws of the Commonwealth of the Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

Subsequent Events

No material changes or commitments affecting the financial position of the bank have occurred between the end of the financial year of the bank and the date of this report other than those disclosed in financial statements.

DIRECTORS' REVIEW

Acknowledgement

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

Approval

In compliance with the requirement of the Companies Act, 2017, this directors' report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 25, 2019 and signed by the Chief Executive Officer and a director.

President & CEO

Chairman / Director

Karachi

Dated: April 25, 2019

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
Note	----- Rupees '000 -----	

ASSETS

Cash and balances with treasury banks	9	41,522,704		43,174,003
Balances with other banks	10	1,913,265		1,848,859
Lendings to financial institutions	11	33,654,894		2,997,486
Investments	12	125,412,814		213,815,803
Advances	13	297,849,525		296,444,861
Fixed assets	14	18,076,477		11,662,446
Intangible assets	15	1,727,993		1,743,900
Deferred tax assets	16	127,712		141,712
Other assets	17	25,414,241		28,167,363
		545,699,625		599,996,433

LIABILITIES

Bills payable	18	8,670,753		23,543,524
Borrowings	19	40,387,019		98,351,921
Deposits and other accounts	20	422,116,602		409,383,501
Liabilities against assets subject to finance lease		-		-
Subordinated debt		-		-
Deferred tax liabilities		-		-
Other liabilities	21	29,229,959		25,184,233
		500,404,333		556,463,179
		45,295,292		43,533,254

NET ASSETS

REPRESENTED BY

Share capital		15,176,965		15,176,965
Reserves		8,710,722		8,778,908
Surplus on revaluation of assets	22	5,302,571		5,093,667
Unappropriated profit		16,105,029		14,483,709
Total equity attributable to the equity holders of the parent		45,295,287		43,533,249
Non-controlling interest		5		5
		45,295,292		43,533,254

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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

FOR THE QUARTER ENDED MARCH 31, 2019

Note	Quarter ended		
	March 31, 2019	March 31, 2018	
----- Rupees -----			
Restated			
Mark-up / return / interest earned	25	12,205,030	7,224,092
Mark-up / return / interest expensed	26	7,257,897	3,844,034
Net mark-up / interest income		<u>4,947,133</u>	<u>3,380,058</u>
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	809,364	766,072
Dividend income		75,148	15,232
Foreign exchange income		792,462	408,677
Income from derivatives		53,272	18,140
(Loss) / gain on securities	28	(44,124)	267,786
Other income	29	33,799	47,972
Total non-markup / interest income		<u>1,719,921</u>	<u>1,523,879</u>
Total income		<u>6,667,054</u>	<u>4,903,937</u>
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	3,813,016	3,135,434
Workers welfare fund		63,081	76,644
Other charges	31	6,177	-
Total non-markup / interest expenses		<u>3,882,274</u>	<u>3,212,078</u>
Profit before provisions		<u>2,784,780</u>	<u>1,691,859</u>
Reversal of provision and recoveries against written-off debts - net	32	(206,304)	(312,878)
Share of loss of associate		-	(2,598)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>2,991,084</u>	<u>2,002,139</u>
Taxation	33	1,390,568	784,936
PROFIT AFTER TAXATION		<u>1,600,516</u>	<u>1,217,203</u>
----- Rupees -----			
Basic / diluted earnings per share	34	<u>1.05</u>	<u>0.80</u>

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Quarter ended	
	March 31, 2019	March 31, 2018
	----- Rupees '000 -----	
Profit after taxation for the period	1,600,516	1,217,203
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of investments - net of tax	229,708	18,150
Items that will not be reclassified to profit and loss account in subsequent periods:		
- Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
- Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	-	-
Total comprehensive income	1,830,224	1,235,353

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED MARCH 31, 2019

	Attributable to the equity holders of the parent											Non-controlling interest	Total
	Share capital	Reserves					Surplus / (deficit) on revaluation of			Unappropriated profit			
		Capital				Statutory reserve	Total	Investments	Fixed assets/ Non-banking assets		Total		
		Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR)- gain on bargain	Reserve arising on amalgamation								
Rupee s '000													
Balance as at January 1, 2018 (audited)	13,197,361	-	10,131	756,873	23,952	7,145,382	7,936,338	1,449	5,611,794	5,613,243	12,485,334	-	39,232,276
Transfer to reserve for issue of bonus shares	-	1,979,604	-	-	-	-	1,979,604	-	-	-	(1,979,604)	-	-
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	-	-	-	-	-	1,217,203	-	1,217,203
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	1,217,203	-	1,217,203
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(31,217)	-	-	(31,217)	-	-	-	-	-	(31,217)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	18,150	(20,373)	(2,223)	20,373	-	18,150
Balance as at March 31, 2018 (un-audited)	13,197,361	1,979,604	10,131	725,656	23,952	7,145,382	9,884,725	19,599	5,591,421	5,611,020	11,743,306	-	40,436,412
Profit after taxation for the period from April 1, 2018 to December 31, 2018	-	-	-	-	-	-	-	-	-	-	3,668,908	-	3,668,908
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(455,545)	(695)	(456,240)	(22,181)	-	(478,421)
Total comprehensive income	-	-	-	-	-	-	-	(455,545)	(695)	(456,240)	3,646,727	-	3,190,487
Non-controlling interest acquired	-	-	-	-	-	-	-	-	-	-	-	5	5
Transfer to statutory reserve	-	-	-	-	-	967,437	967,437	-	-	-	(967,437)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(61,113)	(61,113)	61,113	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of intangible assets - customer relationship	-	-	-	(93,650)	-	-	(93,650)	-	-	-	-	-	(93,650)
Transactions with owners, recorded directly in equity													
- Bonus shares issued	1,979,604	(1,979,604)	-	-	-	-	(1,979,604)	-	-	-	-	-	-
Balance as at December 31, 2018 (audited)	15,176,965	-	10,131	632,006	23,952	8,112,819	8,778,908	(435,946)	5,529,613	5,093,667	14,483,709	5	43,533,254
Profit after taxation for the quarter ended March 31, 2019	-	-	-	-	-	-	-	-	-	-	1,600,516	-	1,600,516
Other comprehensive income - net of tax	-	-	-	-	-	-	-	229,708	-	229,708	-	-	229,708
Total comprehensive income	-	-	-	-	-	-	-	229,708	-	229,708	1,600,516	-	1,830,224
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(20,804)	(20,804)	20,804	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(68,186)	-	-	(68,186)	-	-	-	-	-	(68,186)
Transactions with owners, recorded directly in equity													
- Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019 (un-audited)	15,176,965	-	10,131	563,820	23,952	8,112,819	8,710,722	(206,238)	5,508,809	5,302,571	16,105,029	5	45,295,292

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
	----- Rupees '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,991,084	2,002,139
Less: dividend income	(75,148)	(15,232)
	<u>2,915,936</u>	<u>1,986,907</u>
Adjustments:		
Depreciation	704,930	215,919
Amortisation	29,510	48,513
Depreciation on non-banking assets	3,564	3,564
Workers' Welfare Fund	63,081	76,644
Reversal of provision against loans and advances - net	(191,003)	(303,759)
Reversal of provision for diminution in value of investments - net	(1,353)	(11,464)
Provision against off balance sheet obligations	6,773	28,320
Loss / (gain) on securities unrealised - held for trading - net	3,516	(1,613)
Gain on sale of fixed assets - net	(2,355)	(4,773)
Gain on sale of non-banking assets	-	-
Charge for defined benefit plan	-	30,905
Income from derivative contracts - net	(53,272)	(18,140)
Recovery of written off / charged off bad debts	(20,721)	(25,975)
Share of loss of associate	-	2,598
	<u>542,670</u>	<u>40,739</u>
	<u>3,458,606</u>	<u>2,027,646</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	(30,657,408)	(17,546,733)
Held-for-trading securities	25,233,862	24,585,861
Advances	(1,192,940)	(21,520,070)
Others assets (excluding advance taxation)	2,047,408	259,452
	<u>(4,569,078)</u>	<u>(14,221,490)</u>
Increase / (decrease) in operating liabilities		
Bills Payable	(14,872,771)	779,504
Borrowings from financial institutions	(58,000,540)	(20,758,485)
Deposits	12,733,101	11,413,380
Other liabilities (excluding current taxation)	4,036,396	3,978,649
	<u>(56,103,814)</u>	<u>(4,586,952)</u>
Income tax paid	(727,419)	(716,294)
	<u>(57,941,705)</u>	<u>(17,497,090)</u>
Net cash flow used in operating activities		
	<u>(57,941,705)</u>	<u>(17,497,090)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment in available for sale securities	63,247,090	12,974,017
Net investment in held to maturity securities	249,072	299,532
Dividends received	1,122	15,909
Investment in operating fixed assets	(7,181,348)	(216,498)
Proceeds from sale of fixed assets	2,951	6,043
Proceeds from sale of non-banking assets	-	-
Net cash flow generated from investing activities	<u>56,318,887</u>	<u>13,079,003</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts / (payments) of sub-ordinated debt	-	-
Dividend paid	1,561	20,978
Net cash flow generated from financing activities	<u>1,561</u>	<u>20,978</u>
Decrease in cash and cash equivalents	<u>(1,621,257)</u>	<u>(4,397,109)</u>
Cash and cash equivalents at the beginning of the period	<u>44,879,962</u>	<u>39,488,907</u>
Cash and cash equivalents at the end of the period	<u>43,258,705</u>	<u>35,091,798</u>

The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

FOR THE QUARTER ENDED MARCH 31, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

- (i) Faysal Bank Limited - Holding Company
- (ii) Faysal Asset Management Limited - Subsidiary Company

The Holding Company acquired 10,498,000 shares of Faysal Asset Management Limited, (the Subsidiary Company) in November 2018. As a result, the Holding Company now has controlling interest of 99.99% in the paid up capital of the Subsidiary Company.

1.2 Holding Company

1.2.1 Faysal Bank Limited (the Bank or the Holding Company) 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 Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank has a network of 455 branches (December 31, 2018: 455); including 254 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1) in Pakistan.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2018: 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 Holdings B.S.C.

1.2.2 Based on the consolidated financial statements of the Bank for the period ended September 30, 2018 and for the year ended December 31, 2017, 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, 2017: 'AA') and the short term rating as 'A1+' (December 31, 2017: 'A1+').

1.3 Subsidiary Company

1.3.1 Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the Companies Ordinance, 1984 on August 6, 2003 as an unlisted public limited company. The Subsidiary Company commenced its operations on November 14, 2003. The registered office of the Subsidiary Company is located at 7th Floor, West Wing, Faysal House, ST-02, Main Shahrah e Faisal, Karachi.

