

Bank on Ambition



faysalbank

کاروانِ وفا



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ANNUAL
REPORT
2014

کاروائی و فٹا

ANNUAL REPORT
2014

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کاروانِ وفا

اس پاک دھرتی سے فیصل بینک کے رشتے کو دو دہائیاں بیت گئیں، اور پتہ بھی نہیں چلنے پایا کہ وقت پر لگا کر کہاں اڑ گیا۔ رشتہ جو ایسا بن گیا ہے آپ کا اور ہمارا، اور بنتا بھی کیوں نا بھلا؟ بات ہی کچھ ایسی ہے یہاں لوگ پل بھر میں ایسا رشتہ جوڑ لیتے ہیں جیسے صدیوں کا یارا نا ہو۔ بس ہم بھی اس ہی رنگ میں ڈھلتے گئے اور بیتے دنوں کے ساتھ ساتھ پھلتے پھولتے رہے۔ یہاں کے بانیوں تک اپنی پہنچ وسیع کرتے گئے۔ خوبصورتی یہ ہے کہ جہاں گئے وہاں گرم جوشی سے ہمیں باہوں میں بھر لیا گیا اور ہماری جڑیں اس سرزمین میں اور گہری ہوتی چلی گئیں۔ اس سالانہ رپورٹ میں ہم آپ سے اپنے اس بندھن کا جشن مناتے ہوئے اُن خطوط کا مجموعہ پیش کر رہے ہیں جو فیصل بینک نے پاکستان کے شہروں کے نام اپنی چاہت کے اظہار میں لکھے، اور اس عہد کی تجدید کر رہے ہیں کہ ہمارا اور آپ کا یہ رشتہ یونہی سدا قائم رہے گا!



Faysal Bank will deliver over and above expectations to bring in record performance in 2015 and in the future years.

Chairman's Message

Assalam o Alaikum

The year 2014 was a consolidative change for Faysal Bank. During the course of the year, we expanded our footprint and were able to leverage our strong customer portfolios to harness growth in the face of significant internal changes. The Bank saw a change in leadership with the new P&CEO being nominated from within the Bank. This shows the high level of confidence that we have in our management team and the progressive human resource-centric approach of the Bank. In order to meet our commitments to our shareholders and further enhance profitability, the Business Process Reengineering project was initiated to improve internal structures and business processes to harness the maximum productivity from our resources and deliver industry leading service experience to our customers. With the conclusion of the BPR project, the organisation saw a significant shift towards customer-centric operational processes. Furthermore, the internal team structures were realigned towards a multi-sell approach which led to the development of our people and the delivery of a seamless customer experience.

The success of the tireless efforts and endeavours of the Management Team is reflected in the growth of the year on year profitability in all our business segments. As a part of the strategic move towards improving productivity and right-sizing our teams, the Bank announced a VSS package which was managed in a professional and highly ethical manner. The direct resultant of this exercise was an increase in market confidence in Faysal Bank, which then reflected in our increased share price and an improvement in cost to income ratios. The Bank saw aggressive growth on the Liabilities front with an enhanced focus on low cost deposits. The Retail segment saw a strong move towards cross-sell initiatives which led to a healthy increase in profitability despite challenging economic conditions.

With the start of the New Year, Faysal Bank has successfully undergone its change phase and is now geared towards meeting all challenges posed by the changing economic conditions and the evolving industry landscape. Our way forward will be defined by the value we generate for our customers, stakeholders and our employees. We aim to set ourselves apart through excellence in customer experience, achieved through highly trained and professional staff along with a robust technological platform that will allow us to truly make banking a seamless experience. I am confident that Faysal Bank will deliver over and above expectations to bring in record performance in 2015 and in the future years.

Farooq Rahmatullah
Chairman of the Board

CORPORATE DNA

Our Vision

Excellence in all that we do

Our Mission

Achieve leadership in providing financial services in chosen markets through innovation

Our Values

Our daily code of conduct is exemplified by eight core values:

Four threshold values — values at the heart of our brand

Four differentiator values — values that set our brand apart

Threshold Values

Values at the heart of our brand

Integrity

We are recognised by our reliability, credibility and character

We believe in ethical, honourable, time-proven principles of uprightness

We stand for and abide by honesty, truth and transparency

Our Integrity: Our Identity

Respect

We hold our customers, investors and regulators in high esteem

We uphold our customers' right to demand efficient service

We appreciate and respect our profession and, above all, our bank

Our Respect: Our Duty

Teamwork

We function as a team; within functions, we cooperate

Between functions, we collaborate

Together, we aim for excellence and leadership in our chosen markets

Our Team: Our Asset

Professionalism

We are proficient and efficient in all that we do

We provide banking services knowledgeably and skillfully

We uphold regulatory obligations

Our Professionalism: Our Competence

CORPORATE DNA

Differentiator Values

Values that set our brand apart

Passion

We bring zeal and enthusiasm for banking to work

We are excited to provide customers with the best or the best-suited

We go the extra mile in legitimate, acceptable ways

Our Passion: Our Worth

Responsiveness

We are receptive to the need for change and improvement

We are proactive and anticipate our customers' needs and wants

We act quickly to modify, adjust or prepare for new realities

Our Responsiveness: Our Distinguisher

Innovation

We pioneer novel and more efficient ways to deliver solutions

We are dedicated to a culture of improvement and modernisation

We stand for originality, in thought, in action and in belief

Our Innovation: Our Strength

Compassion

Our concern for our colleagues, our customers, our communities, and our country sets us apart

To each other, we are a family

For each other, we are a meaningful source of shared humanity

Our Compassion: Our Gift

بنام کراچی

پیارے کراچی سلام،

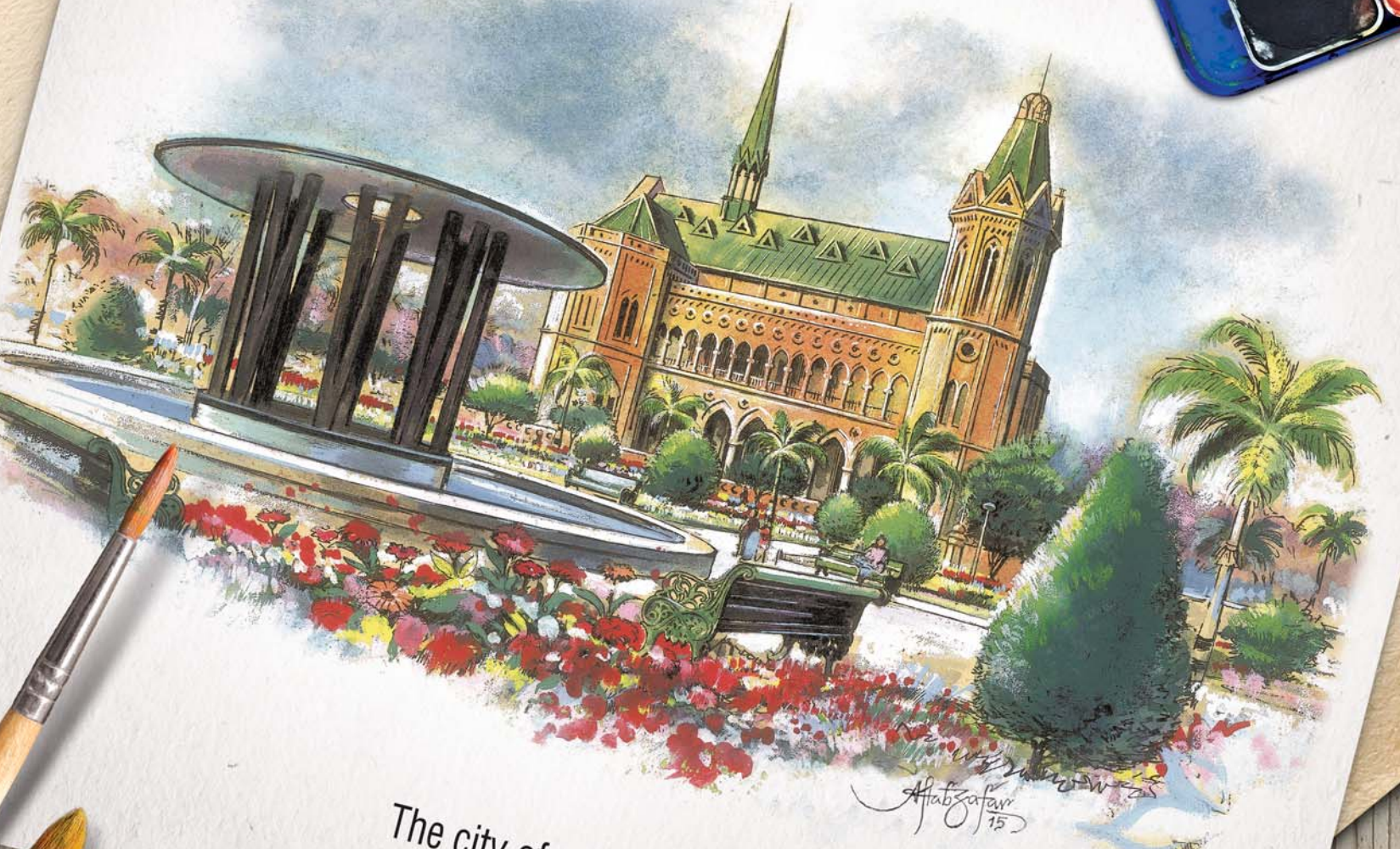
۱۹۸۷ء کے عہد ساز سال آئی آئی چند مگر روڈ پر ہم نے فیصل بینک کے دروازے پہلی مرتبہ اپنے صارفین کے لئے کھولے اور گاہ بگاہ تم نے ہمیں ایسا نوازا کہ ہم تمہارے ہر گوشے میں جا بسے۔

بحیرہ عرب کے کنارے واقع کراچی، لگتا ہے تم نے اپنی وسعتِ قلب سمندر ہی سے پائی ہے، تبھی تو ایک چھوٹا سا مچھروں کا گاؤں جو کبھی مائی کولاجی کے نام سے منسوب تھا پہلے بڑھتے بڑھتے دو دروازوں والے قصبے میں بدلا، جس کا ایک دروازہ جو سمندر کی جانب تھا کھارادر کہلاتا اور دوسرا جولیری ندی کی جانب تھا میٹھا در کہلاتا اور پھر وقت کے ساتھ ساتھ تم نے اتنی وسعت حاصل کر لی کہ آج تمہارا نام دنیا کے وسیع ترین شہروں میں شمار ہوتا ہے۔

کراچی، تم پاکستان کی شہرِ رگ تو ہو ہی جو روشنیوں کے شہر کے نام سے بھی جانا جاتا ہے، جہاں دن چڑھتے ہی جیسے ہی برقی قہقہوں کی روشنیاں گل ہوتی ہیں تو گویا وہ بجلی ہر ذی روح میں بس جاتی ہے۔ صبح سویرے ہی دودھ والے، اخبار والے اور خاکروب اپنی موٹر سائیکل اور سائیکلوں پر تمہاری کھلی سڑکوں پر دندناتے ایک نئے دن کی نوید دیتے ہیں اور پھر آہستہ آہستہ تمام سڑکیں فرائے بھرتی گاڑیوں سے یوں بھر جاتی ہیں کہ جیسے تمام کام آج ہی کی تاریخ میں کر لیا جائے، جانے پھر کل آئے یا نہ آئے۔

کراچی تم میں ایسی کیا خاص بات ہے کہ جو بھی یہاں آکے بسا وہ بس یہاں کا ہو رہا۔ تمہاری گود وسیع اور دل بہت بڑا ہے۔ نا جانے کتنے نئے بامیوں کو ہر دن تم اپنے اندر سمو لیتے ہو، یہی وجہ ہے کہ تمہارے یہاں ہمارے صارفین کا تعلق بھی پاکستان کے ہر خطے اور طبقے سے ہے، یہاں ہر روز ہمیں نئے لہجے سننے کو ملتے ہیں اور نئی مسکراہٹوں سے رشتے بنتے ہیں، اور سب سے خاص ہیں تمہاری حسین شائیں، ایسی شاموں سے خدا نے شاید ہی دنیا کے کسی اور خطے کو نوازا ہو، ہم بھی بس تم میں سما کر تمہارے ہی ہو گئے۔

تمہارا اپنا،
فیصل بینک



The city of mighty hearts



Board of Directors

- A. FAROOQ RAHMATULLAH
Chairman
- B. AHMED ABDULRAHIM
MOHAMED ABDULLA BUCHEERY
Vice Chairman
- C. NAUMAN ANSARI
President & CEO
- D. IMTIAZ AHMAD PERVEZ
Director
- E. JUMA HASAN ALI ABUL
Director
- F. MOHAMMAD WASIF IJLAL
Director
- G. MIAN MUHAMMAD YOUNIS
Director

BOARD OF DIRECTORS - PROFILES

Farooq Rahmatullah Chairman

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

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

Key Positions held:

- Chairman of Shell Companies in Pakistan

and Managing Director of Shell Pakistan Limited

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

He is serving on the Boards of Directors of:

- Faysal Bank Limited
- Society for Sustainable Development
- Resource Development Committee of Aga Khan University Hospital
- Pakistan Refinery Ltd. - Director and Chairman of the Board

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

Ahmed Abdulrahim Mohamed Abdulla Bucheery Vice Chairman

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

Ahmed Abdulrahim is the Chief Executive Officer of Ithmaar Bank B.S.C. He started his career with Aluminium Bahrain and, after five years of service ending up as Senior Supervisor, Cash and Banking, as well as one year with Chase Manhattan Bank where he was Head of Financial Control, he joined the National Bank of Bahrain where he served for 28 years in various executive levels and in different capacities, including Manager of foreign exchange and Funding, Chief Internal Auditor and Assistant General Manager of Corporate Services Group.

Ahmed Abdulrahim held the dual roles of Deputy Chief Executive Officer at Shamil Bank and Chief Operating Officer at Ithmaar Bank for approximately four years. Following the reorganisation of Shamil Bank and Ithmaar Bank

in 2010, he took charge of the Retail Banking Group as General Manager. He currently serves as board member of Faysal Bank Limited (Pakistan), Family Bank, The Benefit Company B.S.C. and Injaz Bahrain.

Nauman Ansari President & CEO

Nauman Ansari has over 20 years of rich Credit, Corporate and Investment Banking experience, having been associated with Standard Chartered Bank (Karachi), Bank of America (Karachi), ABN AMRO (in Pakistan, Middle East and Asia Pacific regions), Fortis Bank (Middle East) and Crescent Commercial Bank (Pakistan). Nauman holds a Bachelors of Science degree in Business Studies from the USA.

Imtiaz Ahmad Pervez Director

Imtiaz Ahmad Pervez has more than thirty five years of banking experience. Currently Mr. Pervez is serving as a Director of Ithmaar Bank BSC, Bahrain. His most recent position, from which he resigned in March 2012, was Director of the Al Baraka Bank Pakistan Limited.

He was, earlier, also a board member of the Faysal

BOARD OF DIRECTORS - PROFILES

Islamic Bank of Bahrain; Faysal Investment Bank of Bahrain EC.; Faysal Bank Ltd. Pakistan; Faysal Investment Bank Ltd. Pakistan; Trust Leasing Corp. Limited and Namco Management Company Ltd. From 1959 to 1994, he held many senior positions in the banking industry including that of Chief Operating Officer of Faysal Islamic Bank of Bahrain EC. He was also CEO of Al Faysal Investment Bank Ltd. Pakistan in the year 1990. He holds a B.A. degree from University of the Punjab, Pakistan and is a Fellow of the Institute of Islamic Banking & Insurance, London.

Juma Hasan Ali Abul Director

Key Positions held:

- Fellow member of the Chartered Association of Certified Accountants, England
- Graduated from Cairo, with a Bachelor Degree in Accounting
- Executive General Manager, Ithmaar Bank BSC, Bahrain (2010-2013) responsible for the support functions: Financial Control, Strategic Planning, Information Technology, Banking Operations, Legal Affairs, Human Capital, Remedial Management, Administration, Shareholders Affairs, Corporate Communication
- General Manager MFAI (Jersey) (2000-2010),

wholly owned subsidiary of the DMI group, providing investment and remedial advisory services to the Group

- Executive Senior Manager, Shamil Bank of Bahrain BSC (formerly: Faysal Islamic Bank of Bahrain) 1988-2000; held several senior positions: Head of Financial Control; Head of Internal Audit; Head of Administration, Operations; Head of Corporate Banking Group; Head of Investment Banking Group
- Board member of: Faysal Bank, Pakistan; Islamic Investment Company of the Gulf (under process); CITIC International Assets Management, Hong Kong; United Bank of Albania (until 2011); Gulf Investment Co., Egypt; in addition to sitting on the boards of directors of a number of entities including trading, industrial, real estate development entities in Bahrain, Cayman, Egypt and U.S.A.
- Worked with Touche Rose, London (now Deloitte) — Chartered Accountants. Peat Marwick Mitchell (now KPMG) Bahrain — Chartered Accountants
- Led and was involved in a number of mergers and acquisitions, restructuring of projects and spin offs.

BOARD OF DIRECTORS - PROFILES

Mohammad Wasif Ijlal
Director

A Chevening scholar (1999) and a business graduate from the University of Bath (UK) and Institute of Business Administration (Karachi), Mr. Ijlal is a senior financial services professional with 18 years of experience in investment banking, advisory and capital markets. During his career, Mr. Ijlal has worked on a number of large ticket deals on the M&As, divestitures and corporate restructuring side and has wide regional experience in evaluating, structuring, negotiating and implementing, as well as managing and exiting, all types of corporate transactions including acquisitions, disposals, joint ventures and alliances.

At Ithmaar Bank, Mr. Ijlal is assisting in managing assets in excess of USD 1 billion spread over GCC, Asia, USA and Central and Eastern Europe. He is a board member on various investments of Ithmaar Bank in Bahrain, Pakistan, China, Singapore, Central and Eastern Europe and the US.

Mr. Ijlal was previously working as Country Manager for Elixir Securities Pakistan (Former Credit Agricole Indosuez Securities). He has also worked for Deloitte & Touche Pakistan in the capacity of Director of Business Consulting, looking after the business process re-engineering,

strategic financial advisory and corporate restructuring areas.

Mr. Ijlal holds MBA degrees from the Institute of Business Administration, Karachi (1994) and Management School, University of Bath (2000).

Mian Muhammad Younis
Director

Mian Muhammad Younis has 36 years of experience in Banking and Financial Sector with extensive knowledge of Banking Operations and Corporate Sector Governance, Rules, Regulations and Audit procedures. During his career he supervised liquidation process of Federal Bank for Cooperatives and Agricultural Marketing & Storage Limited, remained CEO of Khushal Pakistan Fund Limited and Secretary to the National Finance Commission.

Mr. Younis established new ventures and financial public sector entities and has contributed towards policy formulation as member of the boards of various corporate sector entities and banks and carried out financial restructurings of a number of non-banking financial corporations. Affected recovery of loans extended to Provincial Governments & other public sector entities by Federal Government and also assisted State Bank of Pakistan in managing the overdraft

position of provinces, AJK and various public sector corporations. Mr. Younis served in the Public Sector for a longtime and has vast experience in the management of Human Resource gained through Human Resource Policy Implementation while holding positions in different Government, Semi-Government and Autonomous Bodies, i.e., FBR, Board of Investment and the Ministry of Finance.

Mr. Younis holds a Masters Degree in Economics and is also qualified in Project Appraisal & Risk Management (Duke, USA), Assessing Financial System Stability (IMF Institute, Singapore), Promotion of FDI (Osaka, Japan), Promotion of Agro Based Industry (Manila, Philippine), and Islamic Banking (Kuala Lumpur, Malaysia).

Board of Directors

Mr. Farooq Rahmatullah
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Nauman Ansari
Mian Muhammad Younis
Mr. Imtiaz Ahmad Pervez
Mr. Juma Hasan Ali Abul
Mr. Muhammad Wasif Ijlal

Board Audit & Corporate Governance Committee

Mian Muhammad Younis
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Juma Hasan Ali Abul

Board Risk Management Committee

Mr. Imtiaz Ahmad Pervez
Mr. Nauman Ansari

Recruitment Nomination and Remuneration Committee

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Juma Hasan Ali Abul
Mr. Farooq Rahmatullah
Mr. Nauman Ansari

Board Steering Committee for Conversion of Faysal Bank into Islamic Bank

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Juma Hasan Ali Abul
Mr. Nauman Ansari

Chief Financial Officer

Syed Majid Ali

COMPANY INFORMATION
as on December 31, 2014

Chairman/Independent Director
Vice Chairman/Non-Executive Director
President & CEO
Independent Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Chairman
Member
Member

Chairman
Member

Chairman
Member
Member
Member

Chairman
Member
Member

COMPANY INFORMATION

as on December 31, 2014

Company Secretary & Head of Legal

Mr. Aurangzeb Amin

Auditors

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

Legal Advisors

M/s. Mohsin Tayebaly & Co, Advocate

Registered Office

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

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

Share Registrar

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

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

ATTENDANCE OF BOARD OF DIRECTORS

MEETINGS DURING THE YEAR 2014

ATTENDED BY / MEETING DATE	27/02/14	11/03/14	30/04/14	04/09/14	22 & 23/10/14	24/11/14
Farooq Rahmatullah	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓
Nauman Ansari	—	—	Appointed on April 1, 2014 ✓	✓	✓	✓
Mian Muhammad Younis	—	—	Elected on April 10, 2014 ✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓
Imtiaz Ahmad Pervez	✓	✓	✓	✓	✓	✓
Muhammad Wasif Ijlal	—	—	Elected on April 10, 2014 ✓	✓	✓	✓
Tawfeeq Mohamed Mohamed Rafeea Bastaki	—	—	Elected on April 10, 2014 ✓	✓	Leave of Absence	Resigned Effective from November 24, 2014
Syed Naseem Ahmad	✓	✓	Retired on April 10, 2014	—	—	—
Naved A. Khan	✓	✓	Resigned Effective from April 1, 2014	—	—	—
Shahid Ahmad	✓	✓	Retired on April 10, 2014	—	—	—
Lt. Gen. Muhammad Maqbool (Retd)	✓	✓	Retired on April 10, 2014	—	—	—

ATTENDANCE OF BOARD AUDIT & CORPORATE GOVERNANCE COMMITTEE MEETINGS DURING THE YEAR 2014

ATTENDED BY / MEETING DATE	26/02/14	30/04/14	03/09/14	21/10/14
Mian Muhammad Younis	—	Appointed on April 30, 2014 ✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓
Juma Hasan Ali Abul	—	Appointed on April 30, 2014 ✓	✓	✓
Imtiaz Ahmad Pervez	✓	Retired on April 10, 2014	—	—
Lt. Gen. Muhammad Maqbool (Retd)	✓	Retired on April 10, 2014	—	—

ATTENDANCE OF BOARD RISK MANAGEMENT COMMITTEE MEETINGS DURING THE YEAR 2014

ATTENDED BY / MEETING DATE	26/02/14	30/04/14	03/09/14	21/10/14
Imtiaz Ahmad Pervez	✓	✓	✓	✓
Nauman Ansari	—	Appointed on April 30, 2014 ✓	✓	✓
Tawfeeq Mohamed Mohamed Rafeea Bastaki	—	Appointed on April 30, 2014 ✓	✓	Leave of Absence
Syed Naseem Ahmad	✓	Retired on April 10, 2014 ✓	—	—
Naved A. Khan	✓	Resigned Effective from April 1, 2014	—	—
Juma Hasan Ali Abul	✓	Retired on April 10, 2014	—	—
Farooq Rahmatullah	✓	Retired on April 10, 2014	—	—
Shahid Ahmad	✓	Retired on April 10, 2014	—	—

ATTENDANCE OF RECRUITMENT, NOMINATION AND
REMUNERATION COMMITTEE MEETINGS DURING THE YEAR 2014

ATTENDED BY / MEETING DATE	07/02/14	26/02/14	27/03/14	30/04/14	17/06/14	10/07/14	03/09/14	22/10/14	24/11/14
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓	✓	✓	✓
Farooq Rahmatullah	✓	✓	Leave of Absence	Retired on April 10, 2014	Re-Appointed on May 2, 2014 ✓	✓	✓	✓	✓
Nauman Ansari	—	—	—	Appointed on April 30, 2014 ✓	✓	✓	✓	✓	✓
Syed Naseem Ahmad	✓	✓	✓	Retired on April 10, 2014	—	—	—	—	—
Naved A. Khan	✓	✓	Leave of Absence	Resigned Effective from April 1, 2014	—	—	—	—	—
Shahid Ahmad	✓	✓	✓	Retired on April 10, 2014	—	—	—	—	—

ATTENDANCE OF BOARD STEERING COMMITTEE FOR CONVERSION
OF FAYSAL BANK INTO ISLAMIC BANK MEETINGS DURING THE YEAR 2014

ATTENDED BY / MEETING DATE	17/06/14	03/09/14	21/10/14
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓
Nauman Ansari	✓	✓	✓
Tawfeeq Mohamed Mohamed Rafeea Bastaki	✓	✓	Leave of Absence



P & CEO and Direct Reports

- A. Nauman Ansari**
President & CEO
- B. Bilal Asghar**
Head Corporate & Investment Banking
- C. Fouad Farrukh**
Head Retail Banking
- D. Salman Ahmed Usmani**
Head Treasury & ECM
- E. Mehreen Amin**
Head Human Resources
- F. Nasir Islam**
Head Compliance
- G. Yousaf Hussain**
Chief Risk Officer
- H. Syed Majid Ali**
Chief Financial Officer
- I. Hasan Junaid Nasir**
Head Islamic Banking
- J. Shahid Salim**
Head Internal Audit
- K. Abadullah**
Head Centralized Operations
- L. Khurram Gul Agha**
Head IT & Transaction Banking
- M. Muhammad Aurangzeb Amin**
Company Secretary & Head Legal

P&CEO AND DIRECT REPORTS - PROFILES

Nauman Ansari **President & CEO**

Nauman Ansari has over 21 years of rich Credit, Corporate and Investment Banking experience, having been associated with Standard Chartered Bank (Karachi), Bank of America (Karachi), ABN AMRO (in Pakistan, Middle East and Asia Pacific regions), Fortis Bank (Middle East) and Crescent Commercial Bank (Pakistan). Nauman Ansari holds a Bachelor of Science degree in Business Studies from the USA.

Bilal Asghar **Head Corporate & Investment Banking**

Bilal Asghar possesses over 19 years of multi-functional experience in the field of Corporate and Investment Banking, Islamic Banking, Special Assets and Credit/Risk Management. Bilal holds a Bachelor of Science degree in Business Administration from University of Southern California, Los Angeles.

Fouad Farrukh **Head Retail Banking**

Fouad Farrukh brings with him rich and broad-based experience of over 17 years, working in large banks, both in Pakistan and in the Middle East. After completing his BS — Finance from University of Maryland (USA) and MBA from LUMS, Fouad Farrukh started his career with Faysal Bank as a Corporate Relationship Manager

in 1996. He has previously worked as Gulf Risk Manager, Habib Bank Limited - Dubai, and Country Head, Habib Bank Limited - Bahrain, before joining BMI Bank B.S.C. (c) Bahrain as Head, Islamic Financial Services.

Salman Ahmed Usmani **Head Treasury & ECM**

Salman Ahmed Usmani has extensive experience of over 26 years in both the multinational and local banking sector, with expertise in Treasury and Risk Management, Asset and Liability Management, Strategic Planning, Corporate Restructuring, Strategic Negotiations, Acquisitions and Strategic Alliances and International Operations. Prior to joining Faysal Bank Limited, he was associated with MCB Bank Limited as Global Treasurer and Head Investment Banking Group. His past experience has been with organizations such as ANZ Grindlays, American Express, Bank of America, Mashreq Bank and United Bank Limited.

Mehreen Amin **Head Human Resources**

Mehreen Amin possesses over 30 years of work experience in the areas of IT and HR. She has been professionally associated in senior positions with leading multinationals such as G. D. Searle U.K., Shell Pakistan and Reckitt Benckiser, where she was the HR Regional Director (for the Africa Middle East region). In her last assignment at

ABN AMRO Pakistan, she was the Head of Human Resources. She is the Member of the Board of Governors of Pakistan Society for Training & Development.

Nasir Islam **Head Compliance**

Nasir Islam is a qualified Chartered Accountant with over 24 years of multifaceted experience. His first assignment was as Manager Finance in ANZ Grindlays (Karachi), after which he was posted at the ANZ HO (Melbourne, Australia) as Manager Commercial Banking System (CBS) Project. He returned to Pakistan in 1997 as Manager Audit, joined ABN AMRO Pakistan as Audit Manager in 2000, and was appointed as Country Head of Compliance in 2004.

Yousaf Hussain **Chief Risk Officer**

Yousaf Hussain was previously Head of Corporate Banking (North) at Faysal Bank. He has been with Faysal Bank since August 2008 and has contributed significantly to our franchise through his active support on introducing various strategic level initiatives in Special Assets Management and ramping up the Corporate Banking Business in the North region. Overall, Yousaf has over 20 years of professional experience, primarily at ABN AMRO Bank within the Corporate/Credit and Transaction Banking functions. His experience also includes senior assignments at

Samba Bank, Mashreq Bank, Motorola/Mobilink and Siemens Pakistan. In addition to being an electrical engineer, he has done his Master of Business Administration from LUMS.

Syed Majid Ali **Chief Financial Officer**

Syed Majid Ali is a Fellow member of the Institute of Chartered Accountants. He has over 25 years of diversified experience, progressively responsible in the Accounts and Finance disciplines of banking with exposure in IT and HR activities. He has been associated as CFO with Emirates Bank International and Saudi Pak Commercial Bank, as well as KPMG as Partner.

Hasan Junaid Nasir **Head Islamic Banking**

Hasan has more than 14 years of work experience with exposure in Treasury, Finance, Information Technology, Product Development and Islamic Banking. He joined Faysal Bank in 2009. He holds a Master of Business Administration degree from College of Business Management along with ACCA and Post Graduate Diploma in Islamic Banking and Takaful. He is also NIBAF certified.

Shahid Salim **Head Internal Audit**

Shahid Salim has over 30 years of comprehensive work experience with major multinationals in

P&CEO AND DIRECT REPORTS - PROFILES

Pakistan and abroad. Having worked with American Express Bank, ABN AMRO and ICI Pakistan, he brings with him significant experience and valuable skills from his diversified experiences in the field of Finance, Internal Audit and Compliance. He is a certified AML Specialist and Internal Control Auditor.

Abadullah **Head Centralised Operations**

Prior to joining Faysal Bank Limited, Abadullah had worked with Standard Chartered, ANZ Grindlays and United Bank Limited. His last assignment with SCB was Head Cash Management Operations & Cash Product Service Delivery. Abadullah started his career from United Bank Limited. He brings with him over 29 years of diversified experience of Branch Banking, Trade, Cash Management and Operations. Abadullah holds a Master of Business Administration (Finance) degree from IBA, University of the Punjab.

Khurram Gul Agha **Head Information Technology & Transaction Banking**

Khurram Gul Agha's career spans 20 years, during which, he has held key roles in IT, Operations and Transactional Banking in both financial and non-financial sectors. Prior to joining Faysal Bank, Khurram has been associated with TCS (Pvt) Ltd, Citibank, UBL, First Data and NIB

Bank. His last assignment was Group Head Operations & IT at NIB Bank. Khurram holds a Bachelor of Science degree in Computer Science and Mathematics from State University of New York at Binghamton.

Muhammad Aurangzeb Amin **Company Secretary & Head Legal**

Aurangzeb Amin brings with him over 19 years of experience in the financial sector and legal consultancies both in Pakistan and in the USA. He has a Master of Laws degree from Temple University, USA. During his career, he has worked with NIB Bank and Pak-Kuwait Investment Co. as Company Secretary and Head Legal. He has also worked with law firms locally and internationally, namely Orr, Dignam & Co and Surridge & Beecheno.

SHARIAH ADVISOR - PROFILE

Mufti Mohib Ul Haq s academic credentials include a specialisation degree in Iftaa and Fiqh from the esteemed Jamia Darul Uloom, Karachi. He has been a faculty member at Jamia Darul Uloom for over ten years, where he conducts various courses on Islamic Studies, Fiqh, Arabic Grammar and Literature. Since 2004, he has been a member of the teaching faculty at the well known Centre of Islamic Economics, Karachi, and a visiting faculty member at different reputable institutions like NIBAF, PAF-KIET, etc. He has a rich diversified experience of working with different Islamic banks, Takaful and Islamic funds. Before joining Faysal Barkat Islamic Banking, he held the position of Shariah Advisor with the Royal Bank of Scotland Pakistan (RBS) and Bank Al Habib Limited. He has also served on the Shariah Board of Pakistan Takaful.

کاروائے وفا

SENIOR MANAGEMENT AND INTERNAL COMMITTEES

Senior Management

Nauman Ansari
President & CEO

Bilal Asghar
Head Corporate & Investment Banking

Fouad Farrukh
Head Retail Banking

Salman Ahmed Usmani
Head Treasury & ECM

Mehreen Amin
Head Human Resources

Nasir Islam
Head Compliance

Yousaf Hussain
Chief Risk Officer

Syed Majid Ali
Chief Financial Officer

Hasan Junaid Nasir
Head Islamic Banking

Shahid Salim
Head Internal Audit

Abadullah
Head Centralised Operations

Khurram Gul Agha
Head IT & Transaction Banking

Muhammad Aurangzeb Amin
Company Secretary & Head Legal

Management Committee

Nauman Ansari
Chairman

Syed Majid Ali
Member & Secretary

Bilal Asghar
Member

Fouad Farrukh
Member

Salman Ahmed Usmani
Member

Yousaf Hussain
Member

Mehreen Amin
Member

Nasir Islam
Member

Khurram Gul Agha
Member

Asset & Liability Committee

Nauman Ansari
Chairman

Salman Ahmed Usmani
Member & Secretary

Bilal Asghar
Member

Fouad Farrukh
Member

Syed Majid Ali
Member

Asad Kerai
Member

Yousaf Hussain
Member

Compliance Committee

Nauman Ansari
Chairman

Nasir Islam
Member & Secretary

Yousaf Hussain
Member

Syed Majid Ali
Member

Shahid Salim
Member

Abadullah
Member

IT Steering Committee

Nauman Ansari
Chairman

Khurram Gul Agha
Member & Secretary

Syed Majid Ali
Member

Nasir Islam
Member

Fouad Farrukh
Member

Yousaf Hussain
Member

Bilal Asghar
Member

Abadullah
Member

Syed Muhammad Azhar
Member

Investment Committee

Nauman Ansari
Chairman

Salman Ahmed Usmani
Member & Secretary

Bilal Asghar
Member

Yousaf Hussain
Member

Syed Majid Ali
Member

Asad Kerai
Member

Enterprise Risk Management Committee

Nauman Ansari
Chairman

Asad Kerai
Member & Secretary

Yousaf Hussain
Member

Bilal Asghar
Member

Fouad Farrukh
Member

Salman Ahmed Usmani
Member

Syed Majid Ali
Member

Nasir Islam
Member

Abadullah
Member

Country Credit Committee

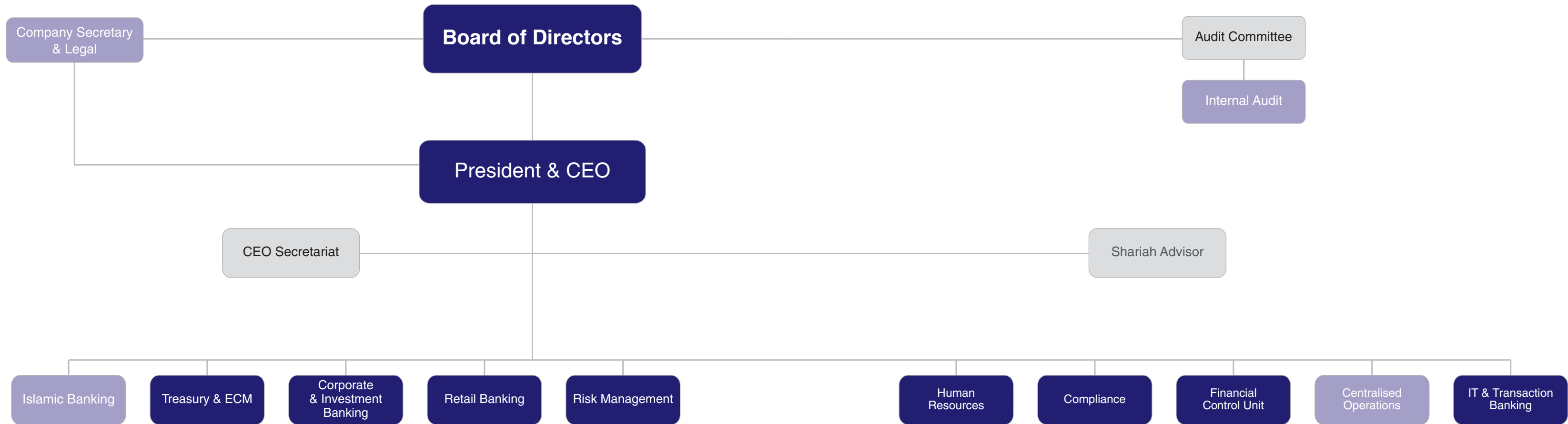
Nauman Ansari
Chairman

Yousaf Hussain
Member

Bilal Asghar
Member

SENIOR MANAGEMENT AND INTERNAL COMMITTEES

ORGANISATIONAL STRUCTURE



■ Blue positions are Country MT positions

بنام لاہور

پیارے لاہور سلام،

تمہاری تاریخ اتنی وسیع ہے کہ اگر تحریر کرنے بیٹھیں تو صدیاں بیت جائیں کیونکہ یہ صدیوں پر ہی تو محیط ہے۔ راوی کے کنارے آباد تمہارے سینے میں برسوں کے نشیب و فراز اور روایتیں دفن ہیں۔ محمود غزنوی کی آمد سے تم اسلام کی روشنی سے سرشار ہوئے اور پھر دہلی، خلجی، تغلق، سید، لودھی، سوری اور قطب الدین ایک کے ادوار سے ہوتے ہوئے مغلوں کی سلطنت کا دار الخلافہ بنے۔ اس دور میں لاہور تم نے وہ عظمت پائی جس کی مثالیں آج بھی تمہارے گلی کوچوں کی خوبصورت عمارتوں کی صورت میں زندہ ہیں۔

تیرہ دروازوں والے اے شہر یہ تو ہم نے پہلے ہی سُن رکھا تھا کہ "لاہور لاہور ہے" پر اس حقیقت کا سہی معنی میں اندازہ ہمیں تب ہوا جب ۱۹۹۰ میں ہم نے تمہارے علاقے مال روڈ پر اپنی برانچ کھولی۔ واہ کیا شان ہے تمہاری! لاہور تم نے ہمارا دل جیتنے میں ذرا سی کسر نہ چھوڑی، تمہارے باغات، تاریخی تعمیرات کے شاہکار، جدید عمارتیں اور سڑکوں کے علاوہ اندرون شہر کے مختلف دروازوں سے نمودار ہوتی ہوئی رنگین گلیاں، بے شمار سوغاتیں اور لذیذ پکوانوں کی بہار۔ اے فن و ثقافت کے گہوارے، کیا کچھ نہیں ہے تم میں کسی کو اپنا گرویدہ کرنے کو۔ اور مہمان نوازی کا تو یہ عالم ہے کہ بس جان نچھاور کرنے کو بھی تیار۔

بھئی لاہور زندہ دلی تو کوئی تمہارے باسیوں سے سیکھے، اور اب جب ہم تم میں آکر بس گئے ہیں پھر یہاں سے جانا کیسا؟

تمہارا اپنا،

فیصل بینک



Where history and culture come alive

PRODUCTS AND SERVICES

PERSONAL BANKING

Deposit Products

Our progressive approach to banking is reflected in our variety of deposit products. We believe in offering innovation, accessibility, quality service and ease to our customers to meet their individual and business banking needs. From simple banking solutions to high value investments, one can choose what best suits their requirements.



Current Accounts

Our Current Account products help manage financial transactions with convenience. With free online transaction facility and a host of fee waivers on maintaining certain balances, our Current Accounts are designed to give maximum flexibility and easy access to funds through our online branches, ATM networks and alternate channels at all times.

- Faysal Business First Current Account
- Faysal Sahulat Current Account
- Faysal Basic Banking Account

Savings Accounts

Our Saving Account products are there to provide attractive profit rates through a tiered structure to give the best out of one's savings.

- Faysal Moavin Savings Account
- Faysal MarketLink Savings Account
- Faysal Premium Savings Account
- Faysal Savings Account
- Faysal Anchor Savings Account
- Faysal Swift Savers Account



Term Deposit Accounts

Our Term Deposit Account product is the ideal solution to save while earning high returns. It offers a choice of tenure options for investment so that one can earn attractive guaranteed returns with convenience and flexibility.

- Faysal Izafa Term Deposit Account



Foreign Currency Accounts

To manage foreign currency transactions with convenience and peace of mind, our customers can place funds in our Foreign Currency Current, Saving and Term Deposit Accounts.

- Faysal FCY Savings Plus Account
- Faysal Mahfooz Sarmaya Foreign Currency Account



Electronic Banking Services

Experience the convenience of banking at your fingertips. With our Electronic Banking services, our customers have the flexibility to conduct transactions round the clock from wherever they are.

- ATM Network
- Faysal Pocketmate Visa Debit Card
- Faysal UnionPay Debit Card
- Mobit – Faysal Mobile Banking
- Faysal SMS Alerts
- Faysal e-Statement
- Customer Interaction Centre



Consumer Lending

Faysal Bank has a full suite Consumer Finance program designed to provide flexibility and value to fit the unique needs of today's consumers. Our customers can live their dreams with easy repayment options, competitive markup rates and a hassle-free experience with Faysal Bank, while enjoying the features and benefits that our products have to offer.

- Faysal Bank Credit Cards
- Faysal Personal Installment Loan
- Faysal Balance Transfer Facility
- Faysal Car Finance
- Faysal Home Finance



Faysal aikFaisla – Insurance Solutions

With our diverse menu of Faysal aikFaisla Bancassurance Solutions and specialised Mutual Fund products, we help our customers in effectively managing their wealth and planning ahead for unforeseen eventualities. Our customers can have complete peace of mind knowing that their investments are placed in professionally managed portfolios and their loved ones financially covered for a stable and secure future.

- My Child's Future Plan
- Protection & Growth Plan
- Saving Plus
- Takaful Saving Plan
- Takaful Save & Protect Plan



PRODUCTS AND SERVICES

Solitaire Wealth Management

Solitaire Wealth Management is a platform to cater to our high net worth clients and provide a unique banking experience that is characterised by exceptional service quality and personalised financial solutions.



BUSINESS BANKING

Corporate and Investment Banking

Corporate and Investment Banking at Faysal Bank offers a wide range of solutions crafted to help our clients with varied and diversified financing options including Working Capital Finance, Loans, Trade Finance, Transaction Banking/Cash Management and Investment Banking Services. We aspire to be the leading trusted advisor and financier to our clients, which include corporations, financial institutions, public authorities etc. Through our client-centric approach, our aim is to contribute to the sustainable growth of our clients by providing innovative facilities that are best suited to meet our clients' requirements. We remain committed to a strategy of becoming partners and co-investors with our clients which, in turn, enables them to achieve their strategic goals.

PRODUCTS AND SERVICES

Agricultural Financing – Faysal Khushaal Kisan

Our aim is to cater to the agricultural sector and assist our farmers to improve yield and methods of farming for a bountiful crop. We offer specialised agricultural financing solutions that are timely and affordable.



Treasury and Capital Markets



The mission of FBL Treasury is to ensure customer satisfaction and continuous financial innovation by providing world-class financial solutions to our customers' increasingly sophisticated needs. We continuously strive to achieve a better understanding of our customers' needs and deliver value-added solutions. It is this focus that sets us apart from our competitors.

We live in a dynamic world. The increased sophistication and volatility of the financial markets around the world provide opportunities as well as risks. We are here not only to help our customers to benefit from these opportunities, but also to assist them in managing their risks efficiently.

Commercial and SME Banking

The Commercial & SME Banking unit at FBL provides customised solutions to middle tier and small scale industries in seven regions across Pakistan. We offer tailor-made products and services ranging from working capital financing, project finance, trade based facilities to cash flow and pay-roll management in an easy, efficient and reliable manner.



ISLAMIC BANKING

Our Barkat Islamic Banking is purely dedicated to Shariah compliant banking services. With our well experienced staff, we ensure that our customers' Islamic Banking needs are fulfilled. Moreover our Shariah advisor is a qualified Mufti who oversees business activities of these dedicated branches by ensuring their compatibility and compliance with Shariah principles.



Products and Services offered under the Islamic Banking umbrella are:

- Kamil Business Account
- Current Account
- Saving Account
- Investment Certificate
- Call Deposit Receipt
- e-Statement
- SMS Alert
- Pocketmate Visa Debit Card
- China Union Pay Card
- MOBIL Mobile Banking
- Murabaha
- Islamic Export Refinance Scheme under Murabaha
- Istisna
- Diminishing Musharaka
- Ijarah
- Trade Services (Sight LCs/Usance LCs/Contracts/Export/Guarantees)
- Auto Finance
- Home Finance

کاروائے وفا

CORPORATE SOCIAL RESPONSIBILITY



Many organisations in the corporate sector have stepped forward with responsible social strategies and contributed to the society we live in. Some have pledged huge sums in education and tertiary care while others have placed their trust in environmental protection and others. But being off track on many targets set in the UN's Millennium Development Goals (MDGs) for our country, more sincere efforts with more effective strategic approaches should be made by all the stakeholders, though the public sector has recently started off many initiatives to bring about sustainable development for the society.

Most organisations see CSR as a tool for promoting their brands but we consider it at Faysal Bank an opportunity, a responsibility to give back to the society for its sustainability. Our CSR initiatives are always regarded as vital elements in the Bank's overall operational activities.

Our Waqf Faisal Trust is an impartial entity charged with executing all the Bank's CSR assignments from relationship commencement to funds' disbursal with utmost transparency. The trustees are accountable to ensure that the funds disbursed to donees are consistent with our CSR strategy.

In the year 2014, we contributed to our core focal areas, maintaining full compliance with transparency and keeping in view the impact of our efforts towards society.

The disbursal details are being shown in the MDGs representation:

Eradicate Extreme Poverty and Hunger

- ▶ The Hunar Foundation
- ▶ Karigar Training Institute
- ▶ The Lahore Businessmen Association for Rehabilitation of the Disabled
- ▶ Professional Education Foundation
- ▶ SOS Technical Training Institute
- ▶ Pakistan Association of the Blind

PKR 12.080 Million

Achieve Universal Primary Education

- ▶ Ida Rieu Welfare Association
- ▶ The Helpcare Society
- ▶ Our Lady of Fatima Church
- ▶ The Society for the Rehabilitation of Special Children
- ▶ Family Educational Services Foundation

PKR 10.000 Million

Reduce Child Mortality

- ▶ Child Aid Association
- ▶ Relief Packs to Thar

PKR 3.999 Million



SPENDING IN 2014

Combat HIV/Aids, Malaria and other Diseases

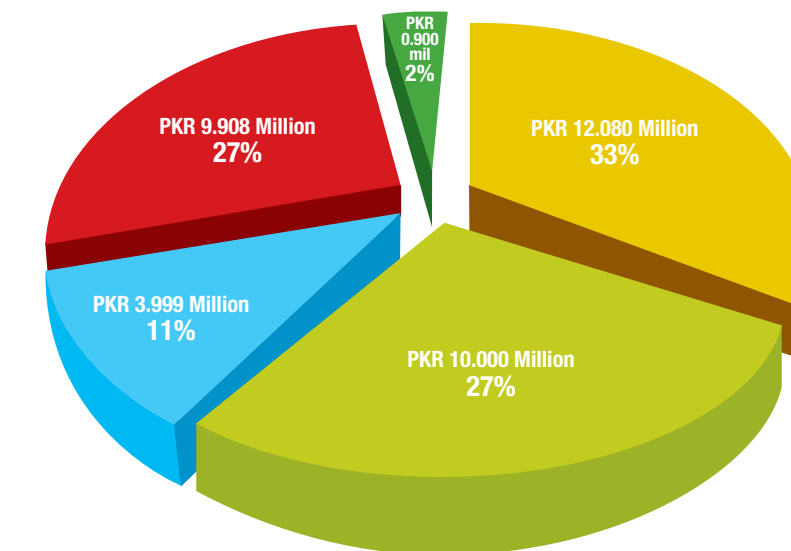
- ▶ Sindh Institute of Urology & Transplantation
- ▶ The Cardiovascular Foundation
- ▶ Friends of Burns Centre
- ▶ Shaukat Khanum Memorial Hospital
- ▶ Nigahban Welfare Association – Civil Hospital

PKR 9.908 Million

Ensure Environmental Sustainability

- ▶ Community Advisory & Welfare Services

PKR 0.900 Million



SIX YEARS FINANCIAL SUMMARY

	2014	2013	2012	2011	2010	(Rupees in Million) 2009
OPERATIONAL RESULTS						
Mark-up / return / interest earned	32,313	27,790	28,802	28,825	19,710	16,958
Mark-up / return / interest expensed	18,480	16,945	19,839	19,619	13,919	11,968
Fee, commission, brokerage, FX income and other income	3,731	3,740	3,635	3,708	2,337	1,320
Dividend and Capital gains	643	786	1,646	363	1,675	1,493
Total income	18,207	15,371	14,245	13,277	9,804	7,803
Provisions / Write-offs	2,359	2,116	1,401	695	2,202	2,192
Operating expenses	12,295	11,101	11,004	11,103	6,775	4,311
Operating profit before tax and provision	5,911	4,277	3,236	2,173	3,029	3,492
Profit before taxation	3,552	2,161	1,835	1,478	827	1,301
Profit after taxation	2,477	1,850	1,420	1,280	1,190	1,200
Bonus shares	%	12.5	12.5	12.5	20.0	-

BALANCE SHEET						(Rupees in Million)
Shareholders' equity	21,832	20,588	18,788	17,808	16,643	11,336
Revaluation reserves	4,470	1,578	2,249	1,420	(125)	1,447
Deposits	283,346	271,134	240,708	214,610	195,315	123,665
Borrowings from financial institutions	60,927	45,447	35,568	39,697	34,636	34,986
Advances - net of provision	181,225	184,190	172,299	148,162	133,707	91,346
Investments - net of provision	155,211	113,319	88,019	93,439	86,419	56,531
Total assets	388,126	355,280	313,123	292,583	267,321	180,865

OTHERS						(Rupees in Million)	
Imports	120,614	157,183	120,269	103,766	73,116	66,400	
Exports	59,719	88,128	83,525	69,033	44,646	36,173	

		2014	2013	2012	2011	2010	2009
FINANCIAL RATIOS							
Capital adequacy ratio	%	12.22	11.29	10.69	10.65	10.31	11.93
Profit before tax ratio	%	10.99	7.78	6.37	5.13	4.20	7.67
Gross spread ratio (Net mark up income / gross mark-up income)	%	42.81	39.02	31.12	31.94	29.38	29.43
Income to expense ratio	Times	1.48	1.38	1.29	1.20	1.45	1.81
Return on capital employed	%	1.72	1.13	1.15	1.30	0.80	9.00
Return on average equity (ROE)	%	11.68	9.40	7.76	7.43	8.51	11.18
Return on average assets (ROA)	%	0.67	0.55	0.47	0.46	0.53	0.75
CASA to total deposits	%	65.66	64.90	60.93	54.50	53.22	54.51
Weighted average cost of deposit	%	5.33	5.24	6.60	7.04	6.70	8.23
Current ratio	Times	1.26	0.77	0.68	0.75	1.08	0.73
Gross advances to deposit ratio (average)	%	73.77	77.21	78.26	77.26	78.25	85.35
Net advances to deposit ratio (average)	%	65.90	69.65	70.38	68.76	70.55	77.22
Non-performing loans to gross advances ratio	%	14.31	13.52	14.44	15.74	16.34	10.85
Specific provision to non-performing loans ratio	%	78.56	71.50	66.31	65.51	69.46	62.45
Total assets turnover to fixed assets turnover ratio (Total assets / Fixed assets)	Times	33.62	34.66	28.83	26.97	30.63	64.87
Price earning ratio	%	7.68	6.42	7.83	6.63	13.67	15.23

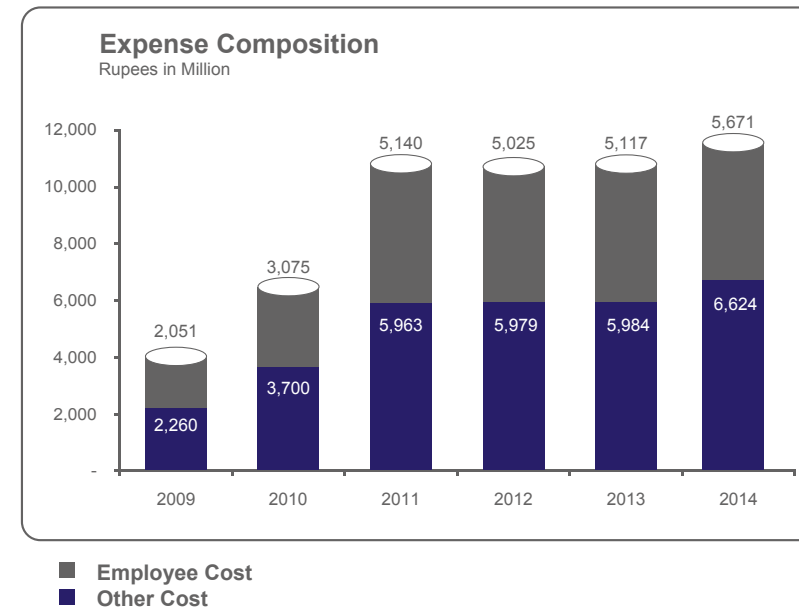
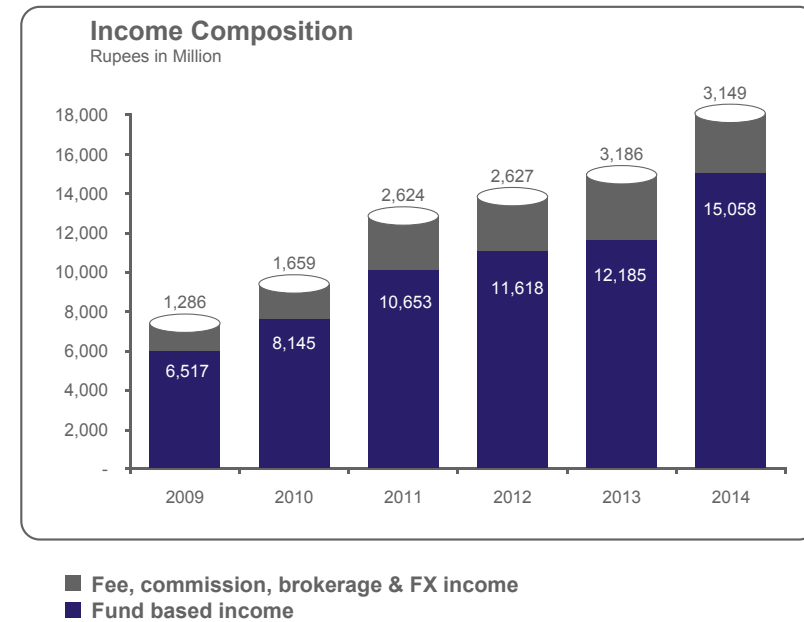
SIX YEARS FINANCIAL SUMMARY

