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2019
HALF YEAR
ENDED JUNE 30, 2019
UNAUDITED FINANCIAL STATEMENTS

CONTENTS

Corporate Information	2
Faysal Bank Financials (Unconsolidated)	
Directors' Review	4
Auditors' Review Report	9
Condensed Interim Unconsolidated Statement of Financial Position	10
Condensed Interim Unconsolidated Profit and Loss Account	11
Condensed Interim Unconsolidated Statement of Comprehensive Income	12
Condensed Interim Unconsolidated Statement of Changes in Equity	13
Condensed Interim Unconsolidated Cash Flow Statement	14
Notes to and Forming part of the Condensed Interim Unconsolidated Financial Statements	15
Faysal Bank Financials (Consolidated)	
Directors' Review	44
Condensed Interim Consolidated Statement of Financial Position	46
Condensed Interim Consolidated Profit and Loss Account	47
Condensed Interim Consolidated Statement of Comprehensive Income	48
Condensed Interim Consolidated Statement of Changes in Equity	48
Condensed Interim Consolidated Cash Flow Statement	50
Notes to and Forming part of the Condensed Interim Consolidated Financial Statements	51

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

CORPORATE INFORMATION

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment, Nomination and Remuneration Committee

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

Board Strategy Committee

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

CORPORATE INFORMATION

Board IT Committee

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

Shariah Board

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

Syed Majid Ali

Chief Financial Officer

Mr. Aurangzeb Amin

Company Secretary & Head of Legal

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

Auditors

M/s. Mohsin Tayebaly & Co, Advocate

Legal Advisors

Registered Office

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

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

Share Registrar

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CDC House, 99-B, Block-B,
SMCHS, Main Shahra-e-Faisal,
Karachi-74400

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Email: info@cdcsrsl.com

DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Directors' Review of Faysal Bank Limited along with Auditors' Review Report and Unconsolidated Financial Statements for the half year ended June 30, 2019.

Company Profile

Faysal Bank Limited (FBL) was incorporated in Pakistan on 3rd October, 1994 as a public limited company. The Bank's shares are listed on Pakistan Stock Exchange and its footprint now spreads over 150 cities with 475 branches (out of which 284 are Islamic including 01 sub branch). Bank has placed 462 ATMs all over the country for the convenience of its customers.

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

Holding Company

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

Economic Update

Despite several initiatives, Pakistan's economy is under stress on the back of external financing needs, debt accumulation, and large fiscal deficits. Structural weaknesses including weak tax administration, large informal economy, and loss making state owned enterprises (SOE's) still remain unaddressed. With the finalization of US\$6 Bln 39-Month Extended Fund Facility Arrangement for Pakistan by the IMF, the new economic reform program aims to mitigate the impact of the afore-mentioned challenges and put Pakistan's economy on the path of balanced and sustainable growth.

Average CPI Inflation in FY19 rose significantly to 7.34 percent vs. 3.92 percent in FY18. This drastic rise in CPI trajectory was attributable to adjustments in electricity and gas tariffs, second-round impact of exchange rate depreciation and increase in international oil prices. Additionally, private sector credit (PSC) growth expanded 11.4 percent in FY19 compared to 14.8 percent in FY18.

The policy rate, since the start of 2018, surged by 750 basis points from 5.75% to 13.25%. GDP growth in FY19 is estimated at 3.3 percent as compared to 5.5 percent last year. On the back of improved sentiments in the context of IMF supported program, gradual impact of government incentives for export-oriented industries and rebound in agriculture sector, reversal of slowdown in economic growth is expected in the medium term.

The current account deficit during FY19 stood at USD 13.587 Bln vs. USD 19.897 Bln in FY18. This sizeable reduction by 31.7% during the year was primarily attributable to import compression and growth in workers remittances. Total import of goods fell from USD 56.6 Bln to USD 52.4 Bln whereas remittances increased from USD 19.9 Bln to USD 21.8 Bln. Export

DIRECTORS' REVIEW

receipts have remained subdued as a result of exchange rate. However, lagged impact of exchange rate depreciation has increased export volumes.

On the fiscal front, deficit for FY19 was revised to 7.2 percent of GDP vis-à-vis initial budgeted figure of 4.9 percent. Substantial shortfall in revenue collection, higher than anticipated interest and defense payments have deteriorated this imbalance. This figure is expected to move a notch higher to 7.3 percent in FY20. The reversal in fiscal deficit is expected from FY21, as a consequence of improved tax policy and administration reforms, and government's strong commitment to end its borrowing from the SBP.

Business Update

Project Financing & Syndication

Some of the major deals closed in 2nd quarter of 2019 are highlighted as follows:

- FBL acted as the Lead Arranger in the syndicated long term project finance facility of PKR 18,853 million for the construction and development of a 330MW coal fired power project set-up under Independent Power Producer (IPP) mode.
- FBL has been honored with Asset Triple A Asia Infrastructure Awards "Utility Deal of the Year" June 2019 and Asian Banking and Finance "Syndicated loan of the Year-Pakistan" June 2019 award for being the Mandated Lead Arranger for facility of PKR 25,000 million in combination of conventional and Islamic mode of financing for the largest electricity generation, transmission and distribution company of the country.
- The Bank has been honored with Asset Triple A Asia Infrastructure Awards "Transport Deal of the Year" June 2019 for arranging PKR 10,500 million under the Islamic and Conventional mode of financing for the largest state owned marine transportation company of Pakistan.

Business Transformation Plan

The Bank continues its Business Transformation Plan of "conversion into a full-fledged Islamic bank in a responsible manner". In 2019 the Bank has increased its Islamic Network to 60% or 284 branches through opening of 19 new Islamic branches and conversion of 10 additional conventional branches to Islamic (Total Network: 475 branches). Islamic financing now stands at 32% of the Bank's financing portfolio of PKR 304 billion. The Bank also participated in the recent 1st Pakistan Energy Sukuks issue and invested PKR 35 billion. Your Bank now offers a complete range of Islamic products for all customer segments and aggressively continues its growth into the Islamic banking sector through new and competitive product offerings and innovations.

Investment in Faysal Asset Management Limited

Your Bank had acquired 99.99% interest in Faysal Asset Management Limited (FAML) last year and has already injected share capital of PKR 280 million in FAML bringing it in line with regulatory requirements. The Bank now plans to provide further capital support of PKR 500 million to FAML to fully realize the potential of this subsidiary. The capital support will help the company to grow its business and client base and hence its product offerings.

Digital Banking Initiatives

Digital Banking within Faysal Bank has embarked on a journey to influence, and consequently

DIRECTORS' REVIEW

change the mindset of the organization. With this regard Digital Banking has created a Roadmap of initiatives for short term and long term planning with key focus on impacting the shift from a 'product-centric' to a 'customer-centric' culture. Digital Banking is vigilantly targeting ecosystem players in creating partnerships and revenue generating opportunities; rethinking operational competencies for a more cost efficient and user driven model and enabling Digital Transformation.

Product Development & New Initiatives

- Customer Launch of a new mobile application was done in May 2019. Mobit Digital App has received positive remarks from customers.
- The Bank in collaboration with FAML collected over PKR 1.1 Bln from the launch of revamped Faysal Shariah Capital Preservation Plan, a Shariah compliant offering with attractive expected returns and tax benefits.
- Sales campaign initiative (RISE AS ONE) for unsecured financing was launched. The campaign has yielded positive results.
- ATM transactions have been secured with the enablement of 3DES (Triple Data Encryption Standard) encryption across all terminals. 3DES protects against brute force attacks on systems. To further prevent card skimming, all ATMs have been equipped with Anti-skimming devices and solutions.
- Bank has developed utility for sending monthly Electronic Fund Transfer transactions statements electronically to customers containing information of transferor and transferee and their bank accounts.
- Scheme of Personal Instalment Loan for Professionals was launched with added rate-break feature and reinforced through campaign on Digital Mediums.
- Faysal Car Finance has introduced a promotional campaign for newly launched Suzuki Alto 660 CC providing "FREE REGISTRATION" to all Suzuki Alto customers.
- In order to increase utilization of Faysal Flexi Credit, an awareness campaign was conducted with alliance partners with incentives.
- FBL customers were provided facility under Digital Banking Program to make payment of other banks' credit card bills through Faysal Bank Internet Banking application or ATM.

Human Development

- 10,496 participants were trained in first half, 2019 and their Man Hours clocked in at 78,618.
- 703 participants were trained on "Mandatory Islamic Banking Certification programs" Banking - The Islamic Way; and Introduction to Islamic Banking.
- 129 Branch Service Officers have completed their comprehensive training across the bank in 5 batches.
- 226 participants were trained through FBL Induction Program, which has been designed for newly hired staff.

DIRECTORS' REVIEW

- Faysal Bank has launched Faysal Awareness Forum, wherein 1,259 employees have been trained during Q2-2019 about latest product features, pertinent service and operational issues so as to improve customer services.

Future Outlook

In line with Bank's strategic decision of well planned and gradual transformation into an Islamic Bank, 100 new Islamic branches are being opened in 2019. Also 40 conventional branches are being converted to Islamic banking.

The Bank will continue its growth momentum in terms of increasing loan book size, with primary focus on SME and Consumer segments. Commercial & Corporate business segments have continued to develop new relationships.

Focus on internal controls & compliance with both regulatory guidelines and adherence to best practices would remain a centerpiece of the strategy. The Bank is focusing on development of modern Digital Banking products which are user friendly, convenient yet secured products.

Financial Highlights

	(PKR in million)		
Profit & Loss Account	Jun' 19	Jun' 18	Growth
Total revenue	13,780	10,574	30.3%
Administrative expense	7,731	6,797	-13.7%
Profit before tax and provision	6,049	3,777	60.2%
Net (provision)/reversal including WWF	(810)	473	-271.2%
Profit before taxation	5,239	4,250	23.3%
Taxation	2,217	1,835	-20.8%
Profit after taxation	3,022	2,415	25.1%

Bank's Profit after Tax (PAT) increased from PKR 2.4 Bln in 1st half of 2018 to PKR 3.0 Bln in the 1st half of 2019 showing a 25.1% growth. This was achieved through 30.3% increase in revenue while keeping administrative expenses under control.

Net markup income of the bank increased by PKR 2.8 Bln i.e. 39.4%, mainly due to increase in advances portfolio. Non markup income increased due to higher foreign exchange revenues.

On prudence ground, the Bank booked provisions, as a result of which provisions net of recoveries were PKR 672 Mln as against reversal of PKR 607 Mln in corresponding period last year. Taxation include charge of PKR 259 Mln in respect of super tax of 2017.

As a result of the above, Profit After Tax is higher by 607 Mln and Earning per Share (EPS) shows improvement from PKR 1.59 in 1st six months of 2018 to PKR 1.99 in the current year.

DIRECTORS' REVIEW

Credit Rating

VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings as on December 31, 2018 as follows:

Long-Term AA

Short-Term A1+

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

Subsequent Events

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

Acknowledgement

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on August 22, 2019 and signed by the Chief Executive Officer and a Director.

President & CEO

Chairman / Director

Karachi

Dated: August 22, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FAYSAL BANK LIMITED ON REVIEW OF CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Faysal Bank Limited** ('the Bank') as at June 30, 2019 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated cash flow statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim unconsolidated financial statements based on our review. The figures for the quarters ended June 30, 2019 and June 30, 2018 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is

Shahbaz Akbar.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: August 27, 2019

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Un-audited June 30, 2019	Audited December 31, 2018
Note	----- Rupees '000 -----	
9	67,920,083	43,173,993
10	2,479,951	1,847,595
11	6,248,563	2,997,486
12	152,145,569	214,185,591
13	304,230,783	296,444,861
14	19,884,839	11,612,007
15	1,332,345	1,331,731
16	485,872	183,206
17	34,549,290	28,137,713
	589,277,295	599,914,183

LIABILITIES

Bills payable	18	9,699,390	23,543,525
Borrowings	19	40,510,739	98,351,921
Deposits and other accounts	20	454,287,769	409,383,802
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	38,408,881	25,136,420
		542,906,779	556,415,668
NET ASSETS		46,370,516	43,498,515

REPRESENTED BY

Share capital		15,176,965	15,176,965
Reserves		8,681,426	8,778,908
Surplus on revaluation of assets	22	5,002,574	5,093,667
Unappropriated profit		17,509,551	14,448,975
		46,370,516	43,498,515

CONTINGENCIES AND COMMITMENTS

23

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2019

Note	Quarter ended		Half year ended		
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	
	Rupees '000				
	Restated		Restated		
Mark-up / return / interest earned	25	13,525,245	8,087,650	25,730,270	15,309,144
Mark-up / return / interest expensed	26	8,414,766	4,253,926	15,675,413	8,097,960
Net mark-up / interest income		5,110,479	3,833,724	10,054,857	7,211,184
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	1,197,053	1,035,587	1,983,156	1,872,205
Dividend income		163,239	35,608	238,387	50,840
Foreign exchange income		840,067	544,017	1,632,529	952,694
Income from derivatives		20,448	8,442	73,720	26,582
(Loss) / gain on securities	28	(365,363)	(91,273)	(412,812)	176,513
Other income	29	164,547	235,844	210,412	283,816
Total non-markup / interest income		2,019,991	1,768,225	3,725,392	3,362,650
Total income		7,130,470	5,601,949	13,780,249	10,573,834
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	3,940,757	3,590,836	7,730,956	6,796,816
Workers Welfare Fund		58,921	45,789	121,489	122,433
Other charges	31	10,842	12,118	17,019	12,118
Total non-markup / interest expenses		4,010,520	3,648,743	7,869,464	6,931,367
Profit before provisions		3,119,950	1,953,206	5,910,785	3,642,467
Provision / (reversal of provision) and recoveries against written-off debts - net	32	877,847	(294,169)	671,543	(607,047)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		2,242,103	2,247,375	5,239,242	4,249,514
Taxation	33	828,614	1,049,996	2,216,962	1,834,932
PROFIT AFTER TAXATION		1,413,489	1,197,379	3,022,280	2,414,582
----- Rupees -----					
Basic / diluted earnings per share	34	0.93	0.79	1.99	1.59