The Subsidiary Company is a Non-Banking Finance Company (NBFC), licensed to carry out asset management and investment advisory services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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 condensed interim consolidated 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 condensed interim consolidated financial statements for reporting purposes only. Inter branch transactions and balances have been eliminated.

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

FOR THE QUARTER ENDED MARCH 31, 2019

- 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 Holding Company are disclosed in note 39 to these condensed interim consolidated financial statements.

3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017.
 - Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017.
 - Provisions of, and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017, and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives have been followed.

- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' (replaced by IFRS 9, 'Financial Instruments') 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 condensed interim consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 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 Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the period ended March 31, 2019 the Group has adjusted amortisation of intangible assets amounting to Rs. 68.186 million (net of tax) from the Non-distributable Capital Reserve.
- 3.4 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 the 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 condensed interim consolidated financial statements.
- 3.5 The SECP has directed that the requirements of IFRS 10, 'Consolidated Financial Statements' are not applicable in case of investments by Companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of mutual funds are not considered in these condensed interim consolidated financial statements.
- 3.6 These condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2018.

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

FOR THE QUARTER ENDED MARCH 31, 2019

4 BASIS OF MEASUREMENT

These condensed interim consolidated 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 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These condensed interim consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are the same as applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2018 except for the changes as disclosed in note 6.3 of these condensed interim consolidated financial statements.

6.1 Amendments to the accounting and reporting standards that are effective in the current period

The Group has applied the following amendments for the first time for their accounting period commencing January 1, 2019:

6.1.1 The State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 05 dated March 22, 2019 has amended the format of interim financial statements of banks. All banks are directed to prepare their interim financial statements on the revised format effective from the accounting year ending December 31, 2019. Accordingly the Group has prepared these condensed interim consolidated financial statements on the new format prescribed by the SBP. The new format is consistent with the annual audited financial statements in classification and presentation perspective therefore no remeasurement or reclassification were made in these condensed interim consolidated financial statements.

6.1.2 Effective from January 1, 2019, the Holding Company has adopted IFRS 15, "Revenue from contracts with customers" which has replaced IAS 18, "Revenue". The standard addresses recognition and measurement of revenue from customers.

The adoption of IFRS 15 did not have any significant impact on recognition and measurement of revenue on the date of its adoption.

6.1.3 Effective from January 1, 2019, the Holding Company has also adopted IFRS 16, "Leases" which has replaced IAS 17, "Leases". The standard addresses recognition and measurement of leases for both lessor and lessee.

The impacts of adoption of IFRS 16 are further given in note 6.3 below.

6.2 Standards, interpretations of and amendments to the accounting and reporting standard that are not yet effective

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

Standards, Interpretations or Amendments

- IFRS 9 - 'Financial Instruments'
- IFRS 3 - 'Business Combinations' (amendments)
- IAS 1 - 'Presentation of Financial Statements' (amendments)
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)

Effective date

- Accounting period ending or after June 30, 2019
- Accounting period beginning on or after January 1, 2020
- Accounting period beginning on or after January 1, 2020
- Accounting period beginning on or after January 1, 2020

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

FOR THE QUARTER ENDED MARCH 31, 2019

6.3 Change in Accounting Policy

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Holding Company has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The impact of this standard are therefore recognised in the balance sheet on January 1, 2019.

On adoption of IFRS 16, the Holding Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

(Rupees in '000)

Operating lease as at December 31, 2018	10,708,369
Impact of adoption of IFRS 16	<u>(4,132,083)</u>
Lease liability recognised as at January 1, 2019	<u>6,576,286</u>
Of which are:	
Current lease liabilities	631,282
Non-current lease liabilities	<u>5,945,004</u>
	<u>6,576,286</u>

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets are of the following types:

	March 31, 2019	January 1, 2019
	----- Rupees in '000 -----	
Property	<u>6,709,529</u>	<u>7,178,178</u>
Total right-of-use assets	<u>6,709,529</u>	<u>7,178,178</u>

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

Property plant and equipment	increased by Rs.7,178 million
Other liabilities which includes lease liabilities	increased by Rs. 6,576 million
Other assets which includes prepayments	decreased by Rs. 601.892 million

The change in accounting policy affected the following items in the profit and loss account on January 1, 2019:

Markup expense	increased by Rs. 189.269 million
Administrative expenses which includes depreciation and rent expenses	increased by Rs.94.649 million

The net impact of profit before tax, profit after tax and retained earnings decreased by Rs 283.919 million, Rs 173.191 million and Rs 173.191 million respectively. Whereas EPS has been decreased by Rs 0.11 per share.

Holding Company leasing activities

The Holding Company leases various premises for branch network. Lease terms are negotiated on an individual

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

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basis and contain a wide range of different terms and conditions. Until December 31, 2018, these leases were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Holding Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

1. Fixed payments (including in-substance fixed payments), less any lease incentives receivable
2. Variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees
3. The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
4. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

1. The amount of the initial measurement of lease liability
2. Any lease payments made at or before the commencement date less any lease incentives received
3. Any initial direct costs, and
4. Restoration costs.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual financial statements of the Holding Company for the year ended December 31, 2018.

8 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2018.

9 CASH AND BALANCES WITH TREASURY BANKS

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
In hand		
- Local currency	9,204,447	10,351,352
- Foreign currency	2,837,618	2,444,182
	12,042,065	12,795,534
With State Bank of Pakistan in		
- Local currency current account	19,902,972	17,961,225
- Foreign currency current account	1,725,970	1,684,395
- Foreign currency deposit account	5,008,083	4,977,571
	26,637,025	24,623,191
With National Bank of Pakistan in		
- Local currency current account	2,833,663	5,746,092
Prize bonds	9,951	9,186
	41,522,704	43,174,003

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FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
10 BALANCES WITH OTHER BANKS		
In Pakistan		
- In current account	973,611	1,388,636
- In saving account	-	1,253
	973,611	1,389,889
Outside Pakistan		
- In current account	939,654	458,970
	1,913,265	1,848,859
11 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	4,000,000	-
Repurchase agreement lendings (reverse repo)	29,654,894	2,997,486
	33,654,894	2,997,486
Less: provision held against lending to financial institutions	-	-
Lending to financial institutions - net of provision	33,654,894	2,997,486

12 INVESTMENTS	Note	Un-audited March 31, 2019				Audited December 31, 2018			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----									
12.1 Investments by type:									
Held-for-trading securities									
Federal Government securities		5,980,209	-	(40)	5,980,169	31,630,477	-	(11,067)	31,619,410
Shares *		686,444	-	(17,868)	668,576	270,038	-	67	270,105
		6,666,653	-	(17,908)	6,648,745	31,900,515	-	(11,000)	31,889,515
Available-for-sale securities									
Federal Government securities		52,539,110	-	(129,136)	52,409,974	151,416,453	-	(199,053)	151,217,400
Shares		8,876,942	1,430,002	(216,315)	7,230,625	9,134,281	1,429,123	(480,988)	7,224,170
Non Government debt securities		43,331,489	559,787	7,355	42,779,057	7,443,897	559,787	9,355	6,893,465
		104,747,541	1,989,789	(338,096)	102,419,656	167,994,631	1,988,910	(670,686)	165,335,035
Held-to-maturity securities									
Federal Government securities	12.2	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt Securities		16,297,890	1,550,525	-	14,747,365	16,546,962	1,552,757	-	14,994,205
		17,894,938	1,550,525	-	16,344,413	18,144,010	1,552,757	-	16,591,253
Total Investments		129,309,132	3,540,314	(356,004)	125,412,814	218,039,156	3,541,667	(681,686)	213,815,803

* related parties

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	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
12.2 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(554,918)	(605,467)
Less: profit receivable shown in other assets	(60,659)	(10,110)
Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.36% per annum (December 31, 2018: 12.36%) maturing in December, 2021.

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
12.3 Investments given as collateral		
- Market treasury bills	<u>25,712,076</u>	<u>59,034,240</u>
12.4 Provision for diminution in value of investments		
12.4.1 Opening balance	3,541,667	3,448,776
Charge / (reversals)		
Charge for the period / year	5,788	229,043
Reversals during the period / year	(7,141)	(136,152)
	(1,353)	92,891
Closing Balance	<u>3,540,314</u>	<u>3,541,667</u>

12.4.2 Particulars of provision against debt securities

Un-audited March 31, 2019		Audited December 31, 2018	
Non-Performing Investments	Provision	Non-Performing Investments	Provision
----- Rupees '000 -----			

Category of classification

Domestic

- Other assets especially mentioned	-	-	-	-
- Substandard	-	-	-	-
- Doubtful	-	-	-	-
- Loss	2,110,312	2,110,312	2,112,544	2,112,544
	<u>2,110,312</u>	<u>2,110,312</u>	<u>2,112,544</u>	<u>2,112,544</u>

The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 14,858.996 million (December 31, 2018: Rs. 15,490.626 million).

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FOR THE QUARTER ENDED MARCH 31, 2019

13 ADVANCES

	Performing		Non Performing		Total	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	March 31, 2019	December 31 2018	March 31, 2019	December 31 2018	March 31, 2019	December 31 2018
	----- Rupees '000 -----					
Loans, cash credits, running finances, etc.	195,060,379	210,086,919	26,061,189	25,712,067	221,121,568	235,798,986
Islamic financing and related assets	92,932,837	78,493,045	471,996	475,784	93,404,833	78,968,829
Bills discounted and purchased	6,437,922	4,990,707	505,311	499,787	6,943,233	5,490,494
Margin financing / reverse repo transactions	-	-	-	-	-	-
Advances - gross	294,431,138	293,570,671	27,038,496	26,687,638	321,469,634	320,258,309
Provision against advances						
- Specific	-	-	(22,924,281)	(23,135,261)	(22,924,281)	(23,135,261)
- General	(695,828)	(678,187)	-	-	(695,828)	(678,187)
			(22,924,281)	(23,135,261)	(23,620,109)	(23,813,448)
Advances - net of provision	293,735,310	292,892,484	4,114,215	3,552,377	297,849,525	296,444,861

13.1 Particulars of advances (Gross)

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
- In local currency	320,950,112	319,538,262
- In foreign currencies	519,522	720,047
	321,469,634	320,258,309

Category of Classification	Un-audited March 31, 2019		Audited December 31, 2018	
	Non-performing loans	Provision	Non-performing loans	Provision
	----- Rupees '000 -----			
Domestic				
- Other Assets Especially Mentioned	270,483	-	198,389	100
- Substandard	1,862,727	262,285	1,241,631	158,324
- Doubtful	1,381,376	602,099	1,525,467	660,373
- Loss	23,523,910	22,059,897	23,722,151	22,316,464
Total	27,038,496	22,924,281	26,687,638	23,135,261

13.2 Advances include Rs. 27,038 million (December 31, 2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

13.3 Particulars of provision against advances

	Un-audited March 31, 2019			Audited December 31, 2018		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
Opening balance	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
Charge for the period / year	285,623	17,641	303,264	1,672,814	109,521	1,782,335
Reversals during the period / year	(494,267)	-	(494,267)	(2,215,946)	-	(2,215,946)
	(208,644)	17,641	(191,003)	(543,132)	109,521	(433,611)
Amounts written off	(2,336)	-	(2,336)	(48,008)	-	(48,008)
Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	22,924,281	695,828	23,620,109	23,135,261	678,187	23,813,448

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13.3.2As allowed by the SBP, the Holding Company has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,596.670 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at March 31, 2019. The additional profit arising from availing the FSV benefit - net of tax as at March 31, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,037.836 million (December 31, 2018: Rs 951.717 million).