		2014	2013	2012	2011	2010	2009
FINANCIAL RATIOS							
Earning per share (EPS)	Rs.	2.37	1.77	1.36	1.23	1.14	1.15
Net assets per share	Rs.	25.21	21.25	22.68	23.33	22.60	20.99
Market value per share	Rs.	18.20	11.39	10.65	8.13	15.59	17.53
Market value per share - high	Rs.	19.25	12.50	14.12	15.95	20.90	18.75
Market value per share - low	Rs.	11.48	8.15	8.38	8.07	12.97	7.94
Earning asset to total asset ratio	%	86.68	83.84	83.18	83.39	83.28	90.06
Book value per share - excluding surplus/ (deficit) on revaluation of assets	Rs.	20.93	19.73	20.26	21.60	22.77	18.61
Book value per share - excluding surplus on revaluation of fixed assets	Rs.	22.30	19.56	20.70	21.00	22.60	20.99
Book value per share - including surplus/ (deficit) on revaluation of assets	Rs.	25.21	21.25	22.68	23.33	22.99	20.34
Number of employees		3,036	3,610	3,465	3,435	3,582	2,042
Number of branches		274	269	265	257	226	133

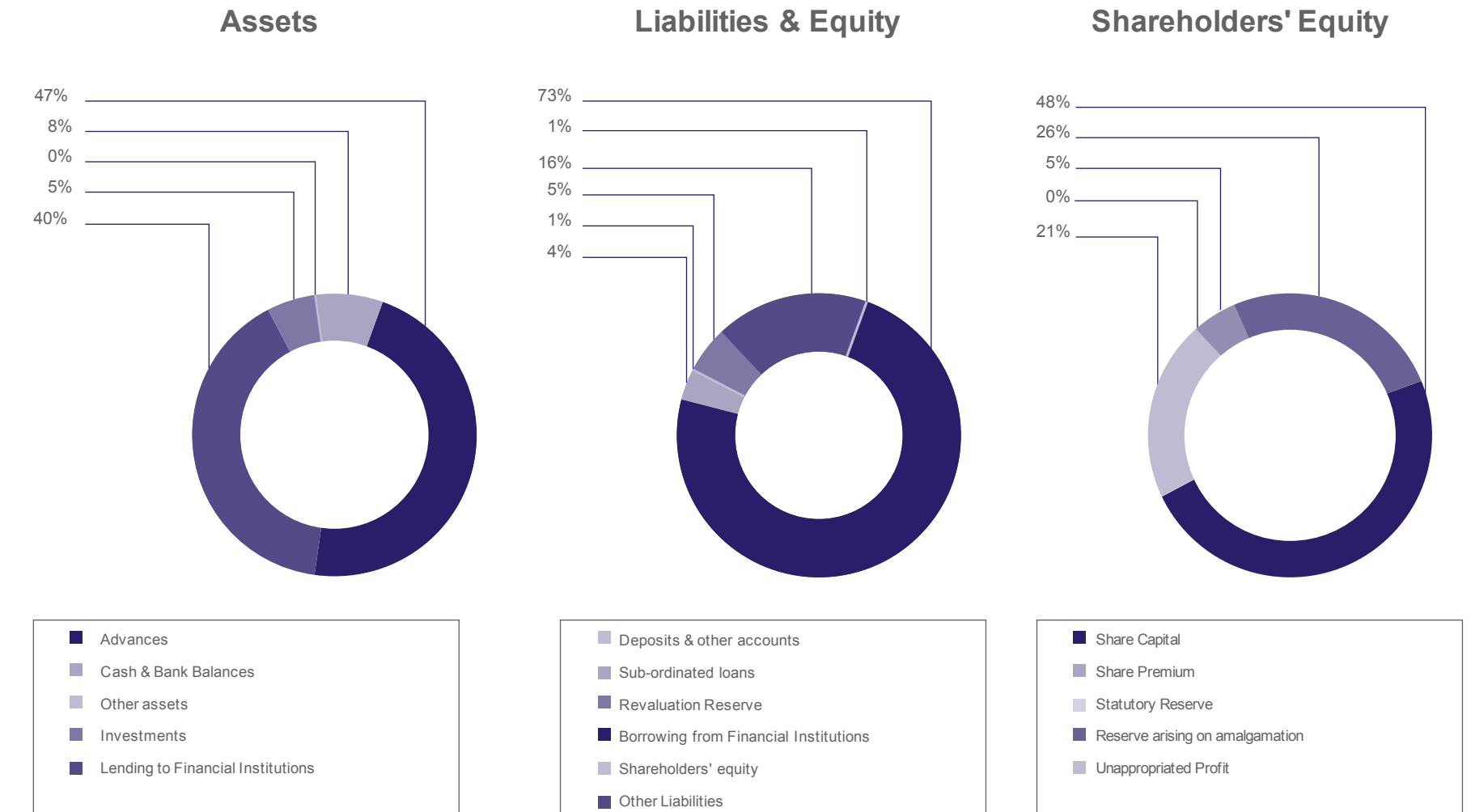
CASHFLOWS						(Rupees in Million)
Operating activities	13,479	28,733	(4,809)	5,912	8,882	17,862
Investing activities	(20,929)	(25,110)	7,692	(5,842)	2,050	(18,438)
Financing activities	(500)	(700)	(200)	(209)	3,004	(5)
Cash and cash equivalents at end of the year	20,666	28,617	25,694	23,011	23,150	9,214

MATURITY PROFILE					(Rupees in Million)	
Net assets maturity wise:						
Upto one month	(60,796)	(16,197)	(28,485)	(28,640)	(77,873)	(71,637)
Over one month to three months	27,569	45,394	8,976	(3,212)	17,346	(10,549)
Over three months to six months	29,650	18,264	3,729	12,261	8,387	29,493
Over six months to one year	37,653	4,165	30,994	29,662	(5,960)	9,557
Over one year to two years	15,016	3,036	(2,525)	(17,458)	18,886	12,839
Over two years to three years	11,530	(5,978)	6,153	(139)	5,727	10,746
Over three years to five years	(10,065)	(14,836)	(5,183)	12,261	22,848	12,931
Over five years to ten years	(30,792)	(16,962)	(397)	4,736	17,006	14,923
Over ten years	6,538	5,281	7,774	9,743	10,149	4,480
Total net assets	26,303	22,167	21,037	19,214	16,516	12,783

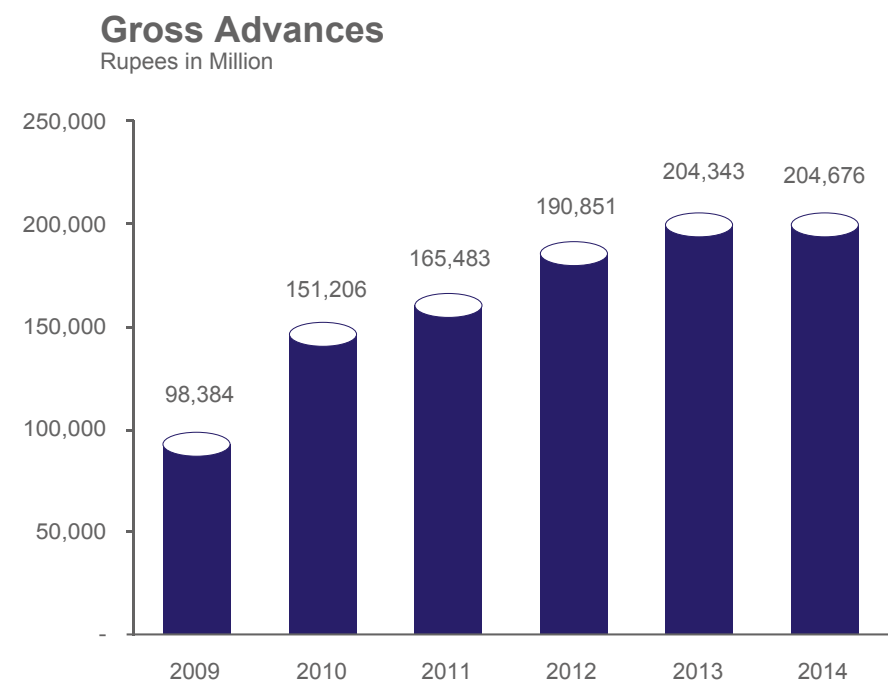
INCOME AND EXPENSE COMPOSITION



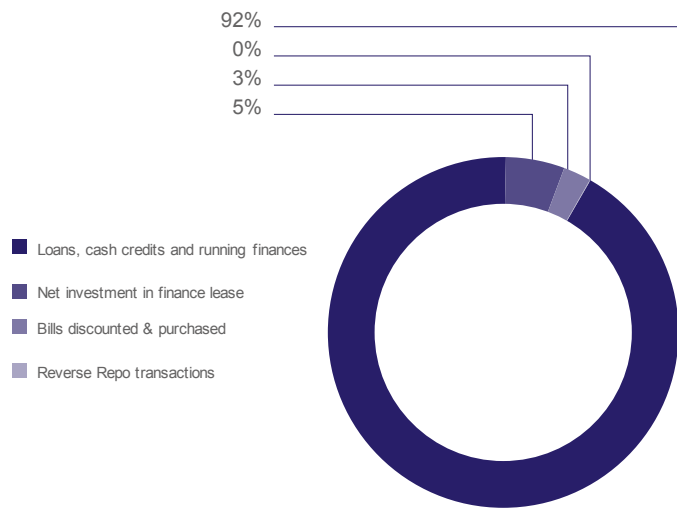
STATEMENT OF FINANCIAL POSITION COMPOSITION



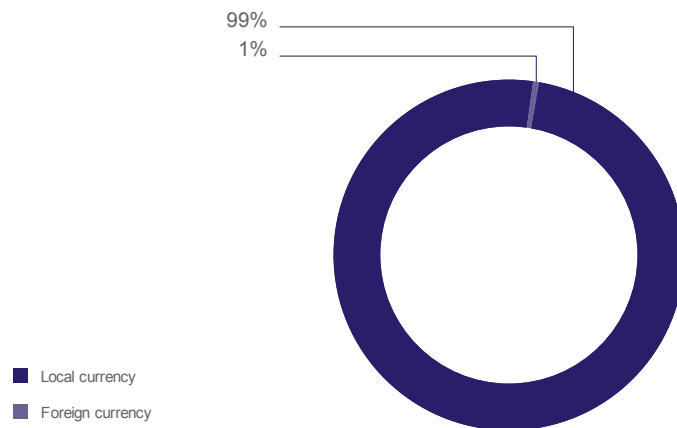
ADVANCES



Advances Categorisation

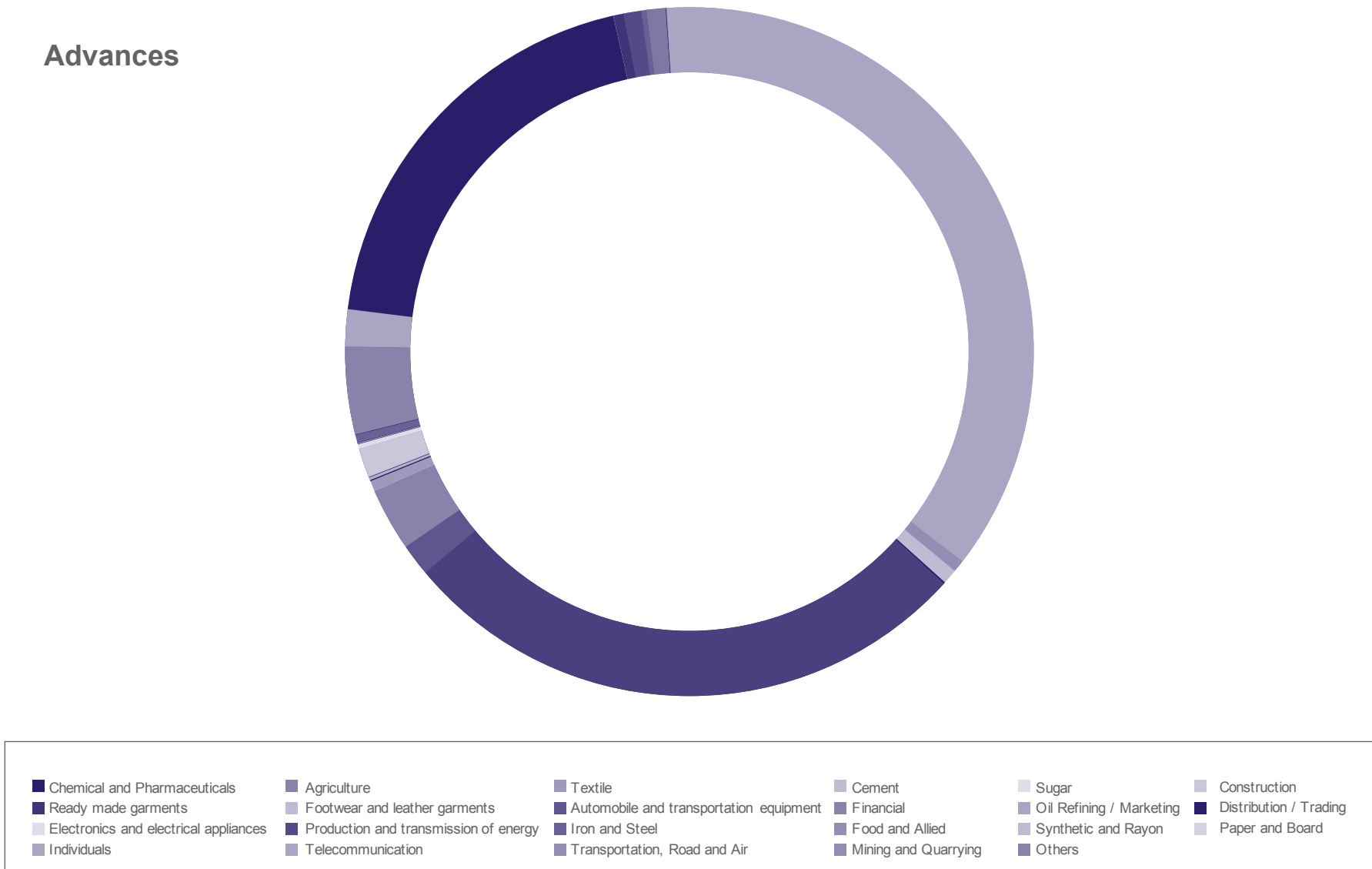


Advances by Currency



SEGMENT INFORMATION

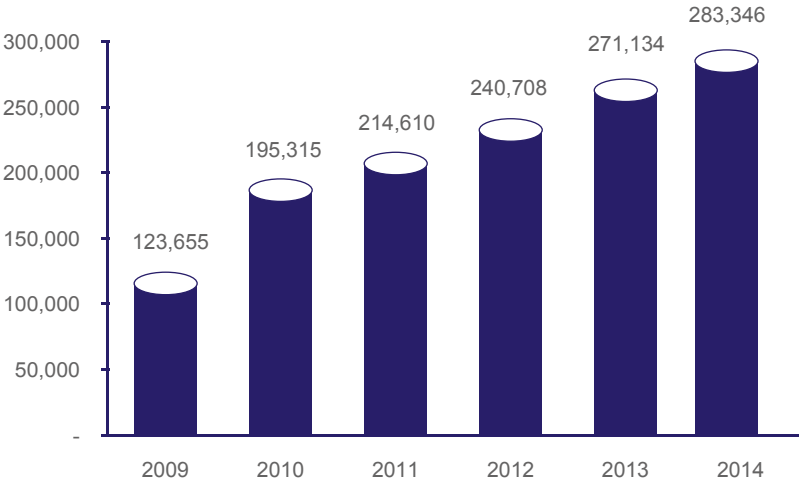
Advances



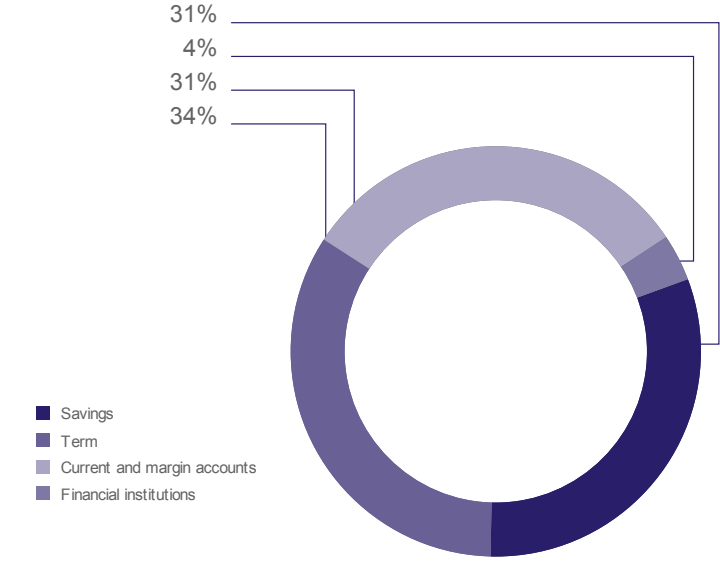
DEPOSITS

Deposits

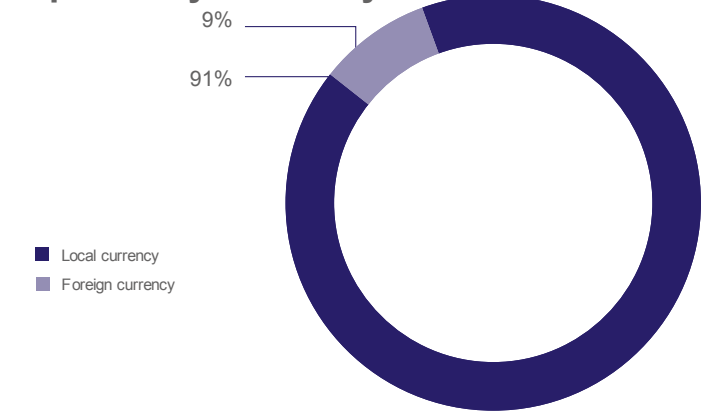
Rupees in Million



Deposits Categorisation

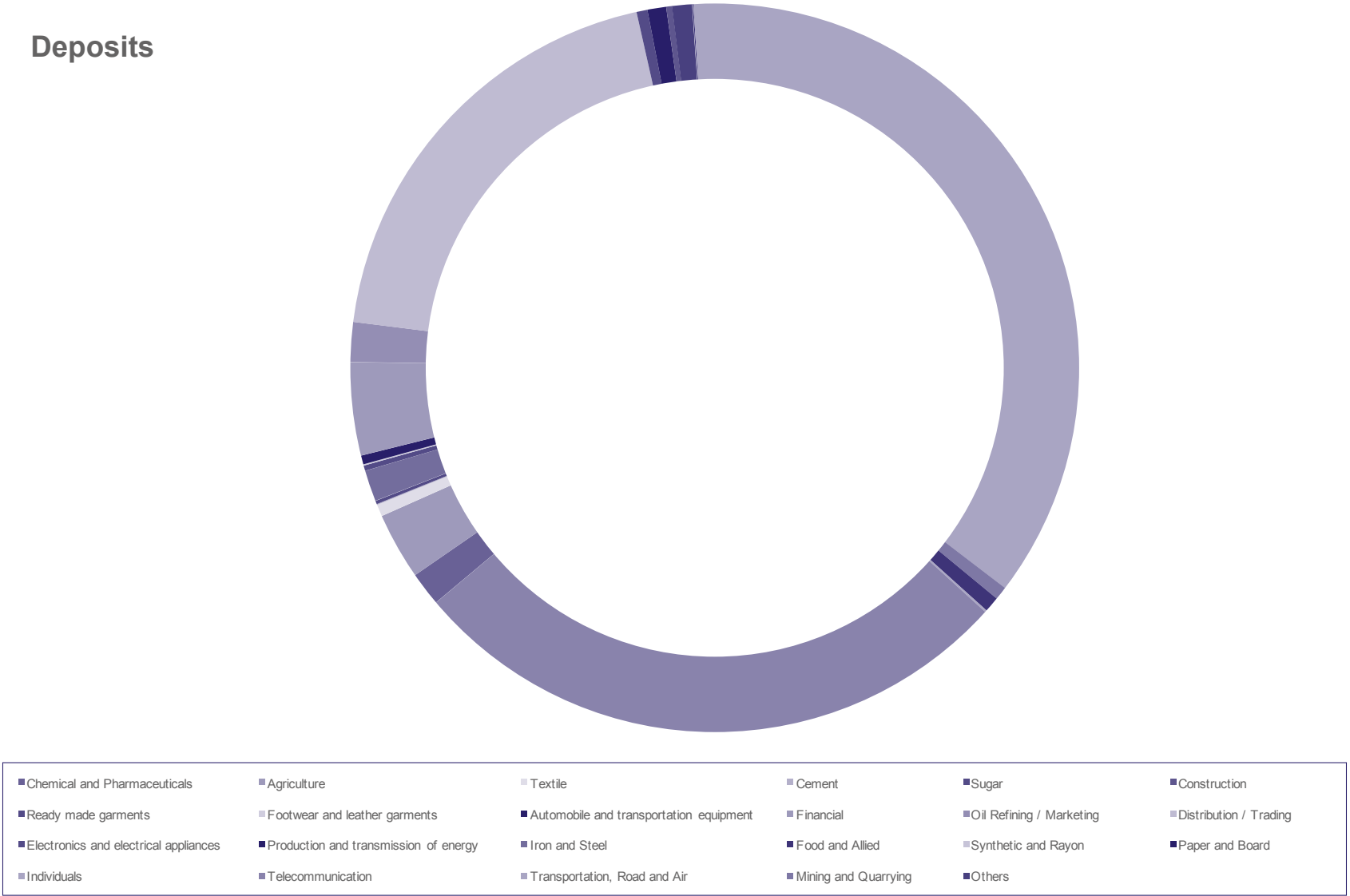


Deposits by Currency



SEGMENT INFORMATION

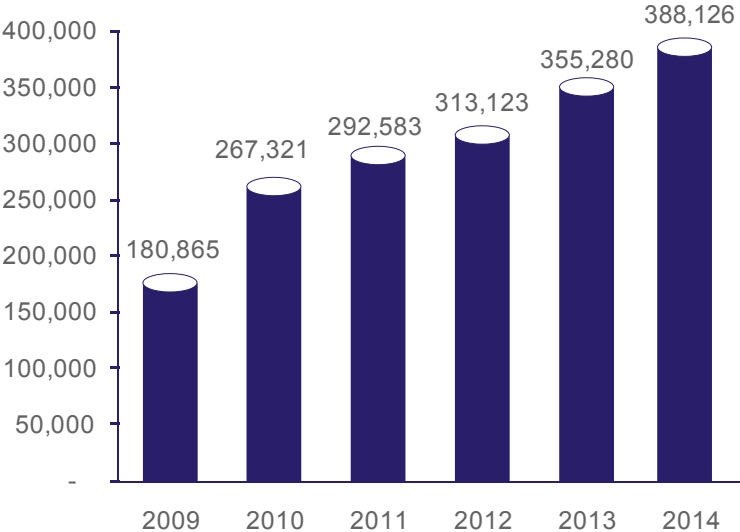
Deposits



TOTAL ASSETS AND NET ADVANCES TO DEPOSITS

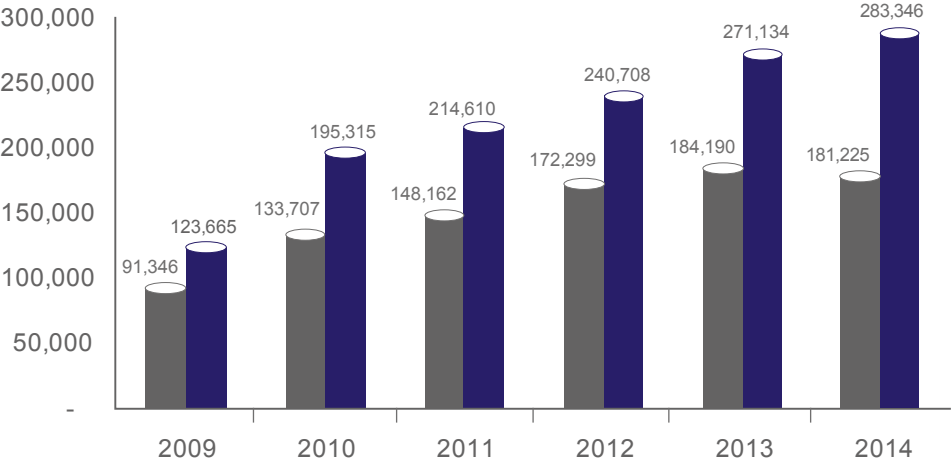
Total Assets

Rupees in Million



Net Advances to Deposits

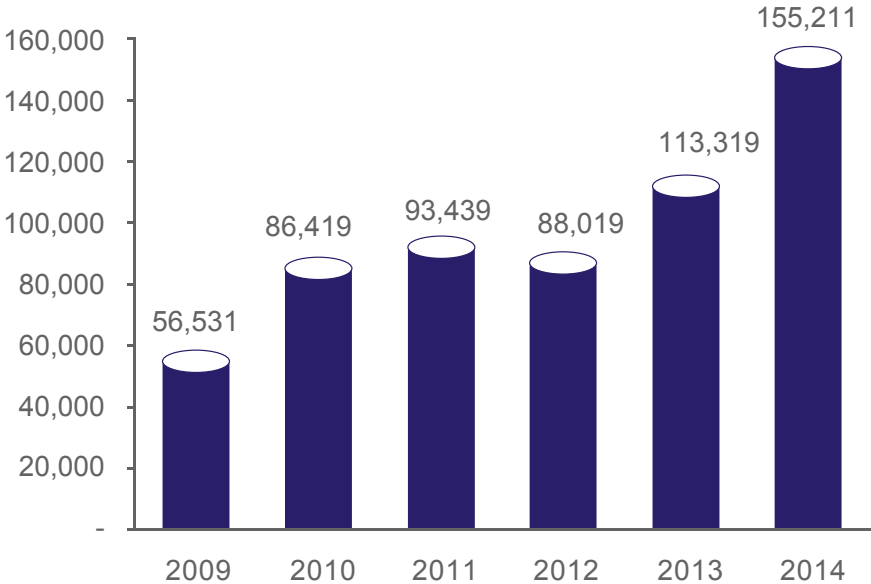
Rupees in Million



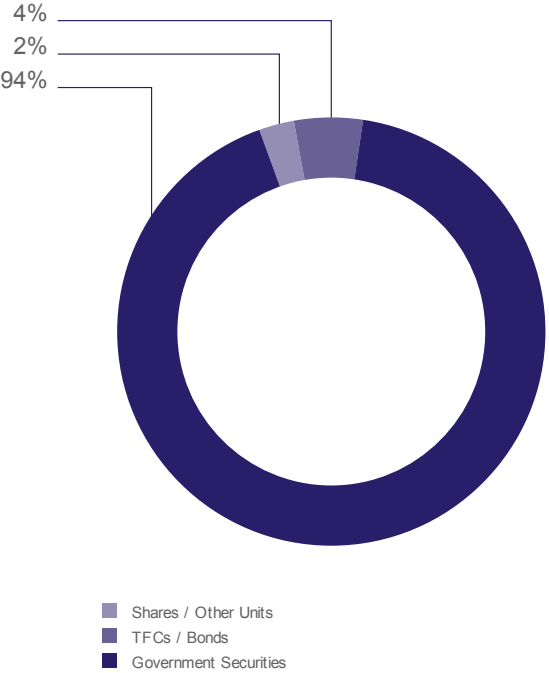
INVESTMENTS

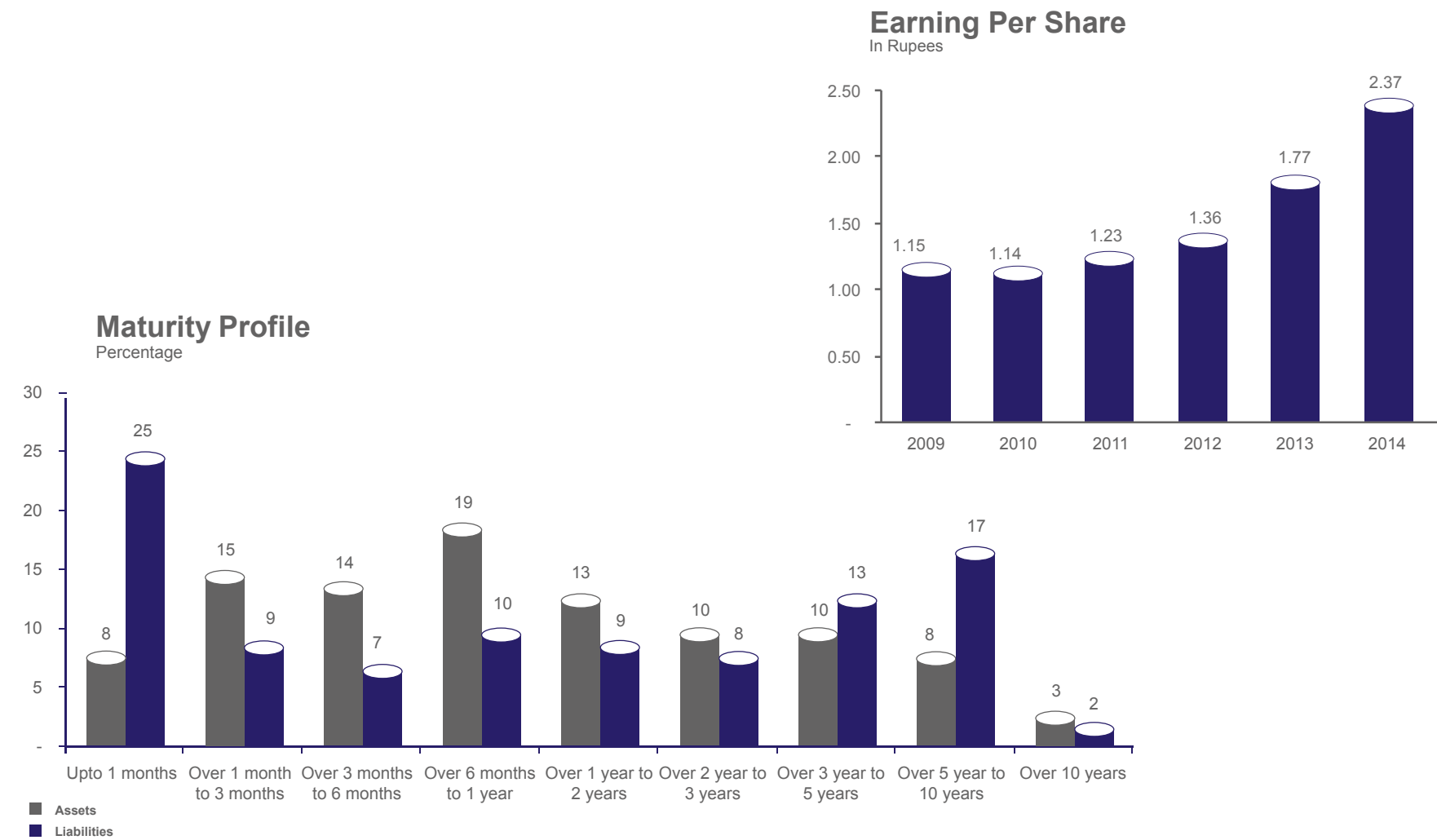
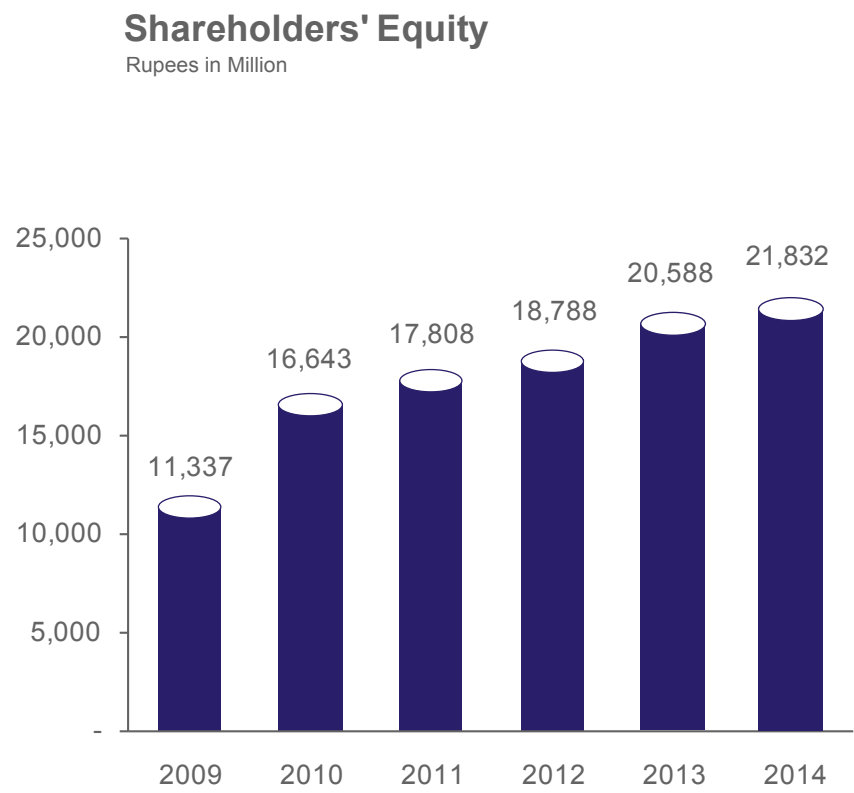
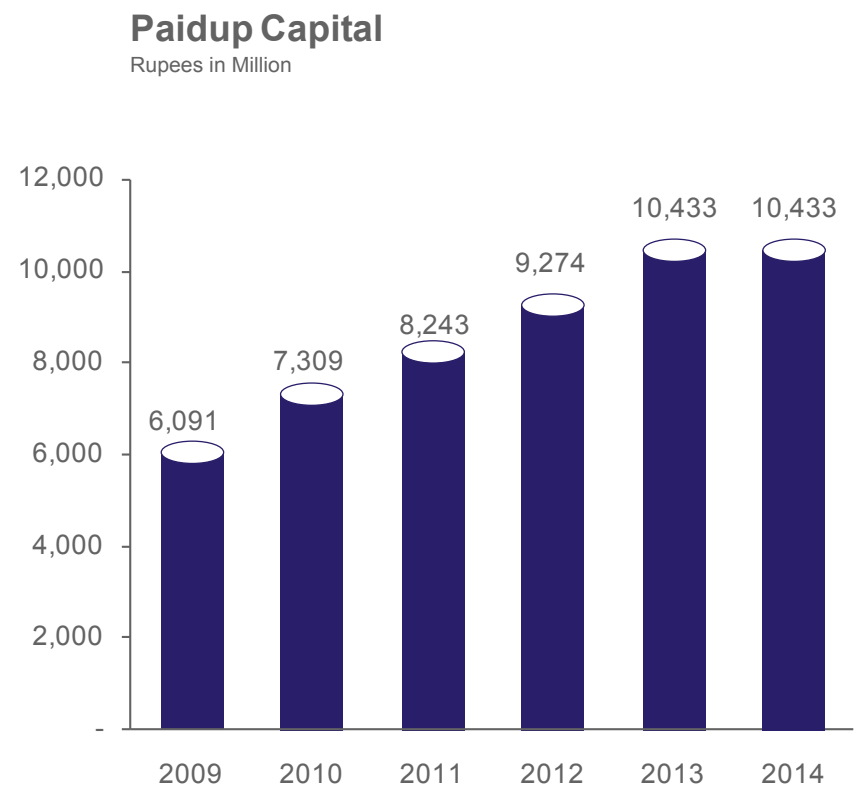
Investments

Rupees in Million

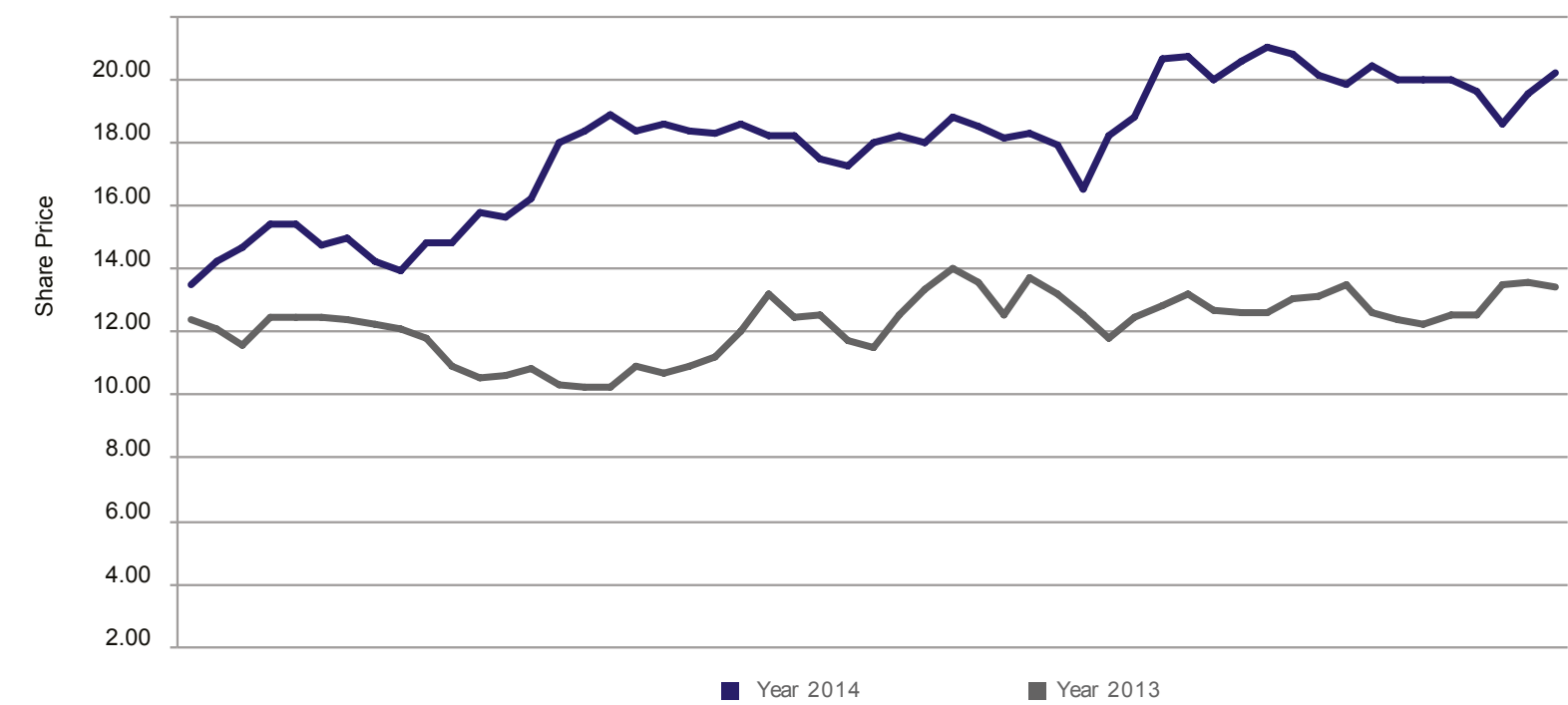


Investments Categorisation

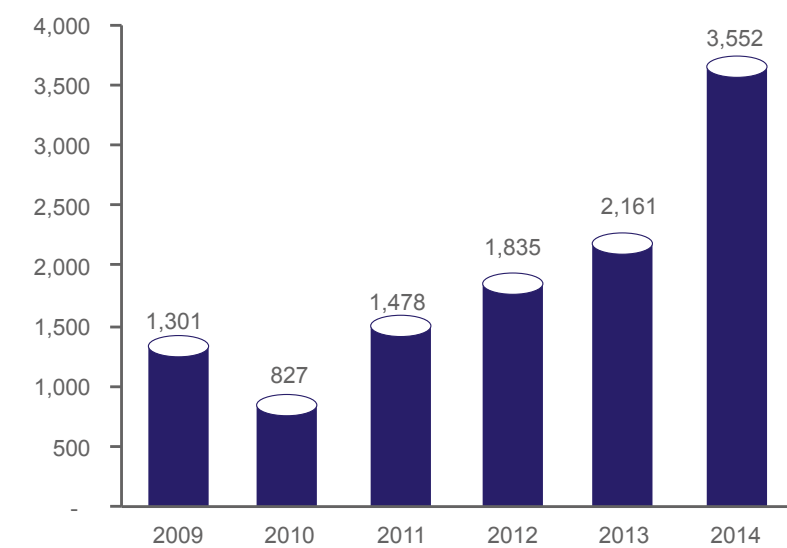




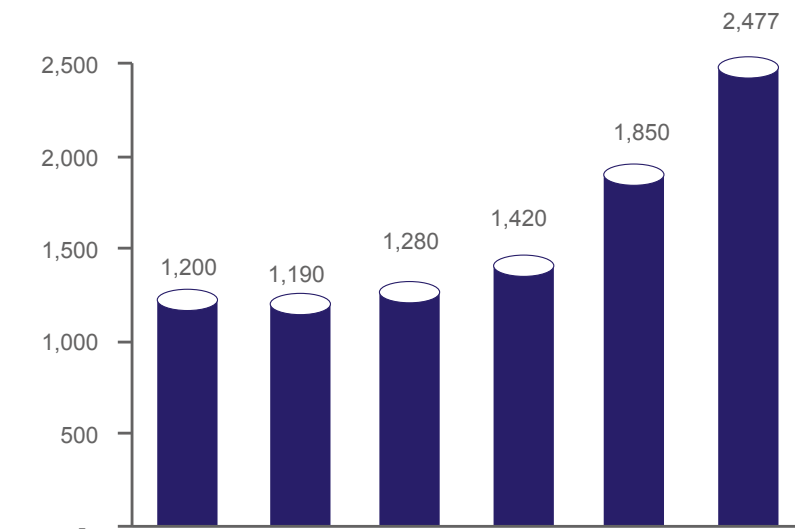
FBL Share Price Movement 2014 vs 2013



Profit before tax
Rupees in Million



Profit after tax
Rupees in Million



QUARTERLY PERFORMANCE 2014 AND 2013

Rupees in Million

STATEMENT OF FINANCIAL POSITION

ASSETS

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments
Advances
Operating fixed assets
Deferred tax assets - net
Other assets

2014				2013			
4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
20,286	19,240	27,306	22,029	28,422	28,915	24,182	22,009
1,423	1,068	1,156	1,308	1,012	1,064	1,368	1,868
-	6,761	-	9,960	300	300	-	15,291
155,211	108,537	111,192	93,802	113,319	78,369	104,455	86,098
181,225	174,548	175,596	178,747	184,190	182,505	174,886	172,580
11,543	9,912	10,151	10,094	10,251	10,399	10,495	10,708
2,429	4,425	4,312	3,866	3,981	5,221	4,371	4,643
16,010	14,222	16,040	13,978	13,804	11,837	11,605	11,745
388,127	338,713	345,753	333,784	355,280	318,610	331,362	324,941

LIABILITIES

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loans
Liabilities against assets subject to finance lease
Deferred tax liabilities - net
Other liabilities

5,348	5,561	9,253	4,871	4,969	5,766	4,860	3,670
60,927	31,852	30,279	28,169	45,447	34,067	50,707	48,935
283,346	267,085	271,944	266,054	271,134	246,707	242,804	238,933
2,995	3,245	3,245	3,495	3,495	3,746	3,746	3,995
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,209	8,943	9,303	9,668	8,069	7,016	7,319	8,402
361,825	316,686	324,024	312,257	333,114	297,302	309,435	303,936
26,302	22,027	21,729	21,527	22,166	21,308	21,927	21,005

REPRESENTED BY

Share capital
Reserves
Unappropriated profit

10,433	10,433	10,433	10,433	10,433	9,274	9,274	9,274
5,703	5,239	5,270	5,301	6,554	6,215	6,247	6,278
5,696	5,131	4,435	4,053	3,601	4,554	3,984	3,552
21,832	20,803	20,138	19,787	20,588	20,043	19,505	19,103
4,470	1,224	1,591	1,740	1,578	1,265	2,423	1,902
26,302	22,027	21,729	21,527	22,166	21,308	21,927	21,005

PROFIT AND LOSS ACCOUNT

Mark-up / return / interest earned
Mark-up / return / interest expensed
Net mark-up / interest income
Provision and write off
Non mark-up / interest income
Non mark-up / interest expenses
Profit/ (Loss) before taxation
Taxation charge/ (reversal)
Profit after taxation

8,759	7,874	7,904	7,776	7,321	7,079	6,808	6,583
4,882	4,598	4,544	4,456	4,113	3,919	4,621	4,292
3,877	3,276	3,359	3,320	3,208	3,160	2,187	2,290
448	439	833	639	703	935	21	457
1,197	972	1,133	1,072	937	1,355	1,194	1,046
2,950	2,803	3,419	3,125	3,000	2,785	2,756	2,560
1,676	1,007	241	628	441	796	605	319
617	328	(66)	195	(104)	245	113	56
1,061	676	308	432	545	550	492	263

کاروائی وفا

HORIZONTAL ANALYSIS

Statement of Financial Position

	2014	2013	2012	2011	2010	2009	2014 vs 2013	2013 vs 2012	2012 vs 2011	2011 vs 2010	2010 vs 2009	2009 vs 2008
	Rupees in Million						Variance %					
ASSETS												
Cash and balances with treasury banks	20,286	28,422	24,509	18,445	17,429	8,427	(29)	16	33	6	107	(6)
Balances with other banks	1,423	1,012	1,209	4,686	5,728	509	41	(16)	(74)	(18)	1,025	(42)
Lendings to financial institutions	-	300	-	-	-	15,018	(100)	100	-	-	(100)	425
Investments	155,211	113,319	88,019	93,439	86,419	56,531	37	29	(6)	8	53	56
Advances	181,225	184,190	172,299	148,162	133,707	91,346	(2)	7	16	11	46	9
Operating fixed assets	11,543	10,251	10,860	10,850	8,726	2,788	13	(6)	0	24	213	5
Deferred tax assets - net	2,429	3,981	4,387	5,180	5,017	1,280	(39)	(9)	(15)	3	292	100
Other assets	16,010	13,804	11,839	11,821	10,295	4,966	16	17	0	15	107	52
	388,127	355,280	313,123	292,583	267,321	180,865	9	13	7	9	48	31
LIABILITIES												
Bills payable	5,348	4,969	4,244	3,076	3,219	1,465	8	17	38	(4)	120	(5)
Borrowings	60,927	45,447	35,568	39,697	34,636	34,986	34	28	(10)	15	(1)	169
Deposits and other accounts	283,346	271,134	240,708	214,610	195,315	123,655	5	13	12	10	58	20
Sub-ordinated loans	2,995	3,495	4,195	4,395	4,595	999	(14)	(17)	(5)	(4)	360	(0)
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	(100)
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	(100)
Other liabilities	9,209	8,069	7,371	11,577	13,038	6,977	14	9	(36)	(11)	87	5
	361,825	333,114	292,086	273,355	250,803	168,082	9	14	7	9	49	32
	26,302	22,166	21,037	19,228	16,518	12,783	19	5	9	16	29	19
REPRESENTED BY												
Share capital	10,433	10,433	9,274	8,243	7,337	6,091	-	12	13	12	20	15
Reserves	5,703	6,554	6,309	6,591	7,355	4,030	(13)	4	(4)	(10)	83	6
Unappropriated profit	5,696	3,601	3,205	2,974	1,951	1,215	58	12	8	52	61	16
	21,832	20,588	18,788	17,808	16,643	11,336	6	10	6	7	47	12
Surplus on revaluation of assets	4,470	1,578	2,249	1,420	(125)	1,447	183	(30)	58	(1,236)	(109)	128
	26,302	22,166	21,037	19,228	16,518	12,783	19	5	9	16	29	19

HORIZONTAL ANALYSIS

Profit and Loss Account

	2014	2013	2012	2011	2010	2009	2014 vs 2013	2013 vs 2012	2012 vs 2011	2011 vs 2010	2010 vs 2009	2009 vs 2008
	Rupees in Million						Variance %					
Mark-up / return / interest earned	32,313	27,790	28,802	28,825	19,710	16,958	16	(4)	(0)	46	16	27
Mark-up / return / interest expensed	18,480	16,945	19,839	19,619	13,919	11,968	9	(15)	1	41	16	42
Net mark-up / interest income	13,833	10,845	8,963	9,206	5,791	4,990	28	21	(3)	59	16	1
Provision against non-performing loans (Reversal)/ Provision for consumer loans - general	2,056	1,906	1,004	330	1,906	1,966	8	90	204	(83)	(3)	27
Provision against off balance sheet obligations	33	123	25	(77)	(90)	(27)	(73)	392	(132)	(14)	233	(74)
Provision for diminution in the value of investments (Recoveries against written-off debts) / bad debts written-off directly	7	11	-	-	-	-	(36)	100	100	-	-	-
	397	111	415	409	287	252	258	(73)	1	43	14	(59)
	(134)	(34)	(42)	33	99	-	(294)	19	(227)	(67)	-	-
	2,359	2,117	1,401	695	2,202	2,191	11	51	102	(68)	1	7
Net mark-up / interest income after provisions	11,474	8,728	7,562	8,511	3,589	2,799	31	15	(11)	137	28	(4)
Non mark-up / interest income												
Fee, commission and brokerage income	2,076	2,237	1,858	1,773	1,141	885	(7)	20	5	55	29	9
Dividend income	182	479	432	619	335	668	(62)	11	(30)	85	(50)	(45)
Income from dealing in foreign currencies	1,073	949	769	851	519	400	13	23	(10)	64	30	15
Gain / (loss) on sale of securities	459	306	1,215	(256)	1,340	825	50	(75)	(574)	(119)	62	(716)
Unrealized (loss) on revaluation of investments classified as held for trading	31	(19)	43	(58)	68	(46)	(263)	(144)	(174)	(185)	(248)	1,433
Other income	551	574	966	1,141	609	81	(4)	(41)	(15)	87	652	3
Total non mark-up / interest income	4,372	4,526	5,282	4,070	4,012	2,813	(3)	(14)	30	1	43	22
	15,846	13,254	12,844	12,581	7,601	5,612	20	3	2	66	35	8
Non mark-up / interest expenses												
Administrative expenses	12,162	11,079	10,810	10,814	6,644	4,284	10	2	(0)	63	55	31
Other provisions	(89)	(95)	91	225	62	(6)	(6)	(204)	(60)	263	(1,133)	(106)
Other charges	222	117	103	64	68	33	89	14	60	(6)	106	(46)
Total non mark-up / interest expenses	12,295	11,101	11,004	11,103	6,774	4,311	11	1	(1)	64	57	26
	3,551	2,153	1,841	1,478	827	1,301	65	17	25	79	(36)	(28)
	-	7	(5)	-	-	-	(100)	230	-	-	-	-
Extraordinary / unusual items	3,551	2,160	1,835	1,478	827	1,301	64	18	24	79	(36)	(28)
Profit before taxation												
Taxation - Current	1,712	1,078	268	393	239	1,157	59	302	(32)	64	(79)	642
Taxation - Prior years	(813)	(1,613)	(227)	289	192	2,823	(50)	611	(179)	51	(93)	2,723
Taxation - Deferred	175	846	375	(484)	(794)	(3,880)	(79)	126	(177)	(39)	(80)	(1,011)
	1,074	311	416	198	(363)	100	246	(25)	110	(155)	(463)	(85)
	2,477	1,849	1,420	1,280	1,190	1,201	34	30	11	8	(1)	8
Profit after taxation												
	2,37	1.77	1.36	1.23	1.14	1.15	34	30	11	8	(1)	8
Basic earnings per share - Rupees												

VERTICAL ANALYSIS

Statement of Financial Position

	2014	2013	2012	2011	2010	2009	2014	2013	2012	2011	2010	2009
	Rupees in Million						Composition (%)					
ASSETS												
Cash and balances with treasury banks	20,286	28,422	24,509	18,445	17,429	8,427	5	8	8	6	7	5
Balances with other banks	1,423	1,012	1,209	4,686	5,728	509	0	0	0	2	2	0
Lendings to financial institutions	-	300	-	-	-	15,018	-	0	-	-	-	8
Investments	155,211	113,319	88,019	93,439	86,419	56,531	40	32	28	32	32	31
Advances	181,225	184,190	172,299	148,162	133,707	91,346	47	52	55	51	50	51
Operating fixed assets	11,543	10,251	10,860	10,850	8,726	2,788	3	3	3	4	3	2
Deferred tax assets - net	2,429	3,981	4,387	5,180	5,017	1,280	1	1	1	2	2	1
Other assets	16,010	13,804	11,839	11,821	10,295	4,966	4	4	4	4	4	3
	388,127	355,280	313,123	292,583	267,321	180,865	100	100	100	100	100	100
LIABILITIES												
Bills payable	5,348	4,969	4,244	3,076	3,219	1,465	1	1	1	1	1	1
Borrowings	60,927	45,447	35,568	39,697	34,636	34,986	16	13	11	14	13	19
Deposits and other accounts	283,346	271,134	240,708	214,610	195,315	123,655	73	76	77	73	73	68
Sub-ordinated loans	2,995	3,495	4,195	4,395	4,595	999	1	1	1	2	2	1
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	9,209	8,069	7,371	11,577	13,038	6,977	2	2	2	4	5	4
	361,825	333,114	292,086	273,355	250,803	168,082	93	94	93	93	94	93
	26,302	22,166	21,037	19,228	16,518	12,783	7	6	7	7	6	7
REPRESENTED BY												
Share capital	10,433	10,433	9,274	8,243	7,337	6,091	3	3	3	3	3	3
Reserves	5,703	6,554	6,309	6,591	7,355	4,030	1	2	2	2	3	2
Unappropriated profit	5,696	3,601	3,205	2,974	1,951	1,215	1	1	1	1	1	1
	21,832	20,588	18,788	17,808	16,643	11,336	6	6	6	6	6	6
Surplus on revaluation of assets	4,470	1,578	2,249	1,420	(125)	1,447	1	0	1	0	(0)	1
	26,302	22,166	21,037	19,228	16,518	12,783	7	6	7	7	6	7

VERTICAL ANALYSIS

Profit and Loss Account

	2014	2013	2012	2011	2010	2009	2014	2013	2012	2011	2010	2009
	Rupees in Million						Composition (%)					
Mark-up / return / interest earned	32,313	27,790	28,802	28,825	19,710	16,958	100	100	100	100	100	100
Mark-up / return / interest expensed	18,480	16,945	19,839	19,619	13,919	11,968	57	61	69	68	71	71
Net mark-up / interest income	13,833	10,845	8,963	9,206	5,791	4,990	43	39	31	32	29	29
Provision against non-performing loans	2,056	1,906	1,004	330	1,906	1,966	6	7	3	1	10	12
(Reversal)/ Provision for consumer loans - general	33	123	25	(77)	(90)	(27)	0	0	0	(0)	(0)	(0)
Provision against off balance sheet obligations	7	11	-	-	-	-	0	0	-	-	-	-
Provision for diminution in the value of investments	397	111	415	409	287	252	1	0	1	1	1	1
(Recoveries against written-off debts) / bad debts written-off directly	(134)	(34)	(42)	33	99	-	(0)	(0)	(0)	0	1	-
	2,359	2,117	1,402	695	2,202	2,191	7	8	5	2	11	13
Net mark-up / interest income after provisions	11,474	8,728	7,561	8,511	3,589	2,799	35	31	26	30	18	17
Non mark-up / interest income												
Fee, commission and brokerage income	2,076	2,237	1,858	1,773	1,141	885	6	8	6	6	6	5
Dividend income	182	479	432	619	335	668	1	2	1	2	2	4
Income from dealing in foreign currencies	1,073	949	769	851	519	400	3	3	3	3	3	2
Gain / (loss) on sale of securities	459	306	1,215	(256)	1,340	825	1	1	4	(1)	7	5
Unrealized (loss) on revaluation of investments classified as held for trading	31	(19)	43	(58)	68	(46)	0	(0)	0	(0)	0	(0)
Other income	551	574	966	1,141	609	81	2	2	3	4	3	0
Total non mark-up / interest income	4,372	4,526	5,283	4,070	4,012	2,813	14	16	18	14	20	17
	15,846	13,255	12,845	12,581	7,601	5,612	49	48	45	44	39	33
Non mark-up / interest expenses												
Administrative expenses	12,162	11,079	10,810	10,814	6,644	4,284	38	40	38	38	34	25
Other provisions	(89)	(95)	91	225	62	(6)	(0)	(0)	0	1	0	(0)
Other charges	222	117	103	64	68	33	1	0	0	0	0	0
Total non mark-up / interest expenses	12,295	11,101	11,004	11,103	6,774	4,311	38	40	38	39	34	25
	3,551	2,154	1,841	1,478	827	1,301	11	8	6	5	4	8
Extraordinary / unusual items	-	7	(5)	-	-	-	-	0	-	-	-	-
Profit before taxation	3,551	2,161	1,836	1,478	827	1,301	11	8	6	5	4	8
Taxation - Current	1,712	1,078	268	393	239	1,157	5	4	1	1	1	7
Taxation - Prior years	(813)	(1,613)	(227)	289	192	2,823	(3)	(6)	(1)	1	1	17
Taxation - Deferred	175	846	375	(484)	(794)	(3,880)	1	3	1	(2)	(4)	(23)
	1,074	311	416	198	(363)	100	3	1	1	(2)	(2)	1
Profit after taxation	2,477	1,850	1,420	1,280	1,190	1,201	8	7	5	4	6	7

STATEMENT OF VALUE ADDED

Mark-up / return / interest earned - net of provisions
 Fee, commission and brokerage income
 Dividend income
 Income from dealing in foreign currencies
 Derivative income, gain on sale of investments etc.