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

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2019

	Quarter ended		Half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees '000			
	Restated		Restated	
Profit after taxation for the period	1,413,489	1,197,379	3,022,280	2,414,582
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
- Movement in surplus / (deficit) on revaluation of investments - net of tax	(146,784)	(133,239)	82,924	(115,089)
Items that will not be reclassified to profit and loss account in subsequent periods:				
- Movement in surplus on revaluation of operating fixed assets - net of tax	(116,672)	-	(116,672)	-
- Movement in surplus on revaluation of non-banking assets - net of tax	(19,049)	-	(19,049)	-
	(282,505)	(133,239)	(52,797)	(115,089)
Total comprehensive income	1,130,984	1,064,140	2,969,483	2,299,493

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Share capital	Reserves					Surplus / (deficit) on revaluation of			Unappropriated profit	Total	
		Capital				Statutory reserve	Total	Investments	Fixed assets/ Non-banking assets			Total
		Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR)- gain on bargain purchase	Reserve arising on amalgamation							
Rupees '000												
Balance as at January 1, 2018 (audited)	13,197,361	-	10,131	756,873	23,952	7,145,382	7,936,338	1,449	5,611,794	5,613,243	12,499,528	39,246,470
Profit after taxation for the half year ended June 30, 2018	-	-	-	-	-	-	-	-	-	-	2,414,582	2,414,582
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	(115,089)	-	(115,089)	-	(115,089)
Total comprehensive income	-	-	-	-	-	-	-	(115,089)	-	(115,089)	2,414,582	2,299,493
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(62,433)	-	-	(62,433)	-	-	-	-	(62,433)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(40,740)	(40,740)	40,740	-
Transactions with owners, recorded directly in equity												
- Transfer to reserve for issue of bonus shares	-	1,979,604	-	-	-	-	1,979,604	-	-	-	(1,979,604)	-
- Bonus shares issued	1,979,604	(1,979,604)	-	-	-	-	(1,979,604)	-	-	-	-	-
	1,979,604	-	-	-	-	-	-	-	-	-	(1,979,604)	-
Balance as at June 30, 2018 (un-audited)	15,176,965	-	10,131	694,440	23,952	7,145,382	7,873,905	(113,640)	5,571,054	5,457,414	12,975,246	41,483,530
Profit after taxation for the period from July 1, 2018 to December 31, 2018	-	-	-	-	-	-	-	-	-	-	2,422,601	2,422,601
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	(322,306)	(695)	(323,001)	(22,181)	(345,182)
Total comprehensive income	-	-	-	-	-	-	-	(322,306)	(695)	(323,001)	2,400,420	2,077,419
Transfer to statutory reserve	-	-	-	-	-	967,437	967,437	-	-	-	(967,437)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(40,746)	(40,746)	40,746	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(62,434)	-	-	(62,434)	-	-	-	-	(62,434)
Balance as at December 31, 2018 (audited)	15,176,965	-	10,131	632,006	23,952	8,112,819	8,778,908	(435,946)	5,529,613	5,093,667	14,448,975	43,498,515
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	-	-	3,022,280	3,022,280
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	82,924	(135,721)	(52,797)	-	(52,797)
Total comprehensive income	-	-	-	-	-	-	-	82,924	(135,721)	(52,797)	3,022,280	2,969,483
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(38,296)	(38,296)	38,296	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(97,482)	-	-	(97,482)	-	-	-	-	(97,482)
Balance as at June 30, 2019 (un-audited)	15,176,965	-	10,131	534,524	23,952	8,112,819	8,681,426	(353,022)	5,355,596	5,002,574	17,509,551	46,370,516

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018 Restated
	-----Rupees '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,239,242	4,249,514
Less: dividend income	(238,387)	(50,840)
	<u>5,000,855</u>	<u>4,198,674</u>
Adjustments:		
Depreciation	1,149,174	425,333
Amortisation	49,544	67,510
Depreciation on non-banking assets	7,128	7,128
Workers' Welfare Fund	121,489	122,433
Provision / (reversal of provision) against loans and advances - net	274,531	(527,873)
Provision / (reversal of provision) for diminution in value of investments - net	454,789	(49,622)
(Reversal of provision) / provision against off balance sheet obligations	(1,080)	21,581
Loss / (gain) on securities unrealised - held for trading - net	25,360	(2,204)
Gain on sale of fixed assets - net	(9,669)	(26,823)
Gain on sale of non-banking assets	(7,813)	-
Charge for defined benefit plan	88,752	61,811
Income from derivative contracts - net	(73,720)	(26,582)
Mark-up / return / interest expensed - leased liability against right-of-use assets	448,854	-
Recovery of written off / charged off bad debts	(58,659)	(51,133)
	<u>2,468,680</u>	<u>21,559</u>
	<u>7,469,535</u>	<u>4,220,233</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	(3,251,077)	355,943
Held-for-trading securities	27,919,014	18,968,519
Advances	(8,001,794)	(61,906,793)
Others assets (excluding advance taxation)	(7,345,284)	(1,371,765)
	<u>9,320,859</u>	<u>(43,954,096)</u>
(Decrease) / increase in operating liabilities		
Bills payable	(13,844,135)	863,827
Borrowings from financial institutions	(58,199,429)	42,122,996
Deposits	44,903,967	20,782,570
Other liabilities	5,336,893	432,452
	<u>(21,802,704)</u>	<u>64,201,845</u>
Income tax paid	(1,753,289)	(1,595,452)
	<u>(6,765,599)</u>	<u>22,872,530</u>
Net cash flow (used in) / generated from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment / (investment) in available for sale securities	32,393,817	(19,007,261)
Net divestment / (investment) in held to maturity securities	1,313,644	(1,139,301)
Dividends received	151,612	44,025
Investment in operating fixed assets	(1,462,177)	(400,819)
Proceeds from sale of fixed assets	12,886	36,612
Proceeds from sale of non-banking assets	141,300	-
Net cash flow generated from / (used in) investing activities	<u>32,551,082</u>	<u>(20,466,744)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(765,284)	-
Dividend paid	-	(2,460)
Net cash flow used in financing activities	<u>(765,284)</u>	<u>(2,460)</u>
Increase in cash and cash equivalents	<u>25,020,199</u>	<u>2,403,326</u>
Cash and cash equivalents at the beginning of the period	<u>44,879,962</u>	<u>39,488,907</u>
Cash and cash equivalents at the end of the period	<u>69,900,161</u>	<u>41,892,233</u>

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

- 1.1 Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are listed on Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank has a network of 475 branches (December 31, 2018: 455); including 284 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1) in Pakistan.

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

Ithmaar Bank B.S.C (closed), a wholly owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2018: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

- 1.2 Based on the unconsolidated financial statements of the Bank for the year ended December 31, 2018, the Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2017: 'AA') and the short term rating as 'A1+' (December 31, 2017: 'A1+').

2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2 In accordance with the directives issued by the SBP, the statement of financial position and the profit and loss account of Islamic banking branches of the Bank are disclosed in note 39 to these condensed interim unconsolidated financial statements.
- 2.3 The Bank has controlling interest in Faysal Asset Management Limited (FAML) and is required to prepare consolidated financial statements under the provisions of the Companies Act, 2017. These condensed interim financial statements represent the unconsolidated results of the Bank and a separate set of condensed interim consolidated financial statements are also being presented by the Bank.

3 STATEMENT OF COMPLIANCE

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

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

- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39: 'Financial instruments:

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

recognition and measurement' (replaced by IFRS 9: 'Financial instruments') and International Accounting Standard (IAS) 40: 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7: 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

- 3.3** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the period ended June 30, 2019 the Bank has adjusted amortisation of intangible assets amounting to Rs. 97.482 million (net of tax) from the NCR.
- 3.4** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these condensed interim unconsolidated financial statements.
- 3.5** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2018.
- 3.6 Standards, Interpretations and amendments to the accounting and reporting standards that are effective in the current period**
- 3.6.1** During the current period, IFRS 16: 'Leases', became effective from annual period beginning on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Bank's condensed interim unconsolidated financial statements is disclosed in note 4.1.1.

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, 2019 but are considered not to be relevant or do not have any significant impact on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.

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

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

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 3: 'Business combinations' (amendments)	January 1, 2020
- IAS 1: 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8: 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2020
	Effective date (periods ending on or after)
- IFRS 9: 'Financial Instruments'	June 30, 2019*

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

*The SECP through SRO 229(1)/2019 dated February 14, 2019, has notified that IFRS 9: 'Financial Instruments' is applicable for accounting period ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered in the preparation of these condensed interim unconsolidated financial statements.

IFRS 9, Financial Instruments, addresses the recognition, classification, measurement, and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which require recognition of an impairment change based on an 'Expected Credit Losses (ECL)' approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.

The Bank is in process of assessing the full impact of this standard.

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, 2020 but are considered not to be relevant or will not have any significant impact on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2018, except for the following:

4.1 Changes in Accounting Policies

4.1.1 Impact of IFRS 16: 'Leases'

During the period, IFRS 16: 'Leases' became applicable to the Bank. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17: 'Leases', IFRIC 4: 'Determining whether an arrangement contains a lease', SIC 15: 'Operating leases - incentive', and SIC 27: 'Evaluating the substance of transactions involving the legal form of a lease'. IFRS 16 introduces an on balance sheet lease accounting model for leases entered by the lessee. A lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating lease.

The Bank has adopted IFRS 16 from January 1, 2019, using the modified retrospective approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Bank has recognised lease liabilities in respect of leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Bank's incremental weighted average borrowing rate of 13.53% per annum as of January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	June 30, 2019	January 1, 2019
	-----Rupees '000-----	
Total lease liability recognised	7,164,918	6,903,049

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the unconsolidated statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

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

	June 30, 2019	January 1, 2019
	-----Rupees '000-----	
Land and building	7,432,224	7,531,556

The effect of this change in accounting policy is as follows:

Impact on the condensed interim unconsolidated statement of financial position:

- Increase in fixed assets - right-of-use assets	7,432,224	7,531,556
- Decrease in other assets - advances, deposits, advance rent and other prepayments	(626,000)	(628,507)
- Increase in other assets - advance taxation (payments less provisions)	139,891	-
Increase in total assets	6,946,115	6,903,049
- Increase in other liabilities - lease liability against right-of-use asset	7,164,918	6,903,049
Decrease in net assets	(218,803)	-

For the six months ended June 30, 2019
Rupees in '000

Impact on condensed interim unconsolidated profit and loss account

- Increase in markup / return / interest expense - lease liability against right of use assets	(448,854)
- Increase in operating expenses - depreciation on right-of-use assets	(677,631)
- Decrease in operating expenses - rent and taxes	767,791
- Decrease in profit before taxation	(358,694)
- Decrease in taxation	(139,891)
- Decrease in profit after taxation	(218,803)

-----Rupees-----

- Decrease in EPS	0.14
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While implementing IFRS 16, the Bank has used a single discount rate methodology for a portfolio of leases with similar characteristics.

4.1.2 Revised format of condensed interim financial statements

The State Bank of Pakistan (SBP) through its BPRD Circular No. 05 dated March 22, 2019 has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly and half yearly financial statements on the revised format effective from accounting year starting from January 1, 2019. Accordingly, the Bank has prepared these condensed interim unconsolidated financial statements on the new format prescribed by the SBP.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

- Condensed interim unconsolidated profit and loss account

As a result of adoption of the revised format, the figures for the quarter and half year ended June 30, 2018 in the condensed interim unconsolidated profit and loss account have been reclassified and reflected based on the requirements of the revised format as given in note 40 to these condensed interim unconsolidated financial statements.

- Condensed interim unconsolidated statement of comprehensive income

The revised format does not have any impact on the figures for the quarter and half year ended June 30, 2018 in the condensed interim unconsolidated statement of comprehensive income.

5 BASIS OF MEASUREMENT

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

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2018.

8 FINANCIAL RISK MANAGEMENT

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

9 CASH AND BALANCES WITH TREASURY BANKS

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
In hand		
- Local currency	11,738,389	10,351,342
- Foreign currency	4,452,733	2,444,182
	16,191,122	12,795,524
With State Bank of Pakistan in		
- Local currency current account	32,083,000	17,961,225
- Foreign currency current account	1,968,641	1,684,395
- Foreign currency deposit account	5,873,571	4,977,571
	39,925,212	24,623,191
With National Bank of Pakistan in		
- Local currency current accounts	7,398,857	5,746,092
Prize bonds	4,404,892	9,186
	67,920,083	43,173,993

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
10 BALANCES WITH OTHER BANKS		
In Pakistan		
- In current accounts	1,390,559	1,388,625
Outside Pakistan		
- In current accounts	1,089,392	458,970
	<u>2,479,951</u>	<u>1,847,595</u>
11 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	1,500,000	-
Repurchase agreement lendings (reverse repo)	4,748,563	2,997,486
	<u>6,248,563</u>	<u>2,997,486</u>
Less: provision held against lending to financial institutions	-	-
Lending to financial institutions - net of provision	<u>6,248,563</u>	<u>2,997,486</u>

12 INVESTMENTS

12.1 Investments by type:

Note	Un-audited June 30, 2019				Audited December 31, 2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	-----Rupees '000-----							
Held-for-trading securities								
Federal Government securities	3,181,123	-	(1,289)	3,179,834	31,630,477	-	(11,067)	31,619,410
Shares	504,980	-	(35,138)	469,842	-	-	-	-
	3,686,103	-	(36,427)	3,649,676	31,630,477	-	(11,067)	31,619,410
Available-for-sale securities								
Federal Government securities	82,782,270	-	(265,583)	82,516,687	151,416,453	-	(199,053)	151,217,400
Shares	9,661,071	1,888,314	(319,504)	7,453,253	9,134,281	1,429,123	(480,988)	7,224,170
Non Government debt securities	43,157,473	559,787	6,363	42,604,049	7,443,897	559,787	9,355	6,893,465
	135,600,814	2,448,101	(578,724)	132,573,989	167,994,631	1,988,910	(670,686)	165,335,035
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt Securities	15,233,318	1,548,355	-	13,684,963	16,546,962	1,552,757	-	14,994,205
	16,830,366	1,548,355	-	15,282,011	18,144,010	1,552,757	-	16,591,253
Subsidiary *								
Fully paid up ordinary shares of								
Faysal Asset Management Limited	639,893	-	-	639,893	639,893	-	-	639,893
Total Investments	<u>156,757,176</u>	<u>3,996,456</u>	<u>(615,151)</u>	<u>152,145,569</u>	<u>218,409,011</u>	<u>3,541,667</u>	<u>(681,753)</u>	<u>214,185,591</u>

* related parties

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
12.2 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(503,807)	(605,467)
Less: profit receivable shown in other assets	(111,770)	(10,110)
Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

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

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
12.3 Investments given as collateral		
- Market treasury bills	<u>2,953,968</u>	<u>59,034,240</u>
12.4 Provision for diminution in value of investments		
12.4.1 Opening balance	3,541,667	3,448,776
Charge / (reversals)		
Charge for the period / year	459,192	229,043
Reversals during the period / year	(4,403)	(136,152)
	<u>454,789</u>	<u>92,891</u>
Closing Balance	<u>3,996,456</u>	<u>3,541,667</u>

12.4.2 Particulars of provision against debt securities

Category of classification	Un-audited June 30, 2019		Audited December 31, 2018	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	-----Rupees '000-----			
Domestic				
- Loss	2,108,141	2,108,141	2,112,544	2,112,544
	<u>2,108,141</u>	<u>2,108,141</u>	<u>2,112,544</u>	<u>2,112,544</u>

12.5 The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 13,746.813 million (December 31, 2018: Rs. 15,490.626 million).