13.3.3As 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 Holding Company 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.

The Holding Company is also required to maintain a general reserve of 1% against un-secured Small Enterprise financing portfolio as per the applicable requirements of the Prudential Regulations issued by the SBP.

13.3.4Although the Holding Company has made provision against its non-performing portfolio as per the category of classification of the loans, however, the Holding Company 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	Un-audited March 31, 2019	Audited December 31, 2018
14 FIXED ASSETS		----- Rupees '000 -----	
Capital work-in-progress	14.1	619,197	475,098
Property and equipment		<u>17,457,280</u>	<u>11,187,348</u>
		<u>18,076,477</u>	<u>11,662,446</u>
14.1 Capital work-in-progress			
Civil works		197,049	188,143
Equipment		197,972	142,598
Advances to suppliers		<u>224,176</u>	<u>144,357</u>
		<u>619,197</u>	<u>475,098</u>
		Quarter ended	
14.2 Additions to fixed assets		March 31, 2019	March 31, 2018
		----- Rupees '000 -----	
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		452,225	186,408
Property and equipment			
Freehold land		-	-
Leasehold land		-	-
Building on freehold land		-	-
Building on leasehold land		-	-
Furniture and fixture		44,613	20,169
Electrical office and computer equipment		176,451	101,465
Vehicles		1,192	39
Others		<u>84,944</u>	<u>113,397</u>
		<u>307,200</u>	<u>235,070</u>
Total		<u><u>759,425</u></u>	<u><u>421,478</u></u>

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FOR THE QUARTER ENDED MARCH 31, 2019

14.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

	Un-audited Quarter ended	
	March 31, 2019	March 31, 2018
	Rupees '000	
Freehold land	-	-
Leasehold land	-	-
Building on freehold land	-	-
Building on leasehold land	-	-
Furniture and fixture	3	62
Electrical office and computer equipment	212	206
Vehicles	928	975
Others	-	29
Total	1,143	1,272

Note	Un-audited March 31, 2019	Audited December 31, 2018
	Rupees '000	

15 INTANGIBLE ASSETS

Capital work-in-progress	254,070	224,492
Intangibles	1,061,862	1,107,347
Goodwill	412,061	412,061
	1,727,993	1,743,900
Capital work-in-progress		
Computer software	254,070	224,492

15.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

Developed internally	-	-
Directly purchased	32,854	431
Through business combinations	-	-
Total	32,854	431

15.2 Disposals of intangible assets

The net book value of intangible assets disposed off during the period is as follows:

Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-

15.3 During 2018 Faysal Bank acquired controlling interest of 99.99% in the paid up capital of Faysal Asset Management Limited (FAML). At the acquisition date, the identifiable assets acquired and liabilities of FAML had provisionally been recognised at their carrying values and any excess of the purchase consideration over these carrying values was booked as goodwill. The management is in the process of determining the fair values of acquired assets and liabilities. Any associated fair value adjustments and recognition of previously unrecognised assets, such as management rights, would be adjusted against the carrying value of goodwill so determined at the acquisition date.

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Note	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
16 DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Provision for diminution in the value of investments	108,788	95,977
- Provision against advances, off balance sheet etc.	1,590,413	1,427,294
- Provision against other assets	104,762	94,017
- Deficit on revaluation of investments	131,858	234,738
- Defined benefit obligation	292	243
- Unused tax losses	11,196	10,945
	1,947,309	1,863,214
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	(1,304,730)	(1,184,279)
- Surplus on revaluation of non banking assets	(26,049)	(23,377)
- Fair value adjustment relating to net assets acquired upon amalgamation	(360,475)	(340,314)
- Accelerated tax depreciation	(85,071)	(130,260)
- Fair valuation of previously held equity interest of FAML	(43,272)	(43,272)
	(1,819,597)	(1,721,502)
	127,712	141,712
17 OTHER ASSETS		
Income / mark-up accrued in local currency - net of provision	7,308,666	5,059,391
Income / mark-up accrued in foreign currency - net of provision	69,237	66,476
Advances, deposits, advance rent and other prepayments	797,346	1,231,145
Advance taxation (payments less provisions)	2,772,174	3,602,872
Non-banking assets acquired in satisfaction of claims	1,803,938	1,807,502
Mark to market gain on forward foreign exchange contracts	2,676,936	2,868,688
Acceptances	7,014,494	10,899,656
Credit cards and other products fee receivable	329,175	334,588
Receivable from brokers against sale of shares	61,417	447,272
Dividend receivable	149,374	75,348
Others	1,432,077	775,650
	24,414,834	27,168,588
Less: Provision held against other assets	(261,611)	(262,243)
Other assets (net of provision)	24,153,223	26,906,345
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,261,018	1,261,018
Other assets - total	25,414,241	28,167,363
17.1 Provision held against other assets		
Dividend receivable	75,348	75,348
SBP penalties	64,383	64,383
Fraud forgery theft and account receivable	13,802	13,802
Security deposits	22,994	22,994
Others	85,084	85,716
	261,611	262,243
17.1.1 Movement in provision held against other assets		
Opening balance	262,243	249,980
Acquisition of FAML	-	4,731
Charge for the period / year	(632)	9,782
Reversals during the period / year	(632)	(2,250)
	(632)	7,532
Amount written off	-	-
Closing balance	261,611	262,243

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FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Un-audited March 31, 2019	Audited December 31, 2018
----- Rupees '000 -----			
18	BILLS PAYABLE		
	In Pakistan	8,670,753	23,543,524
	Outside Pakistan	-	-
		<u>8,670,753</u>	<u>23,543,524</u>
19	BORROWINGS		
	Secured		
	Borrowings from the State Bank of Pakistan		
	- Under export refinance scheme - Part I and II	19.1 11,093,935	11,895,711
	- Under long term financing facility	19.2 2,264,615	1,786,815
	- Under long term financing facility for renewable power energy (RPE)	19.3 962,784	962,784
	- Under scheme of financing facility for storage of agricultural produce	19.4 103,087	117,219
	- Under Islamic export refinance scheme	19.5 4,653,104	4,107,833
		<u>19,077,525</u>	18,870,362
	Repurchase agreement borrowings	-	58,968,300
	Total secured	<u>19,077,525</u>	<u>77,838,662</u>
	Unsecured		
	Call borrowings	-	325,000
	Overdrawn nostro accounts	177,264	141,626
	Musharaka acceptances	19.6 8,615,000	7,700,000
	Other borrowings	19.7 12,517,230	12,346,633
	Total unsecured	<u>12,692,264</u>	<u>20,513,259</u>
		<u>40,387,019</u>	<u>98,351,921</u>

19.1 In accordance with the Export Refinance Scheme (ERF), the Group has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Group has granted the SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with the SBP. Borrowing from the SBP under the export refinance scheme is secured by the Group's cash and security balances held by the SBP. The mark-up rates on this facility was 1% and 2% per annum (December 31, 2018: 1% to 2% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.

19.2 These represent borrowings from the SBP under scheme for long term financing facility. The markup rates on these facilities are ranging from 2% to 4.5% per annum (December 31, 2018: 2% to 4.5% per annum) payable on quarterly basis, with maturities upto December 2028. As per the terms of the agreement, the Group has granted the SBP a right to recover the outstanding amount from the Group at the respective date of maturity of finances by directly debiting the current account of the Group maintained with the SBP.

19.3 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 Group has granted the SBP a right to recover the outstanding amount from the Group at the maturity date of finances by directly debiting the current account of the Group maintained with the SBP.

19.4 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 (December 31, 2018: 2.5% to 3.5%) payable on quarterly basis with maturities upto September 2023. As per the agreement, the Group has granted the SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with the SBP.

19.5 In accordance with the Islamic Export Refinance Scheme (IERS), the Bank has entered into musharaka agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Group has granted the SBP the right to recover the outstanding amount from the Group at the date of maturity of

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

FOR THE QUARTER ENDED MARCH 31, 2019

the finance by directly debiting the current account maintained by the Group with the SBP. The average mark-up rate on this facility is 2.28% (December 31, 2018: 2.28%) payable on quarterly basis with maturities upto 180 days from the date of grant.

- 19.6** These Musharaka acceptances are on profit and loss sharing basis. The expected rates on these deals are expected to range between 9.25% to 10.25% per annum (December 31, 2018: 9.50% to 9.80% per annum). These deals have maturities upto May 2019.
- 19.7** This represents borrowings from a foreign financial institution. The mark-up rates on these borrowings are ranging from 3.80% to 4.76% per annum (December 31, 2018: 3.28% to 4.76%) with maturities upto July 2019.

20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited March 31, 2019			Audited December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees '000					
Customers						
Current deposits – remunerative	4,212,859	-	4,212,859	4,063,646	-	4,063,646
Current deposits – non-remunerative	120,004,063	15,001,528	135,005,591	112,565,332	14,367,150	126,932,482
Savings deposits	121,603,161	15,282,184	136,885,345	110,521,161	15,358,413	125,879,574
Term deposits	114,356,830	5,042,771	119,399,601	116,528,810	3,898,877	120,427,687
Margin deposits	2,576,659	44,327	2,620,986	2,721,574	47,179	2,768,753
	362,753,572	35,370,810	398,124,382	346,400,523	33,671,619	380,072,142
Financial Institutions						
Current deposits	1,282,148	59,947	1,342,095	1,129,922	49,068	1,178,990
Savings deposits	13,784,925	-	13,784,925	20,949,999	-	20,949,999
Term deposits	8,865,200	-	8,865,200	7,182,370	-	7,182,370
	23,932,273	59,947	23,992,220	29,262,291	49,068	29,311,359
	386,685,845	35,430,757	422,116,602	375,662,814	33,720,687	409,383,501

21 OTHER LIABILITIES

	Note	Un-audited March 31, 2019	Audited December 31, 2018
		Rupees '000	
Mark-up / return / interest payable in local currency		2,618,150	1,962,508
Mark-up / return / interest payable in foreign currency		29,210	19,891
Unearned commission and income on bills discounted		120,321	66,698
Accrued expenses		2,321,476	2,102,785
Acceptances	17	7,014,494	10,899,656
Unclaimed dividends		46,702	45,140
Mark to market loss on forward foreign exchange contracts		992,483	1,239,594
Branch adjustment account		9,091	5,301
Charity fund balance		2,690	1,409
Provision against off-balance sheet obligations	21.2	132,011	125,238
Security deposits against lease		1,839,492	2,067,095
Withholding tax payable		123,244	91,141
Federal excise duty payable		23,741	52,450
Payable to brokers against purchase of shares		190,228	897,109
Fair value of derivative contracts		776,134	771,327
Short sale Pakistan Investment Bonds		2,046,138	-
Credit cards and other products payables		1,103,146	895,567
Leased liability		6,483,346	-
Token money against disposal of assets		610,003	572,276
Fund held as security		214,698	214,698
Others	21.1	2,533,161	3,154,350
		29,229,959	25,184,233

- 21.1 This includes payable to Islamic Investment Company of the Gulf (Bahamas) Limited - a related party against acquisition of shares of Faysal Asset Management Limited amounting to Rs 225 million.