Administrative expenses
Value Added

Distributed as follows:

To Employees
 As remuneration

To Government
 As income tax

To Depositors
 As profit on investments

To Finanacial Institutions
 As profit on borrowings

To Society
 As donations

To Shareholders
 As dividends / bonus

Retained in Business
 As reserves and retained profits

	Rs. '000	
2014		%
Mark-up / return / interest earned - net of provisions	29,953,051	108
Fee, commission and brokerage income	2,075,945	7
Dividend income	182,435	1
Income from dealing in foreign currencies	1,072,939	4
Derivative income, gain on sale of investments etc.	1,042,849	4
Administrative expenses	34,327,219	124
Value Added	6,587,417	(24)
	27,739,802	100

5,670,829

20

1,074,826

4

13,990,871

50

4,489,320

16

36,998

0

-

-

2,476,958

9

27,739,802

100

	Rs. '000	
2013		%
Mark-up / return / interest earned - net of provisions	25,680,731	106
Fee, commission and brokerage income	2,237,474	9
Dividend income	479,352	2
Income from dealing in foreign currencies	948,598	4
Derivative income, gain on sale of investments etc.	860,760	4
Administrative expenses	30,206,915	124
	5,937,744	(24)
	24,269,171	100

5,116,619

21

310,873

1

12,654,607

52

4,290,708

18

46,458

0

1,159,189

5

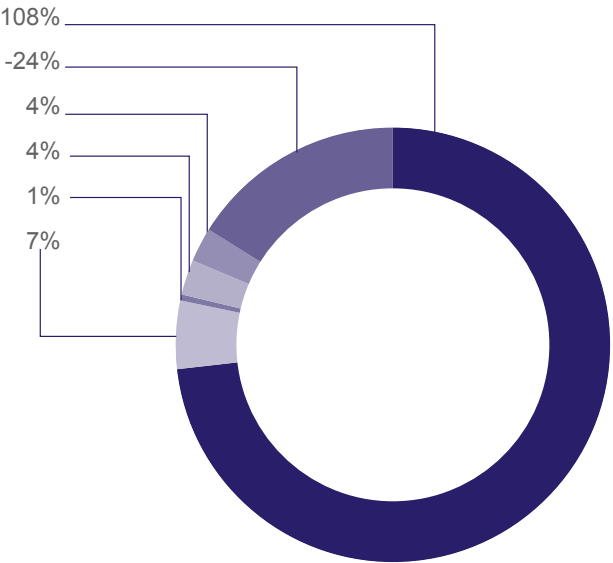
690,717

3

24,269,171

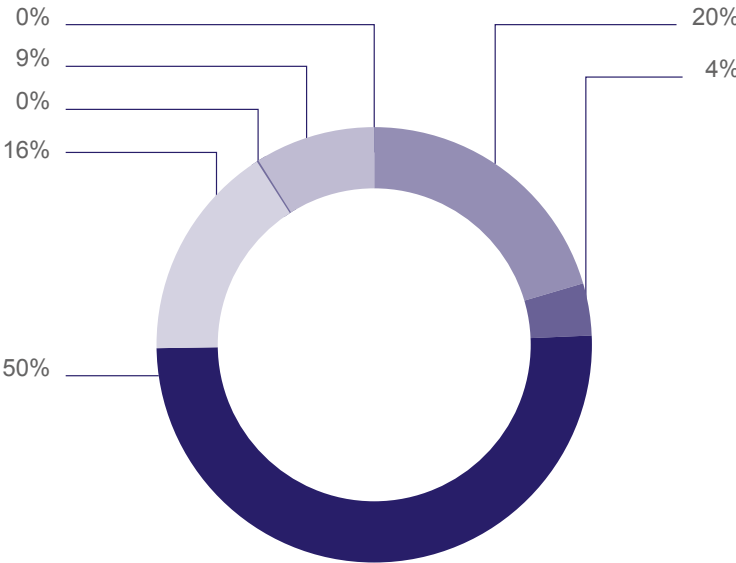
100

Income



- Mark-up / return / interest earned - net of provisions
- Fee, commission and brokerage income
- Dividend income
- Income from dealing in foreign currencies
- Derivative income, gain on sale of investments etc.
- Administrative expenses

Distribution



- To Employees
- To Government
- To Depositors
- To Finanacial Institutions
- To Society
- To Shareholders
- Retained in Business

بنامِ اسلام آباد

پیارے اسلام آباد سلام،

تم جہاں آباد ہو اس علاقے کی تاریخ تو صدیوں پر محیط ہے، یہاں سے ناصرؑ ماقبل تاریخ کے شواہد ملے بلکہ ۳۰۰۰ قبل از مسیح کے لوگ بھی یہاں بسے اور پھر آریان اور بدھ مت کے لوگوں نے یہاں ڈیرا ڈالا، اور یہ علاقہ ظہیر الدین بابر، چنگیز خان، تیمور لنگ اور احمد شاہ دُراتانی کے لشکروں کی راہداری بھی رہا۔

مارگلہ کے دامن میں واقع سید پور گاؤں کے اطراف کا وہ خوبصورت علاقہ جہاں ۱۹۶۰ کی دہائی میں صدر ایوب خان نے پاکستان کا نیا دار الخلافہ مارگلہ کے دامن میں واقع سید پور گاؤں کے اطراف کا وہ خوبصورت علاقہ جہاں ۱۹۶۰ کی دہائی میں صدر ایوب خان نے پاکستان کا نیا دار الخلافہ

آباد کیا، وہ تم ہی تو ہو اسلام آباد کہ جس کی خوبصورتی دیدنی ہے۔

اسلام آباد تم شاید پاکستان کے وہ واحد شہر ہو جہاں سال کے چاروں موسم اپنی پوری آب و تاب کے ساتھ آتے ہیں۔ یہ ہم نے تب محسوس کیا جب

۱۹۹۷ء میں ۹۰ ویں، رضیہ شریف پلازہ میں اپنی پہلی برانچ کھول کر تم میں آباد ہوئے۔

ہم نے دیکھا جیسے جیسے جاڑے کا موسم ختم ہوتا چلا گیا ویسے ویسے پہلے ہری مٹلی گھاس نے ساری زمین کو ڈھانپ لیا اور پھر درختوں پر ہرے پتوں

اور ہرمت رنگ برنگے کھلے پھولوں نے بہار کو خوش آمدید کہا اور جب گرمی اپنے عروج کو پہنچی تو یہ رنگ اور ہریالی اور بھی دسکنے لگی، پھر تمام درختوں

نے گویا زردی مائل سرخ چادر سی اُوڑھ کر خزاں کی آمد کا اعلان کیا اور اگلے جاڑے کے آتے آتے یہ تمام پتے جھڑک کر درختوں کا ڈھانچا نمودار کر گئے۔

یہ تو رہا تمہارے موسموں کا مزاج، اب کچھ بات ہو جائے تم میں بسنے والے باسیوں اور اُن کے مزاج کی۔ بھی مزے کی بات تو یہ ہے کہ کھلے ہی تم

میں پورے پاکستان سے لوگ آکر بسے ہیں پر تمہارے قدرتی حُسن اور رومانوی فضا میں سب ہی دھیمے مزاج کے ہو جاتے ہیں۔

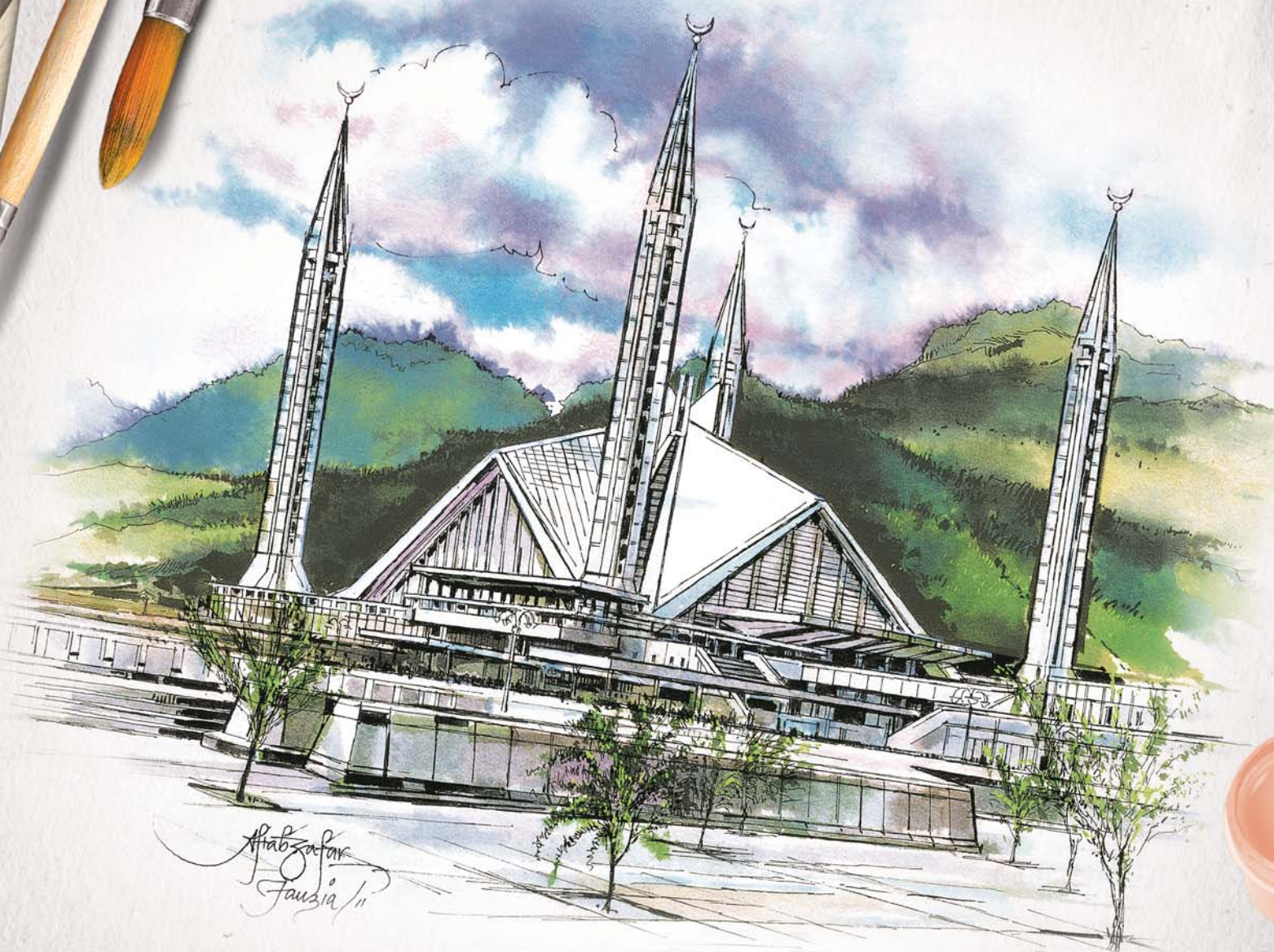
اسلام آباد تمہارے بارے میں لکھنے کو تو بہت کچھ ہے جیسے سیاسی اور ثقافتی سرگرمیاں، فوڈ سٹریٹ اور سید پور لُنج کا کھانا، راول لیک میں کشتی کی

سواری یا شکر پڑیاں پر پاکستان مانیومنٹ، لوک ورثہ میوزیم اور فیصل مسجد کی سیر۔ لیکن یہ سب اس خط میں قلم بند کرنے بیٹھیں گے تو ایک ناختم

ہونے والی داستان شروع ہو جائے گی۔ ہم تو صرف اتنا کہیں گے کہ اسلام آباد تم سدا آباد رہو اور ہم تم میں آباد رہیں۔

تمہارا اپنا،

فیصل بینک



Picturesque beauty

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of Faysal Bank Limited (FBL) will be held on March 27, 2015 at 11:30 a.m. at Beach Luxury Hotel, Jasmine Hall, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 19th Annual General Meeting held on March 28, 2014.
2. To receive and adopt Annual Audited Accounts, Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2014 together with the Directors and Auditors Reports thereon.
3. To consider and approve as recommended by the Board of Directors to issue Bonus Shares in proportion of 15 shares for every 100 shares held i.e. 15% for the year ended December 31, 2014.
4. To appoint External Auditors for the ensuing financial year 2015 at a mutually agreed rate of remuneration. The present Auditors, A.F. Ferguson & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.
5. Any other business with the permission of the Chair.

SPECIAL BUSINESS:

6. **To approve disposal of fractional shares created out of the issuance of bonus shares by the Bank for the year 2014 by passing the following resolution as ordinary resolution with or without amendments:**

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

7. **To approve increase in Authorised Shares Capital of the Bank and in this regard amend the Memorandum & Articles of Association by passing the following resolutions as special resolutions with or without amendments:**

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

RESOLVED THAT

- a) The authorised share capital of the Bank be and is hereby increased from Rs. 12,000,000,000/- (Rupees Twelve Billion Only) to Rs. 18,000,000,000/- (Rupees Eighteen Billion Only) divided into 1,800,000,000 Ordinary Shares of Rs. 10/- each.
- b) Clause V of the Memorandum of Association of the Bank be substituted by the following:

The capital of the Bank is Rs. 18,000,000,000/- (Rupees Eighteen Billion only) divided into 1,800,000,000 ordinary shares of Rs. 10/- each.
- c) The Article 5 (a) of the Articles of Association of the Bank be substituted by the following:

The capital of the Bank is Rs. 18,000,000,000/- (Rupees Eighteen Billion only) divided into 1,800,000,000 ordinary shares of Rs. 10/- each.
- d) The Company Secretary of the Bank be and is hereby authorised to sign and execute documents and forms required to be filed at the State Bank of Pakistan and Securities and Exchange Commission of Pakistan and take all other corporate formalities, steps/measures to bring into effect the aforementioned amendments.

8. **To consider and approve FBL's investment of up to PKR 1.0 Billion into the funds of Faysal Asset Management Limited (FAML) to be launched during 2015 as seed money and pass the following Special Resolutions as required by Section 208 of the Companies Ordinance 1984 with or without modifications:**

“RESOLVED that subject to compliance of all the regulatory requirements, investment of Faysal Bank Limited up to PKR 1.0 Billion as seed money in the funds of FAML, an associated company of Faysal Bank Ltd be and is hereby approved.

FURTHER RESOLVED that for the purpose of giving effect to this Special Resolution; 1) the President & CEO and / or 2) the Company Secretary and / or 3) Chief Financial Officer of the Bank be and are hereby singly or jointly authorised to take all necessary actions and do all acts, deeds and things in the matter.

9. **To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2014 for attending the Board meetings/Sub-Committees and revised scale of Remuneration to be paid to the each Non-Executive/Independent Directors of FBL for attending the Board Meeting/Sub-Committees and in that connection to pass the following resolutions as an Special Resolutions, with or without modification, addition or deletion:**

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

RESOLVED THAT:

- i) The remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. (Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee and Board Steering Committee for conversion of Faysal Bank Limited into Islamic Bank) as disclosed in Note 38 of the Audited Financial Statements of the Bank for the year ended December 31, 2014, be and is hereby approved.
- ii) That the revised scale of the remuneration paid/to be paid to the Chairman of the Board US\$ 15,000/-, Vice Chairman of the Board US\$ 10,000/-, Non-Executive and Independent Directors of Board US\$ 5,000/- and all Sub-Committees Meetings US\$ 1,500/- on net of tax basis, be and is hereby approved and confirmed.

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

Karachi dated: March 6, 2015

By the order of the Board



Aurangzeb Amin
Company Secretary & Head of Legal

Notes:

1. The Share Transfer Books of the Bank shall remain closed from March 20, 2015 to March 27, 2015 (both days inclusive). Transfer received at the Registrar and Share Transfer Agent of the Bank, by the close of business on March 19, 2015 will be treated in time for the purpose of entitlement of aforesaid bonus shares.
2. A member entitled to attend and vote at the Meeting may appoint another Member as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member, but is duly authorised by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Meeting.
3. Members are required to timely notify any change in their address to Bank s Registrar/Share Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting :

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

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CINC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

For Information of the Members:

5. The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
 - (i) For filers of income tax returns: 10%
 - (ii) For non-filers of income tax returns: 15%

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

To enable the company to make tax deduction on the amount of cash dividend @ 10% instead of 15%, all the members whose names are not entered in the Active Tax-Payers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are as entered into ATL at the earliest possible otherwise tax on their cash dividend (as and when declared) will be deducted @ 15% instead of 10%.

Folio/ CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

- With reference to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 19(I)/2014 dated January 10, 2014, SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or their authorised person, except in case of minor(s) and corporate members. All those individual members holding physical shares who have not yet recorded their CNIC No. are once again reminded to immediately submit the copy of their CNIC to Company s Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi; Members while sending CNIC must quote their respective folio numbers.
- The corporate members having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificate to Company s Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The corporate members while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.
- Annual accounts of the Company for the financial year ended December 31, 2014 have been provided on the Company s website - www.faysalbank.com
- Members are hereby informed that pursuant to SECP s S.R.O. 787(1)/2014 dated September 8, 2014 regarding electronic transmission of Annual Report and notice which falls in the ambit of sections 50, 158 and 233 of the Companies Ordinance 1984, the request form has been uploaded on FBLs website - www.faysalbank.com
- Those members who want to avail this facility are requested to submit the request form duly filled to our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

- In pursuance to the directions given by SECP vide Circular No. 8(4)SM/CDC 2008 dated April 5, 2013 the members may authorise the Company to directly credit in their bank account the dividend declared in the annual general meeting. In view of that, you are hereby encouraged to provide a duly filled and signed dividend mandate for e-dividend facility. The dividend mandate form has been uploaded on FBLs website - www.faysalbank.com

The members who hold shares in physical form are requested to submit the dividend mandate form duly filled to our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. The members who hold shares in dematerialised form are requested to submit the members who hold shares in dematerialised form are requested to submit the dividend mandate form duly filled to their participant/investor account services in the CDC.

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

Statement of Material Facts under Section 160(1)(b) of the Companies Ordinance 1984 relating to the Special Business referred to in Clause 6 of the Notice above:

This statement sets out the material facts concerning the following Special Business to be transacted at the Annual General Meeting of Shareholders of FBL to be held on March 27, 2015.

To approve disposal of fractional shares created out of the issuance of bonus shares by the Bank for the year 2014 by passing the following resolution with or without amendments:

That in the event of any member holding fraction of a Share, the Company Secretary be and is hereby authorised to consolidate such Fractional entitlement and sale in the stock market and the proceeds of sale (less expenses) when realised, be donated to a Charitable Trust namely Waqf Faisal .

To approve increase in Authorised Capital of the Bank and in this regard amend the Memorandum & Articles of Association by passing the following the resolutions as special resolution with or without amendments:

It is proposed to increase authorised capital of the Bank from PKR 12,000,000,000/- to PKR 18,000,000,000/-.

The current paid capital of FBL at Rs. 10.4 Billion against the Authorised of Rs 12 Billion leaves little room for raising further capital. Keeping in view future capital requirements it is essential that the Authorised Capital of FBL be increased. It is therefore, proposed that the Authorised Capital of FBL is increased from present level of PKR 12,000,000,000/- to PKR 18,000,000,000/-.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

To consider and approve FBL's Investment of up to PKR 1.0 Billion as seed money in certain funds of Faysal Asset Management Limited (FAML) with or without modifications.

FBL from time to time makes investment in funds launched by its associated company, FAML. For this purpose approval of PKR 1.0 Billion is sought from shareholders.

The Statement of material facts as required under the SRO 27(I)/2012 dated January16, 2012 appears herein below:

a) Name of the associated company along with criteria on which the associated relationship is established

Investment in new funds to be launched by FAML. Associated relationship established due to 30% shareholding of FBL in FAML.

b) Purpose, benefits and period of investment

This seed money investment will enable FAML to launch new funds and grow its business, the benefits of which will flow to FBL in the form of dividends on this investment in funds and also on investment in FAML equity.

c) Maximum amount of investment

Investment of up to PKR 1.0 Billion

d) Maximum price at which securities will be acquired

Face value

e) Maximum number of securities to be acquired

Dependent upon number of funds launched by FAML.

f) Number of securities and percentage thereof held before and after the proposed investment

Not applicable

g) Fair market value of securities

Not applicable

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

h) Break-up value of securities intended to be acquired on the basis of the latest Audited financial statements

Not applicable

i) Earnings per Share of the associated company for the last three years

Not applicable

j) Source of funds from which securities will be acquired

Units will be purchased from FBL's own sources.

k) Salient features of the agreements(s) if any, entered into with the associated company with regards to the proposed investment

Not applicable

l) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives in the associated company or the transaction

There is no personal interest of the directors, sponsors, majority shareholders or their relatives.

To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2014 for attending the Board meetings/Sub-Committees and revised scale of Remuneration paid to the each Non-Executive/Independent Directors of FBL for attending the Board Meeting/Sub-Committees and in that connection to pass the following resolutions as an ordinary resolutions, with or without modification, addition or deletion:

RESOLVED THAT:

- i) The remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. (Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee and Board Steering Committee for conversion of Faysal Bank Limited into Islamic Bank) as disclosed in Note 38 of the Audited Financial Statements of the Bank for the year ended December 31, 2014, be and is hereby approved.
- ii) That the revised scale of the remuneration paid/to be paid to the Chairman of the Board US\$ 15,000/-, Vice Chairman of the Board US\$ 10,000/-, Non-Executive and Independent Directors of Board US\$ 5,000/- and all Sub-Committees Meetings US\$ 1,500/- on net of tax basis, be and is hereby approved and confirmed.

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code), prepared by the Board of Directors of **Faysal Bank Limited** (the Bank) for the year ended December 31, 2014 to comply with the requirements of Regulation No. 35 of Chapter XI contained in the Listing Regulations issued by the Karachi Stock Exchange, the Lahore Stock Exchange and the Islamabad Stock Exchange where the Bank is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2014.

Attestation

Chartered Accountants
Dated: March 5, 2015
Karachi.

کاروائی وفا

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: Faysal Bank Limited Year Ended: December 31, 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) issued by contained in Regulation No. 35 chapter (xl) of listing Regulations of the Stock Exchanges for the purpose of establishing a framework of good corporate governance whereby a listed company is managed in compliance with the best practices of the Corporate Governance.

The Board of Directors of Faysal Bank Limited (the Bank) has adopted and applied the principles contained in the Code of Corporate Governance in the following manner:

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

Category	Names
Independent Directors	Mr. Farooq Rahmatullah Mian Muhammad Younis
Executive Directors	Mr. Nauman Ansari, President & CEO
Non-Executive Directors	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery Mr. Juma Hasan Ali Abul Mr. Imtiaz Ahmad Pervez Mr. Muhammad Wasif Ijlal

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Bank.

3. All the resident Directors of the Bank are registered taxpayers and to the best of our knowledge none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non Banking Financial Institution or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy due to resignation of Mr. Tawfeeq Mohamed Mohamed Rafeea Bastaki occurred on the Board on 24-11-2014 which was filled by the Directors on the same day by co-opting Mr. Abdulelah Ebrahim Mohamed AlQasimi subject to regulatory approvals. In principal clearance of the SBP for the incoming director was received on February 6, 2015. Accordingly, the position was dully filled-up within 90 days.
5. The Bank has prepared a Code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
6. The Board has adopted a vision/mission statement, overall corporate strategy and significant policies for the Bank. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms

and conditions of employment of President & CEO, other executive and non-executive directors, have been taken by the board.

8. The Meetings of the Board were presided over by the Chairman and his absence, by a director elected by the Board for this purpose. The Board of Directors met six times in the year 2014. Written notice of the Board meetings, along with agenda and working papers, were circulated at least seven days before the Meetings except in one emergency meeting where the notice period was reduced. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an Orientation Workshop for its directors during the year.
10. The Board had approved the appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.
11. The Directors of the Bank are professionally qualified and experienced persons and are well aware of their duties and responsibilities. During the year, the directors remained compliant with regards to the training program as per the criteria set by SECP.
12. The Directors Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient features required to be disclosed.

13. The financial statements of the Bank were duly endorsed by the President & CEO and CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
15. The Bank has complied with all applicable corporate and financial reporting requirements as required by the CCG.
16. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-Executive directors and the Chairman of the Committee is an Independent director.
17. The Audit Committee held four (04) meetings, one in every quarter prior to approval of interim and final results of the Bank as required by the CCG. The terms of reference of Audit Committee have been framed and approved by the Board and have been advised to the committee for compliance.
18. The Board has formed a Recruitment, Nomination and Remuneration Committee (RNRC). It comprises of four members, of whom three are non-executive/independent and one is executive director. The Chairman of the Committee is a Non-Executive Director.
19. The Audit Committee members met with External Auditors of the Bank without CFO and Head of Internal Audit and also met with Head of Internal Audit and other members of the Internal Audit function without CFO as required under the provisions of CCG.

20. The Board has set up an Internal Audit function. The staff of Internal Audit Department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
21. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP); that they or any of the partners of the firm, their spouses and minor children do not hold shares of Faysal Bank Limited or its associates and the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
23. The closed period prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to directors, employees and stock exchanges.
24. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

25. We confirm that all other material principles contained in the CCG have been complied with.

Karachi
Dated: February 26, 2015


Mr. Nauman Ansari
President & CEO

بنامِ ملتان

پیارے ملتانِ سلام،

مدینۃ الاولیاء کے نام سے پہچانے جانے والی صوفی، درویش اور اولیاء کرام کی وہ سرزمین جس کا شمار دنیا کی قدیم ترین آبادیوں میں ہوتا ہے۔ ملتان، اپنے محل وقوع کی بنیاد پر کتنے ہی قابض تم پر آئے اور کتنی ہی تباہیاں تم نے برداشت کیں۔ سکندر اعظم سے لے کر محمد بن قاسم اور پھر اسماعیلیوں سے لے کر محمود غزنوی تک تم کتنے ہی سوراخوں کی بہادری کے شاہد رہے، اور پھر مغلوں کے دور میں آکر دارالامان کے لقب سے پہچانے گئے پر ہائے ری قسمت، مغلوں کے زوال کے ساتھ ساتھ ایک بار پھر اُس ہی سلسلے کا آغاز ہو گیا اور پھر تم احمد شاہ درانی سے لے کر سکھوں اور پھر انگریزوں کے زیر تسلط رہے۔

ملتان جب ہم نے ۲۰۰۲ میں تمہارے علاقے ابدالی روڈ پر اپنی برانچ کھولی تو ہمیں اندازہ ہوا کہ تمہارے بایسویں کا مزاج بڑا درویشانہ ہے اور ہو بھی کیوں نا؟ اس سرزمین پر انگنت اولیاء کرام کی آخری آرام گاہ جو ہے۔ یہاں شیخ بہاؤ الدین زکریا، شاہ رکن عالم اور شاہ شمس الدین سبزواری سمیت کئی صوفی بزرگوں کے مزار موجود ہیں اور جب شاہ رکن عالم کے مزار سے تمام شہر پر دھلتی شام کا نظارہ کیا جائے تو جیسے دیکھنے والے پر ایک طلسم سا طاری ہو جاتا ہے۔

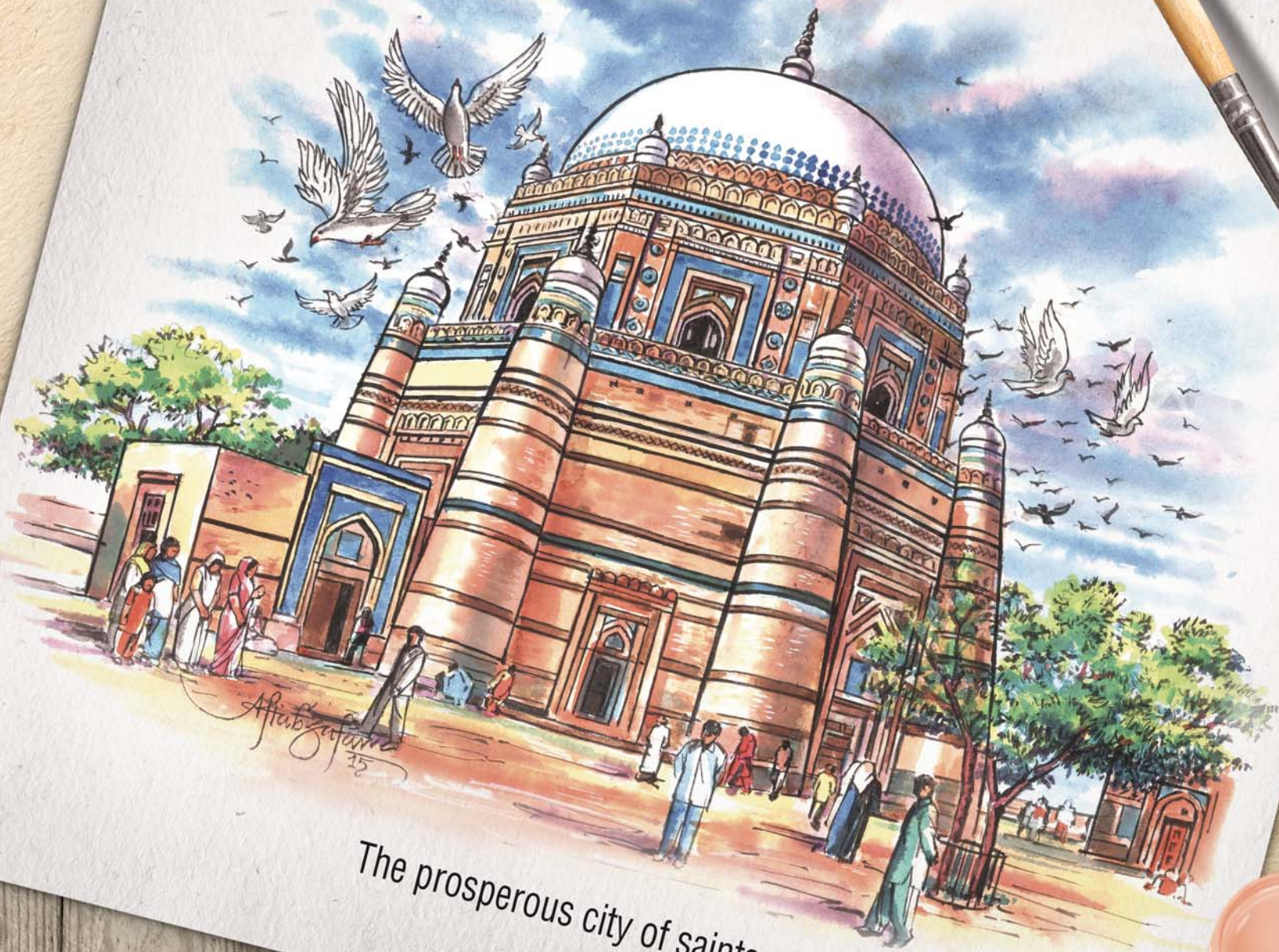
میرے دوست ملتان، یوں تو تمہارے بارے میں لکھنے کو بہت کچھ ہے پر سب سے پہلے تمہارے خاص ملتانئی سوہن حلوے کا ذکر کرنا چاہوں گا جس کے خالص اجزاء میں بنانے والے کا خلوص اور برسوں کا تجربہ بھی شامل ہے تبھی تو یہ سوغات نا صرف پاکستان بلکہ دنیا بھر میں پسند کی جاتی ہے۔ اور اگر تمہارے یہاں کے گھسٹوں کا ذکر نہ کیا جائے تو زیادتی ہوگی جو بنانے والے کی کاریگری اور نفاست کا منہ بولتا ثبوت ہیں۔

اب تھوڑا ذکر ہو جائے تمہارے مخصوص کھانوں اور بازاروں کا۔ بھی، یوں تو تمہارے یہاں کی ہر شے ہی لذیذ ہے پر ملتانئی مٹن چاپ، میٹھی روٹی اور ڈولی روٹی کی بات ہی کچھ اور ہے۔ اور قلعہ ملتان کے چھ تاریخی دروازوں سے آتی ہوئی گلیوں میں موجود بازار تمہاری ثقافت، روایت اور تاریخ کے ترجمان ہیں۔

پیارے ملتان، ہم خود کو خوش قسمت سمجھتے ہیں کہ تم نے ہمیں اپنی آغوش میں بسالیا اور اب ہم یہاں سے نہیں جانے والے۔

تمہارا اپنا،

فیصل بینک



The prosperous city of saints



Directors' Report

For the year ended
December 31, 2014



Nauman Ansari
Nauman Ansari
President & Chief Executive Officer

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

On behalf of the Board of Directors, I am pleased to present the Twentieth Annual Report of Faysal Bank Limited along with audited financial statements and the Auditor's Report thereon for the year ended December 31, 2014.

Economic Update:

Following several years of anemic economic growth, 2014 proved to be a turnaround year for Pakistan's economy. Real GDP growth which was recorded at 3.7% in FY 13 improved to 4.1% in FY 14 and for FY 15 the GOP is targeting growth at 5.1%.

Subsequent to Pakistan joining the IMF program in CY 13, external inflows from international financial institutions resumed after a gap of almost three years but the catalyst for the turnaround in sentiment was the USD 1.5 billion grant given by a friendly country in February 14 for the Pakistan Development Fund. This flow provided a much needed cushion to the depleting forex reserves and paved the way for other transactions such as the successful auctioning of the 3G/4G telecom licenses in April 2014; the US\$ 2 billion mobilised via the Eurobond in April; US\$ 1 Billion raised via International Sukuk in November 2014 and the divestiture of UBL shares to foreign investors in June amongst others. This helped push the SBP's FX reserves to USD 15.21 billion by the end of CY 14, a surge of approx USD 7.1 billion during the year. This subsequently enabled the PKR to strengthen against the USD by almost 4% from PKR 105.32 at the start of CY 14 to PKR 100.92 at the end of CY 14.

Against a fiscal deficit target of 6.5 percent announced in the FY 14 Federal Budget, the government was able to contain the gap to 5.5 percent, which is a significant achievement compared to FY 13 wherein it was recorded at 8%. However, there were one-off factors like the inflow into the Pakistan Development Fund, and the fact that the government did not pay off the circular debt in FY 14. For FY 15 the fiscal deficit target is budgeted at 4.9% and as per the preliminary estimates for the 1st Half of FY 15 the GOP is broadly on track for achieving this target. Any expenditure that overruns due to the Army operation Zarb-e-Azab and internalising of the circular debt pose risks to the adherence of this target.

On external side, after initially showing weakness due to higher current account deficit, balance of payment started to show improvement from Nov 14 onwards. This was primarily due to successful completion of IMF's fourth and fifth review and the issuance of USD 1 billion dollar international sukuk. For 1st half of FY 15, current account deficit widened from USD 2 billion to USD 2.4 billion, due to exports falling by 1 percent and imports rising by 4.1 percent. Falling cotton prices in international market and prolonged energy shortage can be attributed to decline in exports. Rise in imports was primarily because quantum effect outweighed the price impact. However, going forward, due to falling oil price in international markets, price effect will dominate given that oil imports account for one third of total imports. This will provide much needed cushion to current account thus further improving the balance of payment position for FY 15.

The most heartening economic development during CY 14 was the sharp deceleration witnessed in CPI inflation which was recorded at 8.6% for the FY 14 and 6.1% for 1st Half FY 15 against an initial SBP FY 15 estimate of 8%. This number is now expected by the SBP to decelerate further in the range of 4.5%-5.5% for the full FY 15. The broad based decline in inflation is attributable to a multiplicity of factors; a rare YoY strengthening of the PKR against the USD helped tame imported inflation, limited impact of floods, better supply conditions of domestic edibles kept food prices under check but the biggest catalyst thus far was the plummeting international oil price which quite spectacularly tumbled by approx 48% during CY 14.

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

This provided much needed space to the SBP to reduce the discount rate by a cumulative 150 bps in the monetary policy decisions in November 14 and January 15.

The key challenges facing Pakistan's economy going forward emanate from long standing structural issues. The fiscal front remains challenged on one hand by resource constraints as the tax to GDP ratio is still hovering at 10% (the FBR during FY 14 twice revised its collection targets downwards owing to anemic economic activity) whereas on the other hand the dismal performance of the PSEs and the GOP's penchant for untargeted subsidies is taking a considerable toll on public finances. Even though the GOP so far has successfully met the immediate fiscal deficit targets, the costs associated with Operation Zarb-e-Azab and mounting payables for a piling circular debt pose a serious challenge - especially as the fiscal deficit target for the next FY set forth with the IMF has incorporated a further reduction of 1%. Besides the fiscal front and energy shortages, the slowdown in the global economic activity — the IMF has revised the Global growth forecast for 2015 from 3.4% to 3.1% which is also a cause for concern.

Bank's Performance:

The Bank continued to concentrate its efforts on increasing revenue from core business activities. This is being done by mobilising low cost current and saving deposit, rationalising administrative costs, proactively managing credit costs / NPLs and reducing their impact by recovering classified loans. Bank has made significant progress on the aforementioned issues which is reflected in Bank's financial performance. Some of the key developments during the period under review are highlighted below:

1) Customer Franchise

a) Corporate and Investment Banking:

Corporate Banking continued to provide profitable transactions for the bank during 2014 and completed several transactions in the areas of direct customer financing, import finance facilities, working capital lending as well as cash management.

Despite lack of major new investment initiatives during the year, the investment banking concluded following significant transactions during the year:

- Successfully closed as Lead Advisor and Arranger for PKR 6.7 bln project financing for setting up of 62.4 MW bagasse based cogeneration power plant in Punjab.
- Successfully closed a jointly mandated financing of PKR 24.2 billion for setting up diesel hydro-desulphurisation, isomerisation and auxiliary units for one of the largest refineries in the country.
- Successfully closed a jointly mandated PKR 2.3 billion acquisition financing for a Pharma group for acquisition of 100% shareholding of another pharma company.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

- As a sole advisor and arranger closed a mandate of PKR 1.2 bln for a large textile Group, based in Faisalabad, to finance purchase of Air Jet Looms and associated machinery for setting up a weaving unit.
- Successfully closed a jointly mandated financing as Lead Arranger for PKR 25.8 bln for modernisation and rehabilitation of Motorway - M2 track.
- Closed a sole mandate to arrange PKR 7.3 bln local currency financing for an upcoming coal, cement and clinker terminal at PQA
- Successfully closed a jointly mandated financing of PKR 4.5 bln as lead arranger for a large transportation entity for acquisition of two oil vessels.
- Successfully closed a joint mandate for advising capital structure of up gradation project for one of the largest refineries in Pakistan.

b) Retail Banking:

Branch Distribution:

In line with strategy devised under Bank's Business Process Reengineering project, branches are being transformed into multiproduct selling channels through facilitation, training and active monitoring. This resulted in increase of cross sell business volume and now products like credit cards, auto loans and bancassurance are marketed through branches. Alongside new initiatives, branch distribution deposits were managed with emphasis on pricing and enhanced focus on mobilisation of low cost deposits. This consequently, helped in rationalising portfolio's cost of funds and improved CASA deposits to 65.66% of total deposit and bringing the cost down.

Alternate Distribution Channels:

The volume of banking transactions handled through Alternative Delivery Channels has shown tremendous growth this year. Debit card transactions volume has increased significantly through both ATMs and Point of Sale (POS) spending. FBL Debit card has achieved highest rank in Visa domestic POS spend among all Visa issuing banks connected via 1LINK. ATM network has been increased to 274 machines with an Uptime of 94% offering 24/7 services to customers. FBL ATM offers variety of features like balance enquiry, interbank funds transfer, mini statement and utility bills payment etc.

MOBIT - Faysal Mobile banking which was introduced in 2013 has shown impressive growth with an increased volume of PKR 13 billion internal and inter-bank transfers. FBL customers' usage volume of the service speaks of its utility for the customers. This diversion has also taken considerable pressure off from branches and ATM's.

Consumer Finance:

The Consumer Finance franchise continues to maintain trajectory in line with its key objective of multi selling. Bank is focused on key strategic priorities of further penetration into profitable segments having prudent risk management, cost discipline and adherence to regulatory environment. Bank's Credit

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

Card and Car Finance products remain one of the strongest propositions in the market. As a policy, we constantly strive towards product innovations and customer convenience and will make all efforts to continue to be a major player in the industry.

Wealth Management:

The year 2014 saw a significant growth in the product portfolio and penetration of Wealth Management products. Faysal Bank has evolved to develop a comprehensive array of solution to cater to diverse needs of our customer base. Our Hybrid Bancassurance products, which provide insurance coverage as well as financial growth to our clients, continued to move towards a healthy sales trend during the course of the year. The product menu was further enriched with the signing of an accord with Adamjee Life Insurance & IGI Life Insurance. The Investment product segment also saw reasonable fund mobilisation.

Agri Business:

FBL's Agri Business continued momentum on the growth trajectory during the year and succeeded to further consolidate its position in the industry. Keeping its tradition, FBL continued to offer diversified and innovative products to the farmers and related support sectors. Selection of FBL for financial grant under UK Aid sponsored Financial Innovation Challenge Fund is manifestation of the Regulator's acknowledgement and appreciation towards FBL's innovative and progressive role in the area of Agricultural Financing.

SME and Commercial:

Faysal Bank is one of the key players of financial sector being actively involved in lending to Commercial & SME's. We understand and appreciate the pivotal role of SME's as engine of economic development. Accordingly during the year 2014, we have been focused and strategically positioned in the market by concentrating on expansion of lending towards Small & Medium enterprises.

c) Islamic Banking:

Barkat Islamic Banking continued on its growth strategy by increasing its foot print across Pakistan to 58 branches in 28 cities. Barkat Islamic Banking has strengthened sales team which contributed in achieving low cost deposits and business volume. Further Shariah compliant products will be added during 2015 that will assist distribution network to achieve the desired scale.

To maintain our liquidity management capabilities and reach new market segments, Barkat enhanced its product menu, both on the Commercial & Retail side:

- Institutional Barkat Investment Certificate, a new term deposit category that will tap a market of investors looking for a Shariah compliant investment with higher and competitive profit rates was launched.

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

- A new variant of Waad (promise) transaction has been launched successfully.
- Bai Maujjal a deferred sale transaction for liquidity management has been developed.

Islamic Banking human resource base expanded exponentially during the last 5 years. Training campaign was launched through internal faculty and external resources to improve staff capability of handling Islamic transactions amicably.

d) Treasury:

2014 was a financially rewarding year for FBL Treasury. All business units exceeded their targets and benefited from the synergies developed over the past few years.

The Money Market Desk anticipated a steep fall in the inflationary trajectory with the help of the CPI model which Treasury had developed in the previous year. Subsequently Treasury positioned the bank's ALM gaps and enhanced holding for proprietary trading positions which resulted in an almost three fold increase in the long duration government bond portfolio during the course of the year. Once the discount rate was reduced by the SBP these positions enabled the bank to substantially enhance both accrual income as well as capital gains.

The Fixed Income sales and distribution business also witnessed quantum growth. In addition to catering to the traditional client base of insurance companies, Provident and Pension Funds, Corporate and Asset Management Companies, the treasury marketed fixed income investments to an array of individual customers as well. Since there was a substantial appreciation in the underlying value of these securities our customers reaped the benefits of timely investment advice given to them.

In addition to serving existing clients, the Derivatives and Structured Solution Desk offered an array of structures and balance sheet solutions to a multitude of new market entrants.

FBL's Equity trading desk remained an active player in the capital markets. Equity desk operated within the risk parameters defined by the management and booked descent gains in the market.

The FBL FX trading desk remained a dominant market maker in the Forex market wherein we substantially increased our trading volume which helped us to provide finer pricing to internal as well as external customers. This enabled the bank to profitably capture market movements in an extremely volatile year.

e) Special Assets Management (SAM):

Sluggish economic environment coupled with hard core relationships & long drawn legal procedures has made SAM's job even more difficult. Despite all the difficulties / hindrances SAM, as a specialised business function, maintained its tempo by putting in vigorous efforts.

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

2) People

Human Resources (HR):

Human Resource Function, fully recognising our people's potential, endeavored to do more for the employees' interests.

The year 2014 turned out to be the period of transformation. Bank adapted new business model with focus on customer centric integrated sales. LoBue (Consultant) services were acquired to review Bank's business processes so as to transform these processes to be effective, efficient and customer centric. The remedial measures of process improvements and structural changes were implemented successfully with the ultimate objective of operational cost reduction and creating increased revenue opportunities with excellent services to ensure customer satisfaction.

Voluntary Severance Scheme (VSS) was offered to employees and the entire activity was carried out with full ownership, responsibility and transparency. Succession planning was carried out for key resources in the organisation.

With the new revamped business model, the Bank is now geared up to meet the challenges of 2015 and the expectations of our stakeholders while being committed to offering quality customer service.

Learning & Development:

Project Excellence was rolled out at Faysal Bank wherein essential operational trainings like Branch Banking Certification Program, Branch Service Officer Development Program were imparted to staff so as to ensure that VSS does not affect customer services and operations of the Bank. Also online training was actively used to impart mandatory trainings for staff such as FATCA training, Standardisation of Cheque Layout Training, CAAML/CFT Framework & Sanction Program etc. Interactive video based excel online training module was also launched for the first time.

As the Bank is planning to convert banking operations to Islamic Banking over the next few years, L&D has developed a learning roadmap for training of staff on Islamic Banking. In this regard, bank wide computer based training (CBT) on Introduction to Islamic Banking & Principles shall be mandatory for all FTE staff. Select staff members have already started undertaking Islamic Banking Courses both externally and internally as per the Training Need Analysis conducted for the conversion plan.

In total, 9,894 participants have been trained in 2014 both in classroom & online trainings, whereas 2,429 FTE employees have at least attended 1 course in 2014 which is as per our Key Performance Indicator.

3) Risk Management

Credit Risk Management Function (CRM): In order to bring greater consistency in terms of implementation of uniform risk practices across various business unit, Corporate and Commercial / SME risk (including Agricultural Business) have been clubbed together under Credit Risk Management

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

Function. It will ensure seamless execution of bank's strategy to embed the CBSME structure in branches without compromising the industry's best credit practices. CRM continued to work closely with all the Business Units to proactively manage & monitor the risk & health of the portfolio, both in terms of existing customers & booking of new relationships.

Retail Risk Management Function (RRM): RRM continued to provide comprehensive support to Consumer Finance Business in order to augment its growth plans while increasing concentration in profitable segments, at the same time proactively managing and monitoring the risk indicators and health of the portfolio. A number of new initiatives were taken on acquisition front, which included exploration of new low risk segments and tailoring of respective policies to target preferred segments more effectively. Organisational restructuring and process reengineering were effectively implemented, leading to efficient management of operational cost. Various strategic steps were undertaken to enhance staff productivity which also helped to maintain the function's cost efficiency.

Enterprise Risk Management Function (ERM): Capital Management Unit successfully implemented revised regulatory Capital Adequacy Framework (i.e. Basel III) in line with regulatory guidelines. The Bank continued with the exercise of annual revision of Obligor Risk Rating (ORR) and Facility Risk Rating (FRR) models for different business segments (Corporate, Commercial, Agri, SME etc). Market Risk Management has been strengthened through implementation of Live Limit Monitoring dashboards enabling the Bank to monitor key market risk limits on real time basis with regular alerts being generated for Warning and Breach zones. The Operational Risk Management (ORM) framework has been further strengthened with the implementation of an end-to-end System named Risk Nucleus enabling the Bank to comply with regulatory requirements and automation of processes. This automation with respect to identification, assessment, measurement, monitoring and reporting of operational risk leads to effective management of operational risk through various ORM tools i.e. Risk and Controls Self-Assessment, Key Risk Indicators and Loss Reporting.

4) Support Services

Information Technology through commitment, team work and hard work has provided seamless services to internal and external customers. Major achievements are as follows:

- ¥ Successful roll out of VDI (Virtual Desktop Infrastructure) for 250 branches. Over 2,200 Users have been migrated on VDI resulting saving on account of both hardware and network cost.
- ¥ Internet Banking Launch for closed group & staff thus enhancing products suite and customer reach of the Bank.
- ¥ Migration and consolidation of switch and systems on IRIS. Services of SMS, ATM, POS, IVR, Funds Transfers and IBFT are now channeled through one switch.
- ¥ Upgrade of TCSS oracle database version from 9i to 11g along with Operating system migration from Sun to AIX (the common platform of all Oracle-based applications).

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

- Score card implementation & integration with core banking enabling credit analysts to make prudent decision. Also TAT of applications has improved.
- Cash Management Initiatives offering automated billing and collections for PTCL, SSGC, KE and educational institutions.
- Introduced Home Remittance Solution for Emirates National Bank, Dubai customers through Faysal Rapid Cash product.
- Disaster Recovery new version of Citrix Servers installed and configured.
- Bank's main banking soft wares namely TCSS, iMAL and Symbols connected with a common Middle-ware.
- IBM infrastructure was upgraded and Mobile banking hardware revamped.
- Oracle Grid Tool rollout to maximize IT Operational Efficiency including Servers, Databases & Applications monitoring.
- Bandwidth optimisation, Riverbed rollout is successfully completed in 250 FBL branches in 2014.
- Unification of multi-version modules on latest release of Oracle eBusiness suite. This initiative translates into increased technology and technical efficiency, rationalising cost savings at several levels, reducing TATs.
- Successful acquisition of Risk Nucleus for automating Operational Risk Management workflows. In-built data repositories will reduce paper and storage and the product implementation will strengthen alignment with regulatory guidance and best practices.
- Annualized Network savings in excess PKR 16M were made through renegotiation of existing contracts and / or switching to other cost efficient solutions.

Marketing:

During the year, two major marketing campaigns were launched through Television, Print, Radio, Outdoor and Social Media assisting various business segments to supplement sales drive:

- Business First Current Account: After successful 360-degree marketing campaign through which Bank launched Current Account, a follow-up campaign was launched in November 2014 to support sales efforts. This year, a novel web and Facebook based lead generation concept assisted in generation of large number of leads and queries.
- Credit Cards Redemption Deal at Ocean Mall: Marketing launch of reward points redemption facility for customers at Ocean Mall.

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

Corporate Brand:

To project a positive identity and strengthen relationships among key stakeholders of the Bank, Corporate Events were hosted in December 2014 in Islamabad, Lahore, and Karachi — a truly brilliant example of customer engagement with attention to details and event planning and management at its best.

Internal Communication:

The Blue Octagram witnessed all the news and events taking place in the Bank, and is our hallmark.

The Internal Communication team organised FBL Family Basant Carnival in Karachi, Lahore, Multan, Faisalabad and Islamabad/Rawalpindi. A successful blood donation drive was organised in the second quarter of 2014 in coordination with Indus Hospital at Faysal House. Abbott Nutrition s Nutri Clinic was also set up for two days at Faysal House to provide solutions with regard to diet, lifestyle, BMI, weight, etc. To observe the World Diabetes Day in November 2014, Faysal Bank Limited in collaboration with Novo Nordisk organised awareness sessions with qualified diabetologists in Karachi, Lahore, Faisalabad and Islamabad where helpful information with the audiences was shared.