12.6 Investment in subsidiary

Faysal Asset Management Limited (the Company) was incorporated in Pakistan under the requirements of the Companies Ordinance, 1984 on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

Particulars of the assets and liabilities of the subsidiary	Audited June 30, 2019	Audited June 30, 2018
	-----Rupees '000-----	
Revenue	<u>114,932</u>	<u>57,532</u>
Net loss	<u>(56,382)</u>	<u>(23,548)</u>
Total assets	<u>330,849</u>	<u>115,745</u>
Liabilities	<u>48,286</u>	<u>57,367</u>
Net assets	<u>282,563</u>	<u>58,378</u>
Percentage (%) holding of the Bank	<u>99.99%</u>	<u>99.99%</u>

13 ADVANCES

	Performing		Non Performing		Total	
	Un-audited June 30, 2019	Audited December 31, 2018	Un-audited June 30, 2019	Audited December 31, 2018	Un-audited June 30, 2019	Audited December 31, 2018
-----Rupees '000-----						
Loans, cash credits, running finances, etc.	200,070,643	210,086,919	25,533,766	25,712,067	225,604,409	235,798,986
Islamic financing and related assets	96,950,153	78,493,045	461,066	475,784	97,411,219	78,968,829
Bills discounted and purchased	4,732,862	4,990,707	563,634	499,787	5,296,496	5,490,494
Advances - gross	<u>301,753,658</u>	<u>293,570,671</u>	<u>26,558,466</u>	<u>26,687,638</u>	<u>328,312,124</u>	<u>320,258,309</u>
Provision against advances						
- Specific	-	-	(23,352,901)	(23,135,261)	(23,352,901)	(23,135,261)
- General	(728,440)	(678,187)	-	-	(728,440)	(678,187)
	<u>(728,440)</u>	<u>(678,187)</u>	<u>(23,352,901)</u>	<u>(23,135,261)</u>	<u>(24,081,341)</u>	<u>(23,813,448)</u>
Advances - net of provision	<u>301,025,218</u>	<u>292,892,484</u>	<u>3,205,565</u>	<u>3,552,377</u>	<u>304,230,783</u>	<u>296,444,861</u>

13.1 Particulars of advances (Gross)

	Un-audited June 30, 2019	Audited December 31, 2018
-----Rupees '000-----		
- In local currency	327,606,438	319,538,262
- In foreign currencies	<u>705,686</u>	<u>720,047</u>
	<u>328,312,124</u>	<u>320,258,309</u>

13.2 Advances include Rs. 26,558 million (December 31, 2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

Category of Classification	Un-audited June 30, 2019		Audited December 31, 2018	
	Non-performing loans	Provision	Non-performing loans	Provision
-----Rupees '000-----				
Domestic				
- Other assets especially mentioned	199,482	-	198,389	100
- Substandard	1,536,094	201,915	1,241,631	158,324
- Doubtful	1,145,246	477,471	1,525,467	660,373
- Loss	23,677,644	22,673,515	23,722,151	22,316,464
Total	<u>26,558,466</u>	<u>23,352,901</u>	<u>26,687,638</u>	<u>23,135,261</u>

13.2.1 Exposure amounting to Rs 10,819.552 million relating to Power Holding (Private) Limited has not been classified as non-performing as the SBP has allowed a relaxation from regulation-8 of the Prudential Regulations. The exposure is fully guaranteed by the GoP and thus does not require any provision.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

13.3 Particulars of provision against advances

	Un-audited June 30, 2019			Audited December 31, 2018		
	Specific	General	Total	Specific	General	Total
	-----Rupees '000-----					
Opening balance	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
Charge for the period / year	1,183,700	50,253	1,233,953	1,672,814	109,521	1,782,335
Reversals during the period / year	(959,422)	-	(959,422)	(2,215,946)	-	(2,215,946)
	224,278	50,253	274,531	(543,132)	109,521	(433,611)
Amounts written off	(6,409)	-	(6,409)	(48,008)	-	(48,008)
Amounts charged off - agriculture financing	(229)	-	(229)	-	-	-
Closing balance	23,352,901	728,440	24,081,341	23,135,261	678,187	23,813,448

13.3.1 As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,148.316 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at June 30, 2019. The additional profit arising from availing the FSV benefit - net of tax as at June 30, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 700.473 million (December 31, 2018: Rs 951.717 million).

13.3.2 As per the Prudential Regulations, the SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The Bank also maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between 0.5% to 1.5% based on the non-performing loan ratio present in the portfolio.

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

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

	Note	Un-audited June 30, 2019	Audited December 31, 2018
		-----Rupees '000-----	
14 FIXED ASSETS			
Capital work-in-progress	14.1	1,058,120	475,098
Property and equipment	14.2	18,826,719	11,136,909
		<u>19,884,839</u>	<u>11,612,007</u>
14.1 Capital work-in-progress			
Civil works		153,684	188,143
Equipment		254,654	142,598
Advances to suppliers		649,782	144,357
		<u>1,058,120</u>	<u>475,098</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

- 14.2** This includes right-of-use asset amounting to Rs 7,432.224 million (December 31, 2018: Nil) due to adoption of IFRS 16 as detailed in note 4.1.1 of these condensed interim unconsolidated financial statements.

Note	Un-audited	
	June 30, 2019	June 30, 2018
-----Rupees '000-----		
14.3 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	1,348,347	400,819
Property and equipment		
Building on freehold land	120,492	-
Furniture and fixture	60,653	23,833
Electrical office and computer equipment	303,660	248,842
Vehicles	1,192	6,938
Others	246,350	133,681
Right-of-use assets	578,299	-
	1,310,646	413,294
Right-of-use assets due to adoption of IFRS 16	7,531,556	-
Total	10,190,549	814,113

- 14.3.1** This represents transfer of a building on freehold land from non-banking assets acquired in satisfaction of claims.

	Un-audited	
	June 30, 2019	June 30, 2018
-----Rupees '000-----		
14.4 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	3	59
Electrical office and computer equipment	750	777
Vehicles	2,465	8,925
Others	-	28
Total	3,218	9,789

Note	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
15 INTANGIBLE ASSETS		
Capital work-in-progress	321,745	224,492
Computer softwares	134,332	134,921
Customer relationship	876,268	972,318
	1,010,600	1,107,239
	1,332,345	1,331,731

15.1 Capital work-in-progress		
Computer softwares	321,745	224,492

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

15.2 Additions to intangible assets

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

Un-audited	
June 30, 2019	June 30, 2018
-----Rupees '000-----	
49,555	16,611

16 DEFERRED TAX ASSETS

Deductible temporary differences on

- Provision for diminution in the value of investments
- Provision against advances, off balance sheet, etc.
- Provision against other assets
- Deficit on revaluation of investments

242,066	95,977
1,646,151	1,427,294
105,527	94,017
277,840	234,738
2,271,584	1,852,026

Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of non banking assets
- Fair value adjustment relating to net assets acquired upon amalgamation
- Accelerated tax depreciation

(1,295,178)	(1,184,279)
(23,377)	(23,377)
(341,745)	(340,314)
(125,412)	(120,850)
(1,785,712)	(1,668,820)

485,872	183,206
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17 OTHER ASSETS

- Income / mark-up accrued in local currency - net of provision
- Income / mark-up accrued in foreign currency - net of provision
- Advances, deposits, advance rent and other prepayments
- Advance taxation (payments less provisions)
- Non-banking assets acquired in satisfaction of claims
- Mark to market gain on forward foreign exchange contracts
- Acceptances
- Credit cards and other products fee receivable
- Receivable from brokers against sale of shares
- Dividend receivable
- Others

8,576,997	5,059,391
80,805	66,476
808,585	1,226,008
2,528,729	3,562,370
1,585,555	1,807,502
9,883,096	2,868,688
7,881,112	10,899,656
354,797	334,588
402,980	447,272
162,123	75,348
1,313,633	786,960
33,578,412	27,134,259
(259,526)	(257,564)
33,318,886	26,876,695
1,230,404	1,261,018
34,549,290	28,137,713

Less: provision held against other assets

Other assets (net of provision)

Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Other assets - total

17.1 Provision held against other assets

- Dividend receivable
- SBP penalties
- Fraud forgery theft and accounts receivable
- Security deposits
- Others

75,348	75,348
66,345	64,383
13,802	13,802
22,994	22,994
81,037	81,037
259,526	257,564

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	Un-audited June 30, 2019	Audited December 31, 2018
-----Rupees '000-----			
17.1.1 Movement in provision held against other assets			
Opening balance		257,564	249,980
Charge for the period / year		2,731	9,782
Reversals during the period / year		(769)	(2,198)
	32	1,962	7,584
Closing balance		259,526	257,564

18 BILLS PAYABLE

In Pakistan	9,699,390	23,543,525
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19 BORROWINGS

Secured

Borrowings from the State Bank of Pakistan

- Under export refinance scheme - Part I and II	9,096,852	11,895,711
- Under long term financing facility	2,590,817	1,786,815
- Under long term financing facility for renewable power energy (RPE)	976,469	962,784
- Under scheme of financing facility for storage of agricultural produce	104,120	117,219
- Under Islamic export refinance scheme	5,155,104	4,107,833
	17,923,362	18,870,362
Repurchase agreement borrowings	2,950,680	58,968,300
Total secured	20,874,042	77,838,662

Unsecured

Call borrowings	2,200,000	325,000
Overdrawn nostro accounts	499,873	141,626
Musharaka acceptances	11,335,000	7,700,000
Other borrowings	5,601,824	12,346,633
Total unsecured	19,636,697	20,513,259
	40,510,739	98,351,921

19.1 This represents borrowings from a foreign financial institution. The mark-up rate on these borrowings is 3.81% per annum (December 31, 2018: ranging from 3.28% to 4.76%) maturing in July 2019.

20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited June 30, 2019			Audited December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
-----Rupees '000-----						
Customers						
Current deposits – remunerative	7,688,780	-	7,688,780	4,063,646	-	4,063,646
Current deposits – non-remunerative	129,580,905	17,935,075	147,515,980	112,565,332	14,367,150	126,932,482
Savings deposits	118,808,025	16,721,021	135,529,046	110,520,860	15,358,413	125,879,273
Term deposits	127,688,245	5,785,535	133,473,780	116,529,111	3,898,877	120,427,988
Margin deposits	2,623,933	38,131	2,662,064	2,721,574	47,179	2,768,753
	386,389,888	40,479,762	426,869,650	346,400,523	33,671,619	380,072,142
Financial Institutions						
Current deposits	752,991	42,458	795,449	1,129,922	49,068	1,178,990
Savings deposits	20,630,142	-	20,630,142	20,950,300	-	20,950,300
Term deposits	5,992,528	-	5,992,528	7,182,370	-	7,182,370
	27,375,661	42,458	27,418,119	29,262,592	49,068	29,311,660
	413,765,549	40,522,220	454,287,769	375,663,115	33,720,687	409,383,802

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

		Un-audited June 30, 2019	Audited December 31, 2018
	Note	Rupees '000-----	
21 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		2,110,364	1,962,508
Mark-up / return / interest payable in foreign currency		27,368	19,891
Unearned commission and income on bills discounted		144,334	66,698
Accrued expenses		1,771,100	2,081,150
Acceptances	17	7,881,112	10,899,656
Unclaimed dividends		45,136	45,136
Mark to market loss on forward foreign exchange contracts		6,396,778	1,239,594
Branch adjustment account		9,344	5,301
Charity fund balance		3,333	1,409
Provision against off-balance sheet obligations	21.2	124,158	125,238
Security deposits against lease		1,624,503	2,067,095
Withholding tax payable		136,743	83,975
Federal excise duty payable		21,381	52,450
Payable to brokers against purchase of shares		1,147,169	897,109
Fair value of derivative contracts		1,415,250	771,326
Short sale - Pakistan Investment Bonds		1,688,118	-
Credit cards and other products payables		1,300,099	895,567
Leased liability against right-of-use asset		7,164,918	-
Token money against disposal of assets		518,459	572,276
Fund held as security		222,423	214,698
Others	21.1	4,656,791	3,135,343
		<u>38,408,881</u>	<u>25,136,420</u>

21.1 This includes payable to Islamic Investment Company of the Gulf (Bahamas) Limited (a related party) against acquisition of shares of Faysal Asset Management Limited amounting to Rs 225 million (December 31, 2018: Rs 225 million).