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Un-audited March 31, 2019	Audited December 31, 2018
----- Rupees '000 -----			
21.2 Provision against off-balance sheet obligations			
Opening balance		125,238	101,090
Exchange adjustment		-	-
Charge for the period / year		6,773	57,434
Reversals during the period / year		-	(33,286)
		6,773	24,148
Transfer of provision		-	-
Closing balance		132,011	125,238
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of			
- Available for sale securities		(338,096)	(670,686)
- Fixed assets		5,467,810	5,476,251
- Non-banking assets acquired in satisfaction of claims		1,261,018	1,261,018
		6,390,732	6,066,583
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		131,858	234,740
- Fixed assets		(1,196,268)	(1,184,279)
- Non-banking assets acquired in satisfaction of claims		(23,751)	(23,377)
		(1,088,161)	(972,916)
		5,302,571	5,093,667
23 CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	18,226,940	17,988,308
- Commitments	23.2	247,986,873	230,966,872
- Other contingent liabilities	23.3	4,293,244	4,293,244
		270,507,057	253,248,424
23.1 Guarantees:			
Financial guarantees		1,417,536	1,417,536
Performance guarantees		6,225,196	7,068,425
Other guarantees		10,584,208	9,502,347
		18,226,940	17,988,308
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		32,046,305	32,048,821
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	153,148,416	94,403,136
- forward government securities transactions	23.2.2	29,701,839	62,083,269
- derivatives - cross currency swaps (notional principal)	23.2.3	6,692,490	4,483,600
- forward lending	23.2.4	-	-
- operating leases	23.2.5	-	10,708,369
- extending credit (irrevocable)	23.4	26,179,627	27,079,658
Commitments for acquisition of:			
- operating fixed assets		119,792	46,719
- intangible assets		98,404	113,300
		247,986,873	230,966,872

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	97,155,722	66,533,034
Sale	55,992,694	27,870,102
	<u>153,148,416</u>	<u>94,403,136</u>

23.2.2 Commitments in respect of forward government securities transactions

Purchase	-	59,084,100
Sale	29,701,839	2,999,169
	<u>29,701,839</u>	<u>62,083,269</u>

23.2.3 Commitments in respect of derivatives

Purchase	-	-
Sale	6,692,490	4,483,600
	<u>6,692,490</u>	<u>4,483,600</u>

23.2.4 Commitments in respect of forward lending

Forward repurchase agreement lending	-	-
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23.2.5 Commitments in respect of operating leases

Not later than one year	-	1,421,897
Later than one year and not later than five years	-	5,275,107
Later than five years	-	4,011,365
	<u>-</u>	<u>10,708,369</u>

23.3 Other contingent liabilities

- (i) Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company 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> |
|--|----------------|----------------|
- (iii) 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 Holding Company has filed a suit in the Honorable High Court of Sindh against such levy of tax. A stay order has been granted by the Honorable High Court of Sindh in respect of payment of this additional demand.
- (iv) Income tax assessments of the Holding Company have been finalised upto the tax year 2018 (accounting year 2017).

The department and the Holding Company 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 (December 31, 2018: Rs. 1,154.701 million). Subsequently, the Commissioner Income Tax Appeals (CIT(A)) has deleted the said additional tax liability, however the Income Tax Department has filed an appeal with the Income Tax Appellate Tribunal against the order of CIT(A). The management and tax advisors of the Holding Company are confident that the matter will be decided in the Holding Company's favor and accordingly, no provision has been recorded in these condensed interim consolidated financial statements in respect of the matter.

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FOR THE QUARTER ENDED MARCH 31, 2019

- (v) There are certain claims against the Holding Company not acknowledged as debt amounting to Rs 32,644 million (December 31, 2018: Rs 31,579 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company 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 Holding Company for damages sustained by them consequent to the termination from the Holding Company'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 (December 31, 2018: 25,299 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

23.4 Commitments to extend credits

The Group 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 26,180 million (December 31, 2018: Rs 27,080 million) which are irrevocable in nature.

24 DERIVATIVE INSTRUMENTS

Un-audited
March 31,
2019
 ----- Rupees '000 -----
Audited
December 31,
2018

Cross currency swaps (notional principal)

6,692,490 4,483,600

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).

24.1 Product Analysis

Counterparties	March 31, 2019 (Un-audited)					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
----- Rupees '000 -----						
With banks for						
Hedging	-	-	-	-	-	-
Market making	3,624,523	(525,436)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	3,067,967	(250,698)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	6,692,490	(776,134)	-	-	-	-

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

FOR THE QUARTER ENDED MARCH 31, 2019

Counterparties	December 31, 2018 (Audited)					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
----- Rupees '000 -----						
With banks for						
Hedging	-	-	-	-	-	-
Market making	2,484,210	(457,384)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	1,999,390	(313,942)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	4,483,600	(771,326)	-	-	-	-

Quarter ended	
March 31, 2019	March 31, 2018
----- Rupees '000 -----	

25 MARK-UP / RETURN / INTEREST EARNED

On:

a) Loans and advances	8,457,758	4,621,720
b) Investments	3,130,072	2,462,471
c) Lendings to financial institutions	15,842	19,367
d) Balances with banks	21,117	7,186
e) Securities purchased under resale agreements	580,241	113,348
	<u>12,205,030</u>	<u>7,224,092</u>

26 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	5,892,231	3,068,826
Securities sold under repurchase agreements	118,580	194,159
Other short term borrowings	26,882	52,198
SBP borrowings	94,751	93,193
Short sale of Pakistan Investment Bonds	17,272	98,205
Musharaka acceptances	229,504	80,831
Leased assets	189,269	-
Cost of foreign currency swaps against foreign currency deposits / borrowings	689,408	256,622
	<u>7,257,897</u>	<u>3,844,034</u>

27 FEE AND COMMISSION INCOME

Branch banking customer fees	139,951	151,881
Consumer finance related fees	80,674	62,901
Card related fees (debit and credit cards)	280,209	278,193
Credit related fees	24,314	9,816
Investment banking fees	50,997	53,500
Commission on trade	68,850	71,763
Commission on guarantees	20,004	19,410
Commission on cash management	9,878	18,995
Commission on remittances including home remittances	8,425	9,352
Commission on bancassurance	92,995	87,589
Others	33,067	2,672
	<u>809,364</u>	<u>766,072</u>

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Quarter ended	
	March 31, 2019	March 31, 2018
	----- Rupees '000 -----	
28 (LOSS) / GAIN ON SECURITIES		
Realised - net	28.1 (40,608)	266,173
Unrealised - held for trading - net	(3,516)	1,613
	<u>(44,124)</u>	<u>267,786</u>
28.1 Realised (loss) / gain on:		
Federal Government securities	(10,038)	110,889
Shares	(34,430)	155,284
Open end mutual funds	3,860	-
	<u>(40,608)</u>	<u>266,173</u>
29 OTHER INCOME		
Rent on property	32,797	36,981
Gain on sale of fixed assets - net	2,355	4,773
Gain on sale of non-banking assets - net	-	-
Gain on short sale of Pakistan Investment Bonds (PIBs)	(3,440)	-
Notice pay	1,638	5,913
Others	449	305
	<u>33,799</u>	<u>47,972</u>
30 OPERATING EXPENSES		
Total compensation expense	1,452,433	1,102,009
Property expense		
Rent and taxes	36,893	354,335
Insurance	21,954	23,096
Utilities cost	125,365	97,194
Security (including guards)	152,644	116,111
Repair and maintenance (including janitorial charges)	86,548	100,992
Depreciation	103,092	92,014
Others	18,086	21,191
	<u>544,582</u>	<u>804,933</u>
Information technology expenses		
Software maintenance	237,820	163,127
Hardware maintenance	49,892	49,494
Depreciation	78,093	86,582
Amortisation	29,510	48,513
Network charges	55,709	43,851
Others	-	-
	<u>451,024</u>	<u>391,567</u>
Other operating expenses		
Directors' fees and allowances	12,347	20,954
Legal and professional charges	8,556	18,767
Outsourced services costs	99,611	309,635
Travelling and conveyance	26,529	19,935
NIFT clearing charges	12,570	13,980
Depreciation	527,307	40,888
Training and development	3,806	2,284
Postage and courier charges	23,435	17,024
Communication	26,153	30,168
Marketing, advertisement and publicity	82,345	68,709
Donations	69,431	1,228
Auditors remuneration	11,978	12,266
Insurance	144,965	101,651
Stationery and printing	62,498	51,889
Bank fees and charges	26,515	29,265
Brokerage and commission	10,537	10,069
Deposit protection premium	73,737	-
Others	142,657	88,213
	<u>1,364,977</u>	<u>836,925</u>
	<u>3,813,016</u>	<u>3,135,434</u>

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FOR THE QUARTER ENDED MARCH 31, 2019

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	March 31, 2019 (Un-audited)			Total
	Level 1	Level 2	Level 3	
----- Rupees '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	58,390,143	-	58,390,143
Shares	7,200,279	30,346	-	7,230,625
Non-Government Debt Securities	-	42,779,057	-	42,779,057
Financial assets - disclosed but not measured at fair value				
Investments	-	14,858,996	-	14,858,996
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,731,979	8,731,979
Non-banking assets acquired in satisfaction of claims	-	-	3,064,956	3,064,956
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	99,740,680	-	99,740,680
Forward sale of foreign exchange	-	56,893,198	-	56,893,198
Derivatives sales	-	6,692,490	-	6,692,490
December 31, 2018 (Audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	182,836,810	-	182,836,810
Shares	7,193,824	30,346	-	7,224,170
Non-Government Debt Securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments	-	15,490,626	-	15,490,626
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,774,714	8,774,714
Non-banking assets acquired in satisfaction of claims	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	69,187,310	-	69,187,310
Forward sale of foreign exchange	-	28,895,283	-	28,895,283
Derivatives sales	-	4,483,600	-	4,483,600

The Group'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 the Group to exercise such transfers.