Corporate Social Responsibility

Faysal Bank Limited through its Waqf Faisal Trust continued contributing to community and also extended its footprint by establishing working relationships with new trustworthy organisations especially in education and poverty alleviation.

Sponsorship was undertaken for Family Educational Services Foundation s Deaf Reach Schools in Karachi. A complete batch of 300 students for different vocational trainings in SOS Technical Training Institute located in Bin Qasim Town, Karachi, was sponsored.

Contribution was made to Society for the Rehabilitation of Special Children. Contribution was also made to Ida Rieu Welfare Association, The Helpcare Society, The Hunar Foundation, Karigar Training Institute, etc.

Noticeable efforts were made in healthcare sector by contribution to Sindh Institute of Urology & Transplantation, Child Aid Association, The Cardiovascular Foundation, Friends of Burns Centre, Nigahban Welfare Association (Civil Hospital).

A water filtration plant proposed by Community Advisory & Welfare Services was sponsored to provide clean drinking water to public.

CSR initiatives were undertaken when many casualties occurred in Tharparkar region due to drought and malnutrition. Relief goods amounting to PKR 2 million were dispatched to Tharparkar in collaboration with Pakistan Navy.

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

5) Financial Perspective

a) Management Information:

The Financial Control Unit efforts were focused on providing timely and accurate MIS to business partners. In this regard, further improvement was brought in QlikView Business Intelligence implementation. The dashboards today not only provide data regarding deposits mobilisation, lending, documentary credit and CRM but also provide segment wise Monthly Profitability Report to user for reviewing their performance. Businesses have been provided with their customer wise profitability to evaluate their relationships and to explore the opportunities for Cross Sell.

b) Cost efficiency:

The bank s strategy to improve cost efficiency continued during 2014. The focus was on reducing costs on sustainable basis without affecting smooth operations and to improve return to shareholders.

c) Energy saving measures:

Special emphasis was given to energy saving measures not only for controlling cost but also for saving precious natural resources. In this regard, the Bank has adopted various initiatives like compulsory working hours schedule and discouraging avoidable late sitting. Installation of heavy duty UPS so as to stop generator working at night thus reducing significant diesel consumption.

Future Outlook:

Bank is evaluating the option of converting it from conventional to Islamic banking. Presently, Business Transformation Plan (BTP) is being developed with the help of legal experts and consultants which will be shortly presented to the Board for consideration.

Bank s strategy is to mobilise stable low cost core deposits to improve CASA mix. The bank has established a sizable countrywide branch network and will focus on creation of synergies and partnerships between CBSME and Branch Banking. Branches have been transformed to multiproduct selling through facilitation under Bank s BPR project. With customer centric branch model, training and active monitoring, opportunities are being created to enhance cross sell business volume.

Keeping in view current economic environment demand for credit from the private sector is likely to be low. Bank intends to selectively grow its corporate book and invest in consumer and agriculture finance leading to improvement in margins as well as non-markup income.

Efforts to bring cost efficiencies and reducing the impact of provisions for non-performing loans through their recoveries will continue.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

Financial Highlights

	2014	2013
	Rs. in million	
Operating profit	5,911	4,277
Provision for non-performing advances*	(1,955)	(1,994)
Provision for diminution in value of investments	(397)	(111)
Provision against off balance sheet obligations	(7)	(11)
	(2,359)	(2,116)
Profit before tax	3,552	2,161
Provision for taxation	(1,075)	(311)
Profit after tax	2,477	1,850
Un-appropriated profit brought forward	3,601	3,205
	6,078	5,055
Appropriations/ Transfers:		
Issue of bonus shares — (September 13 @ 12.5%)	-	(1,159)
Transfer to statutory reserve	(495)	(369)
Transfer from surplus on revaluation of fixed assets - net of tax	87	79
Re measurement of post-employment obligation — net of tax	27	(5)
	(381)	(1,454)
Un-appropriated Profit carried forward	5,697	3,601
Earning per share — Rupees	2.37	1.77

*excluding provisions reflected in equity.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

In 2014 the Bank was able to post Profit after Tax of PKR 2.477 billion against PKR 1.850 billion for 2013 thereby registering 33.9% increase. Resultantly, EPS of the Bank in 2014 stood at PKR 2.37 which is higher by 60 paisas compared to EPS of PKR 1.77 in 2013.

Bank posted operating profit of PKR 5,911 Million which is 38.2% higher than previous year figure of PKR 4,277 Million. This growth in profitability is due to increase in net margin on account of acquisition of fresh low cost deposit and placement of funds at better yield. The bank plans to continue with its strategy of mobilisation of low priced core deposits and strict monitoring of administrative expenses so that profitability is maximized and wastages are brought to the minimum.

Bank has been innovative in developing avenues for revenue generation. In this regard, various initiatives were launched by Retail Banking, Information Technology and Consumer departments to enhance Consumer and Alternate Delivery Channels revenue. As a result, Bank was able to maintain both fund and non fund based income.

This year, SBP allowed Bank to book provisions against Non-distributable Capital Reserve amounting to PKR 1.2 billion. Bank has also made provisions against its exposures on weak customers and as a result increased NPL coverage from 71.9% to 78.6%. This healthy coverage ratio reflects the strength of the Balance Sheet.

Rigorous efforts on cost reduction enabled the bank to maintain administrative expenses at almost year 2013 level after excluding one offs. Practically bank was able to freeze cost efficiently for 3 years in a row while continuing with normal business activities like deposit mobilisation, launching new initiatives, opening branches and withstanding economic factors like inflation, ever increasing energy prices and indirect taxes on services. In coming years, Bank should be able to post better results in the absence of above mentioned one off costs.

On the balance sheet side, advances level was maintained and surplus funds were invested in attractive government securities. Investments were increased to PKR 155.2 billion which are higher by 36.9% from 2013 level of PKR 113.3 billion. Deposits were marginally improved as Bank was mobilising only low cost core deposits so as to maintain its cost of fund at desirable levels. Bank's cost of funds remains contained at 5.33%. Total assets of your bank have increased from PKR 355 billion to PKR 388 billion.

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 June 30, 2014:

Long-Term AA

Short-Term A1+

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

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

Definitions of JCR-VIS for the assigned ratings are reproduced below:

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

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

Definitions of PACRA for the assigned ratings are reproduced below:

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

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

Corporate Governance:

The Bank has implemented the requirements of the Code of Corporate Governance (the Code) relevant to the year ended December 31, 2014. A prescribed statement by the management along with the auditor's review report thereon forms part of this Annual Report.

Statement under clause xix of the code:

- The financial statements prepared by the management of the bank present fairly the state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of account of the bank have been maintained;
- Appropriate accounting policies have consistently been applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment;

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

- Approved accounting standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts about the bank continuing as a going concern;
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;
- summarized key operating and financial data of the last six years is tabulated on the initial pages of this Annual Report;
- The value of investment of provident and gratuity funds are PKR 1,035 million and PKR 562 million respectively as per the latest audited financial statements.
- The details of the Board and Committees Meetings held and attended by the directors form part of this Annual Report;
- The Pakistan Institute of Corporate Governance has awarded certification of Certified Director to two of the Board Members of the Bank and one director is exempted for the necessary training program as per the criteria set by SECP.
- The prescribed pattern of shareholding is given as a part of this Annual Report.
- No trades in the shares of the Bank were carried out by the Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children during the year 2014. However, during the year, 500 shares each were acquired by the new directors namely Mr. Muhammad Wasif Ijlal, Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery and Mr. Juma Hasan Ali Abul from open market to comply with the qualification shares requirement.

Statement of Internal Control:

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

Risk Management Framework:

Risk Management Group (RMG) organised under the Chief Risk Officer (CRO), has been authorised by the Board of Directors (BoD) to implement a Risk Management framework across the Bank. Risk Management framework is built around the principles of Integrated Risk Management for managing Credit Risk, Market Risk, Liquidity Risk and Operational Risk. The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are accurately identified & assessed, properly documented, approved, and adequately monitored & managed in order to enhance long term earnings and to protect the interests of the Banks depositors and shareholders.

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

The salient features of the Risk Management Framework include:

- Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control.
- A well constituted Risk organisational structure clearly defining roles and responsibilities of individuals involved in risk taking as well as managing it.
- The Bank, in addition to risk management functions for various risk categories, has also setup committees for strategic oversight of risk management activities, including the Board Risk Management Committee (BRMC), Country Credit Committee (CCC), Enterprise Risk Management Committee (ERMC), Asset & Liability Management Committee (ALCO) & Fraud Risk Management Committee (FRMC).
- The effectiveness of the management information system is paramount to ensure flow of information from operational level to top management and a system to address any exceptions is meticulously observed based on clearly spelt out procedures to address such deviations.
- The framework emphasizes ongoing review of risk policies and procedures.

The Risk Management framework is built on the following elements:-

Comprehensive risk governance:

- Credit and counterparty - limits on country, industry, portfolio products / segments, risk ratings and group & single name exposures.
- Market risk - dynamic and well-defined limits structure for money market, foreign exchange, equity and derivatives portfolios.
- Liquidity and funding risk - limits for liquid assets, liability diversification, credit and liquidity commitments and cash flow mismatches.
- Operational Risk Framework - built around the concept of event, effect and cause categorisation.

Risk Processes:

Rigorous Risk processes, under holistic oversight of RMG and subject to periodic review by Internal Audit / Compliance & facilitation by Fraud Risk Management are used across the Bank to:-

- Develop & update policies and limits for approval by senior management / Board
- Monitor policy compliance
- Maintain contingency plans
- Track variables for changing risk conditions & provide timely reports to senior management

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

- Generate a healthy critique on Asset Portfolio Quality & Credit Management Process
- Prevent and detect fraud incidents & investigate reported operational loss events due to acts intended to defraud, misappropriate property of the Bank or circumvent regulation, laws or bank policy

The Bank's realigned Risk Management Framework has culminated in strengthened Risk Management controls through a renewed focus on overall Portfolio Management including Special Assets Management.

Holding Company:

Ithmaar Bank B.S.C., an Islamic Retail Bank listed in Bahrain and Kuwait is the holding company of Faysal Bank Limited. Dar Al-Maal Al-Islami Trust is the ultimate parent of the bank.

Auditors:

The present auditors, A. F. Ferguson & Co., Chartered Accountants, will retire on the date of next Annual General Meeting. They have completed five year of audit however, State Bank of Pakistan has allowed them to continue as auditor as per their approval letter reference BPRD/CS&MRPD/8106/3880/15 dated February 18, 2015 hence are eligible for re-appointment. Accordingly, the Board of Directors endorses the recommendation of the Audit Committee for the appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the bank for the financial year 2015.

Acknowledgement:

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

On behalf of the Board of Directors



President & CEO
Karachi

Dated: February 26, 2015

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Faysal Bank Limited** (the bank) as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof (here-in-after referred to as the financial statements) for the year then ended, in which are incorporated the un-audited certified returns from the branches, except for thirty branches, which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the bank and the transactions of the bank which have come to our notice have been within the powers of the bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 2014, and its true balance of profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Attestation

Chartered Accountants
Engagement Partner: **Noman Abbas Sheikh**
Dated: March 5, 2015
Karachi.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

ASSETS

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments
Advances
Operating fixed assets
Deferred tax assets - net
Other assets

LIABILITIES

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loans
Liabilities against assets subject to finance lease
Deferred tax liabilities - net
Other liabilities

NET ASSETS

REPRESENTED BY

Share capital
Reserves
Unappropriated profit

Surplus on revaluation of assets - net of tax

CONTINGENCIES AND COMMITMENTS

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


PRESIDENT & CEO


DIRECTOR


DIRECTOR


DIRECTOR

Note	2014	2013
	----- Rupees '000 -----	
8	20,285,851	28,422,497
9	1,422,699	1,011,980
10	-	300,000
11	155,210,513	113,319,478
12	181,224,805	184,190,304
13	11,543,356	10,250,910
14	2,428,817	3,980,541
15	16,009,743	13,803,997
	388,125,784	355,279,707
16	5,347,774	4,968,610
17	60,926,863	45,446,528
18	283,345,739	271,134,303
19	2,995,200	3,495,400
	-	-
	-	-
20	9,207,632	8,068,673
	361,823,208	333,113,514
	26,302,576	22,166,193
21	10,432,697	10,432,697
22	5,703,155	6,554,197
	5,696,366	3,600,828
	21,832,218	20,587,722
23	4,470,358	1,578,471
	26,302,576	22,166,193
24		

Mark-up / return / interest earned
Mark-up / return / interest expensed
Net mark-up / interest income

Provision against non-performing loans and advances - net
Provision for consumer and small enterprise loans - general
Provision against off balance sheet obligations
Provision for diminution in value of investments - net
Recoveries against written-off debts - net

Net mark-up / interest income after provisions

Non mark-up / interest income

Fee, commission and brokerage income
Dividend income
Income from dealing in foreign currencies
Gain on sale of securities - net
Unrealised gain / (loss) on revaluation of investments classified as held for trading
Other income
Total non mark-up / interest income

Non mark-up / interest expenses

Administrative expenses
Reversals of other provisions - net
Other charges
Total non mark-up / interest expenses

Share of (loss) / profit of associate
Extraordinary / unusual items
Profit before taxation

Taxation - Current
Taxation - Prior years
Taxation - Deferred

Profit after taxation

Basic earnings per share

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


PRESIDENT & CEO


DIRECTOR


DIRECTOR


DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2014

Note	2014	2013
	-----Rupees '000-----	
26	32,312,633	27,790,468
27	18,480,191	16,945,315
	13,832,442	10,845,153
12.4 & 22.2	2,055,820	1,905,541
12.4 & 12.5	33,159	122,546
20.2	6,981	11,167
11.3	397,383	111,043
12.8.1	(134,506)	(33,903)
	2,358,837	2,116,394
	11,473,605	8,728,759
	2,075,945	2,237,474
	182,435	479,352
	1,072,939	948,598
28	460,477	306,329
	31,475	(19,127)
29	550,898	573,558
	4,374,169	4,526,184
	15,847,774	13,254,943
30	12,162,034	11,079,122
15.3	(88,616)	(94,976)
31	221,826	116,675
	12,295,244	11,100,821
	3,552,530	2,154,122
11.7.1	(745)	6,657
	-	-
	3,551,785	2,160,779
32	1,712,150	1,078,186
32	(812,786)	(1,612,830)
32	175,462	845,517
	1,074,826	310,873
	2,476,959	1,849,906
	-----Rupees-----	
33	2.37	1.77

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

Note	2014 -----Rupees '000-----	2013 -----Rupees '000-----
Profit after taxation for the year	2,476,959	1,849,906
Other comprehensive income:		
Items that will not be reclassified to profit and loss account		
Components of comprehensive income reflected in equity		
- Remeasurements of defined benefit plan	36.5 41,466	(7,005)
- Deferred tax (liability) / asset on remeasurements of defined benefit plan	(14,513)	2,452
	26,953	(4,553)
Comprehensive income transferred to equity	2,503,912	1,845,353
Items that may be reclassified subsequently to profit and loss account		
Components of comprehensive income not reflected in equity		
- Net change in value of available for sale securities	2,506,467	(960,438)
- Deferred tax (liability) / asset on change in value of available for sale securities	(887,700)	369,102
	1,618,767	(591,336)
Total comprehensive income	4,122,679	1,254,017

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


PRESIDENT & CEO


DIRECTOR


DIRECTOR


DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital	Reserves					Unappropriated profit	Total	
		Capital				Statutory reserve (note 22.1)			Total
		Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase (notes 22.2 & 12.4)	Reserve arising on amalgamation				
-----Rupees '000-----									
Balance as at January 1, 2013	9,273,508	-	10,131	2,602,775	23,952	3,672,225	6,309,083	3,205,439	18,788,030
Profit after taxation for the year	-	-	-	-	-	-	-	1,849,906	1,849,906
Other comprehensive income for the year									
- Remeasurements of defined benefit plan	-	-	-	-	-	-	-	(7,005)	(7,005)
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	-	-	2,452	2,452
	-	-	-	-	-	-	-	(4,553)	(4,553)
Transactions with owners recognised directly in equity									
- Transfer to reserve for issue of bonus shares	-	1,159,189	-	-	-	-	1,159,189	(1,159,189)	-
- Issue of bonus shares	1,159,189	(1,159,189)	-	-	-	-	(1,159,189)	-	-
	1,159,189	-	-	-	-	-	-	(1,159,189)	-
Amortisation of intangible assets -customer relationship - net of tax	-	-	-	(124,867)	-	-	(124,867)	-	(124,867)
Transfer to statutory reserve	-	-	-	-	-	369,981	369,981	(369,981)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	79,206	79,206
Balance as at December 31, 2013	10,432,697	-	10,131	2,477,908	23,952	4,042,206	6,554,197	3,600,828	20,587,722
Profit after taxation for the year	-	-	-	-	-	-	-	2,476,959	2,476,959
Other comprehensive income for the year									
- Remeasurements of defined benefit plan	-	-	-	-	-	-	-	41,466	41,466
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	-	-	(14,513)	(14,513)
	-	-	-	-	-	-	-	26,953	26,953
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(124,867)	-	-	(124,867)	-	(124,867)
Transfer to statutory reserve	-	-	-	-	-	495,392	495,392	(495,392)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	87,018	87,018
Provision against non-performing loans and advances directly charged to equity as per SBP directive and adjusted against Non-distributable Capital Reserve	-	-	-	(1,221,567)	-	-	(1,221,567)	-	(1,221,567)
Balance as at December 31, 2014	10,432,697	-	10,131	1,131,474	23,952	4,537,598	5,703,155	5,696,366	21,832,218

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


PRESIDENT & CEO


DIRECTOR


DIRECTOR


DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation
Less: dividend income

Adjustments for non-cash and other items:

Depreciation
Amortisation
Workers' Welfare Fund
Provision against non-performing loans and advances - net
Provision for consumer and small enterprise loans - general
Provision for diminution in value of investments - net
Reversal of other provisions - net
Provision against off balance sheet obligations
Unrealised (gain) / loss on revaluation of investments classified as held for trading
Net profit on disposal of property and equipment
Net gain on disposal of non-banking assets
Charge for defined benefit plan
Amortisation of prepaid employee benefits
Recoveries against written-off debts
Share of loss / (profit) of associate

(Increase) / decrease in operating assets

Lendings to financial institutions
Held for trading securities
Advances
Other assets

Increase / (decrease) in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities

Income tax paid
Contribution to gratuity fund

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Net investment in available for sale securities
Net investment in held to maturity securities
Dividend income received
Investment in operating fixed assets
Proceeds realised on disposal of operating fixed assets
Proceeds realised on disposal of non-banking assets

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Payments of sub-ordinated loan
Dividends paid

Net cash used in financing activities

(Decrease) / Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

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


PRESIDENT & CEO


DIRECTOR


DIRECTOR


DIRECTOR

Note	2014	2013
	-----Rupees '000-----	
	3,551,785	2,160,779
	(182,435)	(479,352)
	3,369,350	1,681,427
	734,477	799,763
	234,088	155,664
	98,643	58,836
	2,055,820	1,905,541
	33,159	122,546
	397,383	111,043
	(88,616)	(94,976)
	6,981	11,167
	(31,475)	19,127
	(18,193)	(19,667)
	(145,108)	(123,436)
	65,434	94,100
	322,426	143,449
	(134,506)	(33,903)
	745	(6,657)
	3,531,258	3,142,597
	6,900,608	4,824,024
	300,000	(300,000)
	(18,636,968)	(851,458)
	(210,541)	(13,885,283)
	(2,404,914)	(588,395)
	(20,952,423)	(15,625,136)
	379,164	724,116
	15,255,679	9,085,160
	12,211,436	30,426,194
	1,095,942	687,047
	28,942,221	40,922,517
	14,890,406	30,121,405
	(1,411,661)	(1,294,163)
	-	(94,142)
	13,478,745	28,733,100
	(1,098,438)	(23,993,166)
	(20,015,815)	(1,539,409)
	181,715	480,988
	(580,567)	(564,577)
	47,069	45,767
	536,940	460,205
	(20,929,096)	(25,110,192)
	(500,200)	(699,601)
	(32)	(254)
	(500,232)	(699,855)
	(7,950,583)	2,923,053
	28,617,034	25,693,981
	20,666,451	28,617,034

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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 Karachi, Lahore and Islamabad Stock Exchanges. The Bank is mainly engaged in Corporate, Commercial and Consumer banking activities. The Bank has a network of 274 branches (2013: 269); including 58 Islamic banking branches (2013: 53) and 1 Islamic sub-branch (2013: Nil) in Pakistan.

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

Ithmaar Bank B.S.C., a Bahrain based retail bank, is the parent company of the Bank, holding, directly and indirectly through subsidiaries 66.78% (2013: 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 Bank B.S.C. The DMIT group owns and operates an international network of Islamic Banks, Investments Banks and Insurance Companies.

1.2 Based on the financial statements of the Bank for the year ended December 31, 2013, 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, 2012: 'AA') and the short term rating as 'A1+' (December 31, 2012: 'A1+').

2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.2 The financial results of the Islamic banking branches have been consolidated in these financial statements for reporting purposes only. Inter branch transactions and balances have been eliminated.

2.3 In accordance with the directives issued by the SBP, the statement of financial position and the profit and loss account of Islamic banking branches are disclosed in Annexure III to these financial statements.

3 STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the requirements of the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the SBP. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinance, 1984 or the directives issued by the SECP and the SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 or the requirements of the said directives issued by the SECP and the SBP prevail.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its S.R.O. 633(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.
- 3.4** The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, only the surplus / (deficit) on revaluation of available for sale (AFS) securities, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of these financial statements.
- 3.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**
- 3.5.1** The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. The standard is effective from January 1, 2014 and deals with the accounting for transactions relating to "Profit and Loss Sharing on Deposits" as defined by the standard. The standard may result in the addition of certain new disclosures. However, the SBP vide its BPRD Circular No. 4 dated February 25, 2015 has deferred the disclosure requirements of IFAS-3 which will be notified in due course.
- 3.5.2** There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

- 3.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:**
- 3.6.1** IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist where the determination of control is difficult to assess. The amendments may impact the financial statements of the Bank and the management is in the process of assessing the full impact of the change.
- 3.6.2** IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The amendments may impact the financial statements of the Bank and the management is in the process of assessing the full impact of the change.
- 3.6.3** There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.
- 4 BASIS OF MEASUREMENT**
- These financial statements have been prepared under the historical cost convention, except that certain fixed assets are carried at revalued amounts and certain investments and derivative contracts have been marked to market and are carried at fair value. In addition, obligation in respect of staff retirement benefit is carried at present value.
- 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**
- The preparation of the financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.
- Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are disclosed in note 40 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

7.1 Business Combination

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

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

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

7.2 Cash and cash equivalents

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

7.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

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

(b) Purchase of securities under repurchase agreements

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

7.4 Investments

The Bank classifies its investments as follows:

(a) Held for trading

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

(b) Held to maturity

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

(c) Available for sale

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

(d) Associates

Associates are all entities over which the bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

In accordance with the requirements of the SBP, quoted securities, other than those classified as held to maturity and investments in associates, are subsequently stated at market values. Investments classified as held to maturity are carried at cost, less accumulated impairment losses, if any. Unquoted equity securities (excluding associates) are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities (excluding associates) is calculated with reference to the net assets of the investee company as per the latest available audited financial statements.

Surplus / deficit arising on revaluation of quoted securities classified as 'available for sale' is included in the statement of comprehensive income but is kept in a separate account shown in the statement of financial position below equity. The surplus / deficit arising on revaluation of quoted securities which are classified as 'held for trading' is taken to the profit and loss account.

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

7.5 Advances

(a) Loans and advances

Advances are stated net of specific and general provisions. Specific and general provisions for advances are made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account.

(b) Net investment in finance lease

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

(c) Ijara Assets (IFAS 2)

Ijara assets are stated at cost less accumulated depreciation and are recorded as part of loans and advances. The rentals received / receivable on Ijara under IFAS 2 are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijara of respective assets. Ijara assets are depreciated over the period of Ijara using the straight line method. Impairment of Ijara assets is determined on the same basis as that of operating fixed assets. Impairment of Ijara rentals are determined in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account.

(d) Murabaha

Murabaha transactions are accounted for at gross receivable net of specific and general provisions. Specific and general provisions are made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account.

(e) Diminishing Musharakah

In Diminishing Musharakah based financing, the Bank enters into Musharakah based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into period profit payments agreement for the utilization of the Bank's Musharakah share by the customer. Specific and general provisions are made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

(f) Bai Muajjal

In Bai Muajjal financing, the Bank sells Shariah Compliant instruments on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

(g) Write-off

Non-performing: (a) loans and advances; (b) net investment in finance lease; (c) murabaha; and (d) other financing are written off only when possible courses of action to achieve recovery have proved unsuccessful.

7.6 Fixed assets and depreciation

(a) Tangible assets - owned

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

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

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

(b) Tangible assets - leased

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

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

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

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

(c) Capital work in progress

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

(d) Intangibles

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

7.7 Impairment

The carrying amount of assets is reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

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

7.8 Taxation

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

Current

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

Deferred

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

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

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

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

7.9 Non-current assets held for sale and assets acquired in satisfaction of claim

The Bank classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

A non-current asset (or disposal group) held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit and loss account for any initial or subsequent write down of the non-current asset (or disposal group) to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

Assets acquired in satisfaction of claim are stated at the lower of the financed amount and their market value at the time of acquisition. The Bank carries out periodic valuation of these assets and any decline in their value below the recognized amount is charged to the profit and loss account. These assets are disclosed in other assets as specified by the SBP.

7.10 Provisions and contingent assets and liabilities

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

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

7.11 Staff retirement benefits

a) Defined contribution plan

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

b) Defined benefit scheme

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

7.12 Borrowings / deposits and their costs

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

7.13 Proposed dividend and transfer between reserves

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

7.14 Revenue recognition and other items

- Mark-up income / interest on advances and returns on investments are recognised on a time proportion basis except that mark-up income / interest / returns on non-performing advances and investments are recognised on receipt basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan. Interest / returns / mark-up on rescheduled / restructured advances and investments are recognised as permitted by the State Bank of Pakistan, except where, in the opinion of the management, it would not be prudent to do so.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned finance income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fee and other lease income are recognised as income when they are realised.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining period till maturity.
- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.
- Fee, commission on letters of credit / guarantee, brokerage and others is recognised on time proportion basis.
- Financial advisory fee is recognised when the right to receive the fee is established.
- Rent and other income is recognised on accrual basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

7.15 Foreign currencies

(a) Foreign currency transactions

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

(b) Translation gains and losses

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

7.16 Commitments

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

7.17 Acceptances

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

7.18 Financial instruments

Financial assets and financial liabilities

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Derivative financial instruments

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

Offsetting

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

7.19 Earnings per share

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

7.20 Segment reporting

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

(a) Business Segments

(i) Corporate finance

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

(ii) Trading and Sales

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

(iii) Retail banking

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

(iv) Corporate and commercial banking

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

(b) Geographical segment

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 -----Rupees '000-----	2013
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		5,493,911	5,276,275
- foreign currencies		1,935,347	1,610,342
With the State Bank of Pakistan in			
- local currency current accounts	8.1	4,446,559	13,362,758
- foreign currency current accounts	8.2	1,254,532	1,331,830
- foreign currency deposit accounts	8.3	3,672,057	3,981,210
With the National Bank of Pakistan in			
- local currency current accounts		3,455,114	2,855,297
National prize bonds		28,331	4,785
		20,285,851	28,422,497
8.1	These include local currency current accounts maintained with the SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with SBP at a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.		
8.2	This represents cash reserve of 5% maintained with the SBP in US dollars current account on deposits held under the New Foreign Currency Accounts (FE-25 deposits) as per BSD Circular No. 14 and 15 dated June 21, 2008.		
8.3	This represents special cash reserve of 15% maintained with SBP in US dollars under the requirements of BSD Circular No.14 dated June 21, 2008 local USD clearing account maintained with SBP to facilitate USD clearing and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking branches under the requirements of BSD Circular No.15 dated June 21, 2008. Profit rates on these balances are fixed on monthly basis by the SBP. The SBP has not remunerated any amount on these deposits during the current and the last year.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 -----Rupees '000-----	2013
9 BALANCES WITH OTHER BANKS		
In Pakistan		
- Current accounts	868,011	544,138
Outside Pakistan		
- Current accounts	554,688	415,180
- Deposit account	-	52,662
	1,422,699	1,011,980
10 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	-	300,000
10.1 Particulars of lendings		
In local currency	-	300,000
11 INVESTMENTS		
Investments by type and segments, details of strategic investments and particulars of provisions are given below. The full break down of available for sale investments is given in Annexure I, which forms an integral part of these financial statements.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

11.1 Investments by type

		2014			2013		
	Note	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
----- Rupees '000 -----							
Held for trading securities							
Market Treasury Bills	11.2.1	16,355,610	7,918,016	24,273,626	7,195,165	1,031,758	8,226,923
Pakistan Investment Bonds	11.2.2	2,467,424	318,224	2,785,648	-	-	-
Fully paid up ordinary shares / certificates of closed end mutual funds		266,393	-	266,393	461,776	-	461,776
		19,089,427	8,236,240	27,325,667	7,656,941	1,031,758	8,688,699
Available for sale securities							
Market Treasury Bills	11.2.1	33,390,917	11,054,584	44,445,501	39,771,651	22,593,710	62,365,361
Pakistan Investment Bonds	11.2.2	15,333,043	19,890,625	35,223,668	19,280,139	-	19,280,139
Ijara Sukuk Bonds	11.2.3	17,579,035	-	17,579,035	15,038,802	-	15,038,802
Units of open end mutual funds							
- Faysal Balanced Growth Fund *		12,480	-	12,480	12,480	-	12,480
- Faysal Income Growth Fund *		57,919	-	57,919	62,919	-	62,919
- Faysal Savings Growth Fund *		155,412	-	155,412	100,411	-	100,411
- Faysal Islamic Savings Growth Fund *		85,000	-	85,000	88,000	-	88,000
- Faysal Money Market Fund *		549,000	-	549,000	745,000	-	745,000
- Faysal Asset Allocation Fund *		15,491	-	15,491	15,491	-	15,491
- Faysal Financial Sector Opportunity Fund *		39,000	-	39,000	54,000	-	54,000
Fully paid up ordinary shares / modaraba certificates / certificates of closed end mutual funds	11.3.4 & 11.6	2,752,299	-	2,752,299	2,025,629	-	2,025,629
Fully paid up preference shares		197,490	-	197,490	197,652	-	197,652
Term finance certificates	11.3.2	932,300	-	932,300	960,273	-	960,273
		71,099,386	30,945,209	102,044,595	78,352,447	22,593,710	100,946,157
Held to maturity securities							
Pakistan Investment Bonds	11.2.2	19,606,773	-	19,606,773	-	-	-
Term finance certificates	11.3.3	2,798,791	-	2,798,791	3,033,053	-	3,033,053
Sukuk Bonds	11.3.3	3,999,738	-	3,999,738	3,356,434	-	3,356,434
		26,405,302	-	26,405,302	6,389,487	-	6,389,487
Associate *							
Fully paid up ordinary shares of Faysal Asset Management Limited	11.7	75,084	-	75,084	75,829	-	75,829
Investments at cost							
		116,669,199	39,181,449	155,850,648	92,474,704	23,625,468	116,100,172
Less: provision for diminution in the value of investments at cost	11.3 & 12.4.1	(2,828,212)	-	(2,828,212)	(2,430,829)	-	(2,430,829)
Investments (net of provisions)							
		113,840,987	39,181,449	153,022,436	90,043,875	23,625,468	113,669,343
Surplus / (deficit) on revaluation of investments classified as held for trading - net	11.5	11,110	5,474	16,584	(14,417)	(474)	(14,891)
Surplus / (deficit) on revaluation of investments classified as available for sale - net	23.2	1,084,848	1,086,645	2,171,493	(325,107)	(9,867)	(334,974)
Total investments - net							
		114,936,945	40,273,568	155,210,513	89,704,351	23,615,127	113,319,478

* related parties

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

11.1.1 Strategic Investments

Available for sale securities - Listed

Fully paid up ordinary shares / modaraba certificates / units of closed end mutual funds

Units of open end mutual funds

Available for sale securities - Unlisted

Fully paid up ordinary shares

Associate - unlisted

Provision for diminution in the value of investments

Surplus on revaluation of investments classified as available for sale

Note	2014	2013
	-----Rupees '000-----	
	105,469	317,410
	7,480	7,480
	112,949	324,890
	568,755	568,755
11.7	75,084	75,829
	756,788	969,474
	(464,030)	(496,965)
	292,758	472,509
	104,191	145,935
	396,949	618,444

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 -----Rupees '000-----	2013
11.2 Investments by segments			
Federal Government Securities			
- Market Treasury Bills	11.2.1	68,719,127	70,592,284
- Pakistan Investment Bonds	11.2.2	57,616,089	19,280,139
- Ijara Sukuk Bonds	11.2.3	17,579,035	15,038,802
		143,914,251	104,911,225
Fully Paid up Ordinary Shares / Modaraba Certificates / Closed end Mutual Fund Units			
- Listed companies / modarabas / mutual funds	11.3.4	2,369,026	1,837,739
- Unlisted companies		724,750	725,495
		3,093,776	2,563,234
Fully Paid up Preference Shares			
- Listed companies		122,490	122,652
- Unlisted companies		75,000	75,000
		197,490	197,652
		3,291,266	2,760,886
Term Finance Certificates			
- Listed		224,189	251,080
- Unlisted	11.3.2 & 11.3.3	3,506,902	3,742,246
		3,731,091	3,993,326
Units of Open end Mutual Funds		914,302	1,078,301
Sukuk Bonds	11.3.3	3,999,738	3,356,434
Total investments at cost		155,850,648	116,100,172
Less: provision for diminution in the value of investments	11.3 & 12.4.1	(2,828,212)	(2,430,829)
Investments (net of provisions)		153,022,436	113,669,343
Surplus / (deficit) on revaluation of investments classified as held for trading - net	11.5	16,584	(14,891)
Surplus / (deficit) on revaluation of investments classified as available for sale - net	23.2	2,171,493	(334,974)
Total investments - net		155,210,513	113,319,478

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

11.2.1	Market Treasury Bills have tenures of three months to one year. The Bank's return on these instruments ranges from 9.35% to 12% per annum (2013: 9.18% to 11% per annum) with maturities up to December 2015.		
11.2.2	Pakistan Investment Bonds have tenures of 3 to 10 years. The Bank's return on these instruments ranges from 9.70% to 14.09% per annum (2013: 9.31% to 14.30% per annum) with maturities from July 2015 to July 2024.		
11.2.3	GoP Ijara sukuk bonds have tenures of 1 to 3 years with maturities from March 2015 to June 2017. The Bank's return on these instruments ranges from 8.06% to 11.93% per annum (2013: 8.90% to 13.68% per annum).		
11.3	Particulars of provision for diminution in the value of investments		
	Opening balance	2,430,829	2,319,786
	Charge for the year	549,145	663,826
	Reversals during the year	(151,762)	(552,783)
		397,383	111,043
	Closing balance	2,828,212	2,430,829
11.3.1	Particulars of provision for diminution in the value of investments by type and segment		
	Available for sale securities		
-	Fully Paid up Ordinary Shares / Modaraba Certificates / Certificates of Closed end Mutual Funds		
-	- Listed companies / modarabas / mutual funds	461,243	480,002
-	- Unlisted companies	498,983	498,983
-	Fully Paid up Preference Shares		
-	- Listed companies	22,490	22,652
-	- Unlisted companies	18,750	-
-	Units of Open end Mutual Funds	1,368	1,486
-	Term Finance Certificates		
-	- Listed	162,976	167,902
-	- Unlisted	458,511	450,000
	Held to maturity securities		
-	Term Finance Certificates		
-	- Unlisted	807,579	533,087
-	Sukuk Bonds	396,312	276,717
		2,828,212	2,430,829

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

11.3.2 These include Pre IPO investment of Rs 500 million made in the unlisted term finance certificates (TFCs) of Dewan Cement Limited. The SBP through its letter BPRD/BLRD-3/DMG/2011-1035 dated January 26, 2011 had advised banks to maintain provision at least upto the level of 90% in five quarters (commencing from December 31, 2010) by December 31, 2011. The Bank, as per the above directive, had availed the relaxation and maintained a provision of Rs 450 million against this investment. Had the provision been made as per the time based criteria specified in the Prudential Regulations issued by the SBP, the provision for diminution in the value of investments for the year ended December 31, 2014 would have been higher by Rs 50 million (2013: Rs 50 million) and the profit before taxation for the year ended December 31, 2014 would have been lower by Rs 50 million (2013: Rs 50 million).

11.3.3 These include the term finance certificates and sukuk bonds of Rs 999.172 million (2013: Rs 999.172 million) and Rs 500 million (2013: Rs 500 million) respectively issued by Agritech Limited (a related party of the Bank). The impact of relaxation availed by the Bank for maintaining the provision against these investments is disclosed in note 12.4.1 to these financial statements.

11.3.4 These include 8,868,843 equity shares (2013: 8,868,843) of Rs 310.410 million (2013: Rs 310.410 million) of Agritech Limited (a related party of the Bank) acquired at the rate of Rs 35 each as part of debt share swap agreement with Azgard Nine Limited. The impact of relaxation availed by the Bank for impairment against these shares is disclosed in note 12.4.1 to these financial statements.

11.4 Quality of available for sale securities

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

	2014	2013
	-----Rupees '000-----	
11.5 Surplus / (deficit) on revaluation of investments classified as held for trading		
Market Treasury Bills	2,694	(3,424)
Pakistan Investment Bonds	17,060	-
Fully paid up ordinary shares / certificates of closed end mutual fund	(3,170)	(11,467)
	<u>16,584</u>	<u>(14,891)</u>

11.6 These include an investment of the Bank in unlisted shares of DHA Cogen Limited (DHA) (a related party of the Bank) representing 19.1% (2013: 19.1%) equity holding of DHA. During 2013, the Bank acquired additional equity shares of 9.35% by exercising its rights over pledged shares of DHA after eventual non-compliance by DHA in respect of 'Rehabilitation and Standstill Agreement' made between the consortium banks (including the Bank) and DHA for repayment of liabilities.

11.7 The Bank does not prepare consolidated financial statements as it does not have any subsidiary company as at December 31, 2014. Accordingly, investment of the Bank in Faysal Asset Management Limited (FAML) has been accounted for under the equity method of accounting as per the requirement of IAS 28. The Bank's share of post acquisition profit or loss is recognised using the latest available financial statements of FAML which relate to the period ended December 31, 2014 with a corresponding adjustment to the carrying amount of investment. The details of the Bank's investment and post acquisition changes relating to FAML are as under:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

11.7.1 Faysal Asset Management Limited - percentage holding 30% (2013: 30%)

At January 1

Post acquisition changes during the year
- Recognised in the profit and loss account

At December 31

Cost of Investment

2014	2013
-----Rupees '000-----	
75,829	69,172
(745)	6,657
<u>75,084</u>	<u>75,829</u>
<u>45,000</u>	<u>45,000</u>

11.7.2 Particulars of the assets and liabilities of the associate

Assets

Liabilities

Revenue

(Loss) / profit

<u>279,063</u>	282,478
<u>28,783</u>	29,714
<u>114,775</u>	145,596
<u>(2,483)</u>	22,189

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 -----Rupees '000-----	2013
12 ADVANCES			
Loans, cash credits, running finances, etc. – in Pakistan	12.4.1	188,265,398	188,593,008
Net investment in finance lease – in Pakistan	12.2	11,047,764	10,085,694
		199,313,162	198,678,702
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		4,136,469	4,319,771
- Payable outside Pakistan		1,130,241	1,234,513
		5,266,710	5,554,284
Margin financing / reverse repo transactions		96,200	110,200
Gross advances		204,676,072	204,343,186
Provision against non-performing advances	12.4, 12.4.3 & 12.7	(23,011,743)	(19,746,517)
Provision against consumer and small enterprise loans - general	12.4, 12.5 & 12.6	(439,524)	(406,365)
		(23,451,267)	(20,152,882)
Advances - net of provision		181,224,805	184,190,304
12.1 Particulars of advances (Gross)			
12.1.1 In local currency		203,520,420	202,725,652
In foreign currencies		1,155,652	1,617,534
		204,676,072	204,343,186
12.1.2 Short term (upto one year)		135,166,374	114,047,238
Long term (over one year)		69,509,698	90,295,948
		204,676,072	204,343,186

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014	2013		
		-----Rupees '000-----			
12.1.3	Net investment in Ijarah - Ijarah accounted for under IFAS-2				
	Movement in net book value of Ijarah assets				
	Assets under Ijarah				
	Opening balance	37,717	3,285		
	Disbursed during the year	512,536	34,432		
	Disposals during the year	-	-		
	Closing balance	550,253	37,717		
	Accumulated depreciation				
	Opening balance	9,179	457		
	Charged during the year	26,542	8,722		
	Adjustment during the year	-	-		
	Closing balance	35,721	9,179		
	Net investment in Ijarah	12.1.4	514,532		
			28,538		
12.1.4	Net investment in Ijarah				
		2014	2013		
		Not later than one year	Later than one and less than five years	Over five years	Total
		Not later than one year	Later than one and less than five years	Over five years	Total
		----- Rupees '000 -----			
	Ijarah rentals receivable	233,576	367,152	-	600,728
		8,281	7,594	-	15,875
	The difference between net investment in Ijarah and Ijarah rental receivable represents element of profit in receivable.				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

12.2 Net investment in finance lease

	2014				2013			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
----- Rupees '000 -----								
Lease rentals receivable	747,049	6,641,401	16,740	7,405,190	823,782	5,792,337	107,161	6,723,280
Residual value	871,622	3,860,117	9,608	4,741,347	887,271	3,422,363	54,364	4,363,998
Minimum lease payment	1,618,671	10,501,518	26,348	12,146,537	1,711,053	9,214,700	161,525	11,087,278
Finance charge for future periods	(97,573)	(994,302)	(6,898)	(1,098,773)	(94,042)	(868,128)	(39,414)	(1,001,584)
Present value of minimum lease payment	1,521,098	9,507,216	19,450	11,047,764	1,617,011	8,346,572	122,111	10,085,694

12.3 Advances includes Rs. 29,293 million (2013: Rs. 27,619 million) which have been placed under non-performing status as detailed below:

		2014								
Note		Classified Advances			Provision required			Provision held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Category of classification		Rupees '000								
Other Assets Especially										
Mentioned (OAEM)	12.3.1	206,095	-	206,095	36	-	36	36	-	36
Substandard		2,717,410	-	2,717,410	406,705	-	406,705	406,705	-	406,705
Doubtful		1,675,067	-	1,675,067	523,630	-	523,630	523,630	-	523,630
Loss		24,694,748	-	24,694,748	22,081,372	-	22,081,372	22,081,372	-	22,081,372
		29,293,320	-	29,293,320	23,011,743	-	23,011,743	23,011,743	-	23,011,743
		2013								
Note		Classified Advances			Provision required			Provision held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Category of classification		Rupees '000								
Other Assets Especially										
Mentioned (OAEM)	12.3.1	408,606	-	408,606	2,465	-	2,465	2,465	-	2,465
Substandard		1,826,072	-	1,826,072	364,859	-	364,859	364,859	-	364,859
Doubtful		2,871,259	-	2,871,259	996,059	-	996,059	996,059	-	996,059
Loss		22,512,682	-	22,512,682	18,383,134	-	18,383,134	18,383,134	-	18,383,134
		27,618,619	-	27,618,619	19,746,517	-	19,746,517	19,746,517	-	19,746,517

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

	2014			2013		
	Specific	General	Total	Specific	General	Total
----- Rupees '000 -----						
	19,746,517	406,365	20,152,882	18,268,251	283,819	18,552,070
Opening balance						
Recognised in the profit & loss account						
- Charge for the year	2,900,885	33,159	2,934,044	3,825,655	122,546	3,948,201
- Reversals during the year	(845,065)	-	(845,065)	(1,920,114)	-	(1,920,114)
	2,055,820	33,159	2,088,979	1,905,541	122,546	2,028,087
Recognised in equity						
- Provision against non-performing loans and advances adjusted against NCR (note 22.2)	1,221,567	-	1,221,567	-	-	-
Net charge	3,277,387	33,159	3,310,546	1,905,541	122,546	2,028,087
Amounts written off - note 12.8.1	(12,161)	-	(12,161)	(427,275)	-	(427,275)
Closing balance	23,011,743	439,524	23,451,267	19,746,517	406,365	20,152,882

12.4.1 This includes classified advances of Rs 350 million disbursed to Agritech Limited (AGL). In addition, as disclosed in notes 11.3.3 and 11.3.4, the Bank had also made investments in term finance certificates, sukuk bonds and equity shares of Rs 999.172 million, Rs 500 million and Rs 310.410 million respectively of AGL. In accordance with the requirements of the approved accounting standards as applicable in Pakistan and the Prudential regulations issued by the SBP, the Bank was required to maintain a provision of Rs 2,067.716 million (net of FSV benefit) as at December 31, 2014 against the above exposure of AGL. The required provision as per the approved accounting standards as applicable in Pakistan and as per the requirements of the Prudential Regulations has not been fully made by the Bank as the SBP has given relaxation to the Bank in maintaining provision against the outstanding exposure of AGL. The Bank is required to make the provisions against the outstanding exposure (including investment in equity shares) of at least 75%, 80%, 85%, 90% and 100% of the required provision as at December 31, 2014, March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015 respectively. The Bank has availed the relaxation provided by the SBP and has recorded total provision of Rs 1,550.787 million - net of FSV benefit (including impairment loss of Rs 181.257 million) (2013: Rs 986.408 million - net of FSV benefit including impairment loss of Rs 103.855 million).

Had the SBP not provided this exemption, the profit before taxation for the current year would have been lower by Rs 516.929 million and the provision against advances and investments would have been higher by Rs 85.852 million and Rs 431.077 million respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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12.4.2 As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 2,771.857 million (2013: Rs 3,601.242 million) relating to advances and Rs 28.324 million (2013: Rs 76.914 million) relating to investments while determining the provisioning requirement against non-performing financing (including investments) as at December 31, 2014. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2014 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs 1,820.118 million (2013: Rs 2,390.801 million).

12.4.3 Particulars of provision against non-performing advances:

	2014			2013		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
In local currency	23,011,743	439,524	23,451,267	19,746,517	406,365	20,152,882
In foreign currencies	-	-	-	-	-	-
Total	23,011,743	439,524	23,451,267	19,746,517	406,365	20,152,882

12.5 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing, Housing Finance and Small and Medium Enterprise Financing issued by the SBP. As per these regulations, the Bank maintains general provision as follows:

	Note	Secured	Unsecured
Housing Finance Portfolio	12.6	1.5%	-
Consumer portfolio		1.5%	5.0%
Small enterprise portfolio		1.0%	2.0%

12.6 During the year, the SBP has issued new Prudential Regulations (PRs) for Housing Finance vide IH&SMEFD Circular No.3 dated May 06, 2014. Based on the new regulations, the guidelines have been introduced for maintenance of general provision between 0.5% - 1.5% of performing Housing Finance (HF) portfolio. The new guidelines have also changed the classification criteria based on overdue days and percentage of provision for making specific provision against HF portfolio. Under the new guidelines the category of Other Assets Especially Mentioned (OAEM) has been introduced and the basis of classification of loans and advances under the remaining three categories has been redefined whereby all loans and advances overdue by 90 days, 180 days, 1 year and 2 years are now required to be classified as OAEM, substandard, doubtful and loss respectively. Previously, these loans were classified as substandard, doubtful and loss based on the different prescribed ageing criteria. The new guidelines specify that provision should be made in the financial statements equal to 0 percent, 25 percent, 50 percent and 100 percent, in respect of overdue loans and advances classified as OAEM, substandard, doubtful and loss respectively, of the outstanding balances of principal less the amount of liquid assets realisable and adjusted forced sale value of mortgaged asset.

Had the provision against non-performing loans and advances been determined in accordance with the previous guidelines of the SBP, the provision would have been higher by Rs 0.328 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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12.7 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	2014	2013
		-----Rupees '000-----	
12.8 Particulars of write-offs			
12.8.1 Against provisions		12,161	427,275
Bad debts written-off directly		13,604	164,301
Recoveries against written-off debt		(148,110)	(198,204)
Net recoveries against written-off debt credited to profit and loss account		(134,506)	(33,903)
		(122,345)	393,372
12.8.2 Write-offs of Rs. 500,000 and above	12.9	11,350	441,058
Write-offs below Rs. 500,000		14,415	150,518
Recoveries against write-offs		(148,110)	(198,204)
		(122,345)	393,372

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

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2014 is given in Annexure - II to these financial statements. However, the write-off of loans does not affect the Bank's right to recover the outstanding loans from these customers.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

12.10 Particulars of loans and advances to directors, associated companies, etc.

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

Balance at beginning of the year
Loans granted during the year
Repayments during the year
Balance at end of the year

2014	2013
-----Rupees '000-----	
2,602,261	2,500,839
638,945	836,762
(918,554)	(735,340)
2,322,652	2,602,261

Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members **

Balance at beginning of the year
Loans granted during the year
Repayments during the year
Balance at end of the year

2,654,970	3,639,386
1,778,823	11,579,524
(1,192,678)	(12,563,940)
3,241,115	2,654,970

Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties **

Balance at beginning of the year
Loans granted during the year
Repayments during the year
Balance at end of the year

800,735	800,735
-	-
-	-
800,735	800,735

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

** Provision held against the loans provided to related parties amounted to Rs 2,827.738 million (2013: Rs 2,583.053 million).

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members

Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties

Note	2014	2013
	-----Rupees '000-----	
	2,614,902	2,602,261
	3,252,967	9,598,729
	800,735	800,735

13 OPERATING FIXED ASSETS

Capital work-in-progress
Tangible fixed assets
Intangible assets

13.1	145,908	220,325
13.2	9,108,566	7,560,732
13.3	2,288,882	2,469,853
	11,543,356	10,250,910

13.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers and contractors

15,797	1,805
99,834	99,449
30,277	119,071
145,908	220,325

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

13.2 Tangible fixed assets

Particulars	2014				2014				Book value at December 31, 2014	Rate of depreciation (%)
	COST				ACCUMULATED DEPRECIATION					
	As at January 1, 2014	Additions / revaluation surplus / adjustments*	Deletions / write-off	As at December 31, 2014	As at January 1, 2014	Additions/ revaluation surplus/ adjustments*	On deletions / write-off	As at December 31, 2014		
	-----Rupees '000-----									
Owned										
Freehold land	1,243,295	- 112,543	(7,000)	1,348,838	-	-	-	-	1,348,838	-
Leasehold land	2,253,080	- 242,350	-	2,495,430	-	-	-	-	2,495,430	-
Building on freehold	234,796	- 905 (39,515) *	-	196,186	142,522	15,808 (84,649) (39,492) *	-	34,189	161,997	5
Building on leasehold land	3,457,850	2,970 726,249 (12,194) *	(576)	4,174,299	768,568	249,905 (734,728) (12,178) *	(576)	270,991	3,903,308	5
Leasehold property and improvement	1,525,264	128,017 - 51,708 *	(35,392)	1,669,597	1,140,743	124,987 - 51,670 *	(27,593)	1,289,807	379,790	5 to 20
Office furniture, fixtures, equipment and computers	5,156,246	218,017	(73,216)	5,301,047	4,410,517	311,004	(69,255)	4,652,266	648,781	20 to 33.33
Vehicles	261,907	60,760	(32,386)	290,281	109,356	32,773	(22,270)	119,859	170,422	20
Total Owned	14,132,438	1,491,810	(148,570)	15,475,678	6,571,706	(84,900)	(119,694)	6,367,112	9,108,566	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Particulars	2013									
	COST				ACCUMULATED DEPRECIATION				Book value at December 31, 2013	Rate of depreciation (%)
	As at January 1, 2013	Additions / adjustments*	Deletions / write-off	As at December 31, 2013	As at January 1, 2013	Additions	On deletions / write-off	As at December 31, 2013		
	-----Rupees '000-----									
Owned										
Freehold land	1,260,795	-	(17,500)	1,243,295	-	-	-	-	1,243,295	-
Leasehold land	2,253,080	-	-	2,253,080	-	-	-	-	2,253,080	-
Building on freehold	234,796	-	-	234,796	105,908	36,614	-	142,522	92,274	5
Building on leasehold land	3,307,191	165,139 (14,480) *	-	3,457,850	523,994	259,050	(14,476)	768,568	2,689,282	5
Leasehold property and improvement	1,559,437	121,048 14,480 *	(169,701)	1,525,264	1,188,651	106,185	(154,093)	1,140,743	384,521	5 to 20
Office furniture, fixtures, equipment and computers	4,690,801	516,805	(51,360)	5,156,246	4,093,071	367,034	(49,588)	4,410,517	745,729	20 to 33.33
Vehicles	228,516	55,225	(21,834)	261,907	94,614	30,880	(16,138)	109,356	152,551	20
Total Owned	13,534,616	858,217	(260,395)	14,132,438	6,006,238	799,763	(234,295)	6,571,706	7,560,732	

13.2.1 Included in cost of operating fixed asset are fully depreciated items still in use having cost of Rs 5,256.468 million (2013: Rs 4,905.113 million).

13.2.2 On December 31, 2014, the Bank's freehold / leasehold land and building on freehold / leasehold land were revalued by Iqbal A. Nanjee Co. Private Limited on the basis of professional assessments of the market value. As a result of the revaluation of these assets, the market value of freehold / leasehold land and building on freehold / leasehold land were determined at Rs 7,909.573 million. The results of this revaluation exercise have determined a surplus of Rs 1,901.424 million.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2014 would have been Rs 3,941.506 million (2013: Rs 4,081.620 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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13.3 Intangible assets

2014										
Particulars	COST				ACCUMULATED AMORTISATION				Book value at December 31, 2014	Rate of amortisation % per annum
	As at January 1, 2014	Additions	Deletions	As at December 31, 2014	As at January 1, 2014	Charge to profit and loss account / transferred to equity	Charge on deletions	As at December 31, 2014		
-----Rupees '000-----										
Computer software	1,493,883	245,220	-	1,739,103	956,863	234,088	-	1,190,951	548,152	20 to 33.33
Customer Relationship - note 13.3.2	2,557,167	-	-	2,557,167	624,334	- 192,103	-	816,437	1,740,730	Note 13.3.2
	4,051,050	245,220	-	4,296,270	1,581,197	234,088 192,103	-	2,007,388	2,288,882	

2013										
Particulars	COST				ACCUMULATED AMORTISATION				Book value at December 31, 2013	Rate of amortisation % per annum
	As at January 1, 2013	Additions	Deletions	As at December 31, 2013	As at January 1, 2013	Charge to profit and loss account / transferred to equity	Charge on deletions	As at December 31, 2013		
-----Rupees '000-----										
Computer software	975,818	518,065	-	1,493,883	801,199	155,664	-	956,863	537,020	20 to 33.33
Customer Relationship - note 13.3.2	2,557,167	-	-	2,557,167	432,231	- 192,103	-	624,334	1,932,833	Note 13.3.2
	3,532,985	518,065	-	4,051,050	1,233,430	155,664 192,103	-	1,581,197	2,469,853	

13.3.1 The intangible assets include fully amortised items still in use having cost of Rs 822.175 million (2013: Rs 706.798 million).