	Un-audited June 30, 2019	Audited December 31, 2018
	Rupees '000-----	
21.2 Provision against off-balance sheet obligations		
Opening balance	125,238	101,090
Charge for the period / year	-	57,434
Reversals during the period / year	(1,080)	(33,286)
	(1,080)	24,148
Closing balance	<u>124,158</u>	<u>125,238</u>

22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation of:

- Available for sale securities	(578,724)	(670,686)
- Fixed assets	5,467,080	5,476,251
- Non-banking assets acquired in satisfaction of claims	1,230,404	1,261,018
	<u>6,118,760</u>	<u>6,066,583</u>

Deferred tax on surplus / (deficit) on revaluation of:

- Available for sale securities	225,702	234,740
- Fixed assets	(1,330,076)	(1,184,279)
- Non-banking assets acquired in satisfaction of claims	(11,812)	(23,377)
	<u>(1,116,186)</u>	<u>(972,916)</u>
	<u>5,002,574</u>	<u>5,093,667</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	Un-audited June 30, 2019	Audited December 31, 2018
		-----Rupees '000-----	
23 CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	19,763,142	17,988,308
- Commitments	23.2	228,479,181	230,966,872
- Other contingent liabilities	23.3	4,293,244	4,293,244
		<u>252,535,567</u>	<u>253,248,424</u>
23.1 Guarantees:			
Financial guarantees		1,733,277	1,417,536
Performance guarantees		6,477,404	7,068,425
Other guarantees		11,552,461	9,502,347
		<u>19,763,142</u>	<u>17,988,308</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		36,120,424	32,048,821
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	151,624,425	94,403,136
- forward government securities transactions	23.2.2	7,715,454	62,083,269
- derivatives - cross currency swaps (notional principal)	23.2.3	10,141,332	4,483,600
- operating leases	23.2.4	-	10,708,369
- extending credit (irrevocable)	23.5	22,617,248	27,079,658
Commitments for acquisition of:			
- operating fixed assets		139,660	46,719
- intangible assets		120,638	113,300
		<u>228,479,181</u>	<u>230,966,872</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		94,533,458	66,533,034
Sale		57,090,967	27,870,102
		<u>151,624,425</u>	<u>94,403,136</u>
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		2,954,685	59,084,100
Sale		4,760,769	2,999,169
		<u>7,715,454</u>	<u>62,083,269</u>
23.2.3 Commitments in respect of derivatives			
Purchase		-	-
Sale		10,141,332	4,483,600
		<u>10,141,332</u>	<u>4,483,600</u>
23.2.4 Commitments in respect of operating leases			
Not later than one year		-	1,421,897
Later than one year and not later than five years		-	5,275,107
Later than five years		-	4,011,365
		<u>-</u>	<u>10,708,369</u>

As disclosed in note 4.1.1 to the condensed interim unconsolidated financial statements, during the period, lease liability and right-of-use asset have been recorded in accordance with IFRS 16.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	Un-audited June 30, 2019	Audited December 31, 2018
23.3 Other contingent liabilities:		-----Rupees '000-----	
- Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case		2,510,000	2,510,000
- Indemnity issued favouring the High Court in one of the cases		457,543	457,543
- Cantonment tax Karachi Cantonment Board (KCB)	23.3.1	171,000	171,000
- Tax liability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan	23.3.2	1,154,701	1,154,701
		<u>4,293,244</u>	<u>4,293,244</u>

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

23.3.2 Income tax assessments of the Bank have been finalised upto the tax year 2018 (accounting year 2017). The department and the Bank have difference of opinion on a matter relating to taxability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2018: Rs. 1,154.701 million). Subsequently, the Commissioner Inland Revenue (Appeals) [(CIR(A))] has deleted the said additional tax liability, however the Income Tax Department has filed an appeal with the Appellate Tribunal Inland Revenue against the order of CIR(A). The management and tax advisors of the Bank are confident that the matter will be decided in the Bank's favor and accordingly, no provision has been recorded in these condensed interim unconsolidated financial statements in respect of this matter.

23.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 32,443 million December 31, 2018: Rs 31,579 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by customers due to non disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2018: 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 above matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements.

23.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 22,617 million (December 31, 2018: Rs 27,080 million) which are irrevocable in nature.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
24 DERIVATIVE INSTRUMENTS		
Cross currency swaps (notional principal)	<u>10,141,332</u>	<u>4,483,600</u>

24.1 Product Analysis

Counterparties	June 30, 2019 (Un-audited)	
	Cross currency swaps	
	Notional Principal	Mark to market loss
	-----Rupees '000-----	
With banks for		
Market making	5,254,029	(663,334)
With other entities for		
Market making	4,887,303	(751,916)
Total		
Market making	<u>10,141,332</u>	<u>(1,415,250)</u>

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

	Un-audited	
	June 30, 2019	June 30, 2018
	-----Rupees '000-----	

25 MARK-UP / RETURN / INTEREST EARNED

On:		
a) Loans and advances	17,949,519	10,093,577
b) Investments	6,578,569	4,872,853
c) Lendings to financial institutions	44,717	33,207
d) Balances with banks	42,644	17,731
e) Securities purchased under resale agreements	1,114,821	291,776
	<u>25,730,270</u>	<u>15,309,144</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

Note	Un-audited	
	June 30, 2019	June 30, 2018
	-----Rupees '000-----	
26 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	12,291,502	6,268,216
Securities sold under repurchase agreements	515,818	519,106
Other short term borrowings	43,399	118,527
SBP borrowings	199,899	186,231
Short sale of Pakistan Investment Bonds	72,220	312,733
Musharaka acceptances	396,311	148,280
Leased liability against right-of-use assets	448,854	-
Cost of foreign currency swaps against foreign currency deposits / borrowings	1,707,410	544,867
	<u>15,675,413</u>	<u>8,097,960</u>
27 FEE AND COMMISSION INCOME		
Branch banking customer fees	347,871	306,040
Consumer finance related fees	164,886	132,342
Card related fees (debit and credit cards)	786,630	743,520
Credit related fees	68,105	82,205
Investment banking fees	107,578	143,377
Commission on trade	142,500	152,903
Commission on guarantees	41,148	43,836
Commission on cash management	24,100	37,613
Commission on remittances including home remittances	76,894	34,266
Commission on bancassurance	180,263	191,525
Others	43,181	4,578
	<u>1,983,156</u>	<u>1,872,205</u>
28 (LOSS) / GAIN ON SECURITIES		
Realised - net	28.1 (387,452)	174,309
Unrealised - held for trading - net	(25,360)	2,204
	<u>(412,812)</u>	<u>176,513</u>
28.1 Realised (loss) / gain on:		
Federal Government securities	(20,035)	34,282
Shares	(378,596)	103,712
Open end mutual funds	11,179	36,315
	<u>(387,452)</u>	<u>174,309</u>
29 OTHER INCOME		
Rent on property	99,739	109,210
Gain on sale of fixed assets - net	9,669	26,823
Gain on sale of non-banking assets - net	7,813	-
Gain on short sale of Pakistan Investment Bonds (PIBs)	89,742	136,651
Notice pay	1,676	10,463
Others	1,773	669
	<u>210,412</u>	<u>283,816</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

Un-audited	
June 30, 2019	June 30, 2018
-----Rupees '000-----	

30 OPERATING EXPENSES

Total compensation expense	3,068,536	2,457,829
Property expense		
Rent and taxes	79,954	709,168
Insurance	39,893	41,075
Utilities cost	291,090	251,517
Security (including guards)	306,386	236,170
Repair and maintenance (including janitorial charges)	167,729	196,896
Depreciation on owned fixed assets	215,697	185,450
Depreciation on right-of-use assets	677,631	-
Others	33,791	46,107
	1,812,171	1,666,383
Information technology expenses		
Software maintenance	664,381	505,203
Hardware maintenance	110,712	89,763
Depreciation	140,588	163,403
Amortisation	49,544	67,510
Network charges	107,424	107,180
Others	1,429	-
	1,074,078	933,059
Other operating expenses		
Directors' fees and allowances	53,805	51,238
Legal and professional charges	34,782	119,248
Outsourced services costs	154,918	481,217
Travelling and conveyance	51,540	39,918
NIFT clearing charges	22,132	24,082
Depreciation	122,386	83,608
Training and development	8,805	8,146
Postage and courier charges	47,555	56,850
Communication	68,444	62,710
Marketing, advertisement and publicity	201,601	140,268
Donations	69,431	55,209
Auditors remuneration	22,564	25,579
Insurance	294,611	208,089
Stationery and printing	102,935	106,126
Bank fees and charges	50,722	42,762
Brokerage and commission	20,664	18,042
Deposit protection premium	175,237	-
Others	274,039	216,453
	1,776,171	1,739,545
	7,730,956	6,796,816

31 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	17,019	12,118
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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2019

32	PROVISION / (REVERSAL OF PROVISION) AND RECOVERIES AGAINST WRITTEN-OFF DEBTS - NET	Note	Un-audited	
			June 30, 2019	June 30, 2018
			-----Rupees '000-----	
	Provision / (reversal of provision) for diminution in value of investments	12.4	454,789	(49,622)
	Provision / (reversal of provision) against loans and advances	13.3	274,531	(527,873)
	Bad debts written off directly		7,605	5,816
	Recovery of written off / charged off bad debts		(66,264)	(56,949)
	(Reversal of provision) / provision against off balance sheet obligations - net	21.2	(1,080)	21,581
	Provision against other assets	17.1.1	1,962	-
			<u>671,543</u>	<u>(607,047)</u>

33 TAXATION

Current	2,326,507	1,692,522
Prior years	338,934	(1,064,856)
Deferred	(448,479)	1,207,266
	<u>2,216,962</u>	<u>1,834,932</u>

34 BASIC EARNINGS PER SHARE

	Un-audited			
	For the quarter ended		For the half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	-----Rupees '000-----			
Profit after tax for the period	<u>1,413,489</u>	<u>1,197,379</u>	<u>3,022,280</u>	<u>2,414,582</u>
	----- Number of shares in thousands -----			
Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>
	----- Rupees -----			
Basic earnings per share	<u>0.93</u>	<u>0.79</u>	<u>1.99</u>	<u>1.59</u>

34.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at June 30, 2019 (June 30, 2018: Nil) which would have any effect on the earnings per share if the option to convert is exercised.

35 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

35.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

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

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

June 30, 2019 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	85,696,521	-	85,696,521
Shares	7,892,749	30,346	-	7,923,095
Non-Government debt securities	-	42,604,049	-	42,604,049
Financial assets - disclosed but not measured at fair value				
Investments	-	13,746,813	-	13,746,813
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,800,924	8,800,924
Non-banking assets acquired in satisfaction of claims	-	-	2,815,959	2,815,959
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	103,620,753	-	103,620,753
Forward sale of foreign exchange	-	62,691,944	-	62,691,944
Derivatives sales	-	10,141,332	-	10,141,332
December 31, 2018 (Audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	182,836,810	-	182,836,810
Shares	7,193,824	30,346	-	7,224,170
Non-Government debt securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments	-	15,490,626	-	15,490,626
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,774,714	8,774,714
Non-banking assets acquired in satisfaction of claims	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	69,187,310	-	69,187,310
Forward sale of foreign exchange	-	28,895,283	-	28,895,283
Derivatives sales	-	4,483,600	-	4,483,600

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

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

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

Valuation techniques used in determination of fair values within level 2

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

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Bank for the year ended December 31, 2018.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Bank for the year ended December 31, 2018.

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

36 SEGMENT INFORMATION

36.1 Segment Details with respect to business activities

	2019				
	Retail	CIBG	Treasury	SAM	Others
	Rupees '000				
Profit and loss for the half year ended June 30, 2019 (un-audited)					
Net mark-up / return / profit	(7,448,748)	14,124,580	3,176,485	128,818	73,722
Inter segment revenue - net	13,659,625	(12,762,686)	(2,464,706)	(95,821)	1,663,588
Non mark-up / return / interest income	2,062,734	471,192	1,402,815	5,700	(217,049)
Total Income	8,273,611	1,833,086	2,114,594	38,697	1,520,261
Segment direct expenses	5,075,828	236,986	143,013	64,882	2,348,755
Inter segment expense allocation	1,936,837	261,365	55,817	51,709	(2,305,728)
Total expenses	7,012,665	498,351	198,830	116,591	43,027
Provisions	255,820	141,244	415,568	(160,903)	19,814
Profit before tax	1,005,126	1,193,491	1,500,196	83,009	1,457,420

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	2019					
	Retail	CIBG	Treasury	SAM	Others	Total
-----Rupees '000 -----						
Statement of financial position						
as at June 30, 2019 (un-audited)						
Cash and bank balances	29,330,224	-	41,069,810	-	-	70,400,034
Investments	-	36,626,630	114,872,179	3,298,820	1,344,396	156,142,025
Investment provision	-	-	(1,330,615)	(2,665,841)	-	(3,996,456)
Net inter segment lending	342,508,740	-	-	-	(342,508,740)	-
Lendings to financial institutions	-	-	6,248,563	-	-	6,248,563
Advances - performing	62,450,673	236,224,184	-	-	3,078,801	301,753,658
Advances - non-performing	5,231,476	1,201,639	-	20,094,747	30,604	26,558,466
Advances - provisions	(4,215,555)	(722,107)	-	(19,020,060)	(123,619)	(24,081,341)
Others	18,564,622	12,671,870	7,320,931	(582,018)	18,276,941	56,252,346
Total assets	453,870,180	286,002,216	168,180,868	1,125,648	(319,901,617)	589,277,295
Borrowings	1,126,987	15,205,544	22,648,877	-	1,529,331	40,510,739
Deposits and other accounts	429,599,534	23,299,429	-	126,483	1,262,323	454,287,769
Net inter segment borrowing	-	240,147,292	140,470,388	918,282	(381,535,962)	-
Others	23,143,659	7,349,951	5,414,625	80,883	12,119,153	48,108,271
Total liabilities	453,870,180	286,002,216	168,533,890	1,125,648	(366,625,155)	542,906,779
Equity	-	-	(353,022)	-	46,723,538	46,370,516
Total equity and liabilities	453,870,180	286,002,216	168,180,868	1,125,648	(319,901,617)	589,277,295
Contingencies and commitments	7,074,515	68,855,754	169,481,211	1,222,968	5,901,119	252,535,567

Profit and loss for the half year ended June 30, 2018 (un-audited)	2018					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees in '000					
Net mark-up / return / profit	(2,591,073)	6,869,602	2,780,222	94,581	57,852	7,211,184
Inter segment revenue - net	7,699,035	(6,054,388)	(2,318,068)	(78,538)	751,959	-
Non mark-up / return / interest income	1,923,473	474,279	1,146,180	1,690	(182,972)	3,362,650
Total Income	7,031,435	1,289,493	1,608,334	17,733	626,839	10,573,834
Segment direct expenses	4,360,940	196,544	133,847	74,726	2,165,310	6,931,367
Inter segment expense allocation	1,774,712	237,877	54,811	48,976	(2,116,376)	-
Total expenses	6,135,652	434,421	188,658	123,702	48,934	6,931,367
Provisions	110,454	26,353	(53,832)	(693,206)	3,184	(607,047)
Profit before tax	785,329	828,719	1,473,508	587,237	574,721	4,249,514