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

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

FOR THE QUARTER ENDED MARCH 31, 2019

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 / PKFRV rates.
Ijara Sukuk	Fair values of GoP Ijarah Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from 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 Holding Company 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
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Bank for the year ended December 31, 2018.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Holding Company for the year ended December 31, 2018.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Holding Company which are also on the panel of the State Bank of Pakistan. The valuation experts use a market based approach to arrive at the fair value of the Holding Company'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 condensed interim consolidated financial statements.

36 SEGMENT INFORMATION

36.1 Segment Details with respect to business activities

	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the quarter ended March 31, 2019	----- Rupees in '000 -----					
Net mark-up / return / profit	(3,510,422)	6,489,689	1,899,375	35,402	33,089	4,947,133
Inter segment revenue - net	6,495,194	(5,826,292)	(1,308,494)	(36,725)	676,317	-
Non mark-up / return / interest income	829,932	167,622	774,656	520	(52,809)	1,719,921
Total Income	3,814,704	831,019	1,365,537	(803)	656,597	6,667,054
Segment direct expenses	2,502,622	111,402	79,476	31,955	1,156,819	3,882,274
Inter segment expense allocation	943,573	121,246	30,320	23,633	(1,118,772)	-
Total expenses	3,446,195	232,648	109,796	55,588	38,047	3,882,274
Provisions	(4,106)	108,604	(4,909)	(317,185)	11,292	(206,304)
Profit before tax	372,615	489,767	1,260,650	260,794	607,258	2,991,084

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Retail	CIBG	Treasury	SAM	Others	Total
----- Rupees in '000 -----						
Statement of financial position as at March 31, 2019						
Cash and bank balances	15,832,964	-	27,603,005	-	-	43,435,969
Investments	-	37,573,996	87,468,278	3,253,384	657,470	128,953,128
- Investment provision	-	(51,416)	(927,023)	(2,561,875)	-	(3,540,314)
Net inter segment lending	329,073,453	-	-	-	(329,073,453)	-
Lendings to financial institutions	-	-	33,654,894	-	-	33,654,894
Advances - performing	60,551,408	231,037,113	-	-	2,842,617	294,431,138
Advances - non-performing	5,003,300	2,375,932	-	19,502,070	157,194	27,038,496
- Advances - provisions	(3,937,934)	(773,740)	-	(18,785,635)	(122,800)	(23,620,109)
Others	17,208,065	10,997,633	3,271,241	(694,476)	14,563,960	45,346,423
Total Assets	423,731,256	281,159,518	151,070,395	713,468	(310,975,012)	545,699,625
Borrowings	1,581,940	17,470,585	21,334,494	-	-	40,387,019
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	401,430,398	19,367,808	-	108,143	1,210,253	422,116,602
Net inter segment borrowing	-	238,026,943	126,148,252	520,593	(364,695,788)	-
Others	20,718,918	6,294,182	3,793,888	84,732	7,008,992	37,900,712
Total liabilities	423,731,256	281,159,518	151,276,634	713,468	(356,476,543)	500,404,333
Equity	-	-	(206,239)	-	45,501,531	45,295,292
Total Equity and liabilities	423,731,256	281,159,518	151,070,395	713,468	(310,975,012)	545,699,625
Contingencies and commitments	6,996,039	68,816,477	189,542,745	1,097,899	4,053,897	270,507,557

Profit and loss for the quarter ended March 31, 2018

Net mark-up / return / profit	(1,287,716)	3,068,810	1,542,944	295,355	(241,933)	3,377,460
Inter segment revenue - net	3,668,669	(2,751,797)	(1,245,465)	(326,267)	654,860	-
Non mark-up / return / interest income	875,671	173,728	600,315	409	(126,246)	1,523,879
Total Income	3,256,624	490,741	897,794	(30,503)	286,681	4,901,339
Segment direct expenses	2,022,541	95,235	72,660	36,807	984,835	3,212,078
Inter segment expense allocation	807,757	94,183	20,757	20,571	(943,268)	-
Total expenses	2,830,298	189,418	93,416	57,378	41,567	3,212,078
Provisions	178	62,529	(11,464)	(360,910)	(3,211)	(312,878)
Profit before tax	426,148	238,794	815,842	273,029	248,326	2,002,139

Statement of financial position as at December 31, 2018

Cash and bank balances	19,912,358	-	25,109,230	-	1,274	45,022,862
Investments	-	21,886,526	191,461,086	3,298,820	711,038	217,357,470
- Investment provision	-	(53,648)	(584,443)	(2,903,576)	-	(3,541,667)
Net inter segment lending	329,612,992	-	-	-	(329,612,992)	-
Lendings to financial institutions	-	-	2,997,486	-	-	2,997,486
Advances - performing	61,398,861	229,378,051	-	199,356	2,594,403	293,570,671
Advances - non-performing	5,336,454	1,405,387	-	19,777,837	167,960	26,687,638
- Advances - provisions	(4,602,273)	(662,904)	-	(18,435,951)	(112,320)	(23,813,448)
Others	10,092,323	13,261,830	6,218,701	421,155	11,721,412	41,715,421
Total Assets	421,750,715	265,215,242	225,202,060	2,357,641	(314,529,225)	599,996,433
Borrowings	1,893,185	16,327,177	80,131,559	-	-	98,351,921
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	389,819,208	18,218,136	-	102,865	1,243,292	409,383,501
Net inter segment borrowing	-	220,490,624	142,699,535	2,193,276	(365,383,435)	-
Others	30,038,322	10,179,305	2,806,862	61,500	5,641,768	48,727,757
Total liabilities	421,750,715	265,215,242	225,637,956	2,357,641	(358,498,375)	556,463,179
Equity	-	-	(435,896)	-	43,969,150	43,533,254
Total Equity and liabilities	421,750,715	265,215,242	225,202,060	2,357,641	(314,529,225)	599,996,433
Contingencies and commitments	18,728,388	68,514,605	160,970,005	1,039,706	3,995,720	253,248,424

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

FOR THE QUARTER ENDED MARCH 31, 2019

37 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, subsidiary, associate, employee benefit plans and its directors and key management personnel.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees '000									
Investments										
Opening balance	-	-	-	-	5,453,991	-	-	-	23,169	3,782,571
Through combination	-	-	-	-	-	-	-	-	-	39
Investment made during the period / year	-	-	-	-	3,090,064	-	-	-	-	2,963,964
Investment redeemed / disposed off during the period / year	-	-	-	-	(3,637,430)	-	-	-	-	(1,342,583)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(23,169)	50,000
Closing balance	-	-	-	-	4,906,625	-	-	-	-	5,453,991
Provision for diminution in value of investments	-	-	-	-	2,327,088	-	-	-	-	2,321,301
Advances										
Opening balance	-	17,841	159,031	-	5,002,325	-	19,209	135,513	-	4,636,528
Addition during the period/year	-	17	9,067	-	702,273	-	-	95,950	-	472,248
Repaid during the period/year	-	(355)	(10,780)	-	(617,327)	-	(1,368)	(72,432)	-	(106,451)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	17,503	157,318	-	5,087,271	-	17,841	159,031	-	5,002,325
Provision held against advances	-	-	-	-	2,928,249	-	-	-	-	2,930,659
Other Assets										
Interest / mark-up accrued	-	17	139	-	1,832,241	-	15	112	-	860,805
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-
Others	-	-	123	-	-	-	-	123	-	-
Commission income receivable	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	182	76,275	110,207	-	3,416,265	182	47,517	85,892	2,801	3,139,284
Received during the period/year	-	91,015	195,977	-	16,799,968	-	155,800	1,522,613	9,162,055	73,641,910
Withdrawn during the period/year	-	(50,128)	(201,392)	-	(17,910,921)	-	(127,042)	(1,498,298)	(9,162,116)	(73,364,929)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(2,740)	-
Closing balance	182	117,162	104,792	-	2,305,312	182	76,275	110,207	-	3,416,265
Other Liabilities										
Interest / mark-up payable	-	83	13	-	8,441	-	62	196	-	9,055
Payable to staff retirement fund	-	-	-	-	177,503	-	1,875	-	-	177,503
Other liabilities	-	550	-	-	-	-	1,937	196	-	186,558
	-	633	13	-	185,944	-	-	-	-	-

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

FOR THE QUARTER ENDED MARCH 31, 2019

Un-audited March 31, 2019	Audited December 31, 2018
----- Rupees '000 -----	

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	<u>15,176,965</u>	<u>15,176,965</u>
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	<u>38,270,516</u>	36,482,780
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	-
Total Eligible Tier 1 Capital	<u>38,270,516</u>	36,482,780
Eligible Tier 2 Capital	<u>4,967,370</u>	4,970,159
Total Eligible Capital (Tier 1 + Tier 2)	<u>43,237,886</u>	41,452,939

Risk Weighted Assets (RWAs):

Credit Risk	<u>206,830,186</u>	197,048,682
Market Risk	<u>14,178,746</u>	14,879,119
Operational Risk	<u>35,913,323</u>	35,994,871
Total	<u>256,922,255</u>	247,922,672

Common Equity Tier 1 Capital Adequacy ratio

<u>14.90%</u>	<u>14.72%</u>
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Tier 1 Capital Adequacy Ratio

<u>14.90%</u>	<u>14.72%</u>
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Total Capital Adequacy Ratio

<u>16.83%</u>	<u>16.72%</u>
---------------	---------------

Capital adequacy is regularly monitored by the Holding Company'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 March 31, 2019 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, 2018 an additional Capital Conservation Buffer of 1.90% (to be met from CET1) has to be maintained over and above the minimum required level.

The paid-up capital of the Holding Company for the period ended March 31, 2019 stood at Rs 15.176 billion (December 31, 2018: Rs 15.176 billion). As at March 31, 2019 Holding Company's CAR stood at 16.83% whereas CET1 and Tier 1 ratios both stood at 14.90%.

The Holding Company is also in compliance with the CCB requirements.

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	38,270,516	36,482,780
Total Exposures	<u>635,922,968</u>	<u>752,762,576</u>
Leverage Ratio	<u>6.02%</u>	<u>4.85%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	160,684,137	176,430,499
Total Net Cash Outflow	<u>120,930,963</u>	<u>136,979,152</u>
Liquidity Coverage Ratio	<u>1.337</u>	<u>1.288</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	362,257,426	359,777,496
Total Required Stable Funding	<u>266,167,082</u>	<u>275,381,669</u>
Net Stable Funding Ratio	<u>136.10%</u>	<u>130.65%</u>

39 ISLAMIC BANKING BUSINESS

The Holding Company is operating 254 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1).