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

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

14 DEFERRED TAX ASSETS - NET

Deferred credits arising due to:

- Accelerated tax depreciation			(30,340)	(127,153)
- Surplus on revaluation of securities	23.2		(733,975)	-
- Fair value adjustments relating to net assets acquired upon amalgamation			(609,256)	(678,944)
- Surplus on revaluation of fixed assets	23.1		(935,226)	(436,591)
- Remeasurement of defined benefit obligations			(35,446)	(20,932)
- Share of profit from associate			(10,529)	(10,790)

Deferred debits arising due to:

- Deficit on revaluation of securities	23.2		-	153,725
- Provision against non-performing advances			3,290,482	3,083,128
- Provision for diminution in the value of investments			984,070	856,002
- Provision against other assets			68,637	99,653
- Unused tax losses (including unabsorbed depreciation)			440,400	1,062,443
			2,428,817	3,980,541

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 -----Rupees '000-----	2013
15 OTHER ASSETS			
Income / mark-up accrued in local currency		6,770,686	4,910,605
Income / mark-up accrued in foreign currencies		58,084	51,213
Advances, deposits, advance rent and other prepayments		726,148	874,863
Taxation (payments less provisions)		3,737,611	3,323,957
Branch adjustment account		27,954	-
Non-banking assets acquired in satisfaction of claims	15.1, 15.4 & 15.5	1,913,178	2,305,011
Credit cards and other products fee receivable		284,791	168,802
Fair value of derivative contracts	25.3 & 25.4	-	330,534
Dividend receivable		95,113	94,393
Receivable from brokers against sale of shares		196,140	27,047
Prepaid employee benefits	15.2	206,921	529,347
Advance against Islamic financing		1,468,739	825,051
Others		842,761	806,241
		16,328,126	14,247,064
Less: Provision held against other assets	15.3	(318,383)	(443,067)
Other assets (net of provisions)		16,009,743	13,803,997
15.1	Market value of non-banking assets acquired in satisfaction of claims - determined by professional valuer	2,595,165	2,938,709
15.2	The prepaid employee benefits represent the impact of fair value adjustment on employee loans and advances which was determined at the time of acquisition of Ex-RBS Pakistan and is being amortized over the loan periods.		
	The movement of prepaid employee benefits is as follows:		
		2014	2013
		-----Rupees '000-----	
	Prepaid employee benefits at beginning of the year	529,347	672,796
	Employee benefits expensed during the year	(322,426)	(143,449)
	Prepaid employee benefits at end of the year	206,921	529,347

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 -----Rupees '000-----	2013
15.3 Provision against other assets			
Opening balance		443,067	538,043
Charge for the year		187,845	109,489
Reversals		(276,461)	(204,465)
		(88,616)	(94,976)
Transfer of provision	20.2	(36,068)	-
Closing balance		318,383	443,067
15.4 Non- current assets held for sale			
	These include properties having carrying value of Rs 1,778.6 million which have been classified as 'Non-current assets held for sale' as at December 31, 2014. A formal plan to dispose of these properties is in place and it is expected that the process of sale of these properties will be completed in the near future.		
15.5	On one of these properties is a claim by an individual to the extent of Rs 35 million (2013: Rs 35 million).		
		2014	2013
		-----Rupees '000-----	
16 BILLS PAYABLE			
In Pakistan		5,345,594	4,965,424
Outside Pakistan		2,180	3,186
		5,347,774	4,968,610
17 BORROWINGS			
In Pakistan		59,884,764	44,629,085
Outside Pakistan		1,042,099	817,443
		60,926,863	45,446,528
17.1 Particulars of borrowings with respect to currencies			
In local currency		59,884,764	44,629,085
In foreign currencies		1,042,099	817,443
		60,926,863	45,446,528

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 -----Rupees '000-----	2013
17.2 Details of borrowings secured / unsecured			
Secured			
Borrowings from the State Bank of Pakistan			
- Under export refinance scheme - Part I and II	17.3	15,315,794	15,108,132
- Under scheme for long term financing for export oriented projects	17.4	156,000	376,807
- Under long term financing facility	17.5	2,695,118	2,942,799
- Agri finance (flood affected)		-	50,500
- Under scheme of financing facility for storage of agricultural produce	17.6	273,564	391,297
- Islamic export refinance scheme		-	300,000
Repurchase agreement borrowings	17.7	40,094,288	23,609,550
		58,534,764	42,779,085
Unsecured			
Call borrowings	17.8	1,350,000	1,850,000
Overdrawn nostro accounts		1,042,099	817,443
		2,392,099	2,667,443
		60,926,863	45,446,528
17.3	In accordance with the Export Refinance (ERF) scheme, the Bank has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP. 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 rate on this facility is 5.5% to 6.5% per annum (2013: 8.2% to 8.4% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.		
17.4	These represent borrowings from the SBP under scheme for long term financing for export oriented projects. The mark-up rate on these facilities is 5% per annum (2013: 5% per annum) payable on quarterly basis with maturities upto May 2017. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.		
17.5	These represent borrowings from the SBP under scheme for Long Term Financing facility. The mark-up rates on these facilities are ranging from 6% to 10.10% per annum (2013: 6.50% to 10.10% per annum), payable on quarterly basis, with maturities upto May 2022. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

17.6	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 5.5% to 6.5% per annum (2013: 5.5% to 6.5% per annum) payable on quarterly basis with maturities upto February 2021. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.		
17.7	These represent collateralized borrowings against market treasury bills and Pakistan Investment Bonds at the rate of 9.40% to 9.50% per annum (2013: 10% per annum) payable on maturity with maturities upto January 2015.		
17.8	These borrowings are from the financial institutions. The mark-up rate on these borrowings is 9.25% per annum (2013: 6% to 10% per annum) payable on maturity with maturities upto January 2015.		
18 DEPOSITS AND OTHER ACCOUNTS		2014 -----Rupees '000-----	2013
Customers			
Fixed deposits		95,714,523	92,803,300
Saving deposits		87,507,426	86,464,689
Current accounts – Remunerative		2,572,655	2,306,983
Current accounts – Non-remunerative		85,073,620	78,787,509
Margin accounts		2,067,200	2,032,215
		272,935,424	262,394,696
Financial Institutions			
Remunerative deposits		10,167,344	8,467,508
Non-remunerative deposits		242,971	272,099
		10,410,315	8,739,607
		283,345,739	271,134,303
18.1 Particulars of deposits			
In local currency		258,385,068	244,449,273
In foreign currencies		24,960,671	26,685,030
		283,345,739	271,134,303

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

19 SUB-ORDINATED LOANS

These represent rated and un-secured Term Finance Certificates (TFCs) issued by the Bank. The salient features of the issue are as follows:

		Note	2014 -----Rupees '000-----	2013
Outstanding amount		19.1	<u>2,995,200</u>	<u>3,495,400</u>
Total issue amount			<u>3,000,000</u>	<u>4,000,000</u>
19.1	Particulars	TFC (issue date: 27-12-2010)		
	Outstanding amount	Rs. 2,995.2 million (2013: Rs. 2,996.4 million)		
	Issue amount	Rs. 3,000 million		
	Rating as at June 30, 2014	“AA-” (Double A Minus) by JCR-VIS [2013: AA-(Double A Minus)]		
	Listing	Unlisted		
	Rate	Base Rate Plus 2.25% The Base Rate is defined as the ask side of six months Karachi Inter bank Offered Rate (KIBOR) prevailing on the base rate setting date.		
	Subordination	The TFCs are subordinated to all other indebtedness of the Bank including deposits.		
	Date of issue	December 2010		
	Tenure and maturity	7 years from the date of issue.		
	Principal repayment	Semi annually as follows: 0.20% of principal in first 60 months and remaining principal in four semi-annual installments of 24.95% starting from 66th month.		
	Profit payment	Profit is payable semi-annually in arrears.		

19.2 The corresponding amount of 2013 includes TFC of Rs 499 million. During the year, the Bank has repaid this TFC as per its term. The TFC was issued in November 2007 with the total issue amount of Rs 1,000 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

20 OTHER LIABILITIES

	Note	2014 -----Rupees '000-----	2013
Mark-up / return / interest payable in local currency		2,172,969	1,855,010
Mark-up / return / interest payable in foreign currencies		7,658	9,726
Unearned commission / income		108,479	167,202
Accrued expenses		863,913	1,118,883
Unclaimed dividends		39,803	39,835
Branch adjustment account		-	12,713
Unrealised loss on revaluation of forward foreign exchange contracts		271,359	123,483
Fair value of derivative contracts	25.3 & 25.4	1,443	-
Withholding tax payable		81,178	74,138
Federal excise duty payable		26,485	25,713
Security deposits against finance leases	20.1	3,658,600	3,371,724
Provision against off-balance sheet obligations	20.2	94,014	50,965
Payable to brokers against purchase of shares		65,066	24,941
Others	20.3	1,816,665	1,194,340
		<u>9,207,632</u>	<u>8,068,673</u>

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

	Note	2014 -----Rupees '000-----	2013
20.2 Provision against off-balance sheet obligations			
Opening balance		50,965	39,798
Charge for the year		6,981	11,167
Transfer from provision against other assets	15.3	36,068	-
Closing balance		<u>94,014</u>	<u>50,965</u>

20.3 The Bank has recognised a provision amounting to Rs 149.772 million in respect of employee infidelity during the year ended December 31, 2014.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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			2014	2013
			Rupees '000	
21	SHARE CAPITAL			
21.1	Authorised Share capital			
			2014	2013
			Number of Shares	
			1,200,000,000	1,200,000,000
		Ordinary shares of Rs. 10 each	12,000,000	12,000,000
21.2	Issued, subscribed and paid-up capital			
			2014	2013
			Number of Shares	
		Ordinary shares		
		Fully paid in cash	201,451,420	201,451,420
		Issued as bonus shares	824,346,006	824,346,006
		Issued on amalgamation	17,472,226	17,472,226
			1,043,269,652	1,043,269,652
21.3	As at December 31, 2014, Ithmaar Bank B.S.C. (the holding company of the Bank) through its subsidiaries and nominees held 696,666,196 ordinary shares of Rs. 10 each (2013: 696,666,196 ordinary shares).			
21.4	The movement in the issued, subscribed and paid-up capital during the year was as follows:			
			2014	2013
			Number of Shares	
		Opening balance at January 1	1,043,269,652	927,350,802
		Bonus shares issued during the year	-	115,918,850
		Closing balance at December 31	1,043,269,652	1,043,269,652
			10,432,697	9,273,508
			-	1,159,189
			10,432,697	10,432,697

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014	2013
		Rupees '000	
22 RESERVES			
Statutory reserve	22.1	4,537,598	4,042,206
Capital reserve			
Reserve arising on amalgamation		23,952	23,952
Share premium		10,131	10,131
Non-distributable capital reserve - gain on bargain purchase	22.2	1,131,474	2,477,908
		5,703,155	6,554,197

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

22.2 NON-DISTRIBUTABLE CAPITAL RESERVE- GAIN ON BARGAIN PURCHASE

As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. The directive of the SBP further specified that any subsequent provision / deficit identified by the Banking Inspection Department (BID) of the SBP in the acquired portfolio of ex-RBS Pakistan will be adjusted against this reserve. The balance amount of reserve, after incorporation of the adjustment as identified by BID of the SBP and amortisation of intangible asset, will be available for distribution only as stock dividend after the prior approval of the SBP.

The BID of the SBP had issued a final inspection report in 2013. The report identified an adjustment of Rs 441.757 million which essentially represented the additional provision suggested by the BID of the SBP in the acquired loans and advances portfolio of the Ex-RBS Pakistan. In accordance with the above directive of the SBP the management adjusted the aforementioned amount against the NCR at the time of finalisation of the financial statements of the Bank for the year ended December 31, 2012. In August 2013, the management of the Bank sought approval from the SBP for the transfer of the remaining amount of bargain purchase gain (net of unamortised balance of intangible assets) to unappropriated profit which may become available for distribution as stock dividend to the shareholders of the Bank.

The SBP through its letter BPRD (R&P-02)/625-99/2013/17 dated November 25, 2013 allowed the Bank to transfer the bargain purchase gain (net of unamortised balance of intangible assets) to unappropriated profit subject to the condition that the amount of bargain purchase gain for distribution should be determined after making full provision against the classified portfolio of the ex-RBS Pakistan without taking any FSV benefit of the collaterals / securities. Thereafter, if any balance amount is available then the same may be transferred to unappropriated profit for onward distribution to shareholders as stock dividend.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

The management of the Bank sought clarification on certain conditions and related matters (including meaning of 'full provision' and adjustment mechanism of FSV benefit) attached to the transfer of bargain purchase gain including the accounting entry required to effect the directive issued by the SBP.

Based on the clarification and approval received from the SBP, the Bank has adjusted a gross provision of Rs. 1,221.567 million in these financial statements by debiting the NCR appearing in equity with a corresponding adjustment to provision against loans and advances.

23	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	2014	2013
			-----Rupees ‘000-----	
	Surplus / (deficit) arising on revaluation of:			
	- Fixed assets	23.1	3,032,840	1,759,720
	- Available for sale securities	23.2	1,437,518	(181,249)
			4,470,358	1,578,471
23.1	Surplus on revaluation of fixed assets			
	Surplus on revaluation of fixed assets at January 1		2,196,311	2,318,167
	Surplus on revaluation of fixed assets recognised during the year		1,901,424	-
	Transferred to un-appropriated profit in respect of incremental depreciation charged during the year		(87,018)	(79,206)
	Related deferred tax liability in respect of incremental depreciation charged during the year		(42,650)	(42,650)
			(129,668)	(121,856)
			3,968,067	2,196,311
	Related deferred tax liability on surplus at January 1		(436,591)	(479,241)
	Related deferred tax liability on surplus recognised during the year		(541,286)	-
	Related deferred tax liability in respect of incremental depreciation charged during the year		42,650	42,650
			(935,227)	(436,591)
			3,032,840	1,759,720

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	-----Rupees ‘000-----	
23.2 Surplus / (deficit) on revaluation of investments classified as available for sale		
Federal Government Securities		
- Market Treasury Bills	144,961	(30,229)
- Pakistan Investment Bonds	1,784,616	(669,405)
- Ijara Sukuk Bonds	(56,361)	144,770
Fully Paid up Ordinary Shares / Modaraba Certificates / Units of Closed end Mutual Funds		
- Listed companies / modarabas / mutual funds	244,793	200,491
Fully Paid up Preference Shares		
- Unlisted companies	2,003	-
Term Finance Certificates		
- Listed	(434)	(298)
- Unlisted	6,951	11,312
Units of Open end Mutual Funds	44,964	8,385
	2,171,493	(334,974)
Related deferred tax (liability) / asset	(733,975)	153,725
	1,437,518	(181,249)
24 CONTINGENCIES AND COMMITMENTS		
24.1 Direct credit substitutes		
Contingent liability in respect of guarantees favouring:		
- Banking companies and other financial institutions	618,456	825,498
Acceptances		
- Others	10,719,676	13,139,248

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	-----Rupees '000-----	
24.2 Transaction-related contingent liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:		
- Government	8,098,193	7,382,176
- Banking companies and other financial institutions	12,765	18,777
- Others	1,870,207	2,830,604
	<u>9,981,165</u>	<u>10,231,557</u>
24.3 Trade-related contingent liabilities		
Letters of credit		
- Government	2,292,534	6,903,344
- Others	16,781,954	18,317,222
	<u>19,074,488</u>	<u>25,220,566</u>
24.4 Other contingencies		
(i) Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case	<u>2,500,000</u>	<u>2,500,000</u>
(ii) Indemnity issued favouring the High Court in the above case	<u>457,543</u>	<u>457,543</u>
(iii) Claims against the Bank not acknowledged as debt	<u>30,404,910</u>	<u>32,373,712</u>
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 and certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment. The above also includes an amount of Rs 25,299 million in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.		
Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

- (iv) Income tax assessments of the Bank have been finalised upto the tax year 2014 (Accounting year 2013). Return of income for tax year 2015 will be e-filed within due date.

The department and the Bank have disagreements on certain matters in different tax years. These include disallowance on initial depreciation of leases, provision for bad debts, bad debts written off, provision against investments, taxability of dividend and profit accrued on deposits. The additional tax liability on these matters is Rs 2,044.680 million.

The Bank and the department have filed appeals with the Commissioner Inland Revenue (Appeals), Appellate Tribunal Inland Revenue and the High Court in the aforementioned matters. The management of the Bank is confident that the decision in respect of these matters will be in the Bank's favour and accordingly no provision has been made in these financial statements in this respect.

24.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

24.6 Commitments in respect of forward exchange contracts

Purchase

- Customers
- Banks

Sale

- Customers
- Banks

24.7 Commitments for the acquisition of operating fixed assets

24.8 Commitments in respect of donation

24.9 Commitments in respect of repo transactions

Repurchase

Resale

2014 2013
-----Rupees '000-----

2,019,028	1,629,491
33,335,629	31,733,550
35,354,657	33,363,041
980,313	2,337,278
17,398,632	12,948,403
18,378,945	15,285,681
118,310	286,323
8,000	8,000
40,116,082	23,622,480
305,244	299,186

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

25 DERIVATIVE INSTRUMENTS

Interest rate swaps and cross currency swaps (notional principal)

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

25.1 Derivative Risk Management

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

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

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

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

Market risk

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

2014	2013
-----Rupees ‘000-----	
67,864	20,130,348

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Credit risk

The risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with the derivative transactions 1) settlement, and 2) pre-settlement risk. Pre-Settlement risk is monitored on daily basis. Risk Management sets the policies and limits for counterparty risk based on a pre-defined criteria linked with the internal risk rating of the customer.

Liquidity risk

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

25.2 Product analysis

Counterparties

With Banks for

Hedging
Market Making

With other entities for

Hedging
Market Making

Total

Hedging
Market Making

2014		2013	
Cross Currency Swaps		Interest Rate and Cross Currency Swaps	
No. of Contracts	Notional Principal Rupees ‘000	No. of Contracts	Notional Principal Rupees ‘000
-	-	2	9,743,356
-	-	-	-
-	-	-	-
1	67,864	13	10,386,992
-	-	-	-
1	67,864	2	9,743,356
1	67,864	13	10,386,992
1	67,864	15	20,130,348

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

25.3 Maturity analysis

Cross currency swaps

Remaining maturity

	No. of Contracts	Notional Principal	2014		
			Negative	Positive	Net
			----- Rupees '000 -----		
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	1	67,864	(70,705)	69,262	(1,443)
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
	1	67,864	(70,705)	69,262	(1,443)

Interest rate & cross currency swaps

Remaining Maturity

	No. of Contracts	Notional Principal	2013		
			Negative	Positive	Net
			----- Rupees '000 -----		
Upto 1 month	-	-	-	-	-
1 to 3 months	9	300,103	(300,610)	202,078	(98,532)
3 to 6 months	-	-	-	-	-
6 months to 1 year	4	19,486,713	(326,563)	756,653	430,090
1 to 2 years	1	138,960	(142,151)	143,623	1,472
2 to 3 years	1	204,572	(212,735)	210,239	(2,496)
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
	15	20,130,348	(982,059)	1,312,593	330,534

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

25.4 As at December 31, 2014 the fair value of the derivative financial instruments has been determined using valuation techniques with significant inputs such as forecasted market interest rate and foreign exchange rate. The determination of the fair value of these instruments is most sensitive to these key assumptions. Any significant change in these key assumptions may have an effect on the fair value of these derivative financial instruments.

26 MARK-UP / RETURN / INTEREST EARNED

	2014	2013
	----- Rupees '000 -----	----- Rupees '000 -----
a) On financing to:		
i) customers	21,041,398	19,684,893
ii) financial institutions	35,617	45,128
b) On investments in:		
i) held for trading securities	386,062	462,722
ii) available for sale securities	8,645,104	6,707,461
iii) held to maturity securities	1,643,252	392,084
c) On deposits with treasury bank and financial institutions	16,205	46,486
d) On securities purchased under resale agreements	137,176	160,189
e) Others	407,819	291,505
	32,312,633	27,790,468

27 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	13,990,871	12,654,607
Securities sold under repurchase agreements	1,095,753	893,885
Other short term borrowings	1,669,978	1,488,813
SBP borrowings	1,319,496	1,471,953
Sub-ordinated loans	404,093	436,057
	18,480,191	16,945,315

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	-----Rupees '000-----	-----Rupees '000-----
28 GAIN SALE OF SECURITIES - NET		
Gain / (loss) on sale of:		
Federal Government Securities		
- Market Treasury Bills	38,378	345,244
- Pakistan Investment Bonds	155,622	23,893
- Ijara Sukuk Bonds	156	137
Fully Paid up Ordinary Shares / Modaraba Certificates /		
Units of Closed end Mutual Funds	262,335	(120,987)
Units of Open end Mutual Funds	3,986	58,042
	460,477	306,329
29 OTHER INCOME		
Rent on property	128,564	148,905
Net gain on disposal of operating fixed assets	18,193	19,667
Net gain on disposal of non-banking assets	145,108	123,436
Income on derivative contracts - net	249,707	235,138
Income from disposal of scrap	8,329	1,451
Notice pay recovered from outgoing employees	-	3,589
Gain on realisation of proceeds on liquidation of a subsidiary	-	17,129
Miscellaneous charges recovered	997	24,243
	550,898	573,558

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014	2013
		-----Rupees '000-----	-----Rupees '000-----
30 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other employee benefits	30.1 & 30.2	5,474,022	4,885,383
Charge for defined benefit plan	36.7	65,434	94,100
Contribution to defined contribution plan	37	131,373	137,136
Non-executive directors' fees		52,276	24,940
Rent, taxes, insurance, electricity, etc.		1,983,749	1,921,914
Legal and professional charges		291,122	195,490
Communications		308,508	397,395
Repairs and maintenance		780,667	654,976
Stationery and printing		264,768	177,075
Advertisement and publicity		137,010	116,066
Donations	30.4	36,998	46,458
Auditors' remuneration	30.5	33,450	24,861
Depreciation	13.2	734,477	799,763
Amortisation	13.3	234,088	155,664
License and technical fee		274,213	170,204
Travelling, conveyance and entertainment		131,829	166,061
Vehicle running expenses		241,969	250,560
Books, periodicals and subscription		106,683	85,479
Brokerage and commission		42,599	45,565
Bank fees and charges		121,094	64,062
Security expenses		340,140	291,770
Public relation and sponsorship		131,989	110,119
Fee and documentation charges		88,479	87,326
Others		155,097	176,755
		12,162,034	11,079,122

30.1 This includes charge amounting to Rs 322.426 million (2013: Rs 143.449 million) in respect of amortisation of prepaid employee benefits as disclosed in note 15.2 to these financial statements.

30.2 During the year the Bank offered voluntary staff separation scheme to its permanent employees. The Bank has recognised a cost of Rs 453.499 million (which includes an amount of Rs 35.769 million paid as ex-gratia) in this respect.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

30.3 The Bank operates a employee benefit scheme which includes special bonus for all employees including President. Under this scheme, the bonus for all Executives, including the Chief Executive Officer and President of the Bank is determined on the basis of employees' evaluation and the Bank's performance during the year. The aggregate amount paid to eligible employees in respect of the above scheme relating to all Executives and for the President of the Bank amounted to Rs 307.850 million (2013: Rs 253.249 million) and Rs Nil (2013: Rs 55 million) respectively.

30.4 Donations made during the year were as follows:

Donee

Institute of Business Administration (IBA)
Waqf Faisal (Trust)

	2014	2013
	-----Rupees '000-----	
	-	18,000
	<u>36,998</u>	<u>28,458</u>
	<u>36,998</u>	<u>46,458</u>

Directors or their spouse have no interest in any of the donee other than 'Waqf Faisal (Trust)' (a charitable public welfare project), where the President and Chief Executive Officer of the Bank is acting as trustee.

30.5 Auditors' remuneration

Statutory audit fee
Fee for quarterly and annual group reporting
Fee for the review of the half yearly financial statements
Tax services
Special certifications and sundry advisory services
Out-of-pocket expenses

	2014	2013
	-----Rupees '000-----	
	3,000	2,822
	7,900	6,209
	825	753
	9,100	6,000
	10,375	7,077
	2,250	2,000
	<u>33,450</u>	<u>24,861</u>

31 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan
Workers' Welfare Fund

	123,183	57,839
	<u>98,643</u>	<u>58,836</u>
	<u>221,826</u>	<u>116,675</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

32 TAXATION

For the year

Current
Deferred

For prior years

Current
Deferred

	2014	2013
	-----Rupees '000-----	
	<u>1,712,150</u>	<u>1,078,186</u>
	<u>(446,581)</u>	<u>(467,370)</u>
	<u>1,265,569</u>	<u>610,816</u>
	<u>(812,786)</u>	<u>(1,612,830)</u>
	<u>622,043</u>	<u>1,312,887</u>
	<u>(190,743)</u>	<u>(299,943)</u>
	<u>1,074,826</u>	<u>310,873</u>

32.1 Relationship between tax expense and accounting profit

Profit before tax

	<u>3,551,785</u>	<u>2,160,779</u>
--	------------------	------------------

Tax calculated at the rate of 35% (2013: 35%)

Effect of:

- permanent differences
- income chargeable to tax at reduced rate
- prior year reversal
- others

	1,243,125	756,273
	116,702	(22,960)
	(45,969)	(104,627)
	(190,743)	(299,943)
	(48,289)	(17,870)
	<u>1,074,826</u>	<u>310,873</u>

Tax charge for the year

33 EARNINGS PER SHARE

Profit after tax for the year

	<u>2,476,959</u>	<u>1,849,906</u>
--	------------------	------------------

Number of shares in thousands

Weighted average number of ordinary shares outstanding during the year

	<u>1,043,270</u>	<u>1,043,270</u>
--	------------------	------------------

-----Rupees-----

Earnings per share - basic

	<u>2.37</u>	<u>1.77</u>
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33.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at December 31, 2014 and December 31, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

34	CASH AND CASH EQUIVALENTS	Note	2014 -----Rupees '000-----	2013
	Cash and balances with treasury banks	8	20,285,851	28,422,497
	Balances with other banks	9	1,422,699	1,011,980
	Overdrawn nostros	17.2	(1,042,099)	(817,443)
			<u>20,666,451</u>	<u>28,617,034</u>
35	STAFF STRENGTH		2014 Number of employees	2013
	Permanent		3,024	3,596
	Temporary / on contractual basis		12	14
	Bank's own staff strength at the end of the year		3,036	3,610
	Outsourced	35.1	2,084	3,256
	Total staff strength		<u>5,120</u>	<u>6,866</u>
35.1	Outsourced staff are employees hired by an outside contractor / agency and posted in the Bank to perform various tasks / activities of the Bank.			
36	DEFINED BENEFIT PLAN			
36.1	General description			
	The Bank operates an approved funded gratuity scheme for all its permanent employees and employees who are on contractual service in non-management cadre. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof. The minimum qualifying eligible service for gratuity is 1 year for employees who became members of the Fund before November 12, 2002. In the case of other members of the Fund the minimum qualifying eligible service is 5 years. The minimum qualifying eligible service for contractual employees not employed under the management cadre is 6 months. The latest actuarial valuation of the Bank's defined benefit plan, based on Projected Unit Credit Actuarial Cost Method, was carried out as at December 31, 2014.			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

The Gratuity scheme exposes the entity to the following risks:

Mortality risks

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

Investment risks

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

Risk of insufficiency of assets

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

Final salary risks

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

Withdrawal risks

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

36.2	Principal actuarial assumptions	Note	2014	2013
	Discount factor used (% per annum)		11.25	12.75
	Expected rate of salary increase (% per annum)		11.25	12.75
	Normal retirement age (years)		60	60
			2014	2013
36.3	The amount recognised in the statement of financial position are determined as follows:		-----Rupees '000-----	
	Present value of defined benefit obligations	36.5	528,773	541,719
	Fair value of plan assets	36.4	(602,394)	(639,308)
			(73,621)	(97,589)
36.4	Plan assets consist of the following:			
			2014	2013
			Quoted	Non-Quoted
			-----	-----
			-----Rupees '000-----	-----
	Balances with banks and financial institutions		-	7,054
	Debt instruments:			
	- Government		363,321	232,019
	- Corporate		-	-
			363,321	239,073
			632,269	7,039

36.5

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

		2014		
		Present value of obligation	Fair value of plan assets	Total
		-----Rupees '000-----		
At January 1		541,719	(639,308)	(97,589)
Current service cost		109,571	-	109,571
Past service cost		(30,476)	-	(30,476)
Interest expense / (income)		70,549	(84,210)	(13,661)
		149,644	(84,210)	65,434
		691,363	(723,518)	(32,155)
Remeasurements:				
- Return on plan assets, excluding amounts included in interest(income) / expense		-	(8,588)	(8,588)
- Loss from change in demographic assumptions		16	-	16
- Loss from change in financial assumptions		1,749	-	1,749
- Experience (gains) / losses		(34,643)	-	(34,643)
		(32,878)	(8,588)	(41,466)
Contribution		-	-	-
Benefit payments		(129,712)	129,712	-
At December 31		528,773	(602,394)	(73,621)

		2013		
		Present value of obligation	Fair value of plan assets	Total
		-----Rupees '000-----		
At January 1		430,334	(534,886)	(104,552)
Current service cost		105,936	-	105,936
Past service cost		-	-	-
Interest expense / (income)		56,853	(68,689)	(11,836)
		162,789	(68,689)	94,100
		593,123	(603,575)	(10,452)
Remeasurements:				
- Return on plan assets, excluding amounts included in interestexpense		-	23,823	23,823
- Gain from change in demographic assumptions		(315)	-	(315)
- Gain from change in financial assumptions		(897)	-	(897)
- Experience (gains) / losses		(15,606)	-	(15,606)
		(16,818)	23,823	7,005
Contribution		-	(94,142)	(94,142)
Benefit payments		(34,586)	34,586	-
At December 31		541,719	(639,308)	(97,589)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

36.6 Analysis of present value of defined benefit obligation

	2014	2013
	-----Rupees '000-----	
Split by type of members		
(i) Active employees	521,460	541,719
(ii) Deferred	-	-
(iii) Retired members	7,313	-
	<u>528,773</u>	<u>541,719</u>
Split by vested / non-vested		
(i) Vested benefits	466,589	346,348
(ii) Non-vested benefits	62,184	195,371
	<u>528,773</u>	<u>541,719</u>
Split by cadre of members		
(i) Management	524,702	541,077
(ii) Non-Management (Contractuals)	4,071	642
	<u>528,773</u>	<u>541,719</u>
Split by benefits earned to date		
(i) Present value of guaranteed benefits	202,624	189,506
(ii) Present value of benefits attributable to future increase in salary	326,149	352,213
	<u>528,773</u>	<u>541,719</u>

36.7 Charge for defined benefit plan

Current service cost	109,571	105,936
Past service cost	(30,476)	-
Net interest cost	(13,661)	(11,836)
	<u>65,434</u>	<u>94,100</u>

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

	Impact on defined benefit obligation - Increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
		-----Rupees '000-----	
Discount rate	1%	469,427	583,064
Salary increase rate	1%	467,936	583,770
		Increase by 1 year in assumption	Decrease by 1 year in assumption
		-----Rupees '000-----	
Life expectancy / withdrawal rate		523,796	532,418

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

36.11 The weighted average duration of the defined benefit obligation is 10.89 years.

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

At December 31, 2014	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees '000 -----				
Gratuity	<u>30,190</u>	<u>46,736</u>	<u>190,994</u>	<u>18,113,474</u>	<u>18,381,394</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013	2012	2011	2010
	----- Rupees '000 -----				
36.13 Historical information					
Defined benefit obligation	(528,773)	(541,719)	(430,334)	(374,945)	(277,157)
Fair value of plan assets	602,394	639,308	534,886	368,641	245,286
Surplus / (deficit)	73,621	97,589	104,552	(6,304)	(31,871)
Remeasurements of plan liabilities	32,878	16,818	53,177	38,924	24,523
Remeasurements of plan assets	8,588	(23,823)	19,778	(15,508)	1,277
36.14	Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs. 100.814 million as per the actuarial valuation report of the Bank as at December 31, 2014.				
36.15	The disclosure made in notes 36.2 to 36.14 are based on the information included in the actuarial valuation report of the Bank as at December 31, 2014.				
37 DEFINED CONTRIBUTION PLAN					
The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 10% of the basic salary. The financial statements of the fund are separately prepared and are not included as part of these financial statements.					

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

38

COMPENSATION OF DIRECTORS AND EXECUTIVES

Particulars	President & Chief Executive Officer		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	----- Rupees '000 -----					
Managerial remuneration	33,518	68,399	-	-	708,944	775,729
Fees	-	-	52,276	24,940	-	-
Charge for defined benefit plan	2,688	3,614	-	-	51,195	55,640
Contribution to defined contribution plan	3,226	4,336	-	-	61,436	66,768
Rent and house maintenance	6,579	10,544	-	-	276,047	301,608
Utilities	1,745	312	-	-	62,595	68,499
Medical	312	700	-	-	43,708	49,092
Leave fare assistance	140	-	-	-	94,870	103,805
Others	608	2,936	-	-	530,365	575,117
	<u>48,816</u>	<u>90,841</u>	<u>52,276</u>	<u>24,940</u>	<u>1,829,160</u>	<u>1,996,258</u>
Number of persons	<u>2</u>	<u>1</u>	<u>10</u>	<u>9</u>	<u>637</u>	<u>697</u>

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

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

38.3 In addition to the above, all executives, including the President & Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 30.3 to these financial statements.

38.4 On cessation of employment of the former President & Chief Executive Officer, an amount of Rs 333.164 million was paid as ex-gratia settlement. In addition to this, an amount of Rs 179.562 million was paid to certain executives who opted for voluntary separation scheme.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

On-balance sheet financial instruments

Assets

	Book value		Fair value	
	2014	2013	2014	2013
	----- Rupees '000 -----			
Cash and balances with treasury banks	20,285,851	28,422,497	20,285,851	28,422,497
Balances with other banks	1,422,699	1,011,980	1,422,699	1,011,980
Lendings to financial institutions	-	300,000	-	300,000
Investments	155,210,513	113,319,478	156,318,170	113,284,002
Advances	181,224,805	184,190,304	181,224,805	184,190,304
Other assets	9,741,900	7,213,886	9,741,900	7,213,886
	<u>367,885,768</u>	<u>334,458,145</u>	<u>368,993,425</u>	<u>334,422,669</u>

Liabilities

Bills payable	5,347,774	4,968,610	5,347,774	4,968,610
Borrowings	60,926,863	45,446,528	60,926,863	45,446,528
Deposits and other accounts	283,345,739	271,134,303	283,345,739	271,134,303
Sub-ordinated loans	2,995,200	3,495,400	2,995,200	3,495,400
Other liabilities	8,750,766	7,750,655	8,750,766	7,750,655
	<u>361,366,342</u>	<u>332,795,496</u>	<u>361,366,342</u>	<u>332,795,496</u>

Off-balance sheet financial instruments

Forward purchase of foreign exchange	35,354,657	33,363,041	34,721,465	33,080,784
Commitments in respect of repurchase transactions	40,116,082	23,622,480	40,116,082	23,622,480
Forward sale of foreign exchange	18,378,945	15,285,681	18,017,112	15,126,907
Commitments in respect of resale transactions	305,244	299,186	305,244	299,186

The notional amounts and fair value of derivative financial instruments are disclosed in note 25.3 to these financial statements.

The carrying value of traded investments is based on quoted market price, except for marketable securities classified as 'held to maturity'. These securities are carried at amortised cost in order to comply with the requirements of BSD circular No.14 dated September 24, 2004. Fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per the latest audited financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Fair value of fixed term advances, other assets, other liabilities, fixed term deposits and sub-ordinated loans cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision against investments and advances has been calculated in accordance with the Bank's accounting policy as stated in note 7.4 and 7.5 to these financial statements. Commitments in respect of repurchase and resale transactions are stated at the transaction amount.

The repricing profile and effective rates and maturity are stated in note 44.6 and 44.7 respectively.

The fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer advances and substantial deposits, are regularly repriced.

40 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Bank's accounting policies. Estimates and judgments are evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The significant accounting areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of the accounting policies are as follows:

- classification and provisioning against investments (notes 7.4 and 11).
- income taxes (notes 7.8, 14 and 32).
- classification and provisioning against advances (notes 7.5 and 12).
- depreciation / amortisation of operating fixed assets (notes 7.6 and 13).
- accounting for defined benefit plan (notes 7.11 and 36).
- fair value of derivative financial instruments (notes 7.18 and 25).
- impairment of intangible assets (notes 7.6 and 13.3).
- impairment of assets (note 7.7)

41 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Primary segment information

The Bank is organised into four major business segments:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

December 31, 2014

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Total
	Rupees '000				
Total income	142,849	6,713,312	24,545,026	5,284,870	36,686,057
Total expenses	(84,123)	(4,085,130)	(24,291,630)	(5,748,215)	(34,209,098)
Net income / (loss)	58,726	2,628,182	253,396	(463,345)	2,476,959

Segment assets (Gross)	-	149,750,065	74,629,428	190,344,153	414,723,646
Segment non performing loans	-	-	3,599,658	25,693,662	29,293,320
Segment provision required against loans **	-	-	(2,367,920)	(21,083,347)	(23,451,267)
Segment liabilities	-	(42,447,414)	(280,986,592)	(38,389,202)	(361,823,208)

Segment return on assets (ROA) (%) *	-	2.43%	0.39%	(0.25%)	
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Segment cost of funds (%) *	-	5.59%	5.76%	9.07%	
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December 31, 2013

Total income	217,876	4,346,821	21,557,001	6,201,611	32,323,309
Total expenses	(105,445)	(2,807,601)	(21,569,936)	(5,990,421)	(30,473,403)
Net income / (loss)	112,431	1,539,220	(12,935)	211,190	1,849,906

Segment assets (Gross)	-	99,565,986	91,637,468	187,103,031	378,306,485
Segment non performing loans	-	-	4,395,393	23,223,226	27,618,619
Segment provision required against loans **	-	-	(2,170,676)	(17,982,206)	(20,152,882)
Segment liabilities	-	(30,059,699)	(255,218,107)	(47,835,708)	(333,113,514)

Segment return on assets (ROA) (%)*	-	2.19%	(0.02%)	0.12%	
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Segment cost of funds (%)*	-	8.57%	5.71%	8.78%	
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* These percentages have been computed based on average balances.

** Includes general provision.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

42

RELATED PARTY TRANSACTIONS

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

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

	2014			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings*
	Rupees '000			
Deposits				
Balance at the beginning of the year	190,399	116,373	2,544	1,140,702
Placements during the year	2,206,535	1,638,924	3,882,338	67,752,154
Withdrawals during the year	(2,289,128)	(1,668,267)	(3,879,741)	(68,842,748)
Balance at end of the year	107,806	87,030	5,141	50,108
Advances				
Balance at the beginning of the year	24,901	-	-	3,455,705
Disbursements during the year	50,123	-	-	1,778,823
Repayments during the year	(16,731)	-	-	(1,192,678)
Balance at end of the year	58,293	-	-	4,041,850

* Provision held against advances amounted to Rs 2,827.738 million (2013: Rs 2,583.053 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2013			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings*
	----- Rupees '000 -----			
Deposits				
Balance at the beginning of the year	126,680	55,800	2,053	86,234
Placements during the year	2,253,814	907,756	1,798,545	29,261,746
Withdrawals during the year	(2,190,095)	(847,183)	(1,798,054)	(28,207,278)
Balance at end of the year	<u>190,399</u>	<u>116,373</u>	<u>2,544</u>	<u>1,140,702</u>
Advances				
Balance at the beginning of the year	39,434	-	-	4,440,121
Disbursements during the year	5,546	-	-	11,579,524
Repayments during the year	(20,079)	-	-	(12,563,940)
Balance at end of the year	<u>24,901</u>	<u>-</u>	<u>-</u>	<u>3,455,705</u>

* Provision held against advances amounted to Rs 2,827.738 million (2013: Rs 2,583.053 million).

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

42.2 Details of outstanding investments and donations made during the year relating to related parties are given in note 11 and 30.4 to these financial statements. Details of advances to the companies or firms in which the directors of the Bank are interested as directors, partners or in case of private companies as members, loans due by directors, executives, subsidiary companies and other related parties are given in note 12.10 to these financial statements. Contributions to and accruals in respect of retirement benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer notes 36 and 37 to these financial statements for the details of the plans). Remuneration of the President and Chief Executive Officer, directors' fee and certain related information are disclosed in note 38 and 30.3 to these financial statements. Such remuneration is determined in accordance with the terms of their employment. Details of disposal of vehicles to key management personnel and other executives are disclosed in Annexure IV to these financial statements. Details of shares held by the holding company are disclosed in note 21.3 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014				
Particulars	Directors and key management personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies and associated undertakings
	----- Rupees '000 -----				
Shares / units purchased during the year	-	-	-	-	55,000
Shares / units sold during the year	-	-	-	-	222,722
Government securities purchased during the year	1,039,295	1,148,989	-	-	-
Government securities sold during the year	1,276,459	576,651	-	-	-
Profit paid / accrued	9,101	7,440	-	449	20,610
Profit return / earned	2,218	-	-	-	15,971
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	611,688	-	-	-	-
- Post-employment benefits	16,281	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	196,807	-	-	-
Guarantees issued favouring related parties or on their behalf	-	-	-	-	29,397*
Dividend Income	-	-	-	-	56,723
Capital gain	-	-	-	-	3,722

* Represents outstanding guarantee.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Particulars	2013				
	Directors and key management personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies and associated undertakings
	----- Rupees '000 -----				
Shares / units purchased during the year	-	-	-	-	2,441,913
Shares / units sold during the year	-	-	-	-	3,751,722
Government securities purchased during the year	1,352,730	-	-	-	-
Government securities sold during the year	1,360,004	561,001	-	-	-
Profit paid / accrued	8,132	16,876	-	238	21,405
Profit return / earned	2,198	-	-	-	352,139
Gain on realisation of proceeds on liquidation of a subsidiary	-	-	17,129	-	-
Remuneration of the key management personnel	-	-	-	-	-
- Salaries and other short-term employee benefits	339,448	-	-	-	-
- Post-employment benefits	18,619	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	231,236	-	-	-
Guarantees issued favouring related parties or on their behalf	-	-	-	-	37,013*
Advisory fee paid	-	-	-	69,505	-
Dividend income	-	-	-	-	118,538
Facilitation fee received	-	-	-	2,413	-
Capital gain	-	-	-	-	47,332

* Represents outstanding guarantee.

43 CAPITAL - ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of Banks vide its communication dated November 05, 2014. These disclosures are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by Banks in Pakistan. The SBP has specified a transitional period till 2018 for the implementation of Basel III requirements.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc after deductions for investments in the equity of subsidiary companies engaged in banking and financial activities (to the extent of 50%), reciprocal crossholdings and deduction for book value of intangibles.
 - b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria after deduction of remaining 50% investment in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.

Presently the Bank does not have any AT1 capital.

- Tier II capital, which includes subordinated debt, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (as per Basel III phase in approach requirement).

The sub-ordinated debt is not entirely eligible under Basel III guidelines due to introduction of Loss absorbency clause. This instrument will be phased out from Tier 2 capital as per the defined phase out arrangement in the regulatory guidelines.

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

Capital Management

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

The Bank ensures that it:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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.

The SBP requires each Bank or Banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; and (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10%.

Book value of intangible assets including software are deducted from Tier 1 capital whereas investment in associate as disclosed in Note 11.1 is deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital. The SBP through BPRD Circular No. 06 of August 15, 2013 has introduced new capital deductions under Basel III framework, such as Deferred Tax Asset (DTA), surplus on revaluation of assets etc. The newly prescribed deductions are applicable in a phased manner requiring 20% of applicable deductions from December 31, 2014. The deductions will increase by 20% each year and will be fully implemented from December 31, 2018.

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

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

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

- Adequate level of paid up capital;
- Adequate risk profile of asset mix;
- Ensuring better recovery management; and
- Maintaining acceptable profit margins.

43.1 Capital adequacy ratio

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Particulars	2014	2013
	----- Rupees '000 -----	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
- Fully paid-up capital / capital deposited with the SBP	10,432,697	10,432,697
- Balance in share premium account	10,131	10,131
- Reserve for issue of bonus shares	-	-
- Discount on issue of shares	-	-
- General / statutory reserves	5,693,024	6,544,066
- Gain / (losses) on derivatives held as cash flow hedge	-	-
- Unappropriated profit	5,696,366	3,600,828
- Minority interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before regulatory adjustments	21,832,218	20,587,722
Total regulatory adjustments applied to CET1 (Note 43.1.1)	2,397,151	1,878,699
Common Equity Tier 1 (a)	19,435,067	18,709,023
Additional Tier 1 (AT 1) Capital		
- Qualifying Additional Tier-1 instruments plus any related share premium of which:		
- classified as equity	-	-
- classified as liabilities	-	-
- Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties of which:		
- instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total regulatory adjustment applied to AT1 capital (Note 43.1.2)	-	-
Additional Tier 1 capital after regulatory adjustments	-	-
Additional Tier 1 capital recognised for capital adequacy (b)	-	-
Tier 1 Capital (CET1 + admissible AT1) (c=a+b)	19,435,067	18,709,023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Particulars	2014	2013
	----- Rupees '000 -----	
Tier 2 Capital		
- Qualifying Tier 2 capital instruments under Basel III	-	-
- Tier 2 capital instruments subject to phase out arrangement	958,464	1,618,056
- Tier 2 capital instruments issued to third party by consolidated subsidiaries of which:	-	-
- instruments issued by subsidiaries subject to phase out	-	-
- General provisions or general reserves for loan losses-up to maximum of 1.25% of credit risk weighted assets	439,524	406,365
- Revaluation reserves of which:		
- revaluation reserves on fixed assets	1,698,390	988,340
- unrealized gain / (loss) on AFS	805,011	(150,738)
- Foreign exchange translation reserves	-	-
- Undisclosed / other reserves (if any)	-	-
T2 before regulatory adjustments	3,901,389	2,862,023
Total regulatory adjustment applied to T2 capital (Note 43.1.3)	179,793	187,915
Tier 2 capital (T2) after regulatory adjustments	3,721,596	2,674,108
Portion of Tier 1 capital recognised in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy (d)	3,721,596	2,674,108
TOTAL CAPITAL (T1 + admissible T2) (e=c+d)	23,156,663	21,383,131
Total risk weighted assets (for details refer note 43.4)	189,528,741	189,419,298

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Particulars	2014	2013
	Percentage	
Capital ratios and buffers (in percentage of risk weighted assets)		
- CET1 to total RWA (a / i)	10.25%	9.88%
- Tier-1 capital to total RWA (c / i)	10.25%	9.88%
- Total capital to RWA (e / i)	12.22%	11.29%
- Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	5.50%	5.00%
- capital conservation buffer requirement	-	-
- counter cyclical buffer requirement	-	-
- Domestic Systemically Important Banks (SIB) or Global SIB buffer requirement	-	-
- CET1 available to meet buffers (as a percentage of risk weighted assets)	4.75%	4.88%
National minimum capital requirements prescribed by SBP		
- CET1 minimum ratio	5.50%	5.00%
- Tier 1 minimum ratio	7.00%	6.50%
- Total capital minimum ratio	10.00%	10.00%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Particulars	2014		2013	
	Amount	Pre - Basel III treatment*	Amount	Pre - Basel III treatment*

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

43.1.1 Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	1,709,903	-	1,840,785	-
Shortfall in provisions against classified assets	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	88,080	352,320	-	1,062,443
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	426,733	-	-	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares/ CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	127,384	509,537	-	3,594,590
Amount exceeding 15% threshold	-	-	-	-
of which: significant investments in the common stocks of financial entities	-	-	-	-
of which: deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investments in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP (mention details)	-	-	-	-
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	45,051	37,542	37,914	37,914
Total regulatory adjustments applied to CET1	2,397,151	899,399	1,878,699	4,694,947

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Particulars	2014		2013	
	Amount	Pre - Basel III treatment*	Amount	Pre - Basel III treatment*

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

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

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

43.1.3 Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	30,033	37,542	37,915	37,915
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	149,760	-	150,000	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Total regulatory adjustment applied to T2 capital	179,793	37,542	187,915	37,915

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

43.1.4 “Risk Weighted Assets” subject to pre-Basel III treatment

Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)

	2014	2013
	----- Rupees ‘000 -----	
of which: deferred tax assets	861,857	-
of which: defined-benefit pension fund net assets	-	-
of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-

Amounts below the thresholds for deduction (before risk weighting)

Non-significant investments in the capital of other financial entities	582,076	984,147
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	2,470,287	3,594,590

Applicable caps on the inclusion of provisions in Tier 2

Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	439,524	406,365
Cap on inclusion of provisions in Tier 2 under standardized approach	1,894,054	1,941,866
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

43.2 Capital Structure Reconciliation

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

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
	-----Rupees ‘000-----	
Assets		
Cash and balances with treasury banks	20,285,851	20,285,851
Balances with other banks	1,422,699	1,422,699
Lendings to financial institutions	-	-
Investments	155,210,513	155,210,513
Advances	181,224,805	181,224,805
Operating fixed assets	11,543,356	11,543,356
Deferred tax assets - net	2,428,817	2,428,817
Other assets	16,009,743	16,009,743
Total assets	388,125,784	388,125,784
Liabilities and equity		
Bills payable	5,347,774	5,347,774
Borrowings	60,926,863	60,926,863
Deposits and other accounts	283,345,739	283,345,739
Sub-ordinated loans	2,995,200	2,995,200
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	-
Other liabilities	9,207,632	9,207,632
Total liabilities	361,823,208	361,823,208
Represented by:		
Share capital	10,432,697	10,432,697
Reserves	5,703,155	5,703,155
Unappropriated profit	5,696,366	5,696,366
Surplus on revaluation of assets - net of tax	4,470,358	4,470,358
	26,302,576	26,302,576
Total liabilities and equity	388,125,784	388,125,784

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

43.2.2 Reconciliation of balance sheet to eligible regulatory capital

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
-----Rupees '000-----			
Assets			
Cash and balances with treasury banks		20,285,851	20,285,851
Balances with other banks		1,422,699	1,422,699
Lendings to financial institutions		-	-
Investments of which:		155,210,513	155,210,513
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	576,493	576,493
- others	e	-	-
Advances		181,224,805	181,224,805
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	439,524	439,524
Operating fixed assets of which:		11,543,356	11,543,356
- Intangibles	k	1,709,903	1,709,903
Deferred tax assets of which:		2,428,817	2,428,817
- DTAs that rely on future profitability excluding those arising from temporary differences	h	440,400	440,400
- DTAs arising from temporary differences exceeding regulatory threshold	i	636,921	636,921
Other assets of which:		16,009,743	16,009,743
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		<u>388,125,784</u>	<u>388,125,784</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

43.2.2 Reconciliation of balance sheet to eligible regulatory capital

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
-----Rupees '000-----			
Liabilities and Equity			
Bills payable		5,347,774	5,347,774
Borrowings		60,926,863	60,926,863
Deposits and other accounts		283,345,739	283,345,739
Sub-ordinated loans of which:		2,995,200	2,995,200
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	958,464	958,464
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:		-	-
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	-	-
Other liabilities		9,207,632	9,207,632
Total liabilities		<u>361,823,208</u>	<u>361,823,208</u>
Share capital		10,432,697	10,432,697
- of which: amount eligible for CET1	s	10,432,697	10,432,697
- of which: amount eligible for AT1	t	-	-
Reserves of which:		5,703,155	5,703,155
- portion eligible for inclusion in CET1 - Statutory reserves	u	4,537,598	4,537,598
- portion eligible for inclusion in CET1 - General and other reserves	v	1,165,557	1,165,557
- portion eligible for inclusion in Tier 2	w	-	-
Unappropriated profit		5,696,366	5,696,366
Minority Interest of which:		-	-
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets of which:		4,470,358	4,470,358
- Revaluation reserves on fixed assets		3,032,840	3,032,840
- Unrealized gains / (losses) on AFS securities	aa	1,437,518	1,437,518
- In case of deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and equity		<u>388,125,784</u>	<u>388,125,784</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

43.2.3 Basel III Disclosure (with added column)

	Particulars	Source based on reference number from 43.2.2	Component of regulatory capital reported by the Bank
			Rupees '000
	Common equity Tier 1 capital (CET1): instruments and reserves		
1	Fully paid-up capital		10,432,697
2	Balance in share premium account	(s)	10,131
3	Reserve for issue of bonus shares		-
4	General / statutory reserves	(u)	5,693,024
5	Gain / (losses) on derivatives held as cash flow hedge		-
6	Unappropriated profit	(w)	5,696,366
7	Minority interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
8	CET 1 before Regulatory Adjustments		21,832,218
	Common Equity Tier 1 capital: Regulatory adjustments		
9	Goodwill (net of related deferred tax liability)	(j) - (s)	
10	All other intangibles (net of any associated deferred tax liability)	(k) - (p)	1,709,903
11	Shortfall of provisions against classified assets	(f)	-
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(h) - (r) 20%	88,080
13	Defined-benefit pension fund net assets	(l) - (q) 20%	-
14	Reciprocal cross holdings in CET1 capital instruments	(d)	426,733
15	Cash flow hedge reserve		-
16	Investment in own shares / CET1 instruments		-
17	Securitization gain on sale		-
18	Capital shortfall of regulated subsidiaries		-
19	Deficit on account of revaluation from bank's holdings of fixed assets / AFS securities	(ab)	-
20	Investments in the capital instruments of banking, financial and insurance - entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
21	Significant investments in the capital instruments issued by banking, - financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
22	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i) * 20%	127,384

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Particulars	Source based on reference number from 43.2.2	Component of regulatory capital reported by the Bank
			Rupees '000
23	Amount exceeding 15% threshold of which: - significant investments in the common stocks of financial entities - deferred tax assets arising from temporary differences		- -
24	National specific regulatory adjustments applied to CET1 capital of which: - investment in TFCs of other banks exceeding the prescribed limit - any other deduction specified by the SBP		- -
25	Regulatory adjustment applied to CET1 due to insufficient AT1 and - Tier 2 to cover deductions		45,051
26	Total regulatory adjustments applied to CET1 Common equity tier 1		2,397,151 19,435,067
	Additional Tier 1 (AT 1) Capital		
27	Qualifying additional Tier-1 instruments plus any related share premium of which: - classified as equity - classified as liabilities	(t) (m)	- -
28	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties - of which: instrument issued by subsidiaries subject to phase out	(y)	- -
29	AT1 before regulatory adjustments		-
	Additional Tier 1 Capital: regulatory adjustments		
30	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
31	Investment in own AT1 capital instruments		-
32	Reciprocal cross holdings in additional Tier 1 capital instruments		-
33	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
34	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
35	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
36	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions		-
37	Total of regulatory adjustment applied to AT1 capital		-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Particulars	Source based on reference number from 43.2.2	Component of regulatory capital reported by the Bank Rupees '000
38 Additional Tier 1 capital		-
39 Additional Tier 1 capital recognised for capital adequacy		-
Tier 1 Capital (CET1 + admissible AT1)		19,435,067
Tier 2 Capital		
40 Qualifying Tier 2 capital instruments under Basel III	(n)	-
41 Capital instruments subject to phase out arrangement from Tier 2		958,464
42 Tier 2 capital instruments issued to third party by consolidated subsidiaries	(z)	-
- of which: instruments issued by subsidiaries subject to phase out		-
43 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	439,524
44 Revaluation reserves eligible for Tier 2 of which:		2,503,401
- portion pertaining to fixed assets		1,698,390
- portion pertaining to AFS securities		805,011
45 Foreign exchange translation reserves	(v)	-
46 Undisclosed / other reserves (if any)		-
47 T2 before regulatory adjustments		3,901,389
Tier 2 Capital: regulatory adjustments		
48 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		30,033
49 Reciprocal cross holdings in Tier 2 instruments	(d)	149,760
50 Investment in own Tier 2 capital instruments		-
51 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
52 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
53 Amount of regulatory adjustment applied to T2 capital		179,793
54 Tier 2 capital (T2)		3,721,596
55 Tier 2 capital recognised for capital adequacy		3,721,596
56 Excess additional Tier 1 capital recognised in Tier 2 capital		-
57 Total Tier 2 capital admissible for capital adequacy		3,721,596
TOTAL CAPITAL (T1 + admissible T2)		23,156,663

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

43.3 Main features of regulatory capital instruments

S.No	Main Features	Common Shares	Subordinated Debt 3 billion
1	Issuer	Faysal Bank Limited	Faysal Bank Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	FABL	N/A
3	Governing law(s) of the instrument	Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges	TFC regulations of Securities and Exchange Commission of Pakistan
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
6	Eligible at solo / group / group & solo	Solo	Solo
7	Instrument type	Ordinary shares	Other Tier 2
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	10,432,697	958,464
9	Par value of instrument	10	5,000
10	Accounting classification	Shareholders' equity	Liability - fair value option
11	Original date of issuance	Various	December 27, 2010
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	N/A	December 27, 2017
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend / coupon	N/A	Floating
18	Coupon rate and any related index / benchmark	N/A	Kibor
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non - Cumulative	Non - Cumulative
23	Convertible or non-convertible	Non - Convertible	Non - Convertible
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation	Residual interest	Refer 43.3.1
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	No	No

43.3.1 The instrument is unsecured, subordinated as to payments of principal and profit to all other indebtedness of the Bank including deposits.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

43.4 Risk Weighted Assets

Credit risk

On-Balance sheet

Portfolios subject to standardized approach (Comprehensive)

- Sovereign
- Public Sector entities
- Banks
- Corporate
- Retail
- Residential Mortgages
- Past Due loans
- Operating Fixed Assets
- Other assets

Off-Balance sheet

Non-market related

- Loan Repayment Guarantees
- Purchase and Resale Agreements
- Performance Bonds etc
- Revolving underwriting Commitments
- Stand By Letters of Credit

Market related

- Derivative Instruments
- Foreign Exchange Contracts

Equity Exposure Risk in the Banking Book

Under simple risk weight method

- Listed Shares
- Unlisted Shares

Total Credit Risk-Weighted Exposures

Market Risk - capital requirement for portfolios subject to standardised approach

- Interest rate risk
- Equity position risk
- Foreign exchange risk

Total market risk

Operational Risk - Capital requirement for operational risks

Total operational risk

Capital Requirements		Risk Weighted Assets	
2014	2013	2014	2013
----- Rupees '000 -----			
3,507	11,053	35,071	110,531
303,857	180,610	3,038,570	1,806,096
76,707	95,186	767,074	951,859
8,091,516	8,290,180	80,915,155	82,901,794
1,846,284	1,681,138	18,462,842	16,811,381
143,251	167,038	1,432,507	1,670,375
680,713	891,258	6,807,126	8,912,580
922,420	773,363	9,224,198	7,733,633
1,332,119	1,323,563	13,321,188	13,235,634
13,400,374	13,413,389	134,003,731	134,133,883
1,069,138	1,256,692	10,691,384	12,566,917
9,021	6,837	90,206	68,368
110,710	103,701	1,107,099	1,037,010
250,805	257,363	2,508,048	2,573,633
196,591	321,018	1,965,905	3,210,177
68	48,670	679	486,698
47,931	30,784	479,308	307,843
1,684,264	2,025,065	16,842,629	20,250,646
66,799	95,478	667,992	954,780
993	993	9,932	9,932
67,792	96,471	677,924	964,712
15,152,430	15,534,925	151,524,284	155,349,241
454,073	458,494	4,540,725	4,584,940
338,700	179,691	3,387,000	1,796,908
12,389	23,113	123,888	231,129
805,162	661,298	8,051,613	6,612,977
2,995,284	2,745,708	29,952,844	27,457,080
18,952,876	18,941,931	189,528,741	189,419,298
Capital Adequacy Ratio			
2014		2013	
Required	Actual	Required	Actual
5.50%	10.25%	5.00%	9.88%
7.00%	10.25%	6.50%	9.88%
10.00%	12.22%	10.00%	11.29%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

43.5

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

43.6

In accordance with the Regulatory Capital Framework under Basel III issued by the SBP, Banks are required to deduct from Common Equity Tier I capital - regulatory adjustments, any shortfall in provisions required against classified assets irrespective of any relaxation allowed by the SBP. However, SBP has granted exemption to the Bank from making deductions on account of shortfall in provision against outstanding facilities extended to Dewan Group and Agritech Limited from above vide its letter No. BSD/BAI-3/615/5296/2011 dated April 26, 2011 and BPRD/BRD-(Policy) / 2014-11546 dated June 27, 2014.