Statement of financial position as at December 31, 2018 (audited)						
Cash and bank balances	19,912,358	-	25,109,230	-	-	45,021,588
Investments	-	21,886,526	191,461,086	3,298,820	1,080,826	217,727,258
Investment provision	-	(53,648)	(584,443)	(2,903,576)	-	(3,541,667)
Net inter segment lending	329,612,992	-	-	-	(329,612,992)	-
Lendings to financial institutions	-	-	2,997,486	-	-	2,997,486
Advances - performing	61,398,861	229,378,051	-	199,356	2,594,403	293,570,671
Advances - non-performing	5,336,454	1,405,387	-	19,777,837	167,960	26,687,638
Advances - provisions	(4,602,273)	(662,904)	-	(18,435,951)	(112,320)	(23,813,448)
Others	10,092,323	13,261,830	6,218,701	421,155	11,270,648	41,264,657
Total assets	421,750,715	265,215,242	225,202,060	2,357,641	(314,611,475)	599,914,183
Borrowings	1,893,185	16,327,177	80,131,559	-	-	98,351,921
Deposits and other accounts	389,819,208	18,218,136	-	102,865	1,243,593	409,383,802
Net inter segment borrowing	-	220,490,624	142,699,535	2,193,276	(365,383,435)	-
Others	30,038,322	10,179,305	2,806,862	61,500	5,593,956	48,679,945
Total liabilities	421,750,715	265,215,242	225,637,956	2,357,641	(358,545,886)	556,415,668
Equity	-	-	(435,896)	-	43,934,411	43,498,515
Total equity and liabilities	421,750,715	265,215,242	225,202,060	2,357,641	(314,611,475)	599,914,183
Contingencies and commitments	18,728,388	68,514,605	160,970,005	1,039,706	3,995,720	253,248,424

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

37

RELATED PARTY TRANSACTIONS

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

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

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

37.1

Balances with related parties

	June 30, 2019 (Un-audited)					December 31, 2018 (Audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Rupees '000												
Investments												
Opening balance	-	-	-	639,893	-	5,183,885	-	-	-	-	23,169	3,782,571
Investment made during the period / year	-	-	-	-	6,007,129	-	-	-	-	616,724	-	2,693,897
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	(6,494,809)	-	-	-	-	-	(23,169)	(1,342,583)
Closing balance	-	-	-	639,893	-	4,695,205	-	-	-	639,893	-	5,183,885
Provision for diminution in value of investments	-	-	-	-	-	2,358,835	-	-	-	-	-	2,321,301
Advances												
Opening balance	-	17,841	159,031	-	-	5,002,325	-	19,209	135,513	-	-	4,636,528
Addition during the period / year	-	108	49,940	-	-	1,588,684	-	-	95,950	-	-	472,248
Repaid during the period / year	-	(707)	(13,226)	-	-	(444,539)	-	(1,368)	(72,432)	-	-	(106,451)
Closing balance	-	17,242	195,745	-	-	6,146,470	-	17,841	159,031	-	-	5,002,325
Provision held against advances	-	-	-	-	-	2,925,841	-	-	-	-	-	2,930,659
Other assets												
Interest / mark-up accrued	-	14	113	-	-	1,832,241	-	15	112	-	-	860,805
Dividend receivable	-	-	-	-	-	85,692	-	-	-	-	-	-
Commission income receivable	-	-	-	-	-	25,091	-	-	-	13,165	-	-
Occupancy income for Faysal House	-	-	-	14,784	-	-	-	-	-	-	-	-
Rent receivable	-	-	-	939	-	-	-	-	-	-	-	-
Sale load receivable	-	-	-	8	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	1,618,000	-	-	-	-	-	1,702,747
Others	-	-	-	4,595	-	-	-	-	-	-	-	-
Closing balance	-	14	113	20,326	-	3,560,994	-	15	112	13,165	-	2,563,552
Deposits and other accounts												
Opening balance	182	76,275	110,207	2,734	-	3,416,265	182	47,517	85,892	-	2,801	3,130,284
Received during the period / year	-	125,689	660,487	7,183,697	-	36,338,631	-	155,800	1,522,613	832,914	9,162,065	73,641,910
Withdrawn during the period / year	-	(94,510)	(645,861)	(7,173,961)	-	(37,740,515)	-	(127,042)	(1,498,298)	(832,920)	(9,162,116)	(73,364,929)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	2,740	(2,740)	-
Closing balance	182	107,454	124,833	12,470	-	2,014,381	182	76,275	110,207	2,734	-	3,416,265

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

June 30, 2019 (Un-audited)						December 31, 2018 (Audited)					
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
-	70	58	-	-	8,080	-	-	62	196	-	9,055
-	-	-	-	-	88,752	-	-	-	-	-	177,503
-	70	58	-	-	96,832	-	62	196	-	-	186,558

Other liabilities

Interest / mark-up payable
Payable to staff retirement fund

Contingencies and commitments

Guarantees issued favouring related parties or on their behalf *
Trade related commitments

* represents outstanding guarantee

37.1.1 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.

37.2 Transactions With Related Parties

June 30, 2019 (Un-audited)					June 30, 2018 (Un-audited)				
Parent	Directors	Key management personnel	Subsidiaries	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Other related parties

Income											
Mark-up / return / interest earned	-	435	5,237	-	-	110,017	-	469	3,188	-	71,876
Fee and commission income	-	25	27	-	-	41,671	-	27	11	-	23,832
Distribution commission income	-	-	-	3,026	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	87,324	-	-	-	-	-
Net gain on sale of securities	-	-	-	-	-	11,260	-	-	-	-	36,315
Occupancy and conservancy income	-	-	-	11,532	-	-	-	-	-	-	-
Other income	-	-	-	3,003	-	-	-	-	-	-	-
Expense											
Mark-up / return / interest paid	-	3,301	3,621	3,985	-	107,346	-	431	892	-	73,661
Director's fee and other expenses	-	-	-	-	-	-	-	51,238	-	-	-
Salaries and other short-term employee benefits	-	-	276,276	-	-	-	-	-	212,883	-	-
Post-employment benefits	-	-	11,366	-	-	-	-	-	9,627	-	-
Others											
Shares / units purchased during the period / year	-	-	-	-	-	6,007,129	-	-	-	-	1,378,897
Shares / units sold during the period / year	-	-	-	-	-	6,506,070	-	-	-	-	1,378,897
Government securities purchased during the period / year	-	-	273,244	-	-	3,248,638	-	-	492,620	-	-
Government securities sold during the period / year	-	-	287,300	-	-	4,489,519	-	-	490,156	-	1,177,282

Income

Mark-up / return / interest earned
Fee and commission income
Distribution commission income
Dividend income
Net gain on sale of securities
Occupancy and conservancy income
Other income

Expense

Mark-up / return / interest paid
Director's fee and other expenses
Salaries and other short-term employee benefits
Post-employment benefits

Others

Shares / units purchased during the period / year
Shares / units sold during the period / year
Government securities purchased during the period / year
Government securities sold during the period / year

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Un-audited June 30, 2019	Audited December 31, 2018
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	-----Rupees '000-----	
Minimum Capital Requirement (MCR):		
Paid-up capital	<u>15,176,965</u>	<u>15,176,965</u>
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	<u>39,906,103</u>	<u>36,860,215</u>
Eligible additional tier 1 (ADT 1) capital	<u>-</u>	<u>-</u>
Total eligible tier 1 capital	<u>39,906,103</u>	<u>36,860,215</u>
Eligible tier 2 capital	<u>4,846,769</u>	<u>4,970,159</u>
Total eligible capital (tier 1 + tier 2)	<u>44,752,872</u>	<u>41,830,374</u>
Risk Weighted Assets (RWAs):		
Credit risk	<u>210,733,785</u>	<u>198,856,534</u>
Market risk	<u>15,685,082</u>	<u>14,200,024</u>
Operational risk	<u>36,029,851</u>	<u>35,913,323</u>
Total	<u>262,448,718</u>	<u>248,969,881</u>
Common equity tier 1 capital adequacy ratio	<u>15.21%</u>	<u>14.81%</u>
Tier 1 capital adequacy ratio	<u>15.21%</u>	<u>14.81%</u>
Total capital adequacy ratio	<u>17.05%</u>	<u>16.80%</u>
Leverage Ratio (LR):		
Eligible tier-1 capital	<u>39,906,103</u>	<u>36,860,215</u>
Total exposures	<u>690,173,244</u>	<u>753,092,496</u>
Leverage ratio	<u>5.78%</u>	<u>4.89%</u>
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	<u>162,745,038</u>	<u>142,734,534</u>
Total net cash outflow	<u>122,643,559</u>	<u>98,435,120</u>
Liquidity coverage ratio	<u>1.327</u>	<u>1.452</u>
Net Stable Funding Ratio (NSFR):		
Total available stable funding	<u>385,521,127</u>	<u>359,743,076</u>
Total required stable funding	<u>288,620,302</u>	<u>275,300,061</u>
Net stable funding ratio	<u>133.57%</u>	<u>130.67%</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

39 ISLAMIC BANKING BUSINESS

The Bank is operating 284 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1).

		Un-audited June 30, 2019	Audited December 31, 2018
Statement of financial position		Rupees '000	
Note			
ASSETS			
	Cash and balances with treasury banks	11,784,669	7,941,153
	Balances with other banks	226,144	105,205
39.1	Investments	32,482,033	27,620,400
39.2	Islamic financing and related assets - net	97,044,854	78,659,697
	Fixed assets	5,966,833	1,954,626
	Intangible assets	33,951	38,263
	Other assets	6,471,253	2,264,354
		154,009,737	118,583,698
LIABILITIES			
	Bills payable	2,095,055	5,666,023
	Due to financial institutions	17,555,729	11,157,833
39.3	Deposits and other accounts	82,193,601	69,489,203
	Due to head office	33,579,809	24,134,341
	Other liabilities	6,723,540	1,102,813
		142,147,734	111,550,213
		11,862,003	7,033,485
NET ASSETS			
REPRESENTED BY			
	Islamic banking fund	9,180,000	4,680,000
	Surplus on revaluation of assets - net of tax	38,413	121,608
39.7	Unappropriated profit	2,643,590	2,231,877
		11,862,003	7,033,485
CONTINGENCIES AND COMMITMENTS			
39.4			
		Un-audited	
		June 30, 2019	June 30, 2018
		Rupees '000	
Profit and loss account			
	Profit / return earned	6,823,349	2,992,888
39.6	Profit / return expensed	4,489,492	1,451,924
	Net profit / return	2,333,857	1,540,964
Other income			
	Fee and commission income	280,078	180,606
	Foreign exchange income	85,752	43,041
	Other income	3,212	4,819
	Total other income	369,042	228,466
	Total income	2,702,899	1,769,430
Other expenses			
	Operating expenses	1,970,727	1,524,683
	Total other expenses	1,970,727	1,524,683
	Profit before provisions	732,172	244,747
	Provisions and write offs - net	57,232	20,037
	Profit before taxation	674,940	224,710
	Taxation	263,227	78,649
	Profit after taxation	411,713	146,061

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

39.1 Investments by segments:

	Un-audited June 30, 2019				Audited December 31, 2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees '000								
Federal Government Securities:								
- Ijarah Sukuks	6,000,000	-	(234,000)	5,766,000	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	<u>7,597,048</u>	<u>-</u>	<u>(234,000)</u>	<u>7,363,048</u>	<u>7,597,048</u>	<u>-</u>	<u>(107,400)</u>	<u>7,489,648</u>
Non Government Debt Securities:								
- Unlisted	25,118,997	-	(12)	25,118,985	20,129,372	-	1,380	20,130,752
Total Investments	<u>32,716,045</u>	<u>-</u>	<u>(234,012)</u>	<u>32,482,033</u>	<u>27,726,420</u>	<u>-</u>	<u>(106,020)</u>	<u>27,620,400</u>

39.2 Islamic financing and related assets - net

	Un-audited June 30, 2019	Audited December 31, 2018
Rupees '000		
Murabaha	3,049,427	1,576,557
Musharaka	7,164	8,042
Diminishing Musharaka	65,168,780	56,773,632
Istisna	2,434,407	28,771
Running Musharaka	8,247,458	7,342,446
Fixed assets Ijarah financing - net	103,562	66,953
Musharaka - Islamic export refinance scheme	4,378,104	3,607,833
Advance against Murabaha financing	120,184	70,976
Advanced against Diminishing Musharaka	7,839,775	5,446,140
Advance against Ijarah	2,624,766	2,898,135
Advance against Istisna	2,192,198	1,092,956
Advance against Islamic long term financing facility	1,098,394	56,388
Inventory related to Islamic financing	147,000	-
Gross Islamic financing and related assets	<u>97,411,219</u>	<u>78,968,829</u>
Less: provision against Islamic financings		
- Specific	(250,553)	(219,120)
- General	(115,812)	(90,012)
	<u>(366,365)</u>	<u>(309,132)</u>
Islamic financing and related assets - net of provision	<u>97,044,854</u>	<u>78,659,697</u>

39.3 Deposits

	Un-audited June 30, 2019			Audited December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees '000						
Customers						
Current deposits	49,163,449	2,093,622	51,257,071	35,538,506	1,588,367	37,126,873
Savings deposits	12,956,867	739,858	13,696,725	11,065,460	688,077	11,753,537
Term deposits	6,332,661	495,985	6,828,646	13,726,680	292,710	14,019,390
	<u>68,452,977</u>	<u>3,329,465</u>	<u>71,782,442</u>	<u>60,330,646</u>	<u>2,569,154</u>	<u>62,899,800</u>
Financial Institutions						
Current deposits	180,926	7,657	188,583	31,960	-	31,960
Savings deposits	7,486,776	-	7,486,776	6,051,443	-	6,051,443
Term deposits	2,735,800	-	2,735,800	506,000	-	506,000
	<u>10,403,502</u>	<u>7,657</u>	<u>10,411,159</u>	<u>6,589,403</u>	<u>-</u>	<u>6,589,403</u>
	<u>78,856,479</u>	<u>3,337,122</u>	<u>82,193,601</u>	<u>66,920,049</u>	<u>2,569,154</u>	<u>69,489,203</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
39.4 Contingencies and commitments		
- Guarantees	678,054	313,552
- Commitments	13,819,940	9,390,440
	<u>14,497,994</u>	<u>9,703,992</u>