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
Statement of financial position		
ASSETS		
Cash and balances with treasury banks	12,286,895	7,941,153
Balances with other banks	258,857	105,205
Investments	39.1 33,372,286	27,620,400
Islamic financing and related assets - net	39.2 93,068,291	78,659,697
Fixed assets	2,121,162	1,954,626
Intangible assets	34,022	38,263
Other assets	4,298,229	2,264,354
	<u>145,439,742</u>	<u>118,583,698</u>
LIABILITIES		
Bills payable	2,275,922	5,666,023
Due to financial institutions	13,824,263	11,157,833
Deposits and other accounts	39.3 76,696,613	69,489,203
Due to head office	39,534,322	24,134,341
Other liabilities	1,354,191	1,102,813
	<u>133,685,311</u>	<u>111,550,213</u>
NET ASSETS	<u>11,754,431</u>	<u>7,033,485</u>
REPRESENTED BY		
Islamic banking fund	9,180,000	4,680,000
Reserves	-	-
Surplus on revaluation of assets - net of tax	145,638	121,608
Unappropriated profit	39.7 2,428,793	2,231,877
	<u>11,754,431</u>	<u>7,033,485</u>
CONTINGENCIES AND COMMITMENTS	39.4	

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

FOR THE QUARTER ENDED MARCH 31, 2019

Profit and loss account	Note	Un-audited	
		March 31, 2019	March 31, 2018
		----- Rupees '000 -----	
Profit / return earned	39.5	2,945,532	1,382,288
Profit / return expensed	39.6	1,826,070	709,995
Net profit / return		1,119,462	672,293
Other income			
Fee and commission income		127,386	93,109
Dividend income		-	-
Foreign exchange income		30,150	19,982
Income / (loss) from derivatives		-	-
Loss on securities		-	-
Other income		696	2,269
Total other income		158,232	115,360
Total income		1,277,694	787,653
Other expenses			
Operating expenses		947,335	741,824
Workers welfare fund		-	-
Other charges		-	-
Total other expenses		947,335	741,824
Profit before provisions		330,359	45,829
Provisions and write offs - net		27,411	(2,720)
Profit before taxation		302,948	48,549
Taxation		106,032	16,992
Profit after taxation		196,916	31,557

39.1 Investments by segments:

	Un-audited				Audited			
	March 31, 2019				December 31, 2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	----- Rupees '000 -----							
Federal Government Securities:								
- Ijarah Sukuks	6,000,000	-	(69,000)	5,931,000	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	7,597,048	-	(69,000)	7,528,048	7,597,048	-	(107,400)	7,489,648
Provincial Government Securities	-	-	-	-	-	-	-	-
Shares:								
- Listed Companies	-	-	-	-	-	-	-	-
- Unlisted Companies	-	-	-	-	-	-	-	-
Non Government Debt Securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	25,844,288	-	(50)	25,844,238	20,129,372	-	1,380	20,130,752
	25,844,288	-	(50)	25,844,238	20,129,372	-	1,380	20,130,752
Foreign Securities:								
- Government securities	-	-	-	-	-	-	-	-
- Non Government Debt securities	-	-	-	-	-	-	-	-
- Equity securities	-	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Total Investments	33,441,336	-	(69,050)	33,372,286	27,726,420	-	(106,020)	27,620,400

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
----- Rupees '000 -----		
39.2 Islamic financing and related assets		
Ijarah	-	-
Murabaha	2,566,975	1,576,557
Musharaka	7,164	8,042
Diminishing Musharaka	60,608,463	56,773,632
Salam	-	-
Istisna	582,600	28,771
Running Musharaka	8,785,180	7,342,446
Fixed assets Ijarah financing - net	82,408	66,953
Musharaka - Islamic export refinance scheme	4,153,104	3,607,833
Advance against Murabaha financing	349,828	70,976
Advanced against Diminishing Musharaka	8,305,931	5,446,140
Advance against Ijarah	2,874,766	2,898,135
Advance against Istisna	4,388,083	1,092,956
Advance against Islamic export refinance - LTF	700,331	56,388
Inventory related to Islamic financing	-	-
Gross Islamic financing and related assets	93,404,833	78,968,829
Less: provision against Islamic financings		
- Specific	(233,860)	(219,120)
- General	(102,682)	(90,012)
	(336,542)	(309,132)
Islamic financing and related assets - net of provision	93,068,291	78,659,697

39.3 Deposits	Un-audited			Audited		
	March 31, 2019			December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	32,950,112	1,786,938	34,737,050	35,538,506	1,588,367	37,126,873
Savings deposits	17,802,204	631,755	18,433,959	11,065,460	688,077	11,753,537
Term deposits	10,619,174	328,724	10,947,898	13,726,680	292,710	14,019,390
	61,371,490	2,747,417	64,118,907	60,330,646	2,569,154	62,899,800
Financial Institutions						
Current deposits	238,427	-	238,427	31,960	-	31,960
Savings deposits	8,706,279	-	8,706,279	6,051,443	-	6,051,443
Term deposits	3,633,000	-	3,633,000	506,000	-	506,000
	12,577,706	-	12,577,706	6,589,403	-	6,589,403
	73,949,196	2,747,417	76,696,613	66,920,049	2,569,154	69,489,203

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

FOR THE QUARTER ENDED MARCH 31, 2019

	Un-audited March 31, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
39.4 CONTINGENCIES AND COMMITMENTS		
- Guarantees	628,636	313,552
- Commitments	9,172,400	9,390,440
- Other contingent liabilities	-	-
	<u>9,801,036</u>	<u>9,703,992</u>
	Un-audited	
	March 31,	March 31,
	2019	2018
	----- Rupees '000 -----	
39.5 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	2,198,567	950,784
Investments	746,965	431,504
Placements	-	-
	<u>2,945,532</u>	<u>1,382,288</u>
39.6 Profit on deposits and other dues expensed		
Deposits and other accounts	826,674	482,240
Due to financial institutions	-	-
Other short term borrowings	999,396	227,755
	<u>1,826,070</u>	<u>709,995</u>
39.7 Islamic Banking Business Unappropriated Profit		
Opening Balance	2,231,877	2,200,320
Add: Islamic Banking profit for the period	196,916	31,557
Less: Taxation	-	-
Less: Transferred / Less: Reserves	-	-
Remitted to Head Office	-	-
Closing Balance	<u>2,428,793</u>	<u>2,231,877</u>

40 GENERAL

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

41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 25, 2019 by the Board of Directors of the Holding Company.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

ڈائریکٹرز کا جائزہ

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 ایکس چینج کمیشن آف پاکستان کے بھی شکر گزار ہیں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لیے پوری لگن اور تن دہی سے کام کرنے پر ہم شریعہ بورڈ اور تمام ملازمین کے بھی بے حد مشکور ہیں۔

منظوری:

کمپنیز ایکٹ ۲۰۱۷ کی شرائط کے تحت بورڈ آف آڈٹ اور کارپوریٹ گورننس کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو ۲۵ اپریل ۲۰۱۹ کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیئر مین / ڈائریکٹر

صدر اور سی ای او

کراچی

۲۵ اپریل، ۲۰۱۹

ڈائریکٹرز کا جائزہ

کریڈٹ ریٹنگ:

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ۳۱ دسمبر ۲۰۱۷ء 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 FAML کے لیے ایسیٹ مینجمنٹ کی ریٹنگ AM3 تفویض کی گئی ہے۔

ہولڈنگ کمپنی:

اتمار بینک B.S.C (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا ماتحت ادارہ ہے، جو بالواسطہ اور بلا واسطہ طور پر بینک کے ۶۶.۷۸ فیصد (۲۰۱۸ 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۔ DMIT کا قیام کامن ویلتھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور انجام دیئے جائیں۔

بعد از واقعات:

بینک کی مالی پوزیشن پر بینک کے مالیاتی سال اور اس رپورٹ کی تاریخ کے درمیان کوئی قابل ذکر تبدیلی یا کمٹمنٹ نہیں کی گئی۔

ڈائریکٹرز کا جائزہ

مالیاتی جھلکیاں:

(ملین روپے)		نفع و نقصان اکاؤنٹ
مارچ ۲۰۱۸	مارچ ۲۰۱۹	
ری اسٹیٹ		
۲،۹۰۲	۶،۶۶۷	مجموعی آمدنی
۳،۱۳۵	۳،۸۱۳	انتظامی اخراجات
۱،۷۶۹	۲،۸۵۴	منافع قبل از محصول اور پروویژن
۲۳۳	۱۳۸	نیٹ پروویژن بشمول WWF
۲،۰۰۲	۲،۹۹۲	منافع قبل از محصول
(۷۸۵)	(۱،۳۹۱)	محصولات
۱،۲۱۷	۱،۶۰۱	منافع بعد از محصول
۰۶۸۰	۱۶۰۵	فی حصص آمدن (روپے)

فیصل گروپ کی گزشتہ سال اسی عرصے کے دوران ۲۱۷ ملین روپے کے مقابلے میں ۲۰۱۹ کی پہلی سہ ماہی میں آمدنی ۶۰۱ ملین روپے ہے، جس کے نتیجے میں بعد از محصول منافع میں ۳۸۲ ملین روپے یا ۶۱ فیصد اضافہ ہوا ہے۔ اس کے نتیجے میں، فیصل بینک لمیٹڈ گروپ کی فی حصص آمدنی ۳۰ فیصد اضافے کے ساتھ ۰۶۸۰ روپے سے بڑھ کر ۱۶۰۵ روپے ہو گئی ہے۔

مارک اپ کی زیادہ شرح کی وجہ سے آمدنی میں خاطر خواہ اضافہ دکھایا جا رہا ہے جبکہ نان پرفارمنگ لونز کی مد میں قرضوں کی واپسی سے آمدنی کا تسلسل برقرار ہے۔ انتظامی اخراجات میں اضافے کی وجوہات میں برانچ نیٹ ورک میں توسیع، افراط زر اور پاکستانی روپے کی قدر میں کمی شامل ہیں۔ ٹیکس کی مد میں زیادہ ادائیگی کی وجہ ۲۰۱۹ میں سپر ٹیکس کا اضافی اطلاق ہے۔

ڈائریکٹرز کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں ۳۱ مارچ، ۲۰۱۹ کو ختم شدہ پہلی سہ ماہی کی رپورٹ (کنسولیدیٹڈ مالیاتی گوشواروں کے ساتھ) پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پروفائل

فیصل بینک گروپ میں کمپنیز کی حیثیت درج ذیل ہے؛

ہولڈنگ کمپنی: فیصل بینک لمیٹڈ
ذیلی ادارہ: فیصل ایسیٹ مینجمنٹ لمیٹڈ

فیصل بینک لمیٹڈ کارپوریٹ، ریٹیل، کمرشل، ایس ایم ای اور زراعت پر مبنی تمام شعبوں میں بینکاری کی خدمات پیش کر رہا ہے اور اسلامی مالیاتی ادارے میں تبدیل ہونے کی راہ پر گامزن ہے جبکہ فیصل ایسیٹ مینجمنٹ لمیٹڈ (FAML) ایک نان بینکنگ فنانس کمپنی (NBFC) ہے، جس کے پاس ایسیٹ مینجمنٹ اور سرمایہ کاری کے لیے مشاورت کی خدمات فراہم کرنے کا لائسنس ہے۔