43.7

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

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RISK MANAGEMENT

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

The primary objective of this architecture is to inculcate risk management into the organization flows to ensure that risks are accurately identified and assessed, properly documented, approved and adequately monitored and managed in order to enhance long term earnings and to protect the interests of the Bank's depositors and shareholders.

The risk management framework at the Bank encompasses:

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

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

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

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

The Risk Management framework is built on the following elements:

- Comprehensive risk governance; and
- Effective risk processes.

Based on the guidelines issued by the SBP and industry best practices, a comprehensive governance and management structure and processes surrounding each risk area, including credit risk, market risk, liquidity risk, capital management and operational risk, have been developed and stand effectively implemented at the Bank.

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

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

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

In order to have an effective and efficient risk assessment, and to closely align its functions with Business, RMG has separate Risk functions for Credit Risk Management (Corporate Risk Management, CBSME & Agri Risk Management and Retail Risk Management).

The common responsibilities of all three Credit Risk Management Units include:

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

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- Work with Compliance to ensure conformity to the relevant Government regulations, SBP PRs as well as internal policies.
- Work with Business Units / Relationship teams to structure exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation and result in maximization of overall returns from the relationship.

Retail Risk Management is responsible for managing the credit risk side of consumer finance products. This function operates on a program lending approach to manage, mitigate and approve risk on a portfolio level. The key role of this function is to manage the entire retail credit cycle and portfolio Key Performance Indicators (KPIs) in line with the business strategy. Retail credit cycle and its scope includes, Product Planning, Credit Acquisition & Underwriting, Portfolio & Account Management, Collections and Recovery.

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

- The Enterprise Risk Management function is responsible for managing and controlling Market, Operational and Liquidity Risks at an enterprise level and monitoring regulatory capital requirements of the Bank.
- Credit Administration Department looks after the security, loan documentation, disbursement and post disbursement monitoring aspects of the credit portfolio.
- Risk Policy and Portfolio Management unit ensures formulation of synchronized and adhesive policies in conjunction with the Bank's strategy and practices while adhering to the local and regulatory guidelines within Corporate, Commercial and Retail business segments. This also encompasses detailed review of macro risk factors, NPL status and monitoring of internal credit rating models including model documentation and the coordination of analytics within the Enterprise Risk Management functionalities.

44.1 Credit Risk

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

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

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

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

With a view to develop and effectively manage a diversified credit portfolio within each Business segment (as an integral part of the Credit Risk Management process), the Bank has adopted the concept of an industry / sector-wise exposure concentration grid which dictates target market exposures. Risk concentration may arise where total exposure to a particular group or industry is high in relation to shareholders' equity.

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

44.1.1 Segment by class of business

Credit Risk Management (CRM) Framework covers three areas: Corporate Risk Management, Commercial Risk Management and Retail Risk. Risk catering to the approvals of all exposures handled by the dedicated Risk Teams constituted for Business segments such as Corporate, Commercial, Retail and Agriculture. The common responsibilities of all three CRM Units include:

- Conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective Risk portfolios.
- Work with Compliance to ensure conformity to the relevant Government regulations, SBP Prudential Regulations as well as internal policies.
- Work with the Business Units / Relationship teams to structure exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation and result in maximization of overall returns from the relationship.

Retail Risk Management Framework covers and operates on a Program lending approach to manage, mitigate and approve risk on a portfolio level. Retail Risk Management is responsible for managing the entire retail credit cycle through the Retail Credit Policy and analytics teams in line with the business strategy on various Key Performance Indicators (KPIs). Retail credit cycle and its scope include, product planning, credit acquisition & underwriting, portfolio & account management, collections and recovery.

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

	2014					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Chemical and pharmaceuticals	9,900,992	4.84	4,241,398	1.50	3,296,819	8.07
Agriculture	10,169,370	4.97	8,395,179	2.96	584,823	1.43
Textile	22,481,071	10.98	1,479,472	0.52	1,740,534	4.26
Cement	1,638,788	0.80	102,162	0.04	822,530	2.01
Sugar	4,368,052	2.13	409,292	0.14	52,595	0.13
Construction	2,067,728	1.01	3,934,655	1.39	1,043,936	2.56
Ready made garments	3,177,515	1.55	658,686	0.23	151,726	0.37
Footwear and leather garments	1,566,656	0.77	163,389	0.06	90,158	0.22
Automobile and transportation equipment	229,112	0.11	1,106,423	0.39	183,716	0.45
Financial	920,602	0.45	11,636,941	4.11	1,070,677	2.62
Oil refining / marketing	6,857,587	3.35	4,974,868	1.76	10,689,971	26.17
Distribution / trading	8,920,687	4.36	55,223,333	19.49	1,993,229	4.88
Electronics and electrical appliances	4,668,354	2.28	1,370,677	0.48	1,188,792	2.91
Production and transmission of energy	32,262,855	15.76	2,358,286	0.83	3,934,879	9.63
Iron and steel	5,162,912	2.52	751,413	0.27	782,794	1.92
Food and allied	18,163,144	8.87	2,472,762	0.87	913,089	2.24
Synthetic and rayon	5,532,709	2.70	65,571	0.02	1,893,494	4.64
Paper and board	1,597,359	0.78	105,370	0.04	532,593	1.30
Individuals	20,709,833	10.12	103,148,012	36.40	99,674	0.24
Telecommunication	6,606,338	3.23	1,673,131	0.59	3,568,789	8.74
Transportation, road and air	10,972,683	5.36	1,944,695	0.69	411,435	1.01
Mining and quarrying	3,584,495	1.75	203,703	0.07	1,315	0.00**
Others	23,117,230	11.31	76,926,321	27.15	5,803,760	14.20
	<u>204,676,072</u>	<u>100.00</u>	<u>283,345,739</u>	<u>100.00</u>	<u>40,851,328</u>	<u>100.00</u>

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

** Due to rounding off

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2013					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Chemical and pharmaceuticals	10,116,814	4.95	3,768,195	1.39	4,357,071	8.74
Agriculture	8,684,048	4.25	7,219,363	2.66	866,223	1.74
Textile	27,029,981	13.23	1,476,129	0.54	2,871,870	5.76
Cement	2,965,229	1.45	162,389	0.06	589,370	1.18
Sugar	2,899,388	1.42	138,978	0.05	71,113	0.14
Construction	2,729,910	1.34	4,384,778	1.62	1,037,864	2.08
Ready made garments	3,465,961	1.70	470,038	0.17	174,889	0.35
Footwear and leather garments	1,219,025	0.60	139,437	0.05	111,303	0.22
Automobile and transportation equipment	499,911	0.24	965,223	0.36	16,982	0.03
Financial	478,458	0.23	9,966,233	3.68	2,634,792	5.28
Oil refining / marketing	861,822	0.42	6,982,871	2.58	13,746,940	27.56
Distribution / trading	10,878,106	5.32	52,309,386	19.29	3,512,020	7.04
Electronics and electrical appliances	4,726,177	2.31	827,398	0.31	665,585	1.33
Production and transmission of energy	34,923,614	17.09	5,176,659	1.91	4,437,192	8.90
Iron and steel	6,008,580	2.94	522,564	0.19	1,514,482	3.04
Food and allied	9,174,289	4.49	1,835,941	0.68	1,844,217	3.70
Synthetic and rayon	2,062,936	1.01	39,480	0.01	1,419,965	2.85
Paper and board	1,413,146	0.69	91,200	0.03	1,049,380	2.10
Individuals	20,307,326	9.94	98,380,089	36.28	75,511	0.15
Telecommunication	2,952,617	1.44	796,560	0.29	4,851,280	9.73
Transportation, road and air	8,196,835	4.01	772,946	0.29	277,480	0.56
Mining and quarrying	4,570,281	2.24	91,588	0.03	1,458	0.00**
Others	38,178,732	18.69	74,616,858	27.53	3,747,425	7.52
	<u>204,343,186</u>	<u>100.00</u>	<u>271,134,303</u>	<u>100.00</u>	<u>49,874,412</u>	<u>100.00</u>

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

** Due to rounding off

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

44.1.2 Segment by sector

Public / Government
Private

	2014					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Public / Government	38,797,844	18.96	17,433,526	6.15	6,318,540	15.47
Private	165,878,228	81.04	265,912,213	93.85	34,532,788	84.53
	<u>204,676,072</u>	<u>100.00</u>	<u>283,345,739</u>	<u>100.00</u>	<u>40,851,328</u>	<u>100.00</u>

	2013					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Public / Government	44,796,423	21.92	18,801,440	6.93	11,313,260	22.68
Private	159,546,763	78.08	252,332,863	93.07	38,561,152	77.32
	<u>204,343,186</u>	<u>100.00</u>	<u>271,134,303</u>	<u>100.00</u>	<u>49,874,412</u>	<u>100.00</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

	2014		2013	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	Rupees '000		Rupees '000	
Chemical and Pharmaceuticals	702,062	558,731	783,997	476,332
Agriculture	1,203,706	645,766	1,297,129	595,440
Textile	6,800,961	5,698,797	7,391,086	5,032,384
Cement	292,077	202,918	426,522	276,241
Sugar	58,898	14,041	93,797	17,476
Construction	772,810	535,679	786,459	413,745
Ready made garments	2,072,949	1,845,832	1,991,298	1,509,280
Footwear and leather garments	337,225	125,652	118,015	69,868
Automobile and transport equipment	174,462	101,749	140,567	59,458
Financial	105,852	105,308	155,852	155,308
Oil refining / marketing	91,761	82,427	54,963	10,241
Distribution / trading	1,085,123	899,153	2,474,525	1,900,692
Electronics and electrical appliances	1,426,084	1,225,849	1,433,067	1,097,875
Production and transmission of energy	2,958,787	2,954,414	2,952,281	2,936,369
Iron and steel	2,010,066	835,159	701,763	602,685
Food and allied	970,374	612,519	659,074	468,270
Synthetic and rayon	1,499,983	1,208,691	482,084	458,076
Paper and board	131,107	111,311	100,178	87,455
Transportation, road and air	152,492	117,302	1,897,812	996,116
Telecommunications	5,833	4,521	3,408	3,316
Individuals	2,213,683	1,480,590	190,156	126,488
Mining and quarrying	203,450	135,539	21,957	5,742
Others	4,023,575	3,509,795	3,462,629	2,447,660
	<u>29,293,320</u>	<u>23,011,743</u>	<u>27,618,619</u>	<u>19,746,517</u>

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

Public / Government	-	-	829	192
Private	29,293,320	23,011,743	27,617,790	19,746,325
	<u>29,293,320</u>	<u>23,011,743</u>	<u>27,618,619</u>	<u>19,746,517</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

44.1.5 Geographical segment analysis

	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingent liabilities *
	Rupees '000			
Pakistan	3,551,785	388,125,784	26,302,576	40,851,328
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	<u>3,551,785</u>	<u>388,125,784</u>	<u>26,302,576</u>	<u>40,851,328</u>
	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingent liabilities *
	Rupees '000			
Pakistan	2,160,779	355,279,707	22,166,193	49,874,412
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	<u>2,160,779</u>	<u>355,279,707</u>	<u>22,166,193</u>	<u>49,874,412</u>

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

44.2 Credit Risk: General disclosures Basel II specific

The Bank has adopted the Standardised Approach under Basel. According to the regulatory statement submitted under the Standardised Approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorized as retail portfolio. Claims on corporate constitute 62.21% (2013: 64.7%) of the total exposure, 3.44% (2013: 2.01%) represents claims on PSEs and 13.62% (2013: 12.32%) exposure pertains to claims categorized as retail portfolio.

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44.2.1 Credit Risk: Disclosures for portfolio subject to Standardised Approach

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

Types of exposure for which each agency is used in the year ended December 31, 2014 are as follows;

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

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

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

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

Exposures	Rating Category	Amount Outstanding	Deduction CRM	Net Amount
		----- Rupees '000 -----		
- Cash and Cash Equivalent		7,429,258	-	7,429,258
- Corporate	1	19,636,121	-	19,636,121
	2	16,702,912	512,024	16,190,888
	3,4	767,310	-	767,310
	5,6	-	-	-
	Unrated	48,807,878	1,903,342	46,904,536
	Unrated-2	18,521,326	68,595	18,452,731
- Public Sector Entities	1	9,318,870	3,510	9,315,360
	2,3	-	-	-
	Unrated	2,350,995	-	2,350,995
- Banks	1,2,3	3,375,005	1,500	3,373,505
	4,5,6	61,739	-	61,739
	Unrated	23,273	-	23,273
- Sovereigns etc.	1	-	-	-
	2	-	-	-
	3	-	-	-
	4,5	35,071	-	35,071
	6	-	-	-
	Unrated	-	-	-
- Government of Pakistan		136,907,957	-	136,907,957
- SBP		4,891,518	-	4,891,518
- Retail		28,358,266	3,741,143	24,617,123
- Residential Mortgage		4,148,142	55,264	4,092,878
- Past Dues Loans		6,069,172	391,911	5,677,261
- Past Dues against Residential Mortgage		582,873	7,338	575,535
- Significant investment in Commercial entities		144,063	-	144,063
- Significant investment and DTAs above 15% threshold		1,960,750	-	1,960,750
- Unlisted Equity Investments		6,621	-	6,621
- Listed Equity Investments		964,640	296,648	667,992
- Operating Fixed Assets		9,224,198	-	9,224,198
- Other Assets		6,978,683	-	6,978,683
		327,266,641	6,981,275	320,285,366

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

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

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44.3 Market risk

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

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office, Market risk management and Treasury middle office perform market risk management activities within the Bank. The Bank has enterprise risk management committee. The committee is responsible for recommending market risk policies and strategies for Board approval and its subsequent implementation and quarterly review. The market risk is further divided into various sub-categories, which are defined below.

44.4 Foreign exchange risk / currency risk

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

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

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

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44.4.1 Currency Risk

Pakistan rupee
United States dollar
Great Britain pound
Japanese yen
Euro
Other currencies

2014			
Assets	Liabilities	Off-balance sheet items	Net currency exposure
----- Rupees '000 -----			
378,767,780	335,780,917	(16,582,867)	26,403,996
7,646,636	20,327,520	12,556,996	(123,888)
1,229,262	3,407,647	2,183,267	4,882
15,587	8,719	(6,727)	141
453,688	2,298,405	1,847,273	2,556
12,831	-	2,058	14,889
388,125,784	361,823,208	-	26,302,576

2013			
Assets	Liabilities	Off-balance sheet items	Net currency exposure
----- Rupees '000 -----			
345,735,975	305,533,026	(17,836,649)	22,366,300
8,204,497	21,701,328	13,265,701	(231,130)
788,908	3,497,953	2,718,711	9,666
9,351	6,733	(2,006)	612
496,886	2,372,474	1,880,551	4,963
44,090	2,000	(26,308)	15,782
355,279,707	333,113,514	-	22,166,193

Pakistan rupee
United States dollar
Great Britain pound
Japanese yen
Euro
Other currencies

44.5 Equity position risk

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

2014											
Exposed to Yield / Interest risk											
Effective Yield / Interest rate	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	Non-interest bearing financial instruments
----- Rupees '000 -----											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	20,285,851	-	-	-	-	-	-	-	-	-	20,285,851
Balances with other banks	1,422,699	-	-	-	-	-	-	-	-	-	1,422,699
Lendings to financial institutions	9.8	-	-	-	-	-	-	-	-	-	-
Investments	10.5	155,210,513	2,951,073	26,048,971	33,959,110	29,320,836	26,581,015	16,486,943	2,818,290	13,504,287	3,539,988
Advances	10.6	181,224,805	22,960,763	31,175,866	22,504,375	29,735,078	16,831,428	14,896,842	23,629,123	8,953,997	6,281,577
Other assets		9,741,900	-	-	-	-	-	-	-	-	9,741,900
		367,885,768	25,911,836	57,224,837	56,463,485	59,055,914	43,412,443	31,383,785	26,447,413	22,458,284	41,272,015
Liabilities											
Bills payable		5,347,774	-	-	-	-	-	-	-	-	5,347,774
Borrowings	9.4	60,926,863	42,761,677	11,965,756	3,075,024	69,812	63,055	197,301	583,544	2,210,694	-
Deposits and other accounts	5.3	283,345,739	50,967,508	37,731,760	73,522,910	24,457,237	3,227,551	2,577,426	765,750	139,151	89,956,446
Sub-ordinated loans	11.2	2,995,200	-	-	2,995,200	-	-	-	-	-	-
Other liabilities		8,750,766	-	-	-	-	-	-	-	-	8,750,766
		361,366,342	93,729,185	49,697,516	79,593,134	24,527,049	3,290,606	2,774,727	1,349,294	2,349,845	104,054,986
On-balance sheet gap		6,519,426	(67,817,349)	7,527,321	(23,129,649)	34,528,865	40,121,837	28,609,058	25,098,119	20,108,439	4,255,756
Off-balance sheet financial instruments											
Forward Lending											
Cross currency and interest rate swaps		-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts		35,354,657	14,482,846	16,626,167	4,096,549	149,095	-	-	-	-	-
		35,354,657	14,482,846	16,626,167	4,096,549	149,095	-	-	-	-	-
Forward Borrowing											
Cross currency and interest rate swaps		67,864	-	-	-	67,864	-	-	-	-	-
Forward foreign exchange contracts		18,378,945	10,290,103	8,045,186	43,656	-	-	-	-	-	-
		18,446,809	10,290,103	8,045,186	43,656	67,864	-	-	-	-	-
Off-balance sheet gap		16,907,848	4,192,743	8,580,981	4,052,893	81,231	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		(63,624,606)	16,108,302	(19,076,756)	34,610,096	40,121,837	28,609,058	25,098,119	20,108,439	4,255,756	
Cumulative Yield / Interest Risk Sensitivity Gap		(63,624,606)	(47,516,304)	(66,593,060)	(31,982,964)	8,138,873	36,747,931	61,846,050	81,954,489	86,210,245	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

On-balance sheet financial instruments

Assets

Cash and balances with treasury banks	0.09	28,422,497	-	-	-	-	-	-	-	-	28,422,497
Balances with other banks		1,011,980	-	-	-	52,662	-	-	-	-	959,318
Lendings to financial institutions	10.7	300,000	300,000	-	-	-	-	-	-	-	-
Investments	9.54	113,319,478	22,354,040	46,173,162	14,173,918	1,897,326	2,777,527	1,008,406	8,155,834	11,799,573	4,979,692
Advances	10.10	184,190,304	56,921,744	64,642,061	23,451,286	15,462,245	4,212,426	3,356,988	4,991,530	1,629,945	7,754,102
Other assets		7,213,886	-	-	-	-	-	-	-	-	7,213,886
		334,458,145	79,575,784	110,815,223	37,625,204	17,412,233	6,989,953	4,365,394	13,147,364	13,429,518	49,329,495

Liabilities

Bills payable		4,968,610	-	-	-	-	-	-	-	-	4,968,610
Borrowings	8.58	45,446,528	26,672,677	10,783,943	4,273,254	83,457	106,764	34,704	596,354	2,895,375	-
Deposits and other accounts	5.25	271,134,303	50,586,669	51,466,581	60,723,932	24,091,306	1,269,162	1,147,605	609,545	147,680	81,091,823
Sub-ordinated loans	11.4	3,495,400	-	3,495,400	-	-	-	-	-	-	-
Other liabilities		7,750,655	-	-	-	-	-	-	-	-	7,750,655
		332,795,496	77,259,346	65,745,924	64,997,186	24,174,763	1,375,926	1,182,309	1,205,899	3,043,055	93,811,088
On-balance sheet gap		1,662,649	2,316,438	45,069,299	(27,371,982)	(6,762,530)	5,614,027	3,183,085	11,941,465	10,386,463	(44,481,593)

On-balance sheet gap

Off-balance sheet financial instruments

Forward Lending

Cross currency and interest rate swaps		19,830,245	-	-	-	19,486,713	138,960	204,572	-	-	-
Forward foreign exchange contracts		33,363,041	2,150,907	10,575,894	13,522,008	7,114,232	-	-	-	-	-
		53,193,286	2,150,907	10,575,894	13,522,008	26,600,945	138,960	204,572	-	-	-

Forward Borrowing

Cross currency and interest rate swaps		300,103	-	300,103	-	-	-	-	-	-	-
Forward foreign exchange contracts		15,285,681	11,494,419	145,037	3,646,225	-	-	-	-	-	-
		15,585,784	11,494,419	445,140	3,646,225	-	-	-	-	-	-

Off-balance sheet gap

Total Yield / Interest Risk Sensitivity Gap	(7,027,074)	55,200,053	(17,496,199)	19,838,415	5,752,987	3,387,657	11,941,465	10,386,463	1,767,977	
Cumulative Yield / Interest Risk Sensitivity Gap	(7,027,074)	48,172,979	30,676,780	50,515,195	56,268,182	59,655,839	71,597,304	81,983,767	83,751,744	

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

44.6.3 Major sources of Interest rate risk are;

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

44.7 Liquidity Risk

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

The Bank's Asset and Liability Management Committee manages the liquidity position on a continuous basis. The Bank's liquidity risk management process, as carried out within the Bank and monitored by the management, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements;
- Monitoring of overall balance sheet liquidity position against internal threshold;
- Managing the concentration and profile of debt maturities;
- Monitoring of next three months liquidity target, available internal liquidity, liquidity excess / shortfall and estimated overall liquidity; and
- Managing the liabilities both on a contractual and behavioural basis primarily by matching the maturity profiles of assets and liabilities;

Maturities of Treasury's and Capital Market's balances are monitored on monthly basis so as to provide management with cash flow measurement and projections.

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, geography, provider, product and term.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

2014										
Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
Rupees '000										
Assets										
Cash and balances with treasury banks	20,285,851	20,285,851	-	-	-	-	-	-	-	-
Balances with other banks	1,422,699	1,422,699	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	155,210,513	6,180,608	18,693,057	22,221,655	36,991,218	28,099,051	21,305,564	4,853,879	16,865,481	-
Advances	181,224,805	24,946,553	35,471,653	22,504,375	29,735,078	16,831,428	14,896,842	23,629,123	8,953,997	4,255,756
Operating fixed assets	11,543,356	126,415	31,267	14,899	35,066	248,255	480,507	907,300	1,110,852	8,588,795
Deferred tax assets - net	2,428,817	-	-	-	-	-	212,760	1,517,878	698,179	-
Other assets	16,009,743	1,735,110	2,109,752	5,948,514	2,193,213	-	73,919	3,740,058	209,177	-
	388,125,784	54,697,236	56,305,729	50,689,443	68,954,575	45,178,734	36,969,592	34,648,238	27,837,686	12,844,551
Liabilities										
Bills payable	5,347,774	5,347,774	-	-	-	-	-	-	-	-
Borrowings	60,926,863	42,761,677	11,965,756	3,075,024	69,812	63,055	197,301	583,544	2,210,694	-
Deposits and other accounts	283,345,739	224,180,534	17,374,644	10,623,446	24,457,237	3,227,551	2,577,426	765,750	139,151	-
Sub-ordinated loans	2,995,200	-	-	600	600	2,994,000	-	-	-	-
Other liabilities	9,207,632	2,464,571	587,366	5,288,209	849,740	3,714	3,752	10,280	-	-
	361,823,208	274,754,556	29,927,766	18,987,279	25,377,389	6,288,320	2,778,479	1,359,574	2,349,845	-
Net assets	26,302,576	(220,057,320)	26,377,963	31,702,164	43,577,186	38,890,414	34,191,113	33,288,664	25,487,841	12,844,551
Share capital	10,432,697									
Reserves	5,703,155									
Unappropriated profit	5,696,366									
	21,832,218									
Surplus on revaluation of assets - net	4,470,358									
	26,302,576									

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Maturities of Assets and Liabilities (based on contractual maturities)

		2013								
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
----- Rupees ‘000 -----										
Assets										
Cash and balances with treasury banks	28,422,497	28,422,497	-	-	-	-	-	-	-	-
Balances with other banks	1,011,980	1,011,980	-	-	-	-	-	-	-	-
Lendings to financial institutions	300,000	300,000	-	-	-	-	-	-	-	-
Investments	113,319,478	27,625,533	43,474,003	5,047,433	5,266,129	9,483,746	2,297,230	8,695,548	11,354,027	75,829
Advances	184,190,304	66,829,108	26,811,405	16,241,341	12,909,097	18,785,291	15,387,091	17,361,056	6,867,097	2,998,818
Operating fixed assets	10,250,910	12,391	3,255	21,294	58,320	151,757	533,245	1,199,090	1,207,849	7,063,709
Deferred tax assets - net	3,980,541	-	-	-	-	-	1,221,004	2,059,102	700,435	-
Other assets	13,803,997	927,795	1,012,405	6,829,703	2,605,326	-	-	2,428,768	-	-
	355,279,707	125,129,304	71,301,068	28,139,771	20,838,872	28,420,794	19,438,570	31,743,564	20,129,408	10,138,356
Liabilities										
Bills payable	4,968,610	4,968,610	-	-	-	-	-	-	-	-
Borrowings	45,446,528	26,248,446	10,783,943	4,273,254	83,457	106,764	34,704	596,354	3,319,606	-
Deposits and other accounts	271,134,303	212,114,693	20,201,952	11,552,360	24,091,306	1,269,162	1,147,605	609,545	147,680	-
Sub-ordinated loans	3,495,400	-	-	250,100	250,100	1,200	1,497,000	1,497,000	-	-
Other liabilities	8,068,673	959,879	711,915	2,552,105	1,218,622	685,376	782,017	1,141,357	17,402	-
	333,113,514	244,291,628	31,697,810	18,627,819	25,643,485	2,062,502	3,461,326	3,844,256	3,484,688	-
Net assets	22,166,193	(119,162,324)	39,603,258	9,511,952	(4,804,613)	26,358,292	15,977,244	27,899,308	16,644,720	10,138,356
Share capital	10,432,697									
Reserves	6,554,197									
Unappropriated profit	3,600,828									
	20,587,722									
Surplus on revaluation of assets - net	1,578,471									
	22,166,193									

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

		2014								
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
----- Rupees ‘000 -----										
Assets										
Cash and balances with treasury banks	20,285,851	2,838,667	1,275,980	1,323,314	2,228,739	2,258,491	2,051,576	3,462,119	4,369,572	477,393
Balances with other banks	1,422,699	1,422,699	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	155,210,513	6,180,608	18,693,057	22,221,655	36,991,218	28,099,051	21,305,564	4,853,879	16,865,481	-
Advances	181,224,805	17,319,867	36,820,533	23,891,972	32,351,782	18,066,250	15,935,525	23,629,123	8,953,997	4,255,756
Operating fixed assets	11,543,356	126,415	31,267	14,899	35,066	248,255	480,507	907,300	1,110,852	8,588,795
Deferred tax assets - net	2,428,817	-	-	-	-	-	212,760	1,517,878	698,179	-
Other assets	16,009,743	1,735,110	2,109,752	5,948,514	2,193,213	-	73,919	3,740,058	209,177	-
	388,125,784	29,623,366	58,930,589	53,400,354	73,800,018	48,672,047	40,059,851	38,110,357	32,207,258	13,321,944
Liabilities										
Bills payable	5,347,774	5,347,774	-	-	-	-	-	-	-	-
Borrowings	60,926,863	42,761,677	11,965,756	3,075,024	69,812	63,055	197,301	583,544	2,210,694	-
Deposits and other accounts	283,345,739	39,845,087	18,808,657	15,386,704	35,226,749	30,595,371	28,328,356	47,581,761	60,788,925	6,784,129
Sub-ordinated loans	2,995,200	-	-	600	600	2,994,000	-	-	-	-
Other liabilities	9,207,632	2,464,571	587,366	5,288,209	849,740	3,714	3,752	10,280	-	-
	361,823,208	90,419,109	31,361,779	23,750,537	36,146,901	33,656,140	28,529,409	48,175,585	62,999,619	6,784,129
Net assets	26,302,576	(60,795,743)	27,568,810	29,649,817	37,653,117	15,015,907	11,530,442	(10,065,228)	(30,792,361)	6,537,815
Share capital	10,432,697									
Reserves	5,703,155									
Unappropriated profit	5,696,366									
	21,832,218									
Surplus on revaluation of assets - net	4,470,358									
	26,302,576									

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

2013										
Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
----- Rupees '000 -----										
Assets										
Cash and balances with treasury banks	28,422,497	279,962	278,540	839,885	1,975,364	5,042,151	4,652,763	8,336,318	6,136,417	881,097
Balances with other banks	1,011,980	1,011,980	-	-	-	-	-	-	-	-
Lendings to financial institutions	300,000	300,000	-	-	-	-	-	-	-	-
Investments	113,319,478	27,625,533	43,474,003	5,047,433	5,266,129	9,483,746	2,297,230	8,695,548	11,354,027	75,829
Advances	184,190,304	23,680,457	34,047,744	29,316,072	31,819,860	20,749,854	17,137,607	17,572,795	6,867,097	2,998,818
Operating fixed assets	10,250,910	12,391	3,255	21,294	58,320	151,757	533,245	1,199,090	1,207,849	7,063,709
Deferred tax assets - net	3,980,541	-	-	-	-	-	1,221,004	2,059,102	700,435	-
Other assets	13,803,997	927,795	1,012,405	6,829,703	2,605,326	-	-	2,428,768	-	-
	355,279,707	53,838,118	78,815,947	42,054,387	41,724,999	35,427,508	25,841,849	40,291,621	26,265,825	11,019,453
Liabilities										
Bills payable	4,968,610	4,968,610	-	-	-	-	-	-	-	-
Borrowings	45,446,528	26,248,446	10,783,943	4,273,254	83,457	106,764	34,704	596,354	3,319,606	-
Deposits and other accounts	271,134,303	37,857,770	21,926,246	16,714,502	36,007,996	31,598,574	29,506,616	51,893,408	39,890,588	5,738,603
Sub-ordinated loans	3,495,400	-	-	250,100	250,100	1,200	1,497,000	1,497,000	-	-
Other liabilities	8,068,673	959,879	711,915	2,552,105	1,218,622	685,376	782,017	1,141,357	17,402	-
	333,113,514	70,034,705	33,422,104	23,789,961	37,560,175	32,391,914	31,820,337	55,128,119	43,227,596	5,738,603
Net assets	22,166,193	(16,196,587)	45,393,843	18,264,426	4,164,824	3,035,594	(5,978,488)	(14,836,498)	(16,961,771)	5,280,850
Share capital	10,432,697									
Reserves	6,554,197									
Unappropriated profit	3,600,828									
	20,587,722									
Surplus on revaluation of assets - net	1,578,471									
	22,166,193									

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

44.8 OPERATIONAL RISK

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

The operational risk management policy of the Bank is approved by the Board of Directors. Regular updates on operational risk status is presented to Enterprise Risk Management Committee (ERMC) and the Board of Directors through the Board Risk Management Committee (BRMC).

The Bank has implemented an effective Operational Risk Management (ORM) framework for managing operational risk. Each department has processes and system controls in place to address operational risks within their area. The Bank's ORM framework consists of tools such as Risk and Controls Self Assessment (RCSA), Loss Database and Key Risk Indicators (KRIs). Additionally, known material Operational Risk issues and losses are escalated to Head ERM on a periodic basis.

45 TRUST ACTIVITIES

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

2014					
Category	No. of IPS Accounts	Securities Held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Total
----- Rupees '000 -----					
Corporate	29	3,068,340	888,900	-	3,957,240
Insurance Companies	2	-	25,000	-	25,000
Asset Management Companies	40	2,468,500	1,064,700	-	3,533,200
Employees Funds	141	823,020	7,287,770	12,275	8,123,065
Charitable Institution / NGO'S	21	161,000	1,018,100	-	1,179,100
Individuals	309	321,420	1,359,580	21,400	1,702,400
Related Parties	10	-	1,195,800	-	1,195,800
Others	5	32,000	79,300	-	111,300
	557	6,874,280	12,919,150	33,675	19,827,105

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

2013					
Category	No. of IPS Accounts	Securities Held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Total
----- Rupees '000 -----					
Corporate	26	4,834,980	-	-	4,834,980
Insurance Companies	2	-	20,700,000	-	20,700,000
Asset Management Companies	40	6,185,700	-	4,053	6,189,753
Employees Funds	120	3,475,610	3,009,450	10,825	6,495,885
Charitable Institution/NGO'S	17	962,200	32,900	-	995,100
Individuals	250	559,650	295,230	22,400	877,280
Related Parties	20	525,230	1,505,870	-	2,031,100
Others	5	575,000	1,720	-	576,720
	480	17,118,370	25,545,170	37,278	42,700,818

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 26, 2015 by the Board of Directors of the Bank.

47 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors has proposed a final stock dividend for the year ended December 31, 2014 at 15% (2013: Nil) amounting to Rs 1,565 million (2013: Nil) in its meeting held on February 26, 2015 for the approval of the members at the annual general meeting to be held on March 27, 2015. The financial statements for the year ended December 31, 2014 do not include the effect of this proposed distribution which will be accounted for in the financial statements for the year ending December 31, 2015. In 2013, the bank declared interim stock dividend of 12.5% amounting to Rs 1,159 million which was accounted for in the financial statements of 2013.

48 GENERAL

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

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

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


PRESIDENT & CEO


DIRECTOR


DIRECTOR


DIRECTOR

کاروائی و فنانا

ANNEXURE I TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Statement showing details of investments in ordinary and preference shares / certificates of listed and unlisted companies / modarabas / mutual funds and Term Finance Certificates and bonds.

1. Details of investments in fully paid-up shares of listed companies / modaraba certificates / certificates of closed end mutual funds are as follows:									
2014		2013					Quality of Available for Sale Securities		
Ordinary shares / certificates of Rs 10 each			Name of company / modaraba / mutual fund	2014	2013	2014	2013	2014	2013
				At Cost	Market Values	Medium to Long Term Rating			
				-----Rupees '000-----	-----Rupees '000-----	Assigned (where available)			
523,176	488,950		Equity Investment Instruments						
			NAMCO Balanced Fund	4,890	4,890	5,123	3,173	MFR 1-Star	MFR 1-Star
			Banks / Financial Services						
1,762,772	1,762,772		Prudential Investment Bank Limited * / ***	12,528	12,528	-	-		
925,500	3,006,500		Bank AL Habib Limited**	28,653	93,079	44,933	124,920	AA+	AA+
3,938,000	11,500,423		Habib Metropolitan Bank Limited**	76,816	224,331	146,887	288,316	AA+	AA+
2,202,500	-		Askari Bank Limited	49,656	-	50,812	-	AA	-
1,255,000	-		Bank Al-Falah Limited	34,065	-	43,774	-	AA	-
352,700	-		Habib Bank Limited	71,757	-	76,275	-	AAA	-
593,160	-		United Bank Limited	103,126	-	104,817	-	AA+	-
514,500	-		National Bank of Pakistan Limited	30,640	-	35,737	-	AAA	AAA
			Construction, Materials, Paints and Cements						
10,600	10,665		Dadabhoy Construction Technology Limited***	16	16	1	1	-	-
599,000	1,709,500		Akzo Nobel Pakistan Limited	89,049	249,127	214,160	215,161	-	-
129,500	-		D.G Khan Cement Company Limited	10,735	-	14,313	-	-	-
25,000	-		Lucky Cement Limited	9,803	-	12,507	-	-	-
2,617,500	-		Lafarage Pakistan Cement Limited	45,226	-	45,413	-	-	-
800,000	-		Fauji Cement Limited	17,366	-	20,672	-	-	-
			Oil and Gas						
283,800	-		Pakistan State Oil Limited	98,958	-	101,575	-	AA+	AA+
311,100	145,900		Pakistan Oilfields Limited	146,774	73,258	118,019	72,616	-	-
392,500	-		Oil & Gas Development Company Limited	99,825	-	80,804	-	AAA	-
602,100	-		Pakistan Petroleum Limited	129,305	-	106,283	-	-	-
			Electricity and Energy						
1,491,000	1,407,500		Hub Power Company Limited	96,279	100,034	116,835	85,464	AA+	AA+
617,000	-		Kot Addu Power Company Limited	37,571	-	48,706	-	AA+	-
			Personal Goods, Textile & Spinning						
53,500	53,500		(Colony) Sarhad Textile Limited ***	27	27	-	-	-	-
1,500	1,547		Al-Qaim Textile Mills Limited ***	3	3	-	-	-	-
178,645	178,648		Crown Textile Mills Limited ***	1,239	1,239	-	-	-	-
80	80		Fateh Textile Mills Limited	29	29	6	6	-	-
41,600	41,612		Hakkim Textile Mills Limited ***	10	10	-	-	-	-
-	9,075		Indus Dyeing Manufacturing Company Limited	-	2,247	-	10,618	A+	A
			Balance carried forward	1,194,346	760,818	1,387,652	800,275		

* The Bank holds more than 10% of investees' capital in Prudential Investment Bank Limited – 17.10% (2013: 17.10%)

** 925,000 shares of Bank AL Habib Limited and 3,938,000 shares of Habib Metropolitan Bank Limited are classified as strategic investment

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

ANNEXURE I TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

2014		2013					Quality of Available for Sale Securities	
Ordinary shares / certificates of Rs 10 each			2014	2013	2014	2013	2014	2013
	Name of company / modaraba / mutual fund		At Cost		Market Values		Medium to Long Term Rating	
			-----Rupees '000-----		-----Rupees '000-----		Assigned (where available)	
		Balance brought forward	1,194,346	760,818	1,387,652	800,275		
8,500	8,500	Mehr Dastgir Textile Mills Limited ***	2	2	13	13	-	-
1,038,001	1,045,001	Pakistan Synthetic Limited	20,417	20,554	15,591	18,079	-	-
1,000	1,000	Service (Textile) Industries Limited ***	1	1	18	1	-	-
-	359	Sind Fine Textile Mills Limited	-	2	-	2	-	-
69,000	69,000	Sunshine Cotton Mills Limited ***	69	69	-	-	-	-
79,300	79,306	Zahoor Cotton Mills Limited ***	22	22	-	-	-	-
2,567,046	2,567,046	Zahoor Textile Mills Limited ***	2,500	2,500	-	-	-	-
1,727,500	-	Nishat Chunian Limited	85,184	-	78,463	-	A-	-
225,000	-	Nishat Mills Limited	27,513	-	27,222	-	AA	-
		Non Life Insurance						
-	1,559,311	TPL Direct Insurance Limited	-	15,938	-	15,515	A-	A-
500,000	-	Adamjee Insurance Company Limited	23,518	-	24,730	-	AA	-
		Food Producers						
9,500	9,500	Morafco Industries Limited ***	126	126	97	97	-	-
9,900	9,927	Al-Hussainy Industries Limited	-	-	-	-	-	-
9,000	9,000	Suraj Ghee Industries Limited ***	117	117	-	-	-	-
		Chemicals and Fertilizers						
15,868,843	15,868,843	Agrotech Limited	519,824	519,824	122,984	201,058	D	D
160,000	-	Engro Fertilizers Limited	9,812	-	12,496	-	A+	-
879,700	-	Fauji Fertilizer Company Limited	101,960	-	103,022	-	-	-
92,300	-	Engro Corporation Limited	16,220	-	20,446	-	AA-	-
-	23	Sardar Chemical Industries Limited	-	-	-	-	-	-
		Industrial Metals and Mining						
1,000	1,000	Quality Steel Works Limited ***	13	13	-	-	-	-
		Health Care Equipment and Services						
48,000	48,000	Medi Glass Limited ***	38	38	-	-	-	-
146,399	156,399	Al-Abid Silk Mills Limited	4,082	4,361	1,757	2,533	-	-
		Fixed Line Telecommunication						
1,831,000	-	Pakistan Telecommunication limited	45,337	-	42,168	-	-	-
		Balance carried forward	2,051,101	1,324,385	1,836,659	1,037,573		

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

ANNEXURE I TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

2014	2013		2014	2013	2014	2013	Quality of Available for Sale Securities
Ordinary shares / certificates of Rs 10 each		Name of company / modaraba / mutual fund	At Cost		Market Values		20142013
			-----Rupees '000-----		-----Rupees '000-----		Medium to Long Term Rating Assigned (where available)
		Balance brought forward	2,051,101	1,324,385	1,836,659	1,037,573	
		Tobacco					
-	400	Pakistan Tobacco Company	-	46	-	225	- -
		General Industrials / Others					
225	225	VISA Incorporation - Class C Shares	-	-	6,032	5,235	- -
102,500	102,500	Fatima Enterprises Limited ***	1,789	1,789	-	-	- -
26,000	26,000	Hashmi Can Company Limited ***	156	156	-	-	- -
39,018	39,018	Siemens Pakistan Engineering Company Limited	49,584	49,584	43,489	53,416	- -
223	223	Syed Match Company Limited ***	3	3	3	3	- -
			<u>2,102,633</u>	<u>1,375,963</u>	<u>1,886,183</u>	<u>1,096,452</u>	

*** Delisted companies. However, in certain cases last available market value has been disclosed in the current and previous year.
Provision for diminution in the value of investments against above shares amounts to Rs 461.243 million (2013: Rs 480.002 million)

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

ANNEXURE I TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

	2014	2013	2014	2013	Quality of Available for Sale Securities
	At Cost		Market Values		20142013
	-----Rupees '000-----		-----Rupees '000-----		Medium to Long Term Rating Assigned (where available)
Al Hamra Avenue (Private) Limited ** / +	265,938	265,938	Not Applicable	-	-
28,812,500 (2013: 28,812,500) ordinary shares of Rs 10 each The Bank holds 17.99% (2013: 17.99%) of investee's capital. Chief Executive: Mr. Habib Ahmed Break up value per share: Rs. 12.41 (2013: Rs 12.48) Period of financial statements: June 30, 2012 (audited)					
Al Hamra Hills (Private) Limited * / +	5	5	Not Applicable	-	-
500 (2013: 500) ordinary shares of Rs 10 each					
DHA Cogen Limited * / +	325,001	325,001	Not Applicable	-	-
63,694,475 (2013: 63,694,475) ordinary shares of Rs 10 each The Bank holds 19.10% (2013: 19.10%) of investee's capital. Chief Executive: Siraj ul Haq Break up value per share: Rs. (29.1) Period of financial statements: December 31, 2013 (audited)					
Himont Chemical (Private) Limited *	1,037	1,037	Not Applicable	-	-
810,000 (2013: 810,000) ordinary shares of Rs 10 each					
Pace Barka Properties Limited	51,998	51,998	Not Applicable	-	-
5,200,000 (2013: 5,200,000) ordinary shares of Rs 10 each The Bank holds 1.70% (2013: 1.70%) of investee's capital. Chief Executive: Aamna Taseer Break up value per share: Rs. 17.336 Period of financial statements: June 30, 2012 (audited)					
Pakistan Export Finance Guarantee Agency Limited *	5,687	5,687	Not Applicable	-	-
568,044 (2013: 568,044) ordinary shares of Rs 10 each					
	<u>649,666</u>	<u>649,666</u>			

* Fully provided investments

+ Strategic investments

** Includes 24,375,000 shares of Al Hamra Avenue (Private) Limited classified as strategic investment
Provision for diminution in the value of investments against above shares amounts to Rs 498.983 million (2013: Rs 498.983 million)

ANNEXURE I TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

3. Preference shares - Listed companies

								Quality of Available for Sale Securities	
2014	2013	Name of Company	Rate	2014	2013	2014	2013	2014	2013
Share of Rs 10 each				At Cost		Market Values		Medium to Long Term Rating	
				-----Rupees '000-----		-----Rupees '000-----		Assigned (where available)	
2,249,000	2,249,000	Azgard Nine Limited	8.95% Cumulative	22,490	22,490	-	-	D	D
40,000,000	40,000,000	Silk Bank Limited	14% Non - Cumulative Convertible	100,000	100,000	100,000	100,000	A-	A-
-	36,066	Maple Leaf Cement Factory Limited	9.75% Cumulative Convertible	-	162	-	-	-	BB
				122,490	122,652	100,000	100,000		

Provision for diminution in the value of investments against above shares amounts to Rs 22.490 million (2013: Rs 22.652 million)

4. Preference shares - Unlisted companies

		Name of Company	Rate					Quality of Available for Sale Securities	
2014	2013			2014	2013	2014	2013	2014	2013
Share of Rs 10 each				At Cost		Market Values		Medium to Long Term Rating	
				-----Rupees '000-----		-----Rupees '000-----		Assigned (where available)	
7,700,302	7,700,302	Pak Elektron Limited		75,000	75,000	Not Applicable		A-	A
		Chief Executive: Mr. Naseem Saigol The Bank holds 17.13% (2013: 17.13%) of Class A preference shares in investee's capital.	9.50% Cumulative Convertible						
				75,000	75,000				

Provision for diminution in the value of investments against above shares amounts to Rs 18.750 million (2013: Nil)

ANNEXURE I TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

5. Details of investments in open ended mutual funds:

						Quality of Available for Sale Securities		
2014	2013	Name of the Fund	2014	2013	2014	2013	2014	2013
			At Cost	Net Asset Values	Medium to Long Term Rating			
			-----Rupees '000-----	-----Rupees '000-----	Assigned (where available)			
Open ended Mutual funds								
542,665	589,512	Faysal Income Growth Fund	57,919	62,919	60,724	62,583	A+(f)	A+(f)
1,516,220	980,470	Faysal Savings Growth Fund	155,412	100,411	164,268	100,557	AA- (f)	AA-(f)
850,000	880,000	Faysal Islamic Savings Growth Fund	85,000	88,000	90,177	90,086	AA- (f)	AA-(f)
5,429,608	7,368,048	Faysal Money Market Fund	549,000	745,000	571,466	749,478	AA+(f)	AA+(f)
227,692	227,692	Faysal Asset Allocation Fund	15,491	15,491	16,685	15,496	MFR 4-Star	MFR 3-Star
203,373	203,373	Faysal Balanced Growth Fund *	12,480	12,480	13,624	12,515	MFR 1-Star	MFR 1-Star
389,222	538,923	Faysal Financial Sector Opportunity Fund	39,000	54,000	40,954	54,485	AA- (f)	-
			914,302	1,078,301	957,898	1,085,200		

* 121,940 units of Faysal Balanced Growth Fund represents Strategic investment
Provision for diminution in the value of investments against the units of above funds amounts to Rs 1.368 million (2013: Rs 1.486 million)

ANNEXURE I TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

6. Term Finance Certificates - Listed

					Quality of Available for Sale Securities	
	2014	2013	2014	2013	2014	2013
	At Cost		Market / Carrying Values		Medium to Long Term Rating	
	-----Rupees '000-----		-----Rupees '000-----		Assigned (where available)	
Azgard Nine Limited 31,640 (2013: 31,640) certificates of Rs 5,000 each Mark-up: Different spread over six months KIBOR rate in different years with no floor and cap Redemption: 12 unequal semi annual installments, 2012-2015: 47% and 2016-2017: 53% of the outstanding amount Maturity: September 2017 Chief Executive Officer: Mr. Ahmed H. Shaikh	51,476	51,476	-	10,709	D	D
Financial Receivables Securitization Company Limited Nil (2013: 20,000) certificates of Rs 5,000 each Mark-up: 2.00% above six months KIBOR rate, floor-8%, cap-16% Redemption: Equal Semi annual installment with a grace period of 1 year Maturity: January 2014 Chief Executive Officer: Mr. Suleman Kanjiyani	-	9,600	-	9,601	A+	A+
Telecard Limited 70,233 (2013: 70,233) certificates of Rs 5,000 each Mark-up: 5.04% above three months KIBOR rate, with no floor and no cap Redemption: Ten unequal semi-annual installments commencing 18 months from the last date of public subscription. Maturity: May 2015 Chief Executive Officer: Mr. Syed Aamir Hussain	111,500	128,766	-	-	-	-
Bank Alfalah Limited - Fifth Issue 12,250 (2013: 12,250) certificates of Rs. 5,000 each Mark-up: 1.25% above six months KIBOR rate with no floor and cap Redemption: 0.30% semi annually in first 90 months, balance of 99.70% at maturity in the 96th Month Maturity: February 2021 Chief Executive Officer: Mr. Atif Aslam Bajwa	61,213	61,238	60,779	62,570	AA-	AA-
	224,189	251,080	60,779	82,880		
Provision for diminution in the value of investments against above TFCs amounts to Rs 162.976 million (2013: Rs 167.902 million)						

ANNEXURE I TO THE FINANCIAL STATEMENTS
FO THE YEAR ENDED DECEMBER 31, 2014

7. Term Finance Certificates - Unlisted

					Quality of Available for Sale Securities	
	2014	2013	2014	2013	2014	2013
	At Cost		Market / Carrying Values		Medium to Long Term Rating	
	-----Rupees '000-----		-----Rupees '000-----		Assigned (where available)	
Dewan Cement Limited 100,000 (2013: 100,000) certificates of Rs. 5,000 each Chief Executive Officer: Mr. Dewan M. Yousuf Farooqui	500,000	500,000	50,000	50,000	-	D
Bank Alfalah Limited - Fourth Issue 40,000 (2013: 40,000) certificates of Rs. 5,000 each Mark-up: 2.50% above six months KIBOR rate with no floor and cap Redemption: Three equal semi annual installments commencing 84th months after the issue date Maturity: December 2017 Chief Executive Officer: Mr. Atif Aslam Bajwa	199,600	199,680	206,552	210,992	AA-	AA-
Dewan Sugar Mills Limited 10,000 (2013: 10,000) certificates of Rs 5,000 each Mark-up: SBP discount rate less 2% p.a. with 6% floor and 12% cap Maturity: June 2008 Chief Executive Officer: Mr. Dewan M. Yousuf Farooqui	8,511	9,513	-	9,513	-	-
	708,111	709,193	256,552	270,505		
Provision for diminution in the value of investments against above TFCs amounts to Rs 458.511 million (2013: Rs 450 million)						

ANNEXURE II TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Statement Showing Written-Off Loans Or Any Other Financial Relief Of Five Hundred Thousand Rupees Or Above Provided During The Year Ended December 31, 2014 As Referred In Note 12.9 To These Financial Statements.