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
39.5 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	5,183,527	2,101,748
Investments	1,639,822	891,140
	<u>6,823,349</u>	<u>2,992,888</u>

39.6 Profit on deposits and other dues expensed		
Deposits and other accounts	1,753,565	1,001,663
Other short term borrowings	2,498,995	450,261
Leased liability against right-of use asset	236,932	-
	<u>4,489,492</u>	<u>1,451,924</u>

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
39.7 Islamic banking business unappropriated profit		
Opening balance	2,231,877	1,742,262
Add: Islamic banking profit for the period	411,713	489,615
Closing Balance	<u>2,643,590</u>	<u>2,231,877</u>

40 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim unconsolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. There have been no significant reclassifications during the period except for the following:

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

Particulars	Before reclassification - for the half year ended June 30, 2018	Reclassification	After reclassification - for the half year ended June 30, 2018
Profit and loss account			
Fee and commission income	1,733,755	138,450	1,872,205
Income from derivatives	-	26,582	26,582
Other income	310,398	(26,582)	283,816
Operating expenses	6,658,366	138,450	6,796,816
Gain on securities	174,309	2,204	176,513
Unrealised loss on revaluation of investments classified as held for trading - net	2,204	(2,204)	-
Workers' Welfare Fund	-	122,433	122,433
Other charges	134,551	(122,433)	12,118
Reversal of provision against non-performing loans and advances - net	(597,259)	597,259	-
Provision for consumer and small enterprise loans - general - net	69,387	(69,387)	-
Provision against off balance sheet obligations	21,581	(21,581)	-
Provision for diminution in value of investments - net	(49,623)	49,623	-
Recoveries against written-off debts - net	(51,133)	51,133	-
Provision / (reversal of provision) and recoveries against loans - general - net	-	(607,047)	(607,047)

Rupees '000

41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on August 22, 2019 by the Board of Directors of the Bank.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Directors' Review of Faysal Bank Limited along with Consolidated Financial Statements thereon for the half year ended June 30, 2019.

Company Profile

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

Holding Company : Faysal Bank Limited
Subsidiary : Faysal Asset Management Limited

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

Future Outlook

The Bank is increasing its reach by developing customer oriented products and also opening new branches particularly in unbanked areas so as to provide modern banking services to its customer at their door step. Alongside branch expansion, FBL is investing in Digital Banking technology to provide user friendly and secured modern banking services.

FAML acquisition has enhanced FBL's products offerings as Funds management and advisory services are now available from FAML platform. FAML has already successfully launched Faysal Shariah Capital Preservation Plan in collaboration with FBL and was able to collect more than PKR 1.1 Bln. In future, more funds shall be launched to mobilize funds.

Board of Directors' of FBL has approved further capital injection of PKR 500 Mln in FAML capital. This injection is in addition to PKR 180 Mln which was injected last year to bring Capital of FAML in line with regulatory requirements and to cater for further expansion. This additional investment speaks of FBL commitment towards FAML and its customers.

Financial Highlights

	(PKR in million)		
Profit & Loss Account	Jun 2019	Jun 2018	Growth
Total revenue	13,826	10,574	30.7%
Administrative expense	7,795	6,797	-14.7%
Profit before tax and provision	6,031	3,777	59.7%
Net (provision)/reversal including WWF	(810)	466	-273.8%
Profit before taxation	5,221	4,243	23.0%
Taxation	2,216	1,832	-21.3%
Profit after taxation	3,005	2,411	24.6%
Earnings per share (rupees)	1.98	1.59	0.39

The Group continued to show positive growth in profitability. The higher net yield on assets, is the major drive for enhancement in revenue, the impact of which trickled down to the bottom line. Increase in administrative expense was kept under control despite expansion in branch network. As a result of this, Faysal group has earned PKR 3,005 million in the 1st half of 2019 as compared to PKR 2,411 million in corresponding period last year, showing an increase of PKR 594 million in Profit After Tax and a growth of 24.6%. This increase is despite the impacts of IFRS 16 (Leases) of PKR 219 Mln (net of tax) and Super Tax for the year ended 2017 of PKR

DIRECTORS' REVIEW

259 Mln. As a result, FBL group's Earning per Share for six months increased to PKR 1.98 in 2019 from PKR 1.59 in 2018 showing growth of 39 bps over corresponding period last year.

Credit Rating

VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings to Faysal Bank Ltd. as on December 31, 2018:

Long-Term AA

Short-Term A1+

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

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

Holding Company

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain is the parent company holding directly and indirectly, 66.78% (2018: 66.78%) of the shareholding in the Faysal Bank Ltd.

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

Subsequent Events

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

Acknowledgement

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

Approval

In compliance with the requirement of the Companies Act, 2017, this directors' report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on August 22, 2019 and signed by the Chief Executive Officer and a director.

President & CEO
Karachi
Dated: August 22, 2019

Chairman / Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

		Un-audited June 30, 2019	Audited December 31, 2018
Note		----- Rupees '000 -----	
ASSETS			
Cash and balances with treasury banks	10	67,920,092	43,174,003
Balances with other banks	11	2,480,029	1,848,859
Lendings to financial institutions	12	6,248,563	2,997,486
Investments	13	151,707,988	213,815,803
Advances	14	304,230,783	296,444,861
Fixed assets	15	19,937,140	11,662,446
Intangible assets	16	1,744,405	1,743,900
Deferred tax assets	17	445,043	141,712
Other assets	18	34,594,744	28,167,363
		589,308,787	599,996,433
LIABILITIES			
Bills payable	19	9,699,390	23,543,524
Borrowings	20	40,510,739	98,351,921
Deposits and other accounts	21	454,275,876	409,383,501
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	22	38,434,382	25,184,233
		542,920,387	556,463,179
NET ASSETS		46,388,400	43,533,254
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		8,681,426	8,778,908
Surplus on revaluation of assets	23	5,002,574	5,093,667
Unappropriated profit		17,527,430	14,483,709
Total equity attributable to the equity holders of the parent		46,388,395	43,533,249
Non-controlling interest		5	5
		46,388,400	43,533,254
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2019

		Quarter ended		Half year ended	
	Note	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		Rupees '000			
		Restated			Restated
Mark-up / return / interest earned	26	13,525,254	8,085,052	25,730,284	15,309,144
Mark-up / return / interest expensed	27	8,413,532	4,253,926	15,671,429	8,097,960
Net mark-up / interest income		5,111,722	3,831,126	10,058,855	7,211,184
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	1,221,733	1,035,587	2,031,097	1,872,205
Dividend income		166,928	35,608	242,076	50,840
Foreign exchange income		840,067	544,017	1,632,529	952,694
Income from derivatives		20,448	8,442	73,720	26,582
(Loss) / gain on securities	29	(364,505)	(91,273)	(408,629)	176,513
Other income	30	162,167	235,844	195,966	283,816
Total non-markup / interest income		2,046,838	1,768,225	3,766,759	3,362,650
Total income		7,158,560	5,599,351	13,825,614	10,573,834
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	31	3,981,993	3,590,836	7,795,009	6,796,816
Workers welfare fund		58,408	45,789	121,489	122,433
Other charges	32	11,042	12,118	17,219	12,118
Total non-markup / interest expenses		4,051,443	3,648,743	7,933,717	6,931,367
Profit before provisions		3,107,117	1,950,608	5,891,897	3,642,467
Provision / (reversal of provision) and recoveries against written-off debts - net	33	877,214	(294,169)	670,910	(607,047)
Share of loss of associate		-	(3,598)	-	(6,196)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		2,229,903	2,241,179	5,220,987	4,243,318
Taxation	34	824,994	1,047,827	2,215,562	1,832,763
PROFIT AFTER TAXATION		1,404,909	1,193,352	3,005,425	2,410,555
----- Rupees -----					
Basic / diluted earnings per share	35	0.93	0.79	1.98	1.59

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

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

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2019

	Quarter ended		Half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees '000			
	Restated		Restated	
Profit after taxation for the period	1,404,909	1,193,352	3,005,425	2,410,555
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
- Movement in surplus / (deficit) on revaluation of investments - net of tax	(146,784)	(133,239)	82,924	(115,089)
Items that will not be reclassified to profit and loss account in subsequent periods:				
- Movement in surplus on revaluation of operating fixed assets - net of tax	(116,672)	-	(116,672)	-
- Movement in surplus on revaluation of non-banking assets - net of tax	(19,049)	-	(19,049)	-
	(282,505)	(133,239)	(52,797)	(115,089)
Total comprehensive income	1,122,404	1,060,113	2,952,628	2,295,466

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2019

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

Rupee s '000

Balance as at January 1, 2018 (audited)

13,197,361	-	10,131	756,873	23,952	7,145,382	7,936,338	1,449	5,611,794	5,613,243	12,485,334	-	39,232,276
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Profit after taxation for the half year ended June 30, 2018

-	-	-	-	-	-	-	-	-	-	2,410,555	-	2,410,555
---	---	---	---	---	---	---	---	---	---	-----------	---	-----------

Other comprehensive loss - net of tax

-	-	-	-	-	-	-	(115,089)	-	(115,089)	-	-	(115,089)
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Total comprehensive income

-	-	-	-	-	-	-	(115,089)	-	(115,089)	2,410,555	-	2,295,466
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Amortisation of intangible assets - customer relationship - net of tax

-	-	-	(62,433)	-	-	(62,433)	-	-	-	-	-	(62,433)
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Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax

-	-	-	-	-	-	-	-	(40,740)	(40,740)	40,740	-	-
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Transactions with owners, recorded directly in equity

- Transfer to reserve for issue of bonus shares

-	1,979,604	-	-	-	-	1,979,604	-	-	-	(1,979,604)	-	-
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- Bonus shares issued

1,979,604	(1,979,604)	-	-	-	-	(1,979,604)	-	-	-	-	-	-
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1,979,604	-	-	-	-	-	-	-	-	-	(1,979,604)	-	-
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Balance as at June 30, 2018 (un-audited)

15,176,965	-	10,131	694,440	23,952	7,145,382	7,873,905	(113,640)	5,571,054	5,457,414	12,957,025	-	41,465,309
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Profit after taxation for the period from July 1, 2018 to December 31, 2018

-	-	-	-	-	-	-	-	-	-	2,475,556	-	2,475,556
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Other comprehensive loss - net of tax

-	-	-	-	-	-	-	(322,306)	(695)	(323,001)	(22,181)	-	(345,182)
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Total comprehensive income

-	-	-	-	-	-	-	(322,306)	(695)	(323,001)	2,453,375	-	2,130,374
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Non-controlling interest acquired

-	-	-	-	-	-	-	-	-	-	-	5	5
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Transfer to statutory reserve

-	-	-	-	-	967,437	967,437	-	-	-	(967,437)	-	-
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Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax

-	-	-	-	-	-	-	-	(40,746)	(40,746)	40,746	-	-
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Amortisation of intangible assets - customer relationship - net of tax

-	-	-	(62,434)	-	-	(62,434)	-	-	-	-	-	(62,434)
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Balance as at December 31, 2018 (audited)

15,176,965	-	10,131	632,006	23,952	8,112,819	8,778,908	(435,946)	5,529,613	5,093,667	14,483,709	5	43,533,254
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Profit after taxation for the half year ended June 30, 2019

-	-	-	-	-	-	-	-	-	-	3,005,425	-	3,005,425
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Other comprehensive incomeloss - net of tax

-	-	-	-	-	-	-	82,924	(135,721)	(52,797)	-	-	(52,797)
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Total comprehensive income

-	-	-	-	-	-	-	82,924	(135,721)	(52,797)	3,005,425	-	2,952,628
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Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax

-	-	-	-	-	-	-	-	(38,296)	(38,296)	38,296	-	-
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Amortisation of intangible assets - customer relationship - net of tax

-	-	-	(97,482)	-	-	(97,482)	-	-	-	-	-	(97,482)
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Balance as at June 30, 2019 (un-audited)

15,176,965	-	10,131	534,524	23,952	8,112,819	8,681,426	(353,022)	5,355,596	5,002,574	17,527,430	5	46,388,400
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The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	Rupees '000	Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,220,987	4,243,318
Less: dividend income	(242,076)	(50,840)
	<u>4,978,911</u>	<u>4,192,478</u>
Adjustments:		
Depreciation	1,149,174	425,333
Amortisation	49,544	67,510
Depreciation on non-banking assets	7,128	7,128
Workers' Welfare Fund	121,489	122,433
Provision / (reversal of provision) against loans and advances - net	274,531	(527,873)
Provision / (reversal of provision) for diminution in value of investments - net	454,789	(49,622)
(Reversal of provision) / provision against off balance sheet obligations	(1,080)	21,581
Loss / (gain) on securities unrealised - held for trading - net	25,208	(2,204)
Gain on sale of fixed assets - net	(9,669)	(26,823)
Gain on sale of non-banking assets	(7,813)	-
Charge for defined benefit plan	89,982	61,811
Income from derivative contracts - net	(73,720)	(26,582)
Mark-up / return / interest expensed - leased liability against right-of-use assets	448,854	-
Recovery of written off / charged off bad debts	(58,659)	(51,133)
Share of loss of associate	-	6,196
	<u>2,469,758</u>	<u>27,755</u>
	<u>7,448,669</u>	<u>4,220,233</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	(3,251,077)	355,943
Held-for-trading securities	27,987,109	18,968,519
Advances	(8,001,794)	(61,906,793)
Others assets (excluding advance taxation)	(7,328,288)	(1,371,765)
	<u>9,405,950</u>	<u>(43,954,096)</u>
(Decrease) / increase in operating liabilities		
Bills Payable	(13,844,134)	863,827
Borrowings from financial institutions	(58,199,429)	42,122,996
Deposits	44,892,375	20,782,570
Other liabilities	5,320,716	432,452
	<u>(21,830,472)</u>	<u>64,201,845</u>
Income tax paid	(1,793,755)	(1,595,452)
	<u>(6,769,608)</u>	<u>22,872,530</u>
Net cash flow (used in) / generated from operating activities		
	<u>(6,769,608)</u>	<u>22,872,530</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment / (investment) in available for sale securities	32,393,819	(19,007,261)
Net divestment / (investment) in held to maturity securities	1,313,644	(1,139,301)
Dividends received	155,301	44,025
Investment in operating fixed assets	(1,465,546)	(400,819)
Proceeds from sale of fixed assets	12,886	36,612
Proceeds from sale of non-banking assets	141,300	-
Net cash flow generated from / (used in) investing activities	<u>32,551,404</u>	<u>(20,466,744)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(765,284)	-
Dividend paid	3,773	(2,460)
Net cash flow used in financing activities	<u>(761,511)</u>	<u>(2,460)</u>
Increase in cash and cash equivalents	<u>25,020,286</u>	<u>2,403,326</u>
Cash and cash equivalents at the beginning of the period	<u>44,879,962</u>	<u>39,488,907</u>
Cash and cash equivalents at the end of the period	<u>69,900,248</u>	<u>41,892,233</u>

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company - Faysal Bank Limited

Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are listed on Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank has a network of 475 branches (December 31, 2018: 455); including 284 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1) in Pakistan.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2018: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

Percentage of holding

	June 2019	December 2018
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

Based on the unconsolidated financial statements of the Bank for the year ended December 31, 2018, the Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2017: 'AA') and the short term rating as 'A1+' (December 31, 2017: 'A1+').