مستقبل پر نظر:

بینک اپنے صارفین کو ان کی دلہیز پر بینکاری کی خدمات فراہم کرنے اور آسان رسائی کے لیے نئی شاخیں کھول رہا ہے۔ فیصل بینک لمیٹڈ شاخوں میں وسعت کے ساتھ ساتھ استعمال میں آسان، محفوظ اور مشکلات سے پاک خدمات کی فراہمی کے لیے ٹیکنالوجی میں سرمایہ کاری کر رہا ہے۔

بینک اپنے صارفین تک رسائی بڑھانے کے لیے برانچ نیٹ ورک میں توسیع کی حکمت عملی کے تسلسل کو برقرار رکھے گا۔ فیصل ایسیٹ مینجمنٹ لمیٹڈ اپنے دائرہ کار میں توسیع کرتے ہوئے فیصل بینک لمیٹڈ کی پروڈکٹس کو فنڈ مینجمنٹ کے طور پر پیش کر رہا ہے اور مشاورت کی خدمات اب فیصل ایسیٹ مینجمنٹ لمیٹڈ کے پلیٹ فارم پر دستیاب ہیں۔ بینک کم لاگت والے بنیادی ڈپازٹس پر توجہ مرکوز کرتے ہوئے طے شدہ ترقی کی راہ پر گامزن ہے۔

ڈائریکٹرز کا جائزہ

کریڈٹ ریٹنگ:

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ۳۱ دسمبر ۲۰۱۷ء کے مالیاتی گوشواروں کی بنیاد پر درج ذیل درجہ بندی جاری کی ہے:

AA طویل المیعاد:

A1+ قلیل المیعاد:

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

بعد از واقعات:

بینک کی مالی پوزیشن پر بینک کے مالیاتی سال اور اس رپورٹ کی تاریخ کے درمیان کوئی قابل ذکر تبدیلی یا کمٹمنٹ نہیں کی گئی۔

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 ایکس چینج کمیشن آف پاکستان کے بھی شکریہ گزار ہیں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لیے پوری لگن اور ترقی دہی سے کام کرنے پر ہم شریعہ بورڈ اور تمام ملازمین کے بھی بے حد مشکور ہیں۔

منظوری:

کمپنیز ایکٹ ۲۰۱۷ کی شرائط کے تحت بورڈ آف آڈٹ اور کارپوریٹ گورننس کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو ۲۵ اپریل ۲۰۱۹ء کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

صدر اور سی ای او

چیئر مین / ڈائریکٹر

کراچی

۲۵ اپریل، ۲۰۱۹ء

ڈائریکٹرز کا جائزہ

مارکیٹ میں قلیل مدتی سرمایہ کاری پر توجہ دینا شروع کر دی ہے۔ مناسب وقت پر فنڈ ز گورنمنٹ سیکورٹیز کی جانب منتقل کیے جائیں گے تاکہ زیادہ شرح سود سے بھرپور فائدہ اٹھایا جاسکے۔ اس کے نتیجے میں،

سرمایہ کاری میں ۲۱ء۲ فیصد کمی ظاہر کی جا رہی ہے۔

- ۲۰۱۸ میں فنانشنگ میں ۲۸ فیصد کے شاندار اضافے کے بعد ایڈوانسز اور ڈپازٹ کی شرح کو ۷ فیصد کی سطح پر رکھنے کے لیے مزید اضافے کی رفتار سست کر دی گئی ہے۔

- کیری اوور ٹرانزیکشن میں کمی کے باعث مجموعی اثاثہ جات میں ۹ فیصد کمی ظاہر کی گئی ہے جبکہ بینک نے انٹربینک مارکیٹ سے قرضہ لے کر مثبت پھیلاؤ کے ساتھ ٹریژری بلز میں سرمایہ کاری کی۔

- ڈپازٹ موبلائزیشن کی مشکل ترین مارکیٹ کے باوجود ڈپازٹس میں ۳۱ فیصد اضافہ ہوا ہے۔ زیادہ تر اضافہ کم لاگت والے کرنٹ اور سیونگ اکاؤنٹس میں ہوا ہے۔

- ۲۰۱۸ میں فنانشنگ میں اضافے اور پالیسی ریٹس بڑھنے کے نتیجے میں خالص منافع جات ۶۱ ارب روپے تک بڑھ گئے اور اس طرح مجموعی آمدنی بھی ۷۱ ارب تک بڑھ گئی۔

- انتظامی اخراجات میں اضافے کی وجوہات میں برانچ نیٹ ورک میں توسیع، افراط زر اور پاکستانی روپے کی قدر میں کمی شامل ہے۔

- نان پرفارمنگ لوز کی واپسی پر توجہ کا تسلسل جاری ہے اور نتیجے میں اس سہ ماہی کے دوران بینک کو اس پروویژن میں ۲۰۶ ملین روپے کے قرضے واپس ملے ہیں۔

- اس سہ ماہی میں زیادہ منافع جات اور گزشتہ سال کے سپرنٹیکس کی ادائیگی سے متعلق بنگ کی وجہ سے ٹیکس زیادہ ہے۔

مجموعی بنیادوں پر بعد از حصول منافع ۶۱ ارب روپے ہے جو کہ گزشتہ سال اسی دورانیہ کے مقابلے میں زیادہ ہے اور فی حصص آمدنی ۸۰ء۶ روپے سے بڑھ کر ۶۰ء۶ روپے ہو گئی ہے۔

ڈائریکٹرز کا جائزہ

- بینکنگ کے بنیادی نظام میں نئے KYC کو عملی طور پر فعال کر دیا گیا ہے۔
- سال ۲۰۱۹ کی پہلی سہ ماہی میں کلاس رومز اور آن لائن ٹریننگ کے ذریعے ۱۶۵،۱۶۵ شرکاء کو تربیت دی گئی۔ مجموعی طور پر ۲۰۱۹، ۳۱ گھنٹے تربیت کے لیے مختص کیے گئے۔
- لازمی اسلامی بینکنگ سرٹیفیکیشن پروگرام اور دیگر پروگراموں یعنی اسلامک بینکنگ لیول - 1 اور کنزیومر اسٹاف اور بینکنگ کے لیے IB سے تعارف کے لیے ۱،۲۸۱ شرکاء کو تربیت دی گئی۔
- فیصل بینک نے اپنے نئے اسٹاف کے لیے ایف بی ایل انڈکشن پروگرام متعارف کرایا ہے جس کے تحت ۳ مراحل میں ۸۷ شرکاء کو تربیت دی جائے گی۔

مالیاتی جھلکیاں:

(ملین روپے)			
بیلنس شیٹ	مارچ ۲۰۱۹	دسمبر ۲۰۱۸	اضافہ
سرمایہ کاری	۱۲۵،۸۳۶	۲۱۴،۱۸۶	۲۱،۳۵۰ فیصد
فنانسنگ	۲۹۷،۸۵۰	۲۹۶،۴۳۵	۰،۴۱۵ فیصد
مجموعی اثاثہ جات	۵۲۵،۶۶۹	۵۹۹،۹۱۴	۷۳،۲۴۵ فیصد
ڈپازٹس	۴۲۴،۱۳۳	۴۰۹،۳۸۴	۱۴،۷۴۹ فیصد
نفع و نقصان اکاؤنٹ	مارچ ۲۰۱۹	مارچ ۲۰۱۸	اضافہ
مجموعی آمدنی	۶،۶۵۰	۴،۹۰۴	۱،۷۴۶ فیصد
انتظامی اخراجات	۳،۷۹۰	۳،۱۳۵	۶۵۵ فیصد
منافع قبل از محصول اور پروویژن	۲،۸۶۰	۱،۷۶۹	۱،۰۹۱ فیصد
نیٹ پروویژن بشمول WWF	(۱۳۷)	(۲۳۶)	۱۰۰ فیصد
منافع قبل از محصول	۲،۹۹۷	۲،۰۰۵	۹۹۲ فیصد
محصولات	(۱،۳۸۸)	(۷۸۶)	۱،۶۰۲ فیصد
منافع بعد از محصول	۱،۶۰۹	۱،۲۱۹	۳۹۰ فیصد
فی حصص آمدن (روپے)	۱۶۰۶	۰،۸۰	

ڈائریکٹرز کا جائزہ

بینک کی کارکردگی:

بینک ایک واضح شدہ حکمت عملی کے تحت درج ذیل امور پر توجہ دے رہا ہے:

- صارفین کی رسائی آسان بنانے اور انہیں دہلیز پر خدمات فراہم کرنے کے لیے شاخوں کے نیٹ ورک میں توسیع،
- کارپوریٹ، کمرشل، ایس ایم ای اور کنزیومر کے شعبوں میں اثاثہ جات بڑھانے پر توجہ دینا،
- صارفین کی سہولت کے لیے ٹیکنالوجی کا استعمال اور کاروبار کرنے کے لیے اخراجات میں کمی، اور
- بینک کو مکمل طور پر اسلامی بینک میں منتقل کرنے کے لیے ذمہ داری کے ساتھ عمل کرنا۔

بینک کی کچھ کامیابیاں درج ذیل ہیں:

- فیصل بینک لمیٹڈ نے لیڈ ایڈوائزر اور رینجر کے طور پر حصہ لیتے ہوئے پہلے شرعی اصولوں پر مبنی پاکستان انرجی سٹوک کو کامیابی کے ساتھ مکمل کیا جس میں ایس ایل آر کی ۲۰۰ ارب روپے کی اہلیت ہے۔ فنڈز کو جزوی طور پر سرکلر ڈیبٹ کی ادائیگی کے لیے استعمال کیا گیا۔
- فیصل بینک نے فناننگ کے اسلامی طریقوں کے تحت ۳۰۹ ملین روپے اربنچڈ طویل مدتی فناننگ کی سہولت کے انتظام میں لیڈ ایڈوائزر کے طور پر حصہ لیا۔ فنڈز تھر میں 5MW PV پر مبنی سولر پاور پلانٹ کی تنصیب کے لیے استعمال کیے جائیں گے۔
- تجارتی پروڈکٹ تیار کر کے متعارف کرائی گئی۔
- بینک نے کنٹیکٹ لیس (NFC) خاصیت کے ساتھ ویزا EMV ڈیبٹ کارڈ (چپ کارڈ) متعارف کرا دیا۔ فیصل بینک کے ڈیبٹ کارڈز اب EMV کمپلائنٹ کارڈ ہوں گے جو کہ تمام EMV ریڈی پوائنٹس آف سیلز (POS) اور اے ٹی ایم ڈی بیٹلز پر ٹرانزیکشن کی پروسیجر پر چپ اور پین کی تصدیق پر مبنی اضافی سیکورٹی فراہم کریں گے۔
- بینک نے تمام ڈیجیٹل چینلز کے ذریعے ڈیجیٹل ٹرانزیکشنز اور پے منٹس کی صورت میں اپنے تمام صارفین کو فری ٹرانزیکشن الرٹس کی سہولت فراہم کر دی ہے۔
- لازمی اجابے کی معلومات فراہم کرنے کے لیے کسٹمر ریلیشن شپ فارم پر نظر ثانی کی گئی ہے۔