S. No.	Name of the Borrower	Address	Name of Individuals / Partners/ Directors/ CNIC	Father's / Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written-Off	Interest / Mark-Up Written-Off	Other Financial Reliefs Provided	Total
					Principal	Interest / Mark-Up	Others	Total (6+7+8)				(10+11+12)
1	2	3	4	5	6	7	8	9	10	11	12	13
----- Rupees '000 -----												
1	Tanveer Ahmed Khan	House # 138-B/2, Kh-E-Badar Ph-7, D.H.A. Karachi	4230142936171	Muhammad Bashiruddin Khan	492	14	-	506	482	26	-	508
2	Inam Ahmed Siddiqui / Ghazala	Appartment#3, 2Nd Floor, Block-7/8, C.P Berar Coopratve Housing Society Pechs Karachi	4220165962062	Maqbool Ahmed Siddiqui	2,561	530	-	3,091	-	726	-	726
3	Mohiuddin Ahmed / Sarwar	B-88, Sector-1, Block-10/A, Central Govt Employees Co-Operative Housing Society Gulshan-e-Iqbal Karachi	4200005012663	Muhammad Baqi Rafiuddin	9,506	3,372	-	12,878	-	4,556	-	4,556
4	Masroor Sarwar Khan	House / Plot No. 26, Block Indus, Situated In Green Forts - 2, Farm Housing Scheme, Lahore.	6110189037231	Rana Muhammad Sarwar Khan	15,143	9,798	-	24,941	-	9,824	-	9,824
5	Muhammad Tariq	Flat No.a-803, 8Th Floor, Sea-Castle Apartment,Plot No Ca-2, Block#4, Clifton Karachi	4220169315657	Hafiz Abdul Hamid	4,479	3,138	-	7,617	-	3,412	-	3,412
6	Zahid Nazir	217-A, Johar Town, Lahore.	3310074402961	Chaudhary Nazeer Ahmed	2,647	1,113	-	3,760	-	1,116	-	1,116
7	Muhammad Asif Kamran	Anmol House, GT Road, Feroz Wala, Shahdra, Lahore.	3450118614789	Muhammad Aslam Jutt	10,116	3,761	-	13,877	-	3,761	-	3,761
8	Rao Muhammad Fahim	B-493, Block-B, Fb Area, Karachi.	4210198782635	Rao Muhammad Tasleem	5,212	1,305	-	6,517	-	1,421	-	1,421
9	Riaz Ul Hassan	Capital Hoisery, Shop # 24-25, Akbar Market, Raja Bazar, Rawalpindi.	6110119309587	Abdul Khaliq	6,284	3,986	-	10,270	-	3,543	-	3,543
10	Wazir Ali Bhatti	House # 327, Street # 10, Phase IV-EE, DHA, Lahore.	3520239322601	Muhammad Shafi Bhatti	6,295	2,444	-	8,739	-	2,444	-	2,444
11	Nabila Tariq	10-B, Model Town, Lahore	3520270585002	Tariq Ahmed Ali	16,932	14,568	-	31,500	-	14,737	-	14,737
12	Tara Chand	Seabreeze Super Star, Flat No. B-04, Ground Floor, FI-05, Block 07, Clifton, Karachi	5150307437719	Tak Chand	4,084	1,911	-	5,995	-	1,691	-	1,691
13	Umer Sharif	House No. 117-B, Block 03, Gulshan-e-Iqbal, Karachi	3520269151627	Sheikh Muhammad Suleman	13,684	7,992	-	21,676	-	7,992	-	7,992
14	Zulfiqar Ali	B-64, Ward No. 02, Golarchi, Badin	4110288041671	Hakeem Muhammad Yousaf	8,977	1,265	-	10,242	-	1,265	-	1,265
15	Sh. Zahid Ahmed	C/O Asad & Co, H-180/A, Askari Mandi, Lahore	3520230363373	Sh Ahmad Buksh	4,410	527	-	4,937	-	565	-	565
16	Hussainy Zeeshan Haider	G-1/IV, Maymar Lake View Appt, Clifton, Block 05, Near Pizza Hut, Karachi	4220199595781	Syed Shahabuddin Shahi Hussainy	4,951	1,664	-	6,615	-	1,718	-	1,718
17	Muhammad Rehan Hussain	C/O Hi Tech, F# 08, 3Rd Floor, Hongkong Plaza, 5Th Road, S Town, Rawalpindi	3310008477213	Misal Khan	2,699	2,219	-	4,918	-	2,103	-	2,103
18	Sheikh Muhammad Sohail	House # 15, Street # 03 Near Harley Street, Rawalpindi	3740549224863	Sheikh Mohammad Yunus	3,905	2,546	-	6,451	-	2,025	-	2,025
19	Javed Anwar	House # 21-C, Gulberg Colony, Faisalabad.	3310006130697	Muhammad Hussain Buksh	2,537	947	-	3,484	-	919	-	919
20	S. Ahsan Gillani	555, Kamran Block, Allama Iqbal Town, Lahore.	3310453309473	Syed Altaf Hussain Gillani	5,863	4,381	-	10,244	-	4,188	-	4,188
21	Rehan Shakoor	Rio Travel, D-3, Block-8, Ch. Kalique Uz Zaman Road, Clifton, Karachi.	4230194169639	Abdus Shakoor	18,941	9,003	-	27,944	-	9,199	-	9,199
22	Aamir Mehmood	C/O Madina Old & New Books,1-2-G Shamim Square 13-F,Main Market Gulburg 2 Lahore, Pakistan	3520225213603	Rashid Mehmood	3,325	989	-	4,314	-	1,022	-	1,022
23	Purshutam Kumar	C/O Karpalani Traders,Sh#19 Billy's Height Gulistan E Johar Blk-18 Karachi, Pakistan	4120719461719	Haimandas	2,258	620	-	2,878	-	726	-	726
24	Imran Khushnood Butt	A-95-F, Scheme # 45, Gulshan-E-Maymar, Karachi.	4220104636489	Khushnood Ul Hassan Butt	3,216	778	-	3,994	-	951	-	951
25	Atif Ali	C/O Atif Traders 214E/E Market Pechs Block-6 Karachi.	3520230870691	Shaukat Ali	6,907	5,908	-	12,815	-	6,270	-	6,270
26	Muhammad Munir	12-A Paradise Valley Nr Gatwala Pull Sheikhpura Rd Faisalabad.	3310078886867	Mehmood Ali	26,267	11,130	-	37,397	-	12,619	-	12,619
27	Khalid Saeed	163-L, Johar Town, Lahore.	3520025702101	Abdul Rehman	8,008	3,711	-	11,719	-	2,668	-	2,668
28	Muhammad Saim Khattak	Khattak Sons Pvt.ltd.plot 155 Service Rd, North Main Dry Port Road Sector I-9/3 Industrial Area Islamabad	6110119421015	Mohd Faridoun Khattak	471	53	165	689	97	117	380	594
29	Muhammad Anis Khan	Mujahid General Store, Shop#1446 Alamgir Road Lalkurti, Rawalpindi	3740506154473	Muhammad Hussain Khan	538	78	52	668	66	211	495	772
30	Muhammad Haroon Patel	Rain Centre Dandia Bazar Jodia Bazar Karachi	4220193686313	Abdul Sattar Patel	25,905	23,862	555	50,322	10,705	23,862	555	35,122
					226,613	123,613	772	350,998	11,350	125,677	1,430	138,457

ANNEXURE III TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

The Bank is operating 58 Islamic banking branches (2013: 53) and 1 Islamic sub-branch (2013: Nil). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2014 are as follows:

(A)

Statement of financial position as at December 31, 2014

ASSETS

Cash and balances with treasury banks
Balances with other banks
Due from financial institutions
Investments
Islamic financing and related assets
Operating fixed assets
Deferred tax assets
Other assets

LIABILITIES

Bills payable
Due to financial institutions
Deposits and other accounts
- Current accounts
- Saving accounts
- Term deposits
- Others
- Deposits from financial institutions - remunerative
- Deposits from financial institutions - non-remunerative
Due to head office
Other liabilities

NET ASSETS

REPRESENTED BY

Islamic banking fund
Reserves
Unappropriated profit

(Deficit) / Surplus on revaluation of assets - net of tax

Note

2014
Rupees '000

2,929,341	2,267,282
158,367	73,246
-	-
20,694,546	17,514,498
11,373,893	9,257,260
204,408	290,574
19,727	-
825,349	876,076
36,205,631	30,278,936

(A3)

(C)

320,765	266,100
1,350,000	1,550,000
12,482,760	10,650,189
7,781,254	6,936,737
9,697,708	6,481,043
34,876	36,323
355,698	2,488,263
5,797	6,752
1,818,327	227,813
593,652	240,266
34,440,837	28,883,486
1,764,794	1,395,450

880,000	880,000
-	-
921,429	421,350
1,801,429	1,301,350
(36,635)	94,100
1,764,794	1,395,450

ANNEXURE III TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 Rupees '000	2013
(A1) Remuneration to shariah advisor		2,844	2,630
(A2) CHARITY FUND			
Opening balance		233	1,031
Additions during the year		1,047	4,026
Payments / utilization during the year		(943)	(4,824)
Closing balance		337	233
Sector wise details of charity disbursement			
Health		643	3,100
Education		200	724
Social work		100	1,000
		943	4,824
(A3) Islamic Financing and related assets	(A3.1)	11,373,893	9,257,260
(A3.1) Islamic Mode of Financing			
Murabaha		1,788,521	2,840,462
Musharaka cum Ijara		2,752	12,071
Diminishing Musharaka		7,637,270	5,551,138
Advance against Murabaha Financing		227,605	65,515
Advance against Murabaha ERF		-	300,000
Advanced against Diminishing Musharaka		1,198,877	453,821
Fixed Assets Ijara Financing (net)		514,532	28,538
Advance against Ijara		4,336	5,715
		11,373,893	9,257,260

ANNEXURE III TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	(B)	2014 Rupees '000	2013
Profit and loss account			
Profit / return earned on financing and investments		2,926,100	2,325,513
Profit / return expensed		1,377,042	1,235,735
Net spread earned		1,549,058	1,089,778
(Reversal) / provision against non-performing financings - net		25,156	59,046
Provision against consumer financings - general		8,548	11,602
Reversal against provision for diminution in the value of investments		-	(5,285)
Recoveries against written off debts		(556)	-
		33,148	65,363
		1,515,910	1,024,415
Other income			
Fee, commission and brokerage income		92,188	78,720
Dividend income		-	-
Income from dealing in foreign currencies - net		16,868	13,318
Gain on sale of securities - net		-	1,251
Unrealized gain / (loss) on revaluation of investments classified as held for trading		-	-
Other income		3,760	11,903
Total other income		112,816	105,192
		1,628,726	1,129,607
Other expenses			
Administrative expenses		1,128,647	865,410
Other provision / write-offs		-	-
Other charges		-	-
Total other expenses		1,128,647	865,410
		500,079	264,197
Extraordinary items / unusual items		-	-
Profit for the year		500,079	264,197

ANNEXURE III TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

(C) Sectors and avenues of deposits and funds

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

	2014	2013
	Rupees '000	
Government and other securities	20,694,546	17,522,424
Textiles, chemicals, pharmaceuticals, food and allied	2,141,264	3,313,121
Production and transmission of energy	7,130,054	4,484,158
Transportation	1,575,048	988,264
Construction / Housing	731,120	636,728
	<u>32,272,032</u>	<u>26,944,695</u>

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

(D) Pool management

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

- 'General Pool' for local and foreign currency deposits
- 'Islamic Export Refinance Pool'
- 'Treasury Musharaka Pool'

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all FBL IBD depositors and provide profit / loss based on Modaraba and Musharaka.
- The IERS Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.
- The 'Treasury Musharaka Pool' is to provide Shariah compliant mechanism for Interbank Money Market transactions and manage the liquidity position of FBL IBD balance sheet by creating sub pools against each FBL IBD money market deals.

ANNEXURE III TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

- The risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

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

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

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

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

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

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

Particulars	2014		2013	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	922,162	50.50	773,564	49.29
- Amount and percentage of mudarib share transferred to depositors through Hiba	391,224	42.42	285,737	36.94
- Profit rate earned (annualised)	-	9.77	-	10.27
- Profit rate distributed (annualised)	-	6.84	-	6.97

ANNEXURE IV TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

SHARIAH ADVISOR'S REPORT 2014

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser / Insurer / addresses (only in case of individuals)
----- Rupees '000 -----							
Owned - Vehicles							
Toyota Prado	2,500	2,000	500	3,005	2,505	Bid	Abdul Basit - Individual House # 17 Hussaini Corporative Housing Society, Block-3 Shaheed-e- Millat Road, Karachi.
Honda Civic	1,942	1,191	751	1,750	999	Insurance Claim	Adamjee Insurance Company Limited
Mercedes Benz E200	7,000	1,960	5,040	5,040	-	As per Bank Policy	Nauman Ansari - Executive
Toyota Corolla	1,725	1,380	345	1,186	841	Bid	Zahid Qadri - Individual House # R-536-15-A,4 Buffarzone, Karachi.
Honda City	1,024	819	205	891	686	Bid	Mohammad Asghar Bhatti - Individual House # 105-L Phase-8 DHA Lahore Cantt.
Honda City	1,309	1,047	262	1,000	738	Bid	Imdad Ahmed Vahidy - Individual House # A-28, Gulshan-e-Ameen, Towers Gulistan-e-Jauhar Karachi.
Owned - Office furniture, fixtures, equipments, and computers							
Computer Hardware	28,180	28,180	-	-	-	Bid	M/s Lealgar Enterprises 321, Sector P, Korangi # 2 1/2, Karachi.
Digital Teleset M3905	3,634	3,634	-	-	-	Bid	M/s Lealgar Enterprises 321, Sector P, Korangi # 2 1/2, Karachi.
Owned - Leasehold Improvement							
Civil Work Honda Building	6,006	2,002	4,004	4,245	241	Bid	M/s Lealgar Enterprises 321, Sector P, Korangi # 2 1/2, Karachi.
Refurbishment Honda Building	1,792	627	1,165	1,236	71	Bid	M/s Lealgar Enterprises 321, Sector P, Korangi # 2 1/2, Karachi.
Air Conditioner	24,184	24,184	-	-	-	Bid	M/s Lealgar Enterprises 321, Sector P, Korangi # 2 1/2, Karachi.
Cable Work	760	101	659	695	36	Bid	M/s Lealgar Enterprises 321, Sector P, Korangi # 2 1/2, Karachi.
Carpet Honda Building	876	102	774	815	41	Bid	M/s Lealgar Enterprises 321, Sector P, Korangi # 2 1/2, Karachi.
Assets written off	676	85	591	-	(591)	Write off	-
Owned - Land							
Land - Valencia Plot No A-79	7,000	-	7,000	9,020	2,020	Bid	Ehsen Ullah & Mansha Toor 430-AA, Phase IV, DHA, Lahore Cantt.

In the Name of Allah the Most Beneficent, the Most Merciful

Faysal Bank Ltd operated with 58 stand-alone Islamic Banking Branches (IBBs) and 1 Sub Branch.

During this period some new products, policies and processes were introduced, and some existing processes were streamlined and improved. The Shariah aspect of all of these changes were reviewed and approved by myself.

In the period under review management has provided me free access to all records, documents and information from all sources related to the business of the Islamic Banking Division. I have reviewed the operations of this Division on a periodic basis to ensure that all the products and services being offered conform to the injunctions of Shariah.

Based on the foregoing, I am pleased to report:

1. I have examined on a test check basis, each class of transaction, the relevant documentation and procedures adopted by the Islamic Banking Division.
2. During my review, any matters requiring corrective measures have been noted and were resolved by Management. Subject to the foregoing, in my opinion the affairs of the Islamic Banking Division have been carried out in accordance with the rules and principles of Shariah, SBP regulations and guidelines related to Shariah compliance and other rules as well as specific fatwa and rulings issued by myself in my capacity as Shariah Advisor from time to time.
3. In my opinion the allocation of funds, weightages, profit sharing ratios, profits and charging of losses (if any) relating to PLS accounts are in accordance with Shariah rules and principles.
4. In my opinion no earnings have been realised from sources or by means prohibited by Shariah rules and principles which may be credited to Charity Account.

And Allah knows best.



Mufti Mohib ul Haq Siddiqui
Shariah Advisor

بنام کوئٹہ

پیارے کوئٹہ سلام،

چار پہاڑوں سے گھری ایک قدرتی قلعہ بناتی خوبصورت وادی، جہاں سب سے پہلے پشتونوں کا قبیلہ کاسی آباد ہوا اور پھر یہ وادی محمود غزنوی، مغل، افغان اور انگریزوں کے ادوار دیکھتی ہوئی آج ایک خوبصورت شہر کی صورت اختیار کر گئی۔
کوئٹہ تمہارے جتنے گن گائے جائیں اتنے ہی کم ہیں کیونکہ جس طرح تم نے ۱۹۳۵ کے زلزلے کے بعد خود کو سمجھالا اور ایک بار پھر اپنے پیروں پر کھڑے ہوئے یہ تمہارے بانیوں کی ہمت کی دلیل ہے۔

پاکستان کے دوسرے بلند ترین مقام پر بسنے والے اے شہر تم میں کیا کچھ نہیں ہے چاہئے کو؟ یہ ہم نے تب جانا جب ۱۹۹۳ میں شاہراہ عدالت، صدر روڈ پر ہم نے اپنی پہلی براؤنج کھولی۔
سردیوں کے موسم میں جب سفید ٹیلی برف ہر شے کو ڈھانپ لیتی ہے تو تمہارا نظارا ہی کچھ اور ہوتا ہے۔ ایسے میں تمہارے خشک میوہ جات کی سوغات موسم میں چار چاند لگا دیتی ہے، اور پھر بہار آتے ہی تمہارے باغوں کا رنگ بدل جاتا ہے اور تم دنیا بھر کو اپنے میٹھے اور ریے پھلوں سے نوازتے ہو۔
قدرتی حسن سے مالا مال اے شہر، تمہارے گرد و نواح میں جہاں بھی چلے جائیں قدرت کے حسین نظارے استقبال کرتے ملتے ہیں اور تمہارے پکوانوں کے تو کیا کہنے۔ اگر کسی نے پرنس روڈ، جناح روڈ یا سرینا ہوٹل سے کادی کیا، لیمب روٹ اور بلوچی سٹی نہیں کھائی تو اُس نے کوئٹہ کے ساتھ انصاف نہیں کیا۔

کوئٹہ تمہارے بارے میں ہمارے پاس کہنے کو اتنا کچھ ہے کہ صفحات بھر جائیں پر باتیں ختم ناہوں، ہم تو صرف اتنا ہی کہیں گے کوئٹہ کہ تم ہمیں بہت پسند ہو اور جسے پسند کیا جائے اُس سے دور رہنا کیسے ممکن ہے؟

تمہارا اپنا،

فیصل بینک



Imagine tradition and heritage

کاروانِ وفا

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING
as on December 31, 2014

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	CATEGORY WISE NO. OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF SHARES HELD	PERCENTAGE %
1	Associated Companies, undertakings and Related Parties Ithmaar Bank B.S.C. Faisal Finance (Luxembourg) S.A. DMI (Jersey) Limited Faisal Private Bank (Switzerland) S.A MFAI (Jersey) Limited	6	467,729,255 89,245,731 44,622,864 33,640,551 61,426,813	696,665,214	66.78
2	Mutual Funds CDC-Trustee JS Large CAP Fund CDC-Trustee Pak Strategic Alloc Fund CDC- Trustee Atlas Stock Market Fund CDC- Trustee AKD Index Tracker Fund CDC- Trustee UBL Stock Advantage Fund CDC- Trustee NAFA Stock Fund CDC- Trustee NAFA Multi Asset Fund CDC- Trustee APF-Equity Sub Fund CDC- Trustee NIT-Equity Market Opportunity Fund CDC- Trustee NAFA Asset Allocation Fund CDC- Trustee NAFA Savings Plus Fund-MT CDC- Trustee Lakson Income Fund-MT CDC- Trustee Atlas Income Fund-MT CDC- Trustee PIML Strategic Multi Asset Fund CDC- Trustee First Capital Mutual Fund CDC- Trustee National Investment (UNIT) Trust CDC- Trustee Askari High Yield Scheme-MT CDC- Trustee NAFA Income Opportunity Fund-MT	18	1,500,000 346,500 700,000 85,109 4,300,000 5,109,500 2,221,000 100,000 357,670 3,919,500 1,616,500 15,000 940,500 50,000 282,000 5,711,829 31,000 1,951,000	29,237,108	2.80
3	Directors and their spouse(s) and minor Children Mr. Farooq Rahmatullah Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery Mian Muhammad Younis Mr. Imtiaz Ahmad Pervez Mr. Juma Hasan Ali Abul Mr. Muhammad Wasif Ijlal Mr. Nauman Ansari	7 -	982 500 500 91,663 500 500 -	94,645	0.01
				-	-

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

as on December 31, 2014

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	CATEGORY WISE NO. OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF SHARES HELD	PERCENTAGE %
4	Executives	8	10,841	10,841	0.00
5	Public Sector Companies and Corporations	17	62,906,481	62,906,481	6.03
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	26	22,349,404	22,349,404	2.14
7	Foreign Investors	39	63,292,845	63,292,845	6.07
8	General Public	17,308	109,114,526	109,114,526	10.46
9	Others	151	59,598,588	59,598,588	5.71
	Total	17,580	1,043,269,652		100.00
	Total Paid-up Capital	1,043,269,652	Shares		
	5% of the Paid-up Capital	52,163,483	Shares		

S.NO.	SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE LISTED COMPANY	NUMBER OF SHARES HELD	PERCENTAGE %
1	Ithmaar Bank B.S.C.	467,729,255	44.83
2	Faisal Finance (Luxembourg) S.A.	89,245,731	8.55
3	MFAI (Jersey) Limited	61,426,813	5.89
4	State Life Insurance Corporation of Pakistan	55,245,879	5.30

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

as on December 31, 2014

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Associated Companies, undertakings and related parties	6	696,665,214	66.78
2	Mutual Funds	18	29,237,108	2.80
3	Directors and their spouse(s) and minor Children	7	94,645	0.01
4	Executives	8	10,841	0.00
5	Public Sector Companies and Corporations	17	62,906,481	6.03
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	26	22,349,404	2.14
7	Foreign Investors	39	63,292,845	6.07
8	General Public	17,308	109,114,526	10.46
9	Others	151	59,598,588	5.71
	Total	17,580	1,043,269,652	100.00

PATTERN OF SHAREHOLDING

As of December 31, 2014

Number of Shareholders	Shareholdings' Slab			Total Shares Held
4341	1	to	100	135,603
5966	101	to	500	1,516,138
1394	501	to	1000	1,081,157
3948	1001	to	5000	9,499,821
802	5001	to	10000	6,083,033
250	10001	to	15000	3,133,683
161	15001	to	20000	2,949,127
125	20001	to	25000	2,917,633
61	25001	to	30000	1,732,939
42	30001	to	35000	1,365,909
47	35001	to	40000	1,794,415
30	40001	to	45000	1,279,973
61	45001	to	50000	2,987,877
16	50001	to	55000	837,837
22	55001	to	60000	1,278,049
20	60001	to	65000	1,265,432
10	65001	to	70000	674,157
11	70001	to	75000	798,433
11	75001	to	80000	857,707
6	80001	to	85000	501,052
6	85001	to	90000	525,061
14	90001	to	95000	1,299,982
31	95001	to	100000	3,090,039
11	100001	to	105000	1,124,452
2	105001	to	110000	215,445
5	110001	to	115000	563,567
2	115001	to	120000	235,553
5	120001	to	125000	613,256
5	125001	to	130000	635,958

PATTERN OF SHAREHOLDING

As of December 31, 2014

Number of Shareholders	Shareholdings' Slab			Total Shares Held
4	130001	to	135000	531,451
1	135001	to	140000	138,794
1	140001	to	145000	144,000
9	145001	to	150000	1,345,875
1	150001	to	155000	151,240
3	155001	to	160000	475,364
1	160001	to	165000	160,419
1	165001	to	170000	168,998
4	170001	to	175000	697,289
2	175001	to	180000	359,000
3	180001	to	185000	546,183
1	190001	to	195000	190,500
13	195001	to	200000	2,594,562
3	205001	to	210000	622,368
4	210001	to	215000	844,147
4	215001	to	220000	873,535
1	220001	to	225000	222,500
2	225001	to	230000	452,355
2	240001	to	245000	481,802
4	245001	to	250000	999,169
1	250001	to	255000	254,500
1	265001	to	270000	270,000
2	270001	to	275000	547,914
2	280001	to	285000	564,937
1	285001	to	290000	289,516
6	295001	to	300000	1,796,500
2	310001	to	315000	627,750
1	315001	to	320000	318,500
1	330001	to	335000	331,133

PATTERN OF SHAREHOLDING

As of December 31, 2014

Number of Shareholders	Shareholdings' Slab			Total Shares Held
1	335001	to	340000	339,000
1	340001	to	345000	344,669
2	345001	to	350000	695,976
2	355001	to	360000	715,670
2	360001	to	365000	722,772
1	380001	to	385000	381,507
2	395001	to	400000	800,000
2	410001	to	415000	825,844
1	455001	to	460000	460,000
1	460001	to	465000	463,317
2	480001	to	485000	964,076
1	485001	to	490000	487,352
5	495001	to	500000	2,498,500
1	510001	to	515000	510,500
1	525001	to	530000	529,000
2	580001	to	585000	1,164,733
1	595001	to	600000	598,264
1	600001	to	605000	601,500
1	605001	to	610000	608,286
1	620001	to	625000	625,000
1	650001	to	655000	653,547
1	665001	to	670000	668,121
3	695001	to	700000	2,095,368
1	710001	to	715000	711,913
1	730001	to	735000	732,500
1	830001	to	835000	834,122
1	870001	to	875000	874,000
1	895001	to	900000	900,000
1	925001	to	930000	925,406

PATTERN OF SHAREHOLDING

As of December 31, 2014

Number of Shareholders	Shareholdings' Slab			Total Shares Held
1	940001	to	945000	940,500
1	980001	to	985000	982,000
1	985001	to	990000	990,000
1	1035001	to	1040000	1,036,609
1	1055001	to	1060000	1,056,121
1	1160001	to	1165000	1,163,955
1	1245001	to	1250000	1,250,000
1	1295001	to	1300000	1,300,000
1	1315001	to	1320000	1,316,500
1	1375001	to	1380000	1,376,000
1	1445001	to	1450000	1,447,700
2	1495001	to	1500000	3,000,000
1	1615001	to	1620000	1,616,500
2	1875001	to	1880000	3,756,000
1	1950001	to	1955000	1,951,000
1	2145001	to	2150000	2,149,000
1	2220001	to	2225000	2,221,000
1	2240001	to	2245000	2,242,019
1	2475001	to	2480000	2,479,043
1	2625001	to	2630000	2,626,000
1	3305001	to	3310000	3,305,392
1	3550001	to	3555000	3,550,612
1	3895001	to	3900000	3,900,000
1	3915001	to	3920000	3,919,500
1	4000001	to	4005000	4,001,000
1	4295001	to	4300000	4,300,000
1	4345001	to	4350000	4,347,401
1	4895001	to	4900000	4,900,000
1	4955001	to	4960000	4,958,091

PATTERN OF SHAREHOLDING

As of December 31, 2014

Number of Shareholders	Shareholdings' Slab			Total Shares Held
2	4995001	to	5000000	10,000,000
1	5035001	to	5040000	5,037,915
1	5105001	to	5110000	5,109,500
1	5285001	to	5290000	5,287,716
1	5315001	to	5320000	5,319,937
1	5710001	to	5715000	5,711,829
1	6060001	to	6065000	6,064,000
1	6335001	to	6340000	6,337,687
1	10165001	to	10170000	10,169,500
1	11115001	to	11120000	11,117,500
1	13525001	to	13530000	13,529,500
1	13800001	to	13805000	13,801,500
1	26805001	to	26810000	26,805,628
1	31065001	to	31070000	31,065,500
1	33640001	to	33645000	33,640,551
1	34620001	to	34625000	34,621,185
1	44620001	to	44625000	44,622,864
1	55245001	to	55250000	55,245,879
1	89245001	to	89250000	89,245,731
1	467725001	to	467730000	467,729,255
17580				1,043,269,652

کاروائی وفا

بنام فیصل آباد

پیارے فیصل آباد سلام،

تمہارا بخاروں کی چھوٹی چھوٹی بستیوں سے لے کر آج پاکستان کے سب سے بڑے صنعتی شہر تک کا سفر بھی خوب رہا۔ پہلے چناب کا لونی پھر صندل بار پھر اُس وقت کے پنجاب کے لیفٹنٹ گورنر سر جیمز لائل کے نام پر لائل پور سے ہوتے ہوئے ۱۹۷۰ کی دہائی میں سعودی فرمانروا شاہ فیصل کے نام پر فیصل آباد تک پہنچے اور اپنے اس سفر میں تم نے بہت رنگ بدلے پرایک چیز کا ساتھ بالکل نہیں چھوڑا اور وہ ہے محنت اور جفاکشی، یہی وہ شعار ہے میرے دوست کہ جس کی بدولت تم پاکستان کے مانچسٹر بن گئے۔

فیصل آباد، تمہاری صنعتی مصنوعات کے معیار اور خوبصورتی کو تو دنیا مانتی ہے۔ اُس سے بڑھ کر خوبصورت ہے تم میں بسنے والے باسیوں کی زندگی اور یہ خوبصورتی اُس وقت ہم پر عیاں ہوئی جب ۱۹۸۹ میں ہم نے تمہارے علاقے سول لائنز، بلال روڈ پر اپنی پہلی برانچ کھولی۔ پاکستان کے تمام علاقوں سے آنے والے لوگوں نے تمہیں کچھ اپنے ہی ڈھنگ سے آباد کیا ہے۔ اس کا اندازہ تب ہوتا ہے جب کوئی تمہارے عین وسط میں موجود گھنٹا گھر پر آٹھ سمنوں سے آتی سڑکوں اور اُن میں موجود بازاروں میں گھومے، جہاں نہ صرف بھانت بھانت کی اشیاء بلکہ لذیذ پکوانوں کی بہار بھی پائی جاتی ہے، جیسے کہ خاص سموسے اپنی من پسند چٹنی کے ساتھ اور صبح کی نہاری کی تو کیا ہی بات ہے۔

فیصل آباد تمہاری زمین کس قدر زرخیز ہے یہ بات تو کسی سے ڈھکی چھپی نہیں تھی تو اس مٹی سے شہرہ آفاق نوال نصرت فتح علی خان اور شاعر ساحر لدھیانوی پیدا ہوئے۔

اب ایسی جگہ سے کس کا جانے کو جی چاہے گا۔ تب ہی فیصل آباد ہم بھی تمہارے ہی رنگ میں رنگ گئے ہیں۔

تمہارا اپنا،
فیصل بیگ



The "Manchester" of Pakistan

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
1	110	South	Karachi Main	Karachi	021-111-747-747 021-32795200	Faysal House, St-02, Main Shahra-e-Faisal, Karachi
2	165	South	Green Belt Residency Branch	Karachi	021-35877922 021-35375103	Green Belt Residency, Shop No. 13-16, Plot No. Commercial 7/1, Block 2, KDA Scheme-5, Kehkashan, Clifton, Karachi
3	170	South	I. I. Chundrigar Road I Branch	Karachi	021-32638011-13	11/13, Trade Centre, I.I Chundrigarh Road, Karachi
4	269	South	Clifton Centre Branch	Karachi	021-35830113-5	Plot No. DC-1, 16-A,16-B, Block 5 Clifton Centre, Kehkashan, Karachi
5	330	South	Abdullah Haroon Branch	Karachi	021 -111-11-22-33	16-Abdullah Haroon Road, Karachi
6	425	South	Zamzama	Karachi	021-35875303 021-35875323-35875781	13-C, 7th Zamzama, Commercial Lane, Clifton, Karachi
7	115	South	Shahrah-e-Adalat	Quetta	081-2840386-87 081-2840587-2842028	Shahrah-e-Adalat Road, Quetta
8	118	South	Quality Height Clifton	Karachi	021-35863771-73	32-A, Ground Floor, Quality Heights, K.D.A Scheme No. 5, Clifton Block-8, Karachi
9	144	South	Korangi Road	Karachi	021-35388161 021-35388175-35388160	KM Centre, 130/1, Main Korangi Road, Phase I, D.H.A,Karachi
10	172	South	Stadium Lane, Khayaban-e-Mujahid	Karachi	021-35349111-12	43-C, Stadium Lane II, Khayaban-e-Mujahid, D.H.A Phase V, Karachi
11	173	South	Khayaban-e-Tanzeem	Karachi	021-35877909-10	Plot No. C-4-D-N, Phase V, Khayaban-e-Tanzeem, D.H.A, Karachi
12	183	South	Fatima Jinnah Road	Quetta	081-2837234-2824973 081-2836943-2824807	Yousuf Centre, Fatima Jinnah Road, Quetta
13	209	South	Korangi No.2	Karachi	021-35071758-59	Q-14, Ground Floor, Sector 33-A, Korangi No. 2, Karachi
14	453	South	Turbat	Turbat	085-2411074	Main Bazar, Turbat
15	124	South	DHA Shahbaz	Karachi	021-35857763-35856054	23-C, Phase VI, Khayaban-e-Shahbaz, DHA, Karachi
16	175	South	Phase IV DHA	Karachi	021-35802423	14-C, Sunset Commercial Street No. 2, Phase IV, DHA, Karachi
17	196	South	Saba Avenue	Karachi	021-35245377-35245380	Shop No. 2 & 3, Ground Floor Plot No. 36-C, Badar Commercial Street, St. No. 6, Phase V, Karachi
18	216	South	DHA Phase VIII	Karachi	021-35246011	43-C, Al-Murtaza Commercial Lane No. 4, DHA, Phase VIII, Karachi
19	338	South	Defence Phase VI	Karachi	021-35347266-35341761 021-35856091	22/C, Lane-2, Shahbaz Commercial, Phase VI, DHA, Karachi
20	441	South	Bukhari Commercial	Karachi	021-335149595-97	Ground, Basement And First Floor, 19-C Bukhari Commercial Lane No 5, Phase VI, DHA, Karachi
21	134	South	Cloth Market Branch	Karachi	021-32439021-22 021-32438150	BR-2-1/1, Bander Quarters, New Neham Road Kharadar, Karachi
22	164	South	Timber Market Branch	Karachi	021-32734508-32734490	Plot No. 6/2 Old Haji Camp, Siddique Wahab Road Lee Quarters, Karachi

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
23	217	South	APWA Complex Garden	Karachi	021-32294779-80	Shop No. SOA , 5 Ground Floor Apwa Complex, Plot No. 67-AC, Garden Road, Karachi
24	227	South	Burns Road Branch	Karachi	021-32211077-23-43	Shop No. 4 & 5, Ground Floor, Lokhat Mansion, Survey No. 2, Shahra-e-Liaquat, Burns Road, Karachi
25	236	South	Electronic Market Branch	Karachi	021-32751585-86	Shop No. 3, Hashmi Electronics Centre, Abdullah Haroon Road, Saddar, Karachi
26	290	South	Pak Colony Branch	Karachi	021-32556695-96-97	Plot No. 250, 251 & 252 Modern Colony, Manghopir Road, Karachi
27	422	South	Abdullah Haroon Branch	Karachi	021-5683975-35652099 021-35684525-35683301	State Life Building No. 11, Abdullah Haroon Road, Karachi
28	423	South	Jodia Bazar II Branch	Karachi	021-32522225-8	NP 12/74, Mohammad Shah Street, Karachi
29	436	South	Metroville	Karachi	021-36661300-36662034	Street 15, Block 3, Metroville Site, Karachi
30	437	South	Denso Hall	Karachi	021-32752306-9	Plot No. 19, Survey Sheet No. WO-07, Wadhomal Oddharam Quarters, M.A Jinnah Road, Saddar Town, Karachi
31	138	South	Saddar, Hyderabad	Hyderabad	022-2728356-59	Plot No. 339, Main Bohra Bazar Saddar, Hyderabad
32	230	South	Sukkur	Sukkur	071-5617195-97	City Survey No. D1596 / 1-D, Race Course Road, Sukha Talab, Sukkur
33	239	South	Latifabad	Hyderabad	022-3820526-7	C - 489, Unit No 8, Latifabad, Hyderabad
34	258	South	Mirpurkhas	Mirpurkhas	0233- 876472-75	City Survey No. 715, 716 And 718, Ward A, Umerkot Road, Taluka and District, Mirpurkhas
35	272	South	Nawabshah	Nawabshah	0244-330895-97	CS No. 555, Ward B, Main Mohni Bazar, Nawabshah
36	287	South	Larkana	Larkana	074-4056054-56	City Survey No. 2016/ 4-A Ward C, Faysal Bank Chowk, Larkana City
37	291	South	Qasimabad	Hyderabad	022-2103433-34	Plot No. B-1, R.S.258/2, Bilal Villas Housing Scheme, Deh Sari, Taluka Qasimabad
38	292	South	Ghotki	Ghotki	0723-600807	Ground Floor, City Survey No. 890, Ward-B, situated at Devri Sahab Road, Ghotki
39	297	South	Shahdadkot	Shahdadkot	074-4014227-28	Plot City Survey No. 520 Ward B, situated at Shaikh Mohala, Shahdadkot
40	301	South	Kandhkot	Kandhkot	072-2572705-7	Plot No. 130, Main Bazar Shah Abdul Latif Road, Near Police Station, Kandhkot
41	195	South	Nazimabad Branch	Karachi	021-36707420	Plot No. 16, Row No. 1, Sub Block A, Block III (III-A,1 / 16), Nazimabad, Karachi
42	221	South	Power House UP More	Karachi	021-36961034-36	R1, Sector 5C-4, North Karachi, Near Agha Khan Lab, Powerhouse Chowrangi, Karachi
43	222	South	Buffer Zone	Karachi	021-36950081-87	Plot No. R-2, Sector 15-A / 2, Buffer Zone, North Karachi, Karachi
44	231	South	Gulzar-e-Hijri	Karachi	021-34652159	Plot No. A-747/C, Block 13-A, KDA Scheme 33, Pakistan Employee Cooperating Housing Society, Karachi
45	251	South	Gulbahar	Karachi	021-36729805-6-7	Gulbahar Branch, Plot No. 476-477-478, Ghousia Colony, Karachi

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
46	265	South	F B Area II	Karachi	021-36340242-5	Plot No. St-4/A-1, Block-20, Scheme-16, Federal 'B' Area, adjacent to Bank Al Habib, Karachi
47	342	South	North Nazimabad	Karachi	021-36721600-4	D-4, Block D North Nazimabad, Karachi
48	428	South	Karachi North Nazimabad	Karachi	021-36648750-51	Almas Square, Plot No. Sd-5, Block G, North Nazimabad, Karachi
49	438	South	Federal B Area	Karachi	021-36800694-36800695	C-25, Block 17, Federal B. Area, Karachi
50	119	South	Gulshan-e-Iqbal	Karachi	021-34994262-3	B -35, Block 13-A, Main University Road, Gulshan-e-Iqbal, Karachi
51	127	South	Shaheed-e-Millat	Karachi	021-34388104-105-106	Iqbal Arcade, Plot No. 6,3/7, D.M.C Society, Karachi
52	131	South	Shahrah-e-Faisal	Karachi	021-34315634-37	Business Avenue Centre, Block No. 6, P.E.C.H.S, Karachi
53	143	South	MACHS	Karachi	021-34390511-34390516	Plot No. 2, F Commercial ,M.A.C.H.S, Karachi
54	153	South	Gulshan Chowrangi	Karachi	021-34815319 021-34833720-34833718	Shop No. 1-4, Ground Floor, Sana Arcade, Plot No. ZC-6, Block No. 7, K.D.A Scheme 24, Karachi
55	210	South	Gulshan Block-2	Karachi	021-3497 2202-34972998	A-287, Block-2, K.D.A Scheme -24, Gulshan e Iqbal, Karachi
56	333	South	Karachi Shaheed-e-Millat	Karachi	021-111-321-321 021-34382595	72-A/Z, Block 7/8, Al- Riaz, Karachi
57	335	South	Karachi Gulshan	Karachi	021-34830110-34830111 021-34830112-34830108 021-34830109	SB-25, Block 13/C, Main University Road, Gulshan e Iqbal, Karachi
58	434	South	Karachi Dhoraji	Karachi	021-34131425-28	Sana Pride, 35/244, C.P.& Berar Coop, Karachi
59	442	South	Karachi Tipu Sultan Road	Karachi	021-34301181-3	Plot No. 110, Zonal Commercial Area, Karachi
60	174	South	Gulistan-e-Jauhar	Karachi	021-34026856 021-34030556-7	Shop No. 28 & 29, Rofi Lake Drive, Block 18, K.D.A Scheme No. 36, Karachi
61	198	South	Khalid Bin Waleed Road	Karachi	021-34302250	Plot No. 89-B, Block-2, P.E.C.H.S, Karachi
62	240	South	Shah Faisal Colony	Karachi	021-34686210-11	B-09, Main Electronics, Market. Shah Faisal Colony, No. 1, Karachi
63	252	South	Safoora Goth Branch	Karachi	021-34023795-34023791 021-34023793	Shop No. 1,2,3,4, Plot SV-9, Block VII, Gulistan-e-Jauhar, KDA Scheme No. 36, Karachi
64	255	South	Mehmoodabad	Karachi	021-34376342-4376348	Plot No. SA-85, Block 7, Karachi Administration Employees Cooperative Housing Society (KAECHS), Karachi
65	281	South	Tariq Road Branch	Karachi	021-35143538-40	Shop No. 1 & 2, Plot 9-C, Block 2, Main Tariq Road, P.E.CH.S, Karachi
66	123	South	Jodia Bazar I Branch	Karachi	021-32471442-3 021-32443795-32444073	G-2, Plot No. MR-6/52/1, Ismail Trade Centre, Ram Bharti Street, Karachi
67	139	South	SITE	Karachi	021-32585918-20	Plot No. B-17, State Avenue, Karachi

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
68	145	South	New Challi Branch	Karachi	021-32214903-04	Abid Chamber, Plot 3 SR. 6/9, Shahra-e-Liaqat, Karachi
69	152	South	North Karachi Industrial Area	Karachi	021-36957155 021-36954054-36356475	SA-2, St 1/1, Sector 12-B, North Karachi Industrial Area, Karachi
70	156	South	Korangi Industrial Area	Karachi	021-35114402-3	Plot No. 51/9, Sector 15, Main Korangi Road, Karachi
71	424	South	I.I. Chundrigar II Branch	Karachi	021-32418300-1	Nadir House, I. I. Chundrigar Road, Karachi
72	117	Central I	M. M. Alam Road Gulberg-Branch	Lahore	042-35755190-94 042-35755195	95, B-II, M.M. Alam Road, Gulberg-III, Lahore
73	178	Central I	Shadman-Branch	Lahore	042-37599316 042-37599438-37589223	11-A, Shadman 1, Jail Road, Lahore
74	187	Central I	Liberty Market-Branch	Lahore	042-35752108-9	37-E, III Saeed Alam Tower, Liberty Market, Gulberg III, Lahore
75	188	Central I	Ichra-Branch	Lahore	042-37569934-35	172, Ferozpur Road, Ichra, Lahore
76	457	Central I	Gulberg Industrial Area-Branch	Lahore	042-35717141-5	25-B-2, Gulberg III, Lahore
77	130	Central I	Garden Town-Branch	Lahore	042-35889810-14	4-Aibak Block, New Garden Town, Lahore
78	142	Central I	Allama Iqbal Town-Branch	Lahore	042-37806022-25	18-Hunza Block, Main Road, Allama Iqbal Town, Lahore
79	150	Central I	Model Town-Branch	Lahore	042-35884705-07	13-Bank Square Market, Model Town, Lahore
80	158	Central I	Faisal Town-Branch	Lahore	042-35201990-92-94	10-C, Main Boulevard, Faisal Town, Lahore
81	182	Central I	Johar Town-Branch	Lahore	042-35315735-36 042-35300897	435-G-I, Johar Town, Lahore
82	212	Central I	Ghazi Chowk-Branch	Lahore	042-35212250-54	8-A, Awaisia Cooperative Housing Society, Ghazi Chowk, Link College Road, Township Lahore
83	274	Central I	Karim Block	Lahore	042-35295572-4 042-35295578-79	Plot No. 2-B, 2-C, Karim Block, Allama Iqbal Town, Lahore
84	419	Central I	Faisal Town-Branch	Lahore	042-35203881-2 042-35203892	594-A, Faisal Town, Lahore
85	459	Central I	Valancia-Branch	Lahore	042-35224791-92	9-A, Commercial Zone, Valancia Society, Lahore
86	461	Central I	PIA Town-Branch	Lahore	042-35227086-9	Building/Plot 402, Block No. E, PIA Housing Society Road, Near BFC, Lahore
87	464	Central I	New Garden Town-Branch	Lahore	042-35861111 042-35868776-35868010	Awami Complex, Block No 2, New Garden Town, Lahore
88	122	Central I	Sialkot Main	Sialkot	052-4292501-3	Plot No. B1-16S-98B, 17-Paras Road, Opp Cc & I, Sialkot
89	128	Central I	Gujranwala	Gujranwala	055-3730301-3	Zia Plaza, G.T Road, Gujranwala
90	146	Central I	Gujrat	Gujrat	053-3533315 053-3536781-3-3533855	Nobel Furniture Plaza, G.T Road, Gujrat

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
91	238	Central I	Daska	Daska	052-6614623-4	Plot No. 3,4 & 5, Muslim Market , Gujranwala, Daska
92	245	Central I	Lalamusa	Lalamusa	053-7519576-9	Faysal Bank Limited, Shayan Plaza Kaira, G.T Road, Lalamusa
93	261	Central I	Cantt Sialkot	Sialkot	052-4261507-4261709-10	100 - A, Aziz Shaheed Road, Sialkot Cantt
94	268	Central I	Sheikhupura Road, Gujranwala	Gujranwala	055-4240155 -60	Rehman Market, Sheikhupura Road, Gujranwala
95	279	Central I	Wazirabad	Wazirabad	055-6609526-27	Ground Floor, Al Rehmat Plaza, Hajipura Chowk, Sialkot Road, Wazirabad
96	112	Central I	The Mall -Branch	Lahore	042-37236014-8	43, Shahrah-e-Quaid-e-Azam, Lahore
97	132	Central I	Circular Road -Branch	Lahore	042-37673001-6	Babar Center, 51, Circular Road, Lahore
98	137	Central I	Shalimar Garden-Branch	Lahore	042-36844714-17	Bilal Market, Chowk Shalimar Bagh, GT Road, Baghbanpura, Lahore
99	179	Central I	Shahalam Market-Branch	Lahore	042-37675619-37651968	5 A-C, Near Fowara Chowk, Shah Alam Market, Lahore
100	180	Central I	Urdu Bazar-Branch	Lahore	042-37314617-18	S-38, R-205-A, Cattle Street, Circular Road, Urdu Bazar, Lahore
101	186	Central I	Shahdara -Branch	Lahore	042-37902501-04	GT Road, Shahdara, Lahore
102	197	Central I	Mcleod Road-Branch	Lahore	042-36370045-36370067	Usman Plaza, Opposite Lahore Hotel, Mcleod Road, Lahore
103	205	Central I	Mughalpura-Branch	Lahore	042-36524863-4	3/15 Jahangir Road, Lal Pul, Near AFC, Mughalpura, Lahore
104	208	Central I	Chouburji-Branch	Lahore	042-35244832 042-35244898-35244885	50, Choburji Chowk, Lahore
105	218	Central I	Nila Gumbud-Branch	Lahore	042-37360032-34-38	8-The Mall, Bank Square, Lahore
106	223	Central I	Brandreth Road-Branch	Lahore	042-37367225-37367228 042-37367227-37367231	78 Brandreth Road, Old Nishter Road, Lahore
107	253	Central I	Fruit Market -Branch	Lahore	042-37720893-4	136, Farooq Centre, Fruit Market Scheme, Ravi Link Road, Lahore
108	271	Central I	Main Multan Road	Lahore	042-37801910-37801909	235/1, Badar Block, Allama Iqbal Town, Lahore
109	273	Central I	Daroghawala	Lahore	042-36533526	386-C, More Salamat Pura, Main G.T Road, Daroghawla, Lahore
110	276	Central I	Shadbagh Branch Lahore	Lahore	042-37614814-37614815	Tajpura Chowk, Near Ptcl Exchange, Misri Shah, Shadbagh, Lahore
111	416	Central I	Gulshan-e-Ravi-Branch	Lahore	042-37404511-12	2/B, Civic Center, Gulshan-e-Ravi, Lahore
112	467	Central I	Badami Bagh-Branch	Lahore	042-37708172-4	343-Circular Road, Badami Bagh, Lahore
113	469	Central I	Bilal Gunj-Branch	Lahore	042-37214084-8	16-Shahjehan Road, Bilal Gunj, Lahore
114	148	Central I	Main Boulevard Gulberg-Branch	Lahore	042-35787839-40-50	59-A, Main Boulevard, Gulberg, Lahore
115	233	Central I	CMH Chowk-Branch	Lahore	042-36602327-29	1482/14-15, Day Building, Cmh Chowk, Sarwar Road, Lahore Cantt
116	331	Central I	Upper Mall Branch	Lahore	042-111-11-22-33 042-35751001-6	310-Upper Mall, Shahrah-e-Quaid-e-Azam, Lahore

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
117	401	Central I	Egerton Rd-Branch	Lahore	042-36371111 042-36375472-36375473	Ground Floor, Aiwan-e-Iqbal Complex, Opposite Holiday Inn Hotel, Lahore
118	468	Central I	Jail Road Branch	Lahore	042-37420318	9-Main Jail Road, Lahore
119	125	Central I	D.H.A H-Block-Branch	Lahore	042-35897712-17	136/1, Block-H, Commercial Area, Phase-I, DHA, Lahore Cantt
120	160	Central I	Thokar Niaz Baig-Branch	Lahore	042-35314020-23	Jamal Market, Ali Town, Opp. Lahore University, Thokar Niaz Baig, Raiwand Road Lahore
121	181	Central I	Bedian Road-Branch	Lahore	042-37165350	Bedian Road, Near DHA Phase VI, Lahore Cantt
122	189	Central I	Walton Cantt.-Branch	Lahore	042-36604309-12	36-Jinnah Plaza, Main Boulevard Defence Link Road, Walton Cantt, Lahore
123	211	Central I	New Airport Road-Branch	Lahore	042-35910014-15	Adjoining Divine Mega-II Plaza, New Airport Road, Cantt, Lahore
124	256	Central I	EME-Branch	Lahore	042-37511081-4	111-D, Commercial Area, EME Society, DHA Multan Road, Lahore
125	282	Central I	Tufail Road	Lahore	042-36604909-15	Garrison Officers Mess 12, Tufail Road, Lahore Cantt
126	334	Central I	Cavalry Ground-Branch	Lahore	042-111-321-321 042-36655590	4 /5 Haroon Plaza, Cavalry Ground, Lahore
127	417	Central I	Phase V DHA	Lahore	042-37182356-58	Plot No. 10, Commercial Area, Sector C-C-A, Phase-V, DHA, Lahore
128	462	Central I	DHA Z Block-Branch	Lahore	042-35726000	77-Y, Phase III, Commercial Area, DHA, Lahore
129	111	Central II	Civil Line, Main-Faisalabad	Faisalabad	041-2644481-5	Bilal Road, Civil Lines, Faisalabad
130	121	Central II	Bosan Road	Multan	061-6214905-09	1/A-2, Officers Colony, Bosan Road, Multan
131	133	Central II	Old Bahawalpur Road	Multan	061-4783391-4783523	129/1, Old Bahawalpur Road, Multan
132	149	Central II	Bahawalpur	Bahawalpur	062-2730691-94	2 - Rehman Society, Noor Mahal Road, Bahawalpur
133	154	Central II	Vehari	Vehari	067-3366401-3366123	47-A, Karkhana Bazar, Vehari
134	155	Central II	Okara	Okara	044-2551772-2551773	M.A. Jinnah Road, Okara
135	157	Central II	Rahim Yar Khan	Rahim Yar Khan	068-5889411-14	27- Town Hall, Opp. City Park, Rahim Yar Khan
136	163	Central II	Jhang	Jhang	047-7623283-84	P-10/1/A, Katchery Road, Near Session Chowk, Saddar, Jhang
137	176	Central II	GM Abad, Faisalabad	Faisalabad	041-2699162	39-B, Usman Plaza, Sadar Bazar, Ghulam Muhammad Abad, Faisalabad
138	177	Central II	D-Ground, Faisalabad	Faisalabad	041-8730443	447-D, Peoples Colony, Faisalabad
139	200	Central II	Burewala	Burewala	067-3773011-15-18	95-C, Multan Road, Burewala
140	201	Central II	Sadiqabad	Sadiqabad	068-5702440	Allama Iqbal Road, Sadiqabad District, Rahim Yar Khan
141	202	Central II	Sahiwal	Sahiwal	040-4224060-64	Sarwar Shaheed Road, Sahiwal
142	203	Central II	Gulshan Market	Multan	061-6784277-78	11 Y-Block, Gulshan Market, New Multan, Multan