Subsidiary Company - Faysal Asset Management Limited

Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Subsidiary Company commenced its operations on November 14, 2003. The registered office of the Subsidiary Company is located at 7th Floor, West Wing, Faysal House, ST-02, Main Shahra-e-Faisal, Karachi.

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

2 BASIS OF PRESENTATION

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

2.2 In accordance with the directives issued by the SBP, the statement of financial position and the profit and loss account of Islamic banking branches of the Holding Company are disclosed in note 40 to these condensed interim consolidated financial statements.

3 BASIS OF CONSOLIDATION

These condensed interim consolidated financial statements represent financial statements of Holding Company - Faysal Bank Limited and its Subsidiary Company. The assets and liabilities of Subsidiary Company have been consolidated on a line-by-line basis and the investment held by the holding company is eliminated against the corresponding share capital of subsidiary in these condensed interim consolidated financial statements. Material intra-group balances and transactions are eliminated.

4 STATEMENT OF COMPLIANCE

4.1 These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of, and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 4.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39: 'Financial instruments: recognition and measurement' (replaced by IFRS 9: 'Financial instruments') and International Accounting Standard (IAS) 40: 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7: 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 4.3** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the period ended June 30, 2019 the Group has adjusted amortisation of intangible assets amounting to Rs. 97.482 million (net of tax) from the NCR.
- 4.4** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these condensed interim consolidated financial statements.
- 4.5** The SECP has directed that the requirements of IFRS 10, 'Consolidated Financial Statements' are not applicable in case of investments by Companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of mutual funds are not considered in these condensed interim consolidated financial statements.
- 4.6** These condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2018.
- 4.7 Standards, Interpretations and amendments to the accounting and reporting standards that are effective in the current period**
- 4.7.1** During the current period, IFRS 16: 'Leases', became effective from annual period beginning on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Group's condensed interim consolidated financial statements is disclosed in note 5.1.1.

There are certain other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant impact on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

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

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

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

Standards, interpretations or amendments

- IFRS 3: 'Business combinations' (amendments)
- IAS 1: 'Presentation of financial statements' (amendments)
- IAS 8: 'Accounting policies, change in accounting estimates and errors' (amendments)

Effective date (annual periods beginning on or after)

January 1, 2020
January 1, 2020
January 1, 2020

Effective date (periods ending on or after)

- IFRS 9: 'Financial Instruments'

June 30, 2019*

*The SECP through SRO 229(1)/2019 dated February 14, 2019, has notified that IFRS 9: 'Financial Instruments' is applicable for accounting period ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered in the preparation of these condensed interim consolidated financial statements.

IFRS 9, Financial Instruments, addresses the recognition, classification, measurement, and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which require recognition of an impairment change based on an 'Expected Credit Losses (ECL)' approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Group which are exposed to credit risk.

The Group is in process of assessing the full impact of this standard.

There are certain other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or will not have any significant impact on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are the same as applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2018, except for the following:

5.1 Changes in Accounting Policies

5.1.1 Impact of IFRS 16: 'Leases'

During the period, IFRS 16: 'Leases' became applicable to the Group. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17: 'Leases', IFRIC 4: 'Determining whether an arrangement contains a lease', SIC 15: 'Operating leases - incentive', and SIC 27: 'Evaluating the substance of transactions involving the legal form of a lease'. IFRS 16 introduces an on balance sheet lease accounting model for leases entered by the lessee. A lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating lease.

The Group has adopted IFRS 16 from January 1, 2019, using the modified retrospective approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Group has recognised lease liabilities in respect of leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Group's incremental weighted average borrowing rate of 13.53% per annum as of January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	June 30, 2019	January 1, 2019
	----- Rupees '000 -----	-----
Total lease liability recognised	7,164,918	6,903,049

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the consolidated statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

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

	June 30, 2019	January 1, 2019
	Rupees in '000	
Land and building	7,432,224	7,531,556
The effect of this change in accounting policy is as follows:		
Impact on the condensed interim consolidated statement of financial position:		
- Increase in fixed assets - right-of-use assets	7,432,224	7,531,556
- Decrease in other assets - advances, deposits, advance rent and other prepayments	(626,000)	(628,507)
- Increase in other assets - advance taxation (payments less provisions)	139,891	-
Increase in total assets	6,946,115	6,903,049
- Increase in other liabilities - lease liability against right-of-use asset	7,164,918	6,903,049
Decrease in net assets	(218,803)	-
		For the six months ended June 30, 2019
		Rupees in '000

Impact on condensed interim consolidated profit and loss account

- Increase in markup / return / interest expense - lease liability against right of use assets	(448,854)
- Increase in operating expenses - depreciation on right-of-use assets	(677,631)
- Decrease in operating expenses - rent and taxes	767,791
- Decrease in profit before taxation	(358,694)
- Decrease in taxation	(139,891)
- Decrease in profit after taxation	(218,803)
	-----Rupees-----
- Decrease in EPS	0.14

While implementing IFRS 16, the Group has used a single discount rate methodology for a portfolio of leases with similar characteristics.

5.1.2 Revised format of condensed interim financial statements

The State Bank of Pakistan (SBP) through its BPRD Circular No. 05 dated March 22, 2019 has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly and half yearly financial statements on the revised format effective from accounting year starting from January 1, 2019. Accordingly, the Holding Company has prepared these condensed interim consolidated financial statements on the new format prescribed by the SBP.

- Condensed interim consolidated profit and loss account

As a result of adoption of the revised format, the figures for the quarter and half year ended June 30, 2018 in the condensed interim unconsolidated profit and loss account have been reclassified and reflected based on the requirements of the revised format as given in note 41 to these condensed interim consolidated financial statements.

- Condensed interim consolidated statement of comprehensive income

The revised format does not have any impact on the figures for the quarter and half year ended June 30, 2018 in the condensed interim consolidated statement of comprehensive income.

6 BASIS OF MEASUREMENT

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

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

7 FUNCTIONAL AND PRESENTATION CURRENCY

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

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of the consolidated financial statements of the Holding Company for the year ended December 31, 2018.

9 FINANCIAL RISK MANAGEMENT

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

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
10 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- Local currency	11,738,398	10,351,352
- Foreign currency	4,452,733	2,444,182
	16,191,131	12,795,534
With State Bank of Pakistan in		
- Local currency current account	32,083,000	17,961,225
- Foreign currency current account	1,968,641	1,684,395
- Foreign currency deposit account	5,873,571	4,977,571
	39,925,212	24,623,191
With National Bank of Pakistan in		
- Local currency current account	7,398,857	5,746,092
Prize bonds	4,404,892	9,186
	67,920,092	43,174,003
11 BALANCES WITH OTHER BANKS		
In Pakistan		
- In current account	1,390,575	1,388,636
- In saving account	62	1,253
	1,390,637	1,389,889
Outside Pakistan		
- In current account	1,089,392	458,970
	2,480,029	1,848,859
12 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	1,500,000	-
Repurchase agreement lendings (reverse repo)	4,748,563	2,997,486
	6,248,563	2,997,486
Less: provision held against lending to financial institutions	-	-
Lending to financial institutions - net of provision	6,248,563	2,997,486

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

13 INVESTMENTS

13.1 Investments by type:

Note	Un-audited June 30, 2019				Audited December 31, 2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----								
Held-for-trading securities								
Federal Government securities	3,181,123	-	(1,289)	3,179,834	31,630,477	-	(11,067)	31,619,410
Shares *	707,075	-	(34,919)	672,156	270,038	-	67	270,105
	3,888,198	-	(36,208)	3,851,990	31,900,515	-	(11,000)	31,889,515
Available-for-sale securities								
Federal Government securities	82,782,270	-	(265,583)	82,516,687	151,416,453	-	(199,053)	151,217,400
Shares	9,661,070	1,888,314	(319,504)	7,453,252	9,134,281	1,429,123	(480,988)	7,224,170
Non Government debt securities	43,157,472	559,787	6,363	42,604,048	7,443,897	559,787	9,355	6,893,465
	135,600,812	2,448,101	(578,724)	132,573,987	167,994,631	1,988,910	(670,686)	165,335,035
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt Securities	15,233,318	1,548,355	-	13,684,963	16,546,962	1,552,757	-	14,994,205
	16,830,366	1,548,355	-	15,282,011	18,144,010	1,552,757	-	16,591,253
Total Investments	<u>156,319,376</u>	<u>3,996,456</u>	<u>(614,932)</u>	<u>151,707,988</u>	<u>218,039,156</u>	<u>3,541,667</u>	<u>(681,686)</u>	<u>213,815,803</u>

* related parties

	Un-audited June 30, 2019	Audited December 31, 2018
----- Rupees '000 -----		
13.2 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(503,807)	(605,467)
Less: profit receivable shown in other assets	(111,770)	(10,110)
Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

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

13.3 Investments given as collateral

- Market treasury bills	<u>2,953,968</u>	<u>59,034,240</u>
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13.4 Provision for diminution in value of investments

13.4.1 Opening balance	3,541,667	3,448,776
Charge / (reversals)		
Charge for the period / year	459,192	229,043
Reversals during the period / year	(4,403)	(136,152)
	454,789	92,891
Closing Balance	<u>3,996,456</u>	<u>3,541,667</u>

13.4.2 Particulars of provision against debt securities

Category of classification	Un-audited June 30, 2019		Audited December 31, 2018	
	Non- Performing Investments	Provision	Non- Performing Investments	Provision
----- Rupees '000 -----				
Domestic				
- Loss	2,108,141	2,108,141	2,112,544	2,112,544
	<u>2,108,141</u>	<u>2,108,141</u>	<u>2,112,544</u>	<u>2,112,544</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

13.5 The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 13,746.813 million (December 31, 2018: Rs. 15,490.626 million).

14 ADVANCES

	Performing		Non Performing		Total	
	Un-audited June 30, 2019	Audited December 31, 2018	Un-audited June 30, 2019	Audited December 31, 2018	Un-audited June 30, 2019	Audited December 31, 2018
Rupees '000						
Loans, cash credits, running finances, etc.	200,070,643	210,086,919	25,533,766	25,712,067	225,604,409	235,798,986
Islamic financing and related assets	96,950,153	78,493,045	461,066	475,784	97,411,219	78,968,829
Bills discounted and purchased	4,732,862	4,990,707	563,634	499,787	5,296,496	5,490,494
Advances - gross	301,753,658	293,570,671	26,558,466	26,687,638	328,312,124	320,258,309
Provision against advances						
- Specific	-	-	(23,352,901)	(23,135,261)	(23,352,901)	(23,135,261)
- General	(728,440)	(678,187)	-	-	(728,440)	(678,187)
	(728,440)	(678,187)	(23,352,901)	(23,135,261)	(24,081,341)	(23,813,448)
Advances - net of provision	301,025,218	292,892,484	3,205,565	3,552,377	304,230,783	296,444,861

	Un-audited June 30, 2019	Audited December 31, 2018
Rupees '000		
14.1 Particulars of advances (Gross)		
- In local currency	327,606,438	319,538,262
- In foreign currencies	705,686	720,047
	328,312,124	320,258,309

14.2 Advances include Rs. 26,558 million (December 31, 2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

Category of Classification	Un-audited June 30, 2019		Audited December 31, 2018	
	Non-performing loans	Provision	Non-performing loans	Provision
Rupees '000				
Domestic				
- Other Assets Especially Mentioned	199,482	-	198,389	100
- Substandard	1,536,094	201,915	1,241,631	158,324
- Doubtful	1,145,246	477,471	1,525,467	660,373
- Loss	23,677,644	22,673,515	23,722,151	22,316,464
Total	26,558,466	23,352,901	26,687,638	23,135,261

14.2.1 Exposure amounting to Rs 10,819.552 million relating to Power Holding (Private) Limited has not been classified as non-performing as the SBP has allowed a relaxation from regulation-8 of the Prudential Regulations. The exposure is fully guaranteed by the GoP and thus does not require any provision.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

14.3 Particulars of provision against advances

	Un-audited			Audited		
	June 30, 2019			December 31, 2018		
	Specific	General	Total	Specific	General	Total
Rupees '000						
Opening balance	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
Charge for the period / year	1,183,700	50,253	1,233,953	1,672,814	109,521	1,782,335
Reversals during the period / year	(959,422)	-	(959,422)	(2,215,946)	-	(2,215,946)
	224,278	50,253	274,531	(543,132)	109,521	(433,611)
Amounts written off	(6,409)	-	(6,409)	(48,008)	-	(48,008)
Amounts charged off - agriculture financing	(229)	-	(229)	-	-	-
Closing balance	23,352,901	728,440	24,081,341	23,135,261	678,187	23,813,448

14.3.1 As allowed by the SBP, the Holding Company has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,148.316 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at June 30, 2019. The additional profit arising from availing the FSV benefit - net of tax as at June 30, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 700.473 million (December 31, 2018: Rs 951.717 million).