ڈائریکٹرز کا جائزہ

اب بھی مشکل ہے، کرنٹ اکاؤنٹ خسارہ بلند سطح پر ہے اور سی پی آئی انفلیشن میں اضافہ ہوگا۔

مالی مشکلات اور کرنسی ایڈجسٹمنٹ کے نتیجے میں لارج اسکیل مینوفیکچرنگ (LSM) جو کہ مجموعی صنعتی پیداوار کا ۶۵ فیصد ہے، اس میں گزشتہ سال اسی عرصے کے مقابلے میں جولائی تا جنوری ۲۰۱۹ کے دوران ۳۱ فیصد کمی ریکارڈ کی گئی جو کہ پچھلے سال اسی عرصے کے دوران ۲۷ فیصد تھی۔ زراعت کے شعبے میں پانی کی کمی اور زرخیز اراضی کے فقدان کے نتیجے میں اہم فصلوں کی پیداوار کم ہوئی۔ صنعت اور زراعت کے شعبوں کے علاوہ گھریلو صنعت کی مانگ میں اضافہ ہوا ہے تاہم بینک دولت پاکستان نے مالی سال ۲۰۱۹ میں اصل جی ڈی پی میں تقریباً ۵ فیصد اضافے کی پیش گوئی کی ہے۔

مالی سال ۲۰۱۸ کے پہلے نصف سال کے مقابلے میں مالی سال ۲۰۱۹ کے پہلے نصف سال میں مالیاتی خسارہ ۷۷ فیصد تک پہنچ گیا ہے۔ ریونیو میں محدود اضافے اور قرضوں کی ادائیگی اور دفاعی اخراجات کے باوجود ترقیاتی اخراجات میں زیادہ کمی نہیں کی گئی۔

بیرونی شعبے میں خاطر خواہ بہتری نظر آئی ہے جس کی بدولت گزشتہ سال اسی عرصے کے مقابلے میں کرنٹ اکاؤنٹ خسارہ (CAD) جولائی تا فروری ۲۰۱۹ کے درمیان ۸۷۸ امریکی ڈالر رہ گیا۔ CAD میں ۶۶ فیصد کمی کی وجوہات میں گزشتہ سال درآمدات میں ۷۷ فیصد اضافے کے مقابلے میں اس سال درآمدات میں ۶ فیصد کمی شامل ہے۔ جنوری اور فروری ۲۰۱۹ کے اعداد و شمار کے مطابق تجارتی خسارے میں کافی کمی آئی ہے اور ریہینٹمنٹ میں اضافے سے مزید بہتری متوقع ہے۔ جولائی تا فروری ۲۰۱۹ کے درمیان محنت کشوں کے ریہینٹمنٹس ۱۱۸ فیصد اضافے کے ساتھ ۱۲۷۸ امریکی ڈالر سے بڑھ کر ۱۱۲۷ امریکی ڈالر تک جا پہنچے ہیں۔

گزشتہ سال اسی عرصے کے مقابلے میں جولائی تا مارچ ۲۰۱۹ کے درمیان سی پی آئی انفلیشن ۶۸ فیصد تک جا پہنچا۔ جنوری ۲۰۱۹ اور فروری ۲۰۱۹ میں بالترتیب ۷۷ فیصد اور ۸۷ فیصد اضافے کے بعد مارچ ۲۰۱۹ میں یہ شرح ۹۶ فیصد تک جا پہنچی جو کہ گزشتہ ۵ برسوں کی بلند ترین سطح ہے۔ سی پی آئی انفلیشن میں اس قدر اضافے کی وجوہات بجلی اور گیس کی قیمتوں میں اضافے کے علاوہ پاکستانی روپے کی قدر میں کمی اور کھانے پینے کی قیمتوں میں ہوشربا اضافہ ہیں۔ بینک دولت پاکستان نے مالی سال ۲۰۱۹ کے لیے سی پی آئی انفلیشن میں ۶۵ فیصد اور ۷۷ فیصد کے درمیان کمی کی پیش گوئی کی ہے۔

وزیر خزانہ کے حالیہ اعلان کے مطابق پاکستان عنقریب آئی ایم ایف کے ساتھ معاہدے کو حتمی شکل دے گا۔ مالی اعتبار سے مزید سختی کے پیش نظر گھریلو ضروریات کی قیمتوں میں مزید اضافہ ہو سکتا ہے جبکہ، برآمدات میں اضافہ صرف وقت کے ساتھ ہوگا۔ آئی ایم ایف کے تحت مالیاتی انتظامات میں اصلاحات پر عملدرآمد اور میکرو اکنامک ردوبدل سے درمیانے عرصے کے دوران ترقی کا امکان ہے، گھریلو ضروریات کی قیمتوں میں استحکام کو یقینی بنانے، قرضے کے معاملات کو مستحکم بنانے اور معیشت کو مستقل بنیادوں پر مضبوط بنانے کے لیے عملی اقدامات درکار ہیں۔

ڈائریکٹرز کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں ۳۱ مارچ، ۲۰۱۹ کو ختم شدہ پہلی سہ ماہی کی رپورٹ (ان کنسولیدیشنڈ مالیاتی گوشواروں کے ساتھ) پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پروفائل

فیصل بینک لمیٹڈ (FBL) کا قیام پاکستان میں ۱۳ اکتوبر، ۱۹۹۴ کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ بینک کے شیئرز کا اندراج پاکستان اسٹاک ایکسچینج میں ہے۔ فیصل بینک لمیٹڈ کی ملک بھر کے ۱۵۰ سے زائد شعبوں میں ۴۵۵ شاخیں ہیں (جن میں سے ۱۲۵۵ اسلامی شاخیں جبکہ ایک ذیلی شاخ ہے)۔ بینک نے ملک بھر میں صارفین کی سہولت کے لیے ۱۲۵۸ آئی ایبز قائم کر رکھے ہیں۔

فیصل بینک لمیٹڈ کارپوریٹ، ریٹیل، کمرشل، ایس ایم ای اور زراعت پر مبنی تمام سرگرمیوں میں مصروف عمل ہے۔ بینک اب مکمل طور پر اسلامی مالیاتی ادارے میں تبدیل ہونے کی راہ پر گامزن ہے اور تمام نئی شاخیں اسلامی بینکاری کے تحت کھولی جارہی ہیں تاکہ صارفین کو ان کی دلچسپی پر بینکنگ خدمات فراہم کی جاسکیں۔ شاخوں میں توسیع کے علاوہ، فیصل بینک لمیٹڈ اپنے صارفین کو محفوظ اور مشکلات سے پاک بینکنگ کی خدمات فراہم کرنے کے لیے ٹیکنالوجی میں سرمایہ کاری کر رہا ہے۔

ہولڈنگ کمپنی

اتمار بینک B.S.C (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا ماتحت ادارہ ہے، جو بالواسطہ اور بلا واسطہ طور پر بینک کے ۶۷.۷۸ فیصد (۲۰۱۸ میں ۷۸.۷۸ 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۔ DMIT کا قیام مین ویلٹھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور انجام دیئے جائیں۔

اقتصادی اپ ڈیٹ

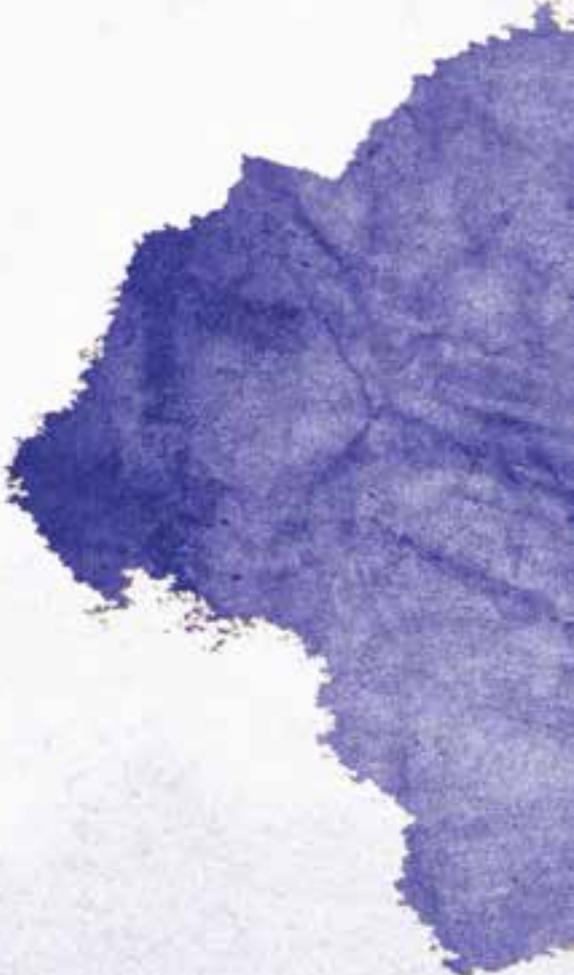
حالیہ معاشی ترقی سے ظاہر ہوتا ہے کہ استحکام کے لیے اٹھائے گئے اقدامات کے اثرات ظاہر ہونا شروع ہو گئے ہیں۔ کرنٹ اکاؤنٹ خسارہ، خاص طور پر جنوری اور فروری ۲۰۱۹ میں کافی کم ہوا ہے، جبکہ انہم افراط زر (کھانے پینے اور توانائی کی اشیاء) کی قیمتیں ۸.۸۰ فیصد تک بڑھنے کے بعد فروری ۲۰۱۹ میں ۸.۵۰ فیصد تک کم ہو گیا ہے۔ دوست ممالک کے تعاون سے غیر ملکی زرمبادلہ کے ذخائر بڑھنا شروع ہو گئے ہیں، اور پاکستانی روپے اور امریکی ڈالر میں تجارت ریٹیل انڈیکس پر ریٹ (REER) کے قریب ہے، جس سے پاکستانی روپے کی قدر میں بہتری واضح ہوئی ہے۔ مثبت اکائیوں کے باوجود، اصل جی ڈی پی کی شرح کم ہو گئی ہے، مالی سال کے اہداف کی تکمیل

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