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
143	224	Central II	Madina Town, Faisalabad	Faisalabad	041-8723317-8723365	Madina Town Branch, Faisalabad
144	225	Central II	Chichawatni	Chichawatni	040-5482305-6	G.T Road, Chichawatni
145	226	Central II	Depalpur	Depalpur	044-4540766-68-69	Shop No. 1 & 2, Gillani Heights, Madina Chowk, Depalpur
146	228	Central II	Toba Tek Singh	Toba Tek Singh	046-2517801-2	P-356 A/15-5, St-6, Chaudhry Park, Farooq Shaheed Road, Toba Tek Singh
147	229	Central II	Mian Channu	Mian Channu	065-2664262-63	Gt Road, Near T Chowk, Mian Channu
148	232	Central II	Arifwala	Arifwala	0457-835425 0457-835426-835423	173-D, Thana Bazar, Arifwala
149	241	Central II	Khanewal	Khanewal	065-2553610-11	Plot No. 75, Block 12, Sir Syed Road, Khanewal
150	242	Central II	Haroonabad	Haroonabad	063-225130-32	25/C, Grain Market, Haroonabad, Distt Bahawalnager
151	247	Central II	Pakpattan	Pakpattan	045-7352307-09	College Road, Pakpattan
152	249	Central II	Rabwah	Rabwah Chenab Nagar	047-6215530-32	Plot No. 09, Gol Bazar Darul Saddar, Chenab Nagar Rabwah
153	254	Central II	Samanabad, Faisalabad	Faisalabad	041-2563671-73	650 A, Samanabad, Industrial Labor Colony, Faisalabad
154	260	Central II	Vehari Road, Multan	Multan	061-6241083-84	Sheary Commercial Center, Vehari Road Multan
155	263	Central II	Khanpur	Khanpur	068-5577411-14	Faysal Bank Limited, Doabba Road, Khanpur.
156	264	Central II	Cheshtian	Cheshtian	0632-507809-11	143 B - Block Main Bazar, Cheshtian
157	266	Central II	Bahawalnagar	Bahawalnagar	0632-279337-38	Shop No. 02 Ghalla Mandi, Bahawalnagar
158	270	Central II	Hasilpur	Hasilpur	0622-441403-05	16-D Baldia Road, Hasilpur
159	275	Central II	Kot Addu	Kot Addu	066-2241093-96	GT Road, Kot Addu
160	280	Central II	Gojra	Gojra	046-3512023-025	Tehsil Office Road, Gojra
161	283	Central II	Yazman Mandi	Yazman Mandi	0622-703161-62	56/A-DB, Bahawalpur Road, Yazman
162	284	Central II	Ahmed Pur East	Ahmed Pur East	0622-275214-15	22, Dera Nawab Road, Adjacent Civil Hospital, Ahmed Pur East
163	285	Central II	Liaqut Pur	Liaqut Pur	068-5792451-52	Shop No. 9-10, Abbasia Road, Liaquat Pur
164	286	Central II	Renala Khurd	Renala Khurd	044-2635781-83	20A / 2-L, Gulshan Ishaq Colony, Welcome Road, Renala Khurd
165	288	Central II	Clock Tower, Faisalabad	Faisalabad	041-2630971-73	Plot No. 221/A, Clock Tower, Faisalabad
166	293	Central II	Pattoki	Pattoki	049-4421950-53	55-Allama Iqbal Road, Patoki
167	298	Central II	Haveli Lakkha	Haveli Lakkha	044-4775091-94	Head Sulemanki Road, Haveli Lakha, Depalpur, Okara
168	299	Central II	Factory Area Branch	Faisalabad	041-2540186-87	Factory Area, Tata Market, Faisalabad
169	341	Central II	Canth Branch	Multan	061-4588377-79	44/D, Aziz Shaheed Road, Multan Canth

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
170	444	Central II	Liaquat Road, Faisalabad	Faisalabad	041-2636341-43	P-III, Liaqat Road, Faisalabad
171	448	Central II	Dera Ghazi Khan	Dera Ghazi Khan	064-2474175-7	Block 18, Pakistan Plaza, Dera Ghazi Khan
172	162	North	Kharian	Kharian	053-7536064	Faysal Bank Limited, Rizwan Plaza, First Floor, G.T Road, Near City Hospital, Kharian
173	215	North	Mandi Bahuddin.	Mandi Bahauddin	0546-600722-23	Khasra No.143/112/2 Railway Road, Mandi Bahauddin
174	243	North	Chakwal	Chakwal	0543-553932-34	Faysal Bank Limited, Talha Gang Road, Opposite Alliace Travel, Chakwal
175	257	North	Sarai Alamgir	Sarai Alamgir	0544-654623-4	RMA Complex, Main G.T Road, Sarai Alamgir
176	405	North	Sargodha	Sargodha	048-3726647-8	Khayyam Chowk, Railway Road, Sargodha
177	450	North	Bhalwal	Bhalwal	048-6642405-08	131-A, Liaqat Shaheed Road, Bhalwal
178	116	North	Mirpur (AJK)	Mirpur	05827-445103-445683 05827-445100-2	Ch. Sharif Plaza, Mian Muhammad Road, Opp. Quaid-e-Azam Stadium, Mirpur, Azad Kashmir
179	136	North	Gujar Khan	Gujar Khan	051-3514985-3514996 051-3514968-3514874	Faysal Bank Limited, B-111, 215-D, Ward 5, G.T Road, Gujar Khan
180	190	North	Dina	Dina	0544-636824	Faysal Bank Limited, 1880- Al-Bilal Plaza, G.T Road, Dina
181	204	North	Jhelum	Jhelum	0544-626001	Faysal Bank Limited, Kohinoor Bank Square, Old G.T Road, Jhlem Cantt
182	235	North	Chaksawari	Chaksawari	05827-454800-2	Faysal Bank Limited, Khalid Plaza, Main Bazar, Chak Sawari, Mirpur A.J.K.
183	259	North	Dudial	Dudial	05827-465813-16	Hussain Shopping Centre, Main Bazar Branch, Dudial, Azad Kashmir.
184	289	North	Rawat	Rawat	051-4612114-6	Office No. 1, Riaz Hussain Shah Plaza, Main G.T Road, Rawat
185	294	North	Gilgit	Gilgit	05811-457380-9	ZS Plaza, Shahrah-e-Quaid-e-Azam, Opposite Radio Station Pakistan, Jutail, Gilgit
186	295	North	Skardu	Skardu	05815-456400-10	Plot Own Kasra No. 658/25/123, Skamaidan Bazar College Road, Near Old Yadgar Chowk, Skardu
187	296	North	Chilas	Chilas	05812-450730-40	Near Madni Masjid, Main Bazar Chilas, District Diamer, Chilas
188	300	North	Dassu	Dassu	0998-407301-9	Shireen Plaza, Dassu, Kohistan
189	113	North	Blue Area	Islamabad	051-2275096-9	Faysal Bank Limited, 15-West, Jinnah Avenue Blue Area, Islamabad
190	126	North	F-10 Markaz Islamabad	Islamabad	051-2104456-8	Faysal Bank Limited, 2-G, Capital Business Center, F-10 Markaz, Islamabad
191	166	North	F-7 Markaz	Islamabad	051-2652676-2654689	Faysal Bank Limited, Shop 1, Plot 12 D, Jinnah Supermarket, F-7 Markaz, Islamabad
192	169	North	I-10 Markaz	Islamabad	051-4102105-8	Faysal Bank Limited, 3-G, Monawwar Plaza, C10 Markaz I-10, Islamabad
193	194	North	F-11 Markaz	Islamabad	051-2228142-4	Faysal Bank Limited, Plot 14, F-11 Markaz, Islamabad
194	213	North	F-8 Markaz	Islamabad	051-2287411	Faysal Bank Limited, NPT Building, Markaz F-8, Islamabad

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
195	220	North	G-10, Markaz	Islamabad	051-2351330-2351353	Faysal Bank Limited, 20-A Ground Floor, Sardar Plaza, G-10 Markaz Branch, Islamabad
196	262	North	Bara Koh	Islamabad	051-2304047-49	Shop No. 8,11 Usman Plaza, Main Murree Road, Bara Koh, Islambad
197	452	North	Islamabad Blue Area II	Islamabad	051-2275250-2	78-W, Roshan Center, Jinnah Avenue, Blue Area, Islamabad
198	332	North	F-7 II	Islamabad	051-111-11-22-33	15, Markaz F-7, Opposite Fg College For Women, F-7/2, Islamabad
199	191	North	University Road	Peshawar	091-5711401-8	4652-4670, Omer Plaza, Jahangirabad, University Road, Peshawar
200	192	North	Khyber Bazar	Peshawar	091-2220471-73	417-D, Outside Bajori Gte, Shoba Chowk, Khyber Bazar, Peshawar
201	219	North	Abbottabad	Abbottabad	0992-385919-20-385925	841 Farooqabad Main Mansehra Road, Abbotabad
202	246	North	Attock	Attock	057-2602061-62	Faysal Bank Limited, Plot No. 169, Shaikh Jaffar Plaza, Saddiqui Road, Attock
203	248	North	Haripur	Haripur	0995-616427-9	Akbar Arcade, Akbar Khan Plaza, Shahrah-e-Hazara, Haripur
204	250	North	Peshawar University Camp	Peshawar	091-5610913 091-5610943	Ground Floor, Western Corner, Academic Block - II, University of Peshawar, Peshawar
205	277	North	Peepal Mandi	Peshawar	091-2592802	Ashraf China Trade Centre, Pipal Mandi, Peshawar
206	411	North	Peshawar Fakhr-e- Alam	Peshawar	091-5285289, 5270176-8	1, Fakhr-e- Alam Road Cantt, Peshawar
207	120	North	Haider Road	Rawalpindi	051-5701018-22	32, Haider Road, Rawalpindi Cantt. Rawalpindi
208	135	North	Satellite Town	Rawalpindi	051-4424969-72	5th Road, City Shopping Centre, Commercial Market, Satellite Town - Rawalpindi
209	168	North	Raja Bazar	Rawalpindi	051-5530661 051-5775625-23-27	U-I, Iqbal Road, Fawara Chowk, Raja Bazar, Rawalpindi.
210	184	North	Westridge	Rawalpindi	051-5166835-37	Peshawar Road Westridge, RV Arcade - Rawalpindi
211	214	North	Sadiqabad Road	Rawalpindi	051-4257745 051-4573741-42	Faysal Bank Limited, 72-C, Satellite Town, Sadiqabad Road, Rawalpindi
212	234	North	Kalma Chowk	Rawalpindi	051-5683053-4	Kalma Chowk, Kamalabad, Dhok Syedan Road, Rawalpindi
213	267	North	Gulraiz	Rawalpindi	051-5596187-9-102-106	Plot No. 27, Gulraiz Scheme II, Rawalpindi
214	278	North	PWD	Islamabad	051-5706450-51	Atta Arcade, Ground Floor, Main Blwd, Near Police Foundation, PWD, Islamabad
215	337	North	Civil Lines	Rawalpindi	051-111321321-5795105	CL/ 55 - A, Civil Lines, Meo Road, Rawalpindi
216	409	North	Rawalpindi Gunj Mandi	Rawalpindi	051-5539115,-5535988	Gunj Mandi, Raja Bazar, Rawalpindi

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
1	3024	North	F 10 Markaz	Islamabad	051-2296962-3, 051-2222873, 051-2809056-8, 051-2222881, 051-2106723	Ground Floor, 7-L, F-10 Markaz, Islamabad
2	3044	North	Aabpara Market	Islamabad	051-2870474-76	Unit No.715, Kamran Restaurant, Aabpara Market, Khayaban-e-Suharwardy, Islamabad
3	3048	North	I-8 Markaz	Islamabad	051-4861800-802	Plot No. 33, Aneek Arcade, Sector No. I-8 Markaz, Islamabad
4	3005	North	The Mall	Rawalpindi	051-5701054-57	Century Towers, 6 The Mall, Rawalpindi
5	3034	North	Mansehra	Mansehra	0997-308302-3, 0997-308305-7, 0997-308309-11	Khata/Khatooni No. 3179/6260, Ground Floor, Rehman Plaza, Abbottabad Road, Mansehra
6	3019	North	Mirpur, Azad Kashmir	Azad Kashmir	05827-437272-3, 05827-437259,61,62,70	Akbar Plaza, Plot No.2, Sector A/2, Mirpur, Azad Kashmir
7	3009	North	Mingora	Swat	0946-722011-13	Lower Ground & First Floor, Abasin Towers, Green Chowk, Madyan Road, Mingora, Swat
8	3011	North	Mardan	Mardan	0937-871761-2	2174/1, Main Bazar, Bank Road, Mardan
9	3020	North	Charsadda	Charsadda	0916-511011, 511013, 0916-512013-4	Ground Floor, Gold Mines Towers, Noweshera Road, Charsadda
10	3028	North	Nowshera Cantt.	Nowshera	0923-613400-2	1st Floor, Amin Tower, G.T. Road, Nowshera Cantt. Nowshera
11	3053	North	Buner	Buner	0939-555428	Khasra No. 3249, Khatooni No. 887, Mardan Road, Sawari Main Bazar, District Buner
12	3055	North	Timergara, Lower Dir	Timergara	0945-821351-52	Shop # 1,2, Fakir Plaza Opposite General Bus Stand, Main GT Road, Lower Dir, Timergara
13	3058	North	Makan Bagh, Mingora	Swat	0946-700801-802	Makan Bagh Chowk, Near Swat Continental Hotel, Saidu Sharif Road, Mingora Swat
14	3035	North	Kohat	Kohat	0922-522451, 522454	Plot No. 14, Survey No. 253-C, Near Butt Super Store, Katchery Chowk, Hangu Road, Kohat Cantt.
15	3036	North	D.I. Khan	D.I. Khan	0966-718903-6, 0966-718941, 718954, 0966-718956	Plot No.19, Survey No.79, Near GPO Chowk, East Circular Road, D.I. Khan Cantt.
16	3049	North	Bannu	Bannu	0928-611540-41	Khasra No. 1462/1833, Mouza Fatima Khel, Near Durrani Plaza, Ex GTS Chowk, Bannu Cantt., Bannu
17	3002	North	Hayatabad	Peshawar	091-5811395, 5810638	Industrial State Karkhano Market, 1st Floor, Shop Number 1-7, S.S. Plaza, Jamrud Road, Hayatabad, Peshawar
18	3041	North	Ashraf Road	Peshawar	091-2593364, 2593164	Shop No. 471-472/203-204, New Rampura Gate, Ashraf Road, Peshawar
19	3012	North	G.T. Road Peshawar	Peshawar	091-2590484-7	Ground Floor, Raheem Medical Centre, G.T. Road, Peshawar
20	3013	North	Peshawar Cantt.	Peshawar	091-5273091-92, 091-5275182	6, Saddar Road, Tasneem Plaza, Peshawar Cantt., Peshawar
21	3001	South	Sharfabad	Karachi	021-34923770-4	Alharam Tower 1, BMCHS, Alamgir Road, Sharfabad, Karachi

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
22	3043	South	Gulshan-e-Iqbal	Karachi	021-34819572-76	Plot No. FL-2/4, Block-6, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi
23	3026	South	Dhoraji	Karachi	021-34860851,2, 021-4860855,8	Shop No. G-1 to G-4, Talha Arcade, Plot No. 35/187, Block 7/8, C.P. Berar Cooperative Housing Society, Karachi
24	3059	South	Nagan Chowrangi	Karachi	021-36940461	Plot No. R-410, Sector No. 11-C/1, North Karachi Township, North Karachi, Karachi
25	3400	South	DHA Phase I	Karachi	021-35311473	Speedy Towers 129/I & II, Korangi Road, Phase I, DHA, Karachi
26	3031	South	Khayaban-e-Shahbaz	Karachi	021-35342364-7	43-C, Khayaban-e-Shahbaz,Phase VI, DHA, Karachi
27	3007	South	Nazimabad	Karachi	021-36613053-55	1st Floor, Plot #16 Row #1,Sub Block A,Block III (III-A,1 / 16) Nazimabad, Karachi
28	3050	South	Rashid Minhas Road	Karachi	021 34832875-77	Plot No. 16, Al Musavvir Crown, Block 10-A, KDA Scheme NO. 24, Gulshan e Iqbal, Karachi
29	3010	South	Jodia Bazaar	Karachi	021-32463265-68	Shop No. G-1, Ground, Basement & First Floor, Plot No. M.R. 3/18/II-B-143, Market Quarters, Bolton Market, Karachi
30	3046	South	Cattle Colony	Karachi	021-35080125-27	Plot No. 3-A, Commercial Area, Landhi, Cattle Colony, Karachi
31	3042	South	Saddar	Hyderabad	022-2730074-77	C.B. 41/474/2, Saddar, Hyderabad
32	3018	South	Qandhari Bazaar	Quetta	081-2837890, 081-2843005,2820916, 081-2837320	1-25/14-15, Qandhari Bazaar, Quetta
33	3052	South	Market Road	Hyderabad	022 2613406-08	City Survey No.1284 & 1296, Ward “A”, Market Road, Hyderabad
34	3004	South	Zarghoon Road	Quetta	081-2443177, 2443265	Near Bukhari Petroleum, New Zarghoon Road, Quetta
35	3003	Central	D-Ground	Faisalabad	041-8555643, 8555646	447-D, (1st Floor) Peoples Colony 1, D-Ground, Faisalabad
36	3014	Central	Minerwa Road	Faisalabad	041-2416281-85	Shop No.1,2, 46-50, New Grain Market, Minerwa Road, Faisalabad
37	3021	Central	Liaquat Road	Faisalabad	041-2617403-8, 041-2619025, 041-2627806-7	3-Liaquat Road, Faisalabad
38	3022	Central	Abdali Road	Multan	061-4571768,4570768, 061-4581905-6, 061-4570398,4517408	80- Abdali Road, Multan
39	3047	Central	Chowk Shaheedan	Multan	061-4574462-64	Property # 1771/SH, Ward # VIII-M, Chowk Shaheedan, Multan
40	3039	Central	Bahawalpur	Bahawalpur	062-2731115-6, 062-2731118	V-912, Circular Road, Bahawalpur
41	3017	Central	East Circular Road, Gujrat	Gujrat	053-3535931-2, 053-3533143	Shop # B-10/251, Near Shah Doula Gate, East Circular Road, Opposite Green House, Gujrat
42	3023	Central	Daska Road	Sialkot	052-3240200-204, 052-3252996-8	Plot No. 651, Daska Road, Pul Aik, Sialkot
	3023*	Central	Citi Housing Society Ltd. (*Sub Branch of Daska Road)	Sialkot	052-6556010, 052-6556022	City Housing Society Limited, Shop No. 19, Opposite Main Office, 6-Km Daska Road, Sialkot

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
43	3030	Central	Gujranwala	Gujranwala	055-3735531-5	157-AI-Majeed Centre, Street No. 14, Mohalla Faisalabad, G.T. Road, Gujranwala
44	3045	Central	Talagang	Talagang	0543-411995-97	BII-278-279, Madina Plaza, Near Boys High School No.1, Chakwal Road, Talagang
45	3008	Central	Azam Cloth	Lahore	042-37671351-54	Shop No. F-1469, 1566 & 1567, Akbar Block, Rahim Centre, Azam Cloth Market, Lahore
46	3025	Central	Allama Iqbal Town	Lahore	042-37811068, 042-37811100, 042-37811074	20, Gulshan Block, Allama Iqbal Town, Lahore
47	3033	Central	Circular Road	Lahore	042-37670600-05	33- Circular Road, Outside Shah Alam Gate, Lahore
48	3040	Central	L.O.S Chowk	Lahore	042-37530340-42	Plot No.19-R-86-S, L.O.S Chowk, Near China Centre, Ferozepur Road, Mozang, Lahore
49	3006	Central	Leads Centre, Gulberg	Lahore	042-35783955-57-59	Shop # 4, 4A and 4B, Leeds Center,Main Boulevard, Gulberg, Lahore
50	3016	Central	Baghbanpura	Lahore	042-36840310-3	310/3/1, Bilal Market Chowk, Shalamar Bagh, G.T Road, Baghbanpura, Lahore
51	3038	Central	Z-Block, DHA	Lahore	042-35743741-43	10-Z, Street 1, Phase III, DHA, Lahore
52	3054	Central	Kasur	Kasur	049-2760780-782	B IV-9R-220 A, Outside Lahori Gate, Railway Road, Kasur
53	3421	Central	Cavalry Ground	Lahore	042-36603412-15	97- Commercial Area, Cavalry Ground, Lahore
54	3032	Central	Township	Lahore	042-35176051-3	894-D, Faisal Town, Peco Road, Township, Lahore
55	3037	Central	Raiwind Road	Lahore	042-35320164, 042-35320264, 042-35320360	131/178, Bohbatein Chowk, Raiwind Road, Lahore
56	3051	Central	Bahria Town	Lahore	042-35452054-58	Plot # 5/A, Sector C, Bahria Town, Lahore
57	3056	Central	Sheikhupura	Sheikhupura	056-3614270-71, 056-3614273	3-C, College Road, Civil Lines, Sheikhupura
58	3057	Central	Sahiwal	Sahiwal	040-4221601-03	Khata No. 923, Khatooni Number 942, Gali Sukh Chain, Mohallah Baloch Ganj, Sahiwal

INTRODUCTION

Faysal Bank's reputation is a priceless asset that each of us is responsible for maintaining. Our reputation not only affects whether or not someone will be our customer; it also determines whether we are proud to be associated with this organization – how we feel about coming to work.

The Code of Conduct is designed to guide the personal business ethics of all of us. It applies to every employee of Faysal Bank Limited and each of its subsidiaries. In addition, other persons performing services for the Company may be subject to the Code by contract or agreement. You are expected to read this document promptly upon receiving it. You also are expected to read and understand the Company policies that relate to sections of this Code.

Individual business units or staff groups may issue additional policies that provide more specific guidance about certain practices related to those particular businesses. You should speak with your leader for more information about any additional policies that may pertain to you.

In addition to the ethical guidelines included in the Code, you must comply with the requirements of all applicable laws and regulations. This is mandatory for everyone and is not subject to business priorities or individual discretion.

Adherence to the Bank's Code of Conduct is a condition of employment. All employees are required to comply with the Code, and no waivers from its coverage may be granted.

BUSINESS ETHICS AND COMPLIANCE WITH LAW

You are expected to protect and enhance the assets and reputation of Faysal Bank Limited.

Our business is based on a strong tradition of trust. It is the reason our customers come to us. Honesty and integrity are cornerstones of ethical behavior. Trustworthiness and dependability are essential to lasting relationships. Our continued success depends on doing what we promise – promptly, competently and fairly.

In our rapidly evolving businesses, each of us is challenged by a complex environment, this often requires fast responses under pressure. No written policy can definitively set forth the appropriate action for all business situations. **Accordingly, rather than a set of specific rules, this Code emphasizes a standard of ethical conduct that must permeate all of our business dealings and relationships.** Individual businesses may issue additional policies that provide more specific guidance about certain practices related to that business. You should speak with your leader for more information about any of those policies that pertain to you. You also should pay careful attention to compliance training programs to help you apply the Code in your daily activities.

The Code of Conduct provides guidelines for a variety of business situations. It does not try to anticipate every ethical dilemma you may face. Faysal Bank, therefore, relies on your good judgment.

You must conduct business in accordance with applicable laws and regulations and the Code.

You should consult the Legal Counsel whenever you have a question about the legality of a course of action. You must also exercise the utmost care to ensure that all statements you make, especially those made to the government bodies that regulate our businesses (or with which we do business), are accurate. If you are in doubt about any situation or behavior, you should speak to your leader, Compliance or your Human Resources representative.

Leaders, by virtue of their positions of authority, must be ethical role models for all employees.

An important part of a leader's responsibility is to exhibit the highest standards of integrity in all dealings with fellow employees, customers, suppliers and the community at large. An equally important responsibility is to obtain employees' commitment and develop their ability to make sound ethical judgments. Leaders must communicate the seriousness of the Bank's expectations for ethical conduct and their own personal support of these expectations. Ethical leadership includes both fostering a work environment that encourages employees to voice concerns or otherwise seek assistance if faced with potentially compromising situations, and supporting those who speak out. Leaders must be alert to any situations and/or actions that may be unethical or potentially damaging to the Company's reputation and to respond appropriately. Leaders must avoid giving even implicit approval of such situations and actions. For example, leaders must ensure that financial reports and product and service claims are honest and complete.

TREATMENT OF EMPLOYEES AND OTHERS

You are expected to treat colleagues, employees and others with whom you interact with respect and dignity.

Treating all employees with respect and dignity is an FBL Value that applies to everyone. This is particularly important for leaders who influence the work environment of their areas on a daily basis. Leaders must remember that they are role models for their employees and that these employees are likely to treat their colleagues, including employees whom they manage and others, as they themselves are treated.

The Company expects leaders to seek out the ideas of subordinates and to involve them in decisions whenever appropriate. At the same time, once a decision is made, everyone involved is expected to pull together and support it.

In addition, you must respect and maintain the confidentiality of information you learn about your employees and colleagues (e.g., salaries, performance reviews, disabilities or leaves of absence). You must not share this information with anyone either inside or outside your department, except as is necessary to perform your job.

RELATIONS WITH REGULATORS

All communications with regulators must be handled through the appropriate department/function. Where communication with the regulator is part of an employee's job description (e.g. dealing with the regulators for filing regular financial returns which is the responsibility of the respective department

sending the regular returns), in these cases, Compliance is only involved if there is a potential breach of regulations. Guidelines of SBP issued in this regard shall be strictly followed. A copy of all non-routine correspondence with the regulators must be provided to the Compliance Function.

Meetings with Regulators

Any visits to regulators by employees or senior management must be notified to and if required may be coordinated by the Compliance Function.

Reporting to Regulators

Information provided to regulators by FBL must:

- a) be accurate;
- b) not omit any information that might result in the information provided being misleading;
- c) be provided only after all reasonable enquiries are made to ascertain the accuracy and completeness of the information;
- d) be reviewed by Head of the Department/Function.

Inspection by Regulators

Regulators may inspect FBL to enable regulators to inspect its activities, FBL must maintain all records in a form capable of being checked or audited. Employees must ensure that they do not amend, destroy, erase or make further entries to any record or file which is, or may be, relevant to a matter being inspected or investigated by a regulator or to any disciplinary process or appeal process. Employees must co-operate with any inspection carried out by the regulator to the fullest possible degree. Compliance may co-ordinate inspections but employees must:

- a) make themselves readily available to the inspection team;
- b) on receipt of a proper request by the regulator, produce to the inspection team any documents, files and computer data and other material in their possession or control;
- c) give the inspection team access, at all times, to FBLs premises and reasonable facilities;
- d) to the extent that they are properly requested by the regulator, permit the inspection team to copy any documents or other material in FBLs premises or elsewhere at FBLs expense and to remove copies and hold them elsewhere; and

- e) answer truthfully and fully all questions put to them by the inspection team. Failure to comply with a request by regulators to produce records and documents, give regulators access to the premises, staff or records of FBL for the purposes of supervision or inspection or to provide information relating to a transaction is an offence for which FBL and senior management may be punished by fine or imprisonment. Directors, officers or employees of FBL must comply with any fines, prohibitions, requirements, sanctions, penalties, orders and decisions of any regulator.

RELATIONS WITH CUSTOMERS

Employees must ensure that all communications are clear, fair and not misleading. FBL must manage conflicts of interests appropriately and ensure fair treatment of all affected clients.

Employees must not unfairly or unreasonably place the interests of FBL above those of a client. Employees must ensure they are aware of each client s current financial situation and other relevant facts about the client appropriate to the services provided to or requested by the client. If FBL has control of client assets, it must ensure those assets are properly accounted for and safeguarded in accordance with regulatory, contractual or fiduciary responsibilities.

Every employee shall not divulge any information relating to the affairs of its customers except in circumstances in which it is, in accordance with law, practice and customary usage among bankers, necessary or appropriate to divulge such information.

EMPLOYEES’ DUTY OF NON-DISCLOSURE & TIPPING OFF

Anti Money Laundering (AML) Act of 2010 forbids and makes it a crime, for the bank or employee to alert a client or potential client (or any party involved in the transaction) to the fact that the bank is investigating their actions or motives, or to tell them, or any other outside party, that a report of activity identified as suspicious has been prepared and/or filed. The same also applies for the Currency Transaction Reporting (CTR) to Financial Monitoring Unit. Such an act is known as Tipping Off and is a punishable crime under AML Act of 2010 which may lead to fine and/or imprisonment. Such an act may also subject an employee to disciplinary action by the bank.

To protect against a violation of any non-disclosure requirements, employees should adhere to the following guidelines:

- Never disclose to the client or any third parties that information has been provided to any department within FBL or a government authority or that any suspicious activity investigation is contemplated or underway.
- Never take any action that might otherwise alert the subject that FBL has suspicions that will result in a report or filing a Suspicious Transaction Reporting (STR) and treat the filing of an STR as a confidential matter, even within FBL.

CONFIDENTIALITY

It is the policy of FBL to honor all applicable laws, including AML, data protection, privacy and bank confidentiality laws. Copies of STR filings and underlying documentation are maintained as confidential documents. This means they are shared within FBL only on a "need to know" basis. A summary or description of these reports (and supporting materials) may be shared with local regulators as required by applicable law. Generally, regulators are also required to treat as confidential any details that they are provided. In case of any uncertainty as to how to respond to such an inquiry, kindly contact the Compliance Function for guidance.

FBL EMPLOYEE REPORTING RESPONSIBILITIES

Every employee of FBL is responsible for identifying reportable events and adhering to the CAAML policy with respect to any suspicious activity he/she may observe in his/her job capacity. Consistent with FBL's CAAML Policy, employees with client-related duties are responsible for understanding the nature of their clients' transactions, business and source of wealth, and for using currently available FBL resources to monitor their clients' activity for consistency with this understanding. This review activity is a formal means by which Reportable Events may be identified. In addition, employees must be diligent and alert in all aspects of their job functions, including but not limited to the use and review of any available reports and information databases, and must use common sense and experience to guide them in asking questions and spotting irregularities.

When a possibly suspicious activity or potential legal or regulatory violation is observed, the employee is responsible for calling the situation to the attention of his/her supervisor, who will notify the Functional Head and the Compliance Function. In extremely sensitive situations or in any instance where an employee is uncomfortable working with their supervisors on such matters, he/she may directly report to the Compliance Function.

Failure to follow the STR policy when a Reportable Event occurs is a breach of policy and may subject an employee to disciplinary action.

KNOW YOUR CUSTOMER & ANTI MONEY LAUNDERING

Every client must be owned by a relationship officer of the business line. Such relationship officer will be responsible for the client's KYC, due diligence and ensuring that FBL is safeguarded against criminal activities like money laundering, terrorist financing and drug trafficking etc in this regard.

We must ensure that we have sufficient information about our customers to satisfy ourselves as to their reputation and standing and the nature of their business activities.

Money laundering is the process by which banks are used as vehicles to disguise or launder the proceeds of criminal activity. Such activities undermine a bank's integrity, damage its reputation, deter honest customers and expose a bank to severe sanctions. Faysal Bank fully supports the international drive against money laundering and is committed to assisting relevant authorities in preventing money laundering.

Faysal Bank's success on this front is dependent upon the co-operation of all employees. Everyone must exercise prudence and vigilance when assessing potential new clients, handling client requests and processing client transactions. With everyone's commitment and determination, it is possible to translate the spirit of FBL's core values and business principles into daily practice, continue to protect the integrity of the banking system, and maintain the Bank's reputation as a respectable and trustworthy institution.

Accordingly, the following precautionary steps are to be adopted in this connection:

- The identity of every new customer with whom we deal must be established from reliable identifying documents.
- If you suspect that funds stem from illegal activities, this must be reported internally to your next Reporting Supervisor or Compliance who will liaise with competent authorities.
- Customers should not be warned when information relating to them is being reported.
- Detailed requirements on Bank's due diligence policy and procedures are to be followed as given in the Compliance Manual.

INSIDER TRADING

Insider trading involves the improper use of unpublished price sensitive information for personal benefit when dealing in securities.

According to Sections 15A and 15B of Securities and Exchange Ordinance 1969, employees and other persons who have privileged price information about a company during the preceding six months should not deal in securities of the company. Those found guilty of contravening the provisions of the Ordinance can be awarded punishment up to three years and obliged to pay fine as well as compensation to any person who may have suffered on account of such insider trading.

SPECULATIVE DEALING

Personal dealing in speculative transactions can entail employees with risks to their financial standing, can distract them from the performance of their duties and can impact on the reputation of the Bank. For these reasons, employees should not engage in speculative transactions for their personal account.

Accordingly, no employee shall:

- borrow money from or in any way place himself under pecuniary obligation to a broker or money lender or any firm or persons having dealings with the Bank;
- buy or sell stocks, shares, commodities, foreign exchange or securities of any description without funds to meet the full cost thereof;

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- lend money in his private capacity to a constituent of the Bank or have personal dealings with a constituent for the purpose of sale of bill of exchange, Government paper or any other securities.

In this connection, employees are advised to note that borrowing money from any source of placing themselves under pecuniary obligations beyond the capacity to repay or honor the commitment will be tantamount to speculative activity.

If employees are unclear whether any particular transaction / activity could be considered speculative they should seek guidance from their Executive Officer or Compliance. Please refer to the Compliance Manual Chapter 29 - Personal Account Dealing Policy on the intranet for details and for adherence.

CONFLICT OF INTEREST

You must be alert to any situation that could compromise the position of trust you hold as a Faysal Bank employee, and avoid any kind of conflict between your personal interests and those of Faysal Bank.

You may engage in outside activities that do not conflict with the interests of the Bank, interfere with the responsibilities of its employees, or damage or misuse the reputation, trademarks, relationships, confidential information or other property of the Bank. The Bank has adopted the following guidelines to protect both the Bank and employees against conflicts of interest, and from situations that create a perception of impropriety.

From time to time, situations will arise that are not clear-cut. If you are uncertain about the propriety of your conduct or business relationships, consult your supervisor, Legal or Compliance.

You should never use your position with the Bank, or information acquired during your employment, in a manner that may create a conflict or the appearance of a conflict between your personal interests and the interests of the Bank or its customers and clients. You also should be aware that actual or potential conflicts of interest can arise not just from dealings with external parties, such as customers or suppliers, but also from relationships or transactions with leaders, subordinates or other employees. If a conflict or potential conflict arises, you must report it immediately to your leader or the Compliance Function, who will review and any such discussion will be held in confidence to the extent possible and in a spirit of cooperation.

Employees must ensure that their personal interests do not conflict with the duties which are owed to the Bank or which the Bank owes to its customers. This includes engaging in any of the following activities without the prior written approval of the Management:

- Becoming personally involved in any transaction of the Bank / Group.
- Negotiating or contracting on behalf of the Bank with an entity in which you or a relative has an interest.
- Accepting any employment (whether part time, temporary or other), consultancy, directorship or partnership outside the Bank.

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If you are in doubt about whether a certain circumstance might create a conflict of interest, you may consult the Compliance for guidance before taking action.

PERSONAL INVESTMENT POLICY

This policy covers Members of Investment Committee and Members of Investment Staff (Back Office) who are required to disclose their personal investments in stocks and shares and other securities.

Accordingly a staff member in the above category is required to obtain prior permission in writing from the Chief Executive for personal investments making sure that there is no case of conflict of interest. A copy should also be forwarded to Compliance.

In case prior approval could not be obtained for any reason, investment made should be reported to Compliance as and when investment is made.

EXTERNAL FUNCTIONS

You may not simultaneously work for any concern that does business with or competes with the Bank without the approval of the Head HR.

You must disclose the following outside positions to the HR, who will determine if a conflict exists:

- A member of your immediate family or household works for, and holds a position that can influence decisions at, a firm that directly competes with or does business with the Company.
- A member of your immediate family or household holds a position that interacts with positions of authority at a firm that directly competes with or does business with the Company.
- Further, you may not serve as a director, trustee, officer or similar position (paid or otherwise) of any business, other than with the Bank or one of its subsidiaries, without prior approval of the HR. This rule does not apply to charitable, civic, religious, educational, public or social organisations, or to residential boards whose activities do not conflict with the interests of the Bank and do not impose excessive demands on your time.

BOOKS AND RECORDS

ACCURACY AND COMPLETENESS

You must ensure that the accounting and financial records of the Bank meet the highest standards of accuracy and completeness.

Reporting accurate, complete and understandable information about the Bank's business, earnings and financial condition is an essential responsibility of all employees. It is not the exclusive responsibility of the Bank's accounting personnel to ensure that the Bank's accounting and financial records are accurate and complete. If you have reason to believe that any of the Bank's books and records are not being maintained in an accurate or complete manner, you are expected to report this immediately to your leader, the Chief Financial Officer, Compliance or the HR. Similarly, the Bank relies on you to speak up if you feel that you are being pressured to prepare or destroy documents in violation of Bank policy. You also should speak up if you become aware that any misleading, incomplete or false statement has been made to an accountant, auditor, attorney or government official in connection with any audit, examination or filing with a government agency, such as the State Bank of Pakistan or Securities and Exchange Commission.

PROTECTION AND PROPER USE OF BANK'S PROPERTY

As Faysal Bank's employee, you are entrusted with protecting the Bank's property.

Acts of dishonesty against the Bank or its customers involving theft, destruction or misappropriation of money, property, office equipment, supplies or any other items of value, are, of course, prohibited. Falsification, alteration or substitution of records for the purpose of concealing or aiding such acts is also prohibited. If you suspect someone has committed such an act or you witness such an act, you should report it immediately to Security. If you prefer, you can speak informally and confidentially with Compliance.

You also must protect the use of the Bank's computer equipment, including Internet access. You should follow the Bank's procedures in connection with the disposition of personal computers, personal digital assistants, mobile phones or other Bank assets.

GIFTS AND ENTERTAINMENT

It is the policy of the Bank that gifts are not to be accepted from customers or suppliers and potential donors must be diplomatically informed of this.

Exceptions

In cases where refusal of a gift would be regarded as an affront or it would be impractical or impossible to return the gift then in certain cases it can be accepted provided the gift is:

- not in the form of cash,
- clearly not in return for any consideration or in the anticipation of such,
- of nominal value only.

Any departure or proposed departure from the above must be reported through the line to the Compliance Function for a ruling on acceptance.

Personal Gifts by Employees

Personal friendships developed on the basis of banking relationships can sometimes encourage the exchange of gifts for personal account. Care must be taken in this regard as it must be realised that, unfortunately, what may be offered simply as a token of friendship and goodwill, may be construed, in some circumstances, as not only a breach of ethics but even a criminal action.

Presenting Gifts

Gifts may be given for promotional purposes or on special occasions where it may be appropriate while remaining within the jurisdiction of FBL management. The context in which such gifts are given is important and care must be exercised to avoid any such event that could be misinterpreted or construed as bribery or corruption.

CONFIDENTIAL INFORMATION AND TRADE SECRETS

You must protect confidential information and trade secrets, and prevent such information from being improperly disclosed to others inside or outside the Bank.

You may learn, to a greater or lesser degree, facts about the Bank's business, plans, operations or secrets of success that are not known to the general public or to competitors. Sensitive information such as customer lists, the terms or fees offered to particular customers, marketing or strategic plans, or proprietary or product systems developments are examples of the Bank's confidential information and trade secrets. Similarly, during the course of performing your responsibilities, you may obtain information concerning possible transactions with other companies or receive confidential information about other companies. You may not disclose any confidential information or trade secret of the Bank to others or use any such information for your own or someone else's benefit. Within the Bank, confidential information and trade secrets should be divulged only to other employees who need the information to carry out their business responsibilities. You also are responsible for maintaining the confidentiality of sensitive employee information, such as salary, bonus or performance appraisal data. These obligations apply both during and subsequent to your employment with the Bank. You must be careful not to discuss such matters with family members, business or social acquaintances, or in places where you can be overheard, such as taxis, elevators, the Bank cafeteria or restaurants. In addition, you should not communicate or transmit confidential or sensitive information through external online communications services, such as the Internet.

BREACHES & DISCIPLINARY ACTION

In the event of an employee committing breach of this Code or any of the provisions of Employment Rules or contravenes instructions / orders issued to him / her in connection with official work or who displays negligence, inefficiency, indolence or criminal (riotous) behavior or does anything detrimental

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to the interests of the Bank or is guilty of any other act of fraud, misconduct or insubordination, the Competent Authority, in its sole discretion and without limitation may impose on him / her one or more of the following penalties:

- Postponement or stoppage of increment or promotion.
- Recovery from pay of the whole or part of any pecuniary loss caused to Bank by the employee.
- Demotion to a lower stage of pay in his / her Grade or to a lower Grade.
- Dismissal from service, which will involve permanent disqualification for future employment in the Bank without notice period.
- Termination from service.
- Compulsory retirement from Service.

کاروانِ وفا

بنامِ پشاور

پیارے پشاور سلام،

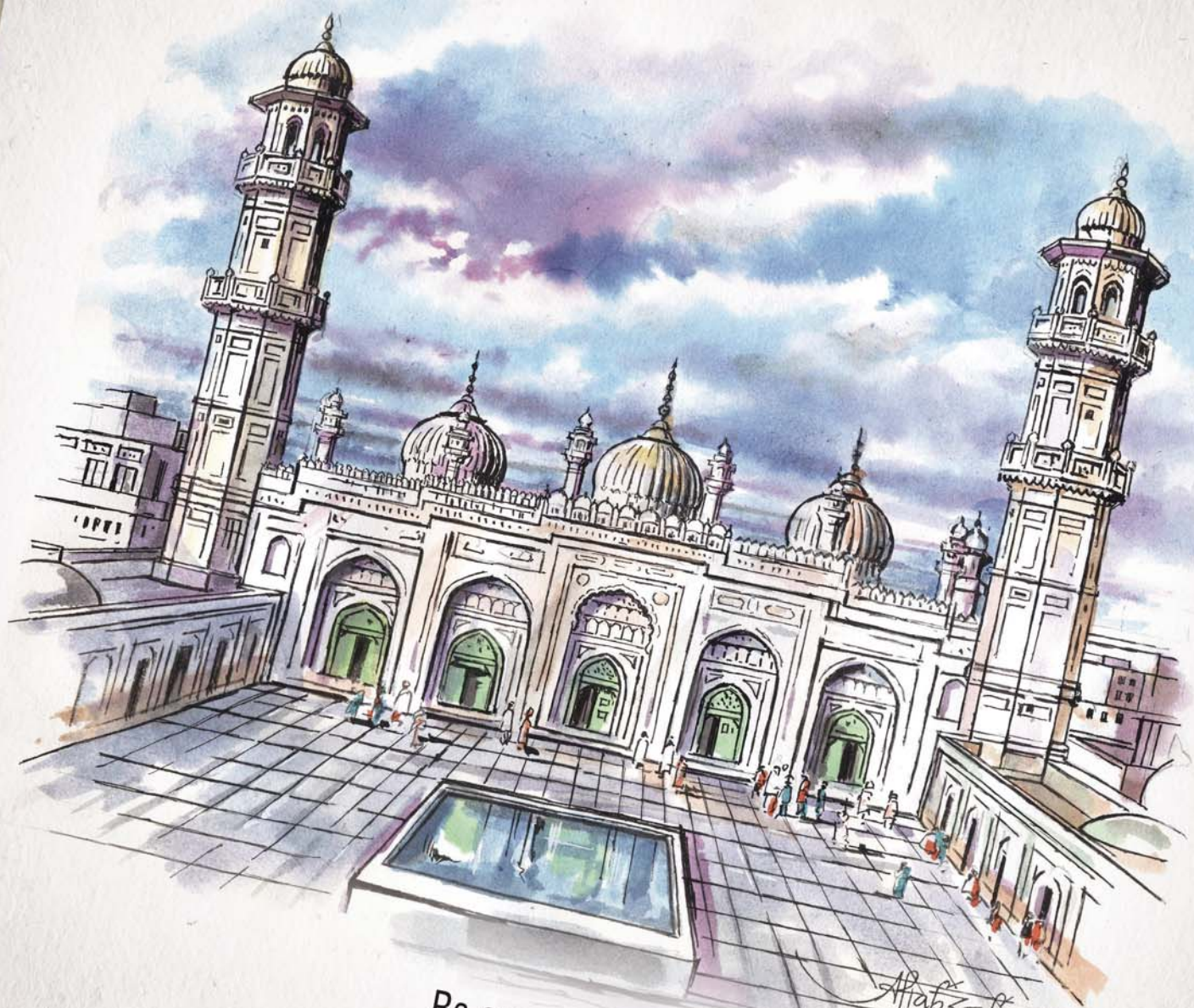
پشاور فارسی زبان کا لفظ جس کے معنی میں سرحد کی سرزمین، وہ نام جو تم مغل شہنشاہ اکبر نے دیا اور پھر یہاں اسلامی دنیا کے دانشور، سپاہی، اساتذہ، تاجر، معمار، صوفی اور عالم آکر رہے۔ پھولوں کے شہر کے نام سے یاد کیے جانے والے پشاور، تم نے صدیوں کے عروج و زوال دیکھے۔ شیر شاہ سوری کے عروج سے لے کر خوشحال خان خٹک کے جاہ و جلال اور شاعری تک تم پختونوں کی تاریخ کے گواہ ہو۔

ایک بات تو یقینی ہے میرے دوست، کہ تمہارا اپنا ہی کچھ مزاج ہے، وہ مزاج جو زبان کا سچا اور دل کا کھرا ہے۔ جب ۱۹۹۴ میں ہم نے صدر کینٹ میں اپنی پہلی برانچ کھولی تو ہمیں اندازہ ہوا کہ تم میں بسنے والے لوگوں میں کس قدر خلوص پایا جاتا ہے۔ پشاور تمہاری خوبصورت فضا اور خوبصورت مزاج کے تو ہم قائل ہو ہی گئے اور پھر یہ جانا کہ تم سے بہتر روایتیوں کا پاسان بھی شاید کوئی نہیں۔ جتنی جس جگہ کے بازار کا نام ہی قصہ خوانی بازار ہو تو اس شہر میں بھلا روایتیوں اور کہانیوں کی کیا کمی؟ تب ہی تو خوبصورت میٹھکوں میں پڑ لطف تو تب اور بھی بڑھ جاتا ہے جب اندرون شہر کی تپتی گلیوں میں چلتے چلتے عطر کی دکانوں کی مہک سارے وجود جاتی ہیں اور یہ لطف تو تب اور بھی بڑھ جاتا ہے بازاروں میں کپنے والی بھانت بھانت کی اشیاء اور وہاں کے خریداروں اور میں بس جاتی ہے، پھر یکا یک زیورات کی دکانوں کی چمک آنکھوں کو چکا چوندھ کر ڈالتی ہے۔

پشاور ایک بات اور بہت ہی خوب ہے، تمہارے بازاروں میں کپنے والی بھانت بھانت کی اشیاء اور وہاں کے خریداروں اور تاجروں کے بھاؤ تاؤ کا انداز، بس ایک بحث کا سلسلہ چلتا ہے اور اوپر نیچے ہوتا ہوا کب سودا گے پا گیا پتہ بھی نہیں چلتا۔

اب کیا کیا گنوائیں، سچ تو یہ ہے کہ پشاور تم نے دل موہ لیا۔

تمہارا اپنا،
فیصل بینک



Be our guest

Altab Zafar 15

GLOSSARY OF TERMS

ACCRUAL BASIS

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

BONUS ISSUE (SCRIP ISSUE)

The issue of new shares to existing shareholders in proportion to their shareholdings. It is a process for converting a company's reserves (in whole or part) into issued capital and hence does not involve an infusion of cash.

CAPITAL ADEQUACY RATIO

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

CASH EQUIVALENTS

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CASH RESERVE RATIO (CRR)

Cash Reserve Ratio is the amount of funds that the banks have to keep with SBP.

CONTINGENCIES

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence of one or more future events.

CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

COST / INCOME RATIO

Operating expenses as a percentage of total income.

DEFERRED TAXATION

Sum set aside for tax in the Financial Statements that will become payable in a financial year other than the current financial year.

DERIVATIVES

Derivative is a financial instrument or other contract which has the following characteristics:

- (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying);
- (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- (c) it is settled at a future date.

DIVIDEND PAYOUT RATIO

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

DIVIDEND YIELD RATIO

Dividend per share divided by the market value of share.

EARNINGS PER SHARE

Profit after taxation divided by the weighted average number of ordinary share in issue.

EFFECTIVE TAX RATE

Net tax charge divided by the profit before taxation.

FINANCE LEASE

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

FORCED SALE VALUE (FSV)

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged / pledged assets in a forced / distressed sale conditions.

FORWARD EXCHANGE CONTRACT

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

GUARANTEES

An agreement involving a promise by a person (the guarantor) to fulfill the obligations of another person owning debt if that person fails to perform.

GLOSSARY OF TERMS

GLOSSARY OF TERMS

HISTORICAL COST CONVENTION

Recording transactions at the actual value received or paid.

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

IFRIC

International Financial Reporting Interpretation Committee.

INTEREST IN SUSPENSE

Interest suspended on nonperforming loans and advances.

INTEREST SPREAD

Represents the difference between the average interest rate earned and the average interest rate paid on funds.

LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange, treasury bills.

LOAN LOSSES AND PROVISIONS

Amount set aside against possible losses on loans, advances and other credit facilities as a result of their becoming party or wholly uncollectible.

MATERIALITY

The relative significance of a transaction or an event or omission or misstatement of which could influence the economic decisions of users of financial statements.

NET ASSETS VALUE PER SHARE

Shareholders' funds divided by the number of ordinary shares in issue.

NET DIVIDENDS

Dividend net of withholding tax.

GLOSSARY OF TERMS

NET INTEREST INCOME

The difference between what a bank earns on assets such as loans and securities and what it pays on liabilities such as deposits, refinance funds and inter-bank borrowings.

NON PERFORMING LOAN-SUBSTANDARD CATEGORY

Where markup/interest or principal is overdue by 90 days or more from the due date.

NON PERFORMING LOAN-DOUBTFUL CATEGORY

Where markup/interest or principal is overdue by 180 days or more from the due date.

NON PERFORMING LOAN-LOSS CATEGORY

Where mark-up/interest or principal is overdue by one year or more from the due date and Trade Bill (Import/ Export or Inland Bills) are not paid/adjusted within 180 days of the due date.

NPLS TO GROSS ADVANCES/LOANS

Represents the infected portfolio of the bank and is calculated by dividing total non-performing loans by gross advances.

OFF BALANCE SHEET TRANSACTIONS

Transactions that are not recognized as assets or liabilities in the balance sheet but which give rise to contingencies and commitments.

PRICE EARNINGS RATIO (P/E RATIO)

Market price of a share divided by earnings per share.

PRUDENCE

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

REPURCHASE AGREEMENT

Contract to sell and subsequently repurchase securities at a specified date and price.

REVERSE REPURCHASE AGREEMENT

Transaction involving the purchase of securities by a bank or dealer and resale back to the seller at a future date and specified price.

GLOSSARY OF TERMS

RETURN ON AVERAGE EQUITY

Net profit for the year, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

RETURN ON AVERAGE ASSETS

Profit after tax divided by the average assets.

REVENUE RESERVE

Reserves set aside for future distribution and investment.

REVERSE REPURCHASE AGREEMENT

Transaction involving the purchase of securities by a bank or dealer and resale back to the seller at a future date and specified price.

RISK WEIGHTED ASSETS

On Balance Sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

SHAREHOLDERS' FUNDS

Total of Issued and fully paid share capital and revenue reserves.

STATUTORY RESERVE FUNDS

A capital reserve created as per the provisions of the Banking Companies Ordinance, 1962.

WEIGHTED AVERAGE COST OF DEPOSITS

Percentage of the total interest expensed on average deposits of the bank for the period.

STATEMENT ON INTERNAL CONTROLS

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

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

The management of the bank fully recognizes this responsibility, appreciates its value and significance and therefore has designed the bank's Internal Control Program to provide reasonable assurance on the reliability of financial reporting, effectiveness of the operations and compliance with applicable laws and regulations.

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

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

Additionally, the bank has completed all stages of the ICFR roadmap, issued vide BSD Circular No. 05 dated February 24, 2009 of the State Bank of Pakistan (SBP). The bank has adopted the COSO Internal Control Integrated Framework in relation to its Internal Control program in order to ensure consistency in the process of compliance with SBP's Internal Control Guidelines involving documentation, risk assessment, gap analysis, controls testing and controls implementation. Furthermore, as per the instructions of State Bank of Pakistan on the subject, the Bank will submit the Long Form Report of statutory auditors on review for the ICFR program for the year ended December 31, 2014 within the regulatory deadline.

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

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



Nauman Ansari
President & CEO

February 26, 2015

FORM OF PROXY

I / We _____ of _____ a member(s) of FAYSAL BANK LIMITED and holding _____ ordinary shares, as per Register Folio No. _____ / Participant s ID / CDC sub Account No. _____ hereby appoint _____ Folio No. / Participant s ID / CDC sub Account No _____ or failing him / her _____ of _____ as my / our proxy to vote and act for me / us on my / our behalf at the **Annual General Meeting** of the Bank will be held on March 27, 2015 and at any adjournment thereof.

Signed _____ day of _____, 2015

Witness:

1. _____
Revenue Stamp
Rs. 5/-
Signature of Member(s)

2. _____

Notes:

1. The Share Transfer Books of the Bank shall remain closed from March 20, 2015 to March 27, 2015 (both days inclusive). Transfer received at the Registrar and Share Transfer Agent of the Bank, by the close of business on March 19, 2015 will be treated in time.
2. A member entitled to attend and vote at the Meeting may appoint another Member as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member, but is duly authorised by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Meeting.
3. Members are required to timely notify any change in their address to Bank s Registrar/Share Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

FORM OF PROXY

A. For attending the Meeting :

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

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CINC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.