14.3.2 As per the Prudential Regulations, the SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The Holding Company also maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between 0.5% to 1.5% based on the non-performing loan ratio present in the portfolio.

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

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

	Note	Un-audited June 30, 2019	Audited December 31, 2018
-----Rupees '000-----			
15 FIXED ASSETS			
Capital work-in-progress	15.1	1,058,120	475,098
Property and equipment	15.2	18,879,020	11,187,348
		<u>19,937,140</u>	<u>11,662,446</u>
15.1 Capital work-in-progress			
Civil works		153,684	188,143
Equipment		254,654	142,598
Advances to suppliers		649,782	144,357
		<u>1,058,120</u>	<u>475,098</u>

15.2 This includes right-of-use asset amounting to Rs 7,432.224 million (December 31, 2018: Nil) due to adoption of IFRS 16 as detailed in note 4.1.1 of these condensed interim consolidated financial statements.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

Note	Un-audited	
	June 30, 2019	June 30, 2018
	-----Rupees '000-----	
15.3 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	1,348,347	400,819
Property and equipment		
Building on freehold land	15.3.1 120,492	-
Furniture and fixture	60,750	23,833
Electrical office and computer equipment	304,305	248,842
Vehicles	3,819	6,938
Others	246,350	133,681
Right-of-use assets	578,299	-
	1,314,015	413,294
Right-of-use assets due to adoption of IFRS 16	5.1.1 7,531,556	-
Total	10,193,918	814,113

15.3.1 This represents transfer of a building on freehold land from non-banking assets acquired in satisfaction of claims.

Note	Un-audited	
	June 30, 2019	June 30, 2018
	-----Rupees '000-----	
15.4 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	3	59
Electrical office and computer equipment	798	777
Vehicles	2,465	8,925
Others	-	28
Total	3,265	9,789

	Note	Un-audited June 30, 2019	Audited December 31, 2018
16 INTANGIBLE ASSETS		-----Rupees '000-----	
Capital work-in-progress	16.1	321,745	224,492
Computer softwares		134,331	135,029
Customer relationship		876,268	972,318
Goodwill	16.3	412,061	412,061
		1,422,660	1,519,408
Total		1,744,405	1,743,900

16.1 Capital work-in-progress		
Computer software	321,745	224,492

Note	Un-audited	
	June 30, 2019	June 30, 2018
	-----Rupees '000-----	
16.2 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Directly purchased	49,555	431

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

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

	Note	Un-audited June 30, 2019	Audited December 31, 2018
-----Rupees '000-----			
17 DEFERRED TAX ASSETS			
Deductible temporary differences on			
- Provision for diminution in the value of investments		242,066	95,977
- Provision against advances, off balance sheet etc.		1,646,151	1,427,294
- Provision against other assets		105,527	94,017
- Deficit on revaluation of investments		277,840	234,738
- Defined benefit obligation		-	243
- Unused tax losses		-	10,945
		2,271,584	1,863,214
Taxable temporary differences on			
- Surplus on revaluation of fixed assets		(1,295,178)	(1,184,279)
- Surplus on revaluation of non banking assets		(23,377)	(23,377)
- Fair value adjustment relating to net assets acquired upon amalgamation		(341,745)	(340,314)
- Accelerated tax depreciation		(122,969)	(130,260)
- Fair valuation of previously held equity interest of FAML		(43,272)	(43,272)
		(1,826,541)	(1,721,502)
		445,043	141,712
18 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		8,576,997	5,059,391
Income / mark-up accrued in foreign currency - net of provision		80,805	66,476
Advances, deposits, advance rent and other prepayments		815,562	1,231,145
Advance taxation (payments less provisions)		2,576,195	3,602,872
Non-banking assets acquired in satisfaction of claims		1,585,555	1,807,502
Mark to market gain on forward foreign exchange contracts		9,883,096	2,868,688
Acceptances	22	7,881,112	10,899,656
Credit cards and other products fee receivable		354,797	334,588
Receivable from brokers against sale of shares		402,980	447,272
Dividend receivable		162,123	75,348
Others		1,308,690	775,650
		33,627,912	27,168,588
Less: Provision held against other assets	18.1	(263,572)	(262,243)
Other assets (net of provision)		33,364,340	26,906,345
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,230,404	1,261,018
Other assets - total		34,594,744	28,167,363
18.1 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		66,345	64,383
Fraud forgery theft and account receivable		13,802	13,802
Security deposits		22,994	22,994
Others		85,083	85,716
		263,572	262,243

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	Un-audited June 30, 2019	Audited December 31, 2018
-----Rupees '000-----			
18.1.1 Movement in provision held against other assets			
Opening balance		262,243	249,980
Acquisition of FAML		-	4,731
Charge for the period / year		2,731	9,782
Reversals during the period / year		(1,402)	(2,250)
	33	1,329	7,532
Closing balance		263,572	262,243
19 BILLS PAYABLE			
In Pakistan		9,699,390	23,543,524
20 BORROWINGS			
-----Rupees '000-----			
Secured			
Borrowings from the State Bank of Pakistan			
- Under export refinance scheme - Part I and II		9,096,852	11,895,711
- Under long term financing facility		2,590,817	1,786,815
- Under long term financing facility for renewable power energy (RPE)		976,469	962,784
- Under scheme of financing facility for storage of agricultural produce		104,120	117,219
- Under Islamic export refinance scheme		5,155,104	4,107,833
		17,923,362	18,870,362
Repurchase agreement borrowings		2,950,680	58,968,300
Total secured		20,874,042	77,838,662
Unsecured			
Call borrowings		2,200,000	325,000
Overdrawn nostro accounts		499,873	141,626
Musharaka acceptances		11,335,000	7,700,000
Other borrowings	20.1	5,601,824	12,346,633
Total unsecured		19,636,697	20,513,259
		40,510,739	98,351,921
20.1	This represents borrowings from a foreign financial institution. The mark-up rate on these borrowings is 3.81% per annum (December 31, 2018: ranging from 3.28% to 4.76%) maturing in July 2019.		
21 DEPOSITS AND OTHER ACCOUNTS			

	Un-audited June 30, 2019			Audited December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
-----Rupees '000-----						
Customers						
Current deposits – remunerative	7,688,780	-	7,688,780	4,063,646	-	4,063,646
Current deposits – non-remunerative	129,581,770	17,935,075	147,516,845	112,565,332	14,367,150	126,932,482
Savings deposits	118,795,267	16,721,021	135,516,288	110,521,161	15,358,413	125,879,574
Term deposits	127,688,245	5,785,535	133,473,780	116,528,810	3,898,877	120,427,687
Margin deposits	2,623,933	38,131	2,662,064	2,721,574	47,179	2,768,753
	386,377,995	40,479,762	426,857,757	346,400,523	33,671,619	380,072,142
Financial Institutions						
Current deposits	752,991	42,458	795,449	1,129,922	49,068	1,178,990
Savings deposits	20,630,142	-	20,630,142	20,949,999	-	20,949,999
Term deposits	5,992,528	-	5,992,528	7,182,370	-	7,182,370
	27,375,661	42,458	27,418,119	29,262,291	49,068	29,311,359
	413,753,656	40,522,220	454,275,876	375,662,814	33,720,687	409,383,501

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

		Un-audited June 30, 2019	Audited December 31, 2018
	Note	Rupees '000	
22 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		2,110,365	1,962,508
Mark-up / return / interest payable in foreign currency		27,368	19,891
Unearned commission and income on bills discounted		144,334	66,698
Accrued expenses		1,784,343	2,102,785
Acceptances	18	7,881,112	10,899,656
Unclaimed dividends		48,909	45,140
Mark to market loss on forward foreign exchange contracts		6,396,778	1,239,594
Branch adjustment account		9,344	5,301
Charity fund balance		3,333	1,409
Provision against off-balance sheet obligations	22.2	124,158	125,238
Security deposits against lease		1,624,503	2,067,095
Withholding tax payable		143,709	91,141
Federal excise duty payable		21,381	52,450
Payable to brokers against purchase of shares		1,147,169	897,109
Fair value of derivative contracts		1,415,250	771,327
Short sale Pakistan Investment Bonds		1,688,118	-
Credit cards and other products payables		1,300,099	895,567
Leased liability		6,672,616	-
Token money against disposal of assets		518,459	572,276
Fund held as security		222,423	214,698
Others	22.1	5,150,611	3,154,350
		<u>38,434,382</u>	<u>25,184,233</u>

22.1 This includes payable to Islamic Investment Company of the Gulf (Bahamas) Limited (a related party) against acquisition of shares of Faysal Asset Management Limited amounting to Rs 225 million (December 31, 2018: Rs 225 million).

	Un-audited June 30, 2019	Audited December 31, 2018
	Rupees '000	
22.2 Provision against off-balance sheet obligations		
Opening balance	125,238	101,090
Charge for the period / year	-	57,434
Reversals during the period / year	(1,080)	(33,286)
	(1,080)	24,148
Closing balance	<u>124,158</u>	<u>125,238</u>

23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation of		
- Available for sale securities	(578,724)	(670,686)
- Fixed assets	5,467,080	5,476,251
- Non-banking assets acquired in satisfaction of claims	1,230,404	1,261,018
	6,118,760	6,066,583
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	225,702	234,740
- Fixed assets	(1,330,076)	(1,184,279)
- Non-banking assets acquired in satisfaction of claims	(11,812)	(23,377)
	(1,116,186)	(972,916)
	<u>5,002,574</u>	<u>5,093,667</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	Un-audited June 30, 2019	Audited December 31, 2018
		-----Rupees '000-----	
24 CONTINGENCIES AND COMMITMENTS			
- Guarantees	24.1	19,763,142	17,988,308
- Commitments	24.2	228,479,181	230,966,872
- Other contingent liabilities	24.3	4,293,244	4,293,244
		<u>252,535,567</u>	<u>253,248,424</u>
24.1 Guarantees:			
Financial guarantees		1,733,277	1,417,536
Performance guarantees		6,477,404	7,068,425
Other guarantees		11,552,461	9,502,347
		<u>19,763,142</u>	<u>17,988,308</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		36,120,424	32,048,821
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	151,624,425	94,403,136
- forward government securities transactions	24.2.2	7,715,454	62,083,269
- derivatives - cross currency swaps (notional principal)	24.2.3	10,141,332	4,483,600
- operating leases	24.2.4	-	10,708,369
- extending credit (irrevocable)	24.5	22,617,248	27,079,658
Commitments for acquisition of:			
- operating fixed assets		139,660	46,719
- intangible assets		120,638	113,300
		<u>228,479,181</u>	<u>230,966,872</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		94,533,458	66,533,034
Sale		57,090,967	27,870,102
		<u>151,624,425</u>	<u>94,403,136</u>
24.2.2 Commitments in respect of forward government securities transactions			
Purchase		2,954,685	59,084,100
Sale		4,760,769	2,999,169
		<u>7,715,454</u>	<u>62,083,269</u>
24.2.3 Commitments in respect of derivatives			
Purchase		-	-
Sale		10,141,332	4,483,600
		<u>10,141,332</u>	<u>4,483,600</u>
24.2.4 Commitments in respect of operating leases			
Not later than one year		-	1,421,897
Later than one year and not later than five years		-	5,275,107
Later than five years		-	4,011,365
		<u>-</u>	<u>10,708,369</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

As disclosed in note 5.1.1 to the condensed interim consolidated financial statements, during the period, lease liability and right-of-use asset have been recorded in accordance with IFRS 16.

Note	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
24.3 Other contingent liabilities:		
- Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case	2,510,000	2,510,000
- Indemnity issued favouring the High Court in one of the cases	457,543	457,543
- Cantonment tax Karachi Cantonment Board (KCB)	171,000	171,000
24.3.1		
- Tax liability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan	1,154,701	1,154,701
24.3.2		
	<u>4,293,244</u>	<u>4,293,244</u>

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

24.3.2 Income tax assessments of the Holding Company have been finalised upto the tax year 2018 (accounting year 2017). The department and the Holding Company have difference of opinion on a matter relating to taxability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2018: Rs. 1,154.701 million). Subsequently, the Commissioner Inland Revenue (Appeals) [(CIR(A)] has deleted the said additional tax liability, however the Income Tax Department has filed an appeal with the Appellate Tribunal Inland Revenue against the order of CIR(A). The management and tax advisors of the Holding Company are confident that the matter will be decided in Holding Company's favor and accordingly, no provision has been recorded in these condensed interim consolidated financial statements in respect of this matter.

24.4 There are certain claims against the Holding Company not acknowledged as debt amounting to Rs 32,443 million (December 31, 2018: Rs 31,579 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by customers due to non disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2018: 25,299 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

24.5 Commitments to extend credits

The Holding Company makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 22,617 million (December 31, 2018: Rs 27,080 million) which are irrevocable in nature.

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

		Un-audited June 30, 2019	Audited December 31, 2018
25	DERIVATIVE INSTRUMENTS		
		Rupees '000	
	Cross currency swaps (notional principal)	10,141,332	4,483,600

25.1 Product Analysis

Counterparties	June 30, 2019 (Un-audited)	
	Cross currency swaps	
	Notional Principal	Mark to market gain / loss
	-----Rupees '000-----	
With banks for		
Market making	5,254,029	(663,334)
With other entities for		
Market making	4,887,303	(751,916)
Total		
Market making	10,141,332	(1,415,250)

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

	Un-audited	
	June 30, 2019	June 30, 2018
	-----Rupees '000-----	
On:		
a) Loans and advances	17,949,533	10,093,577
b) Investments	6,578,569	4,872,853
c) Lendings to financial institutions	44,717	33,207
d) Balances with banks	42,644	17,731
e) Securities purchased under resale agreements	1,114,821	291,776
	<u>25,730,284</u>	<u>15,309,144</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	Un-audited	
		June 30, 2019	June 30, 2018
		-----Rupees '000-----	
27 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		12,287,519	6,268,216
Securities sold under repurchase agreements		515,818	519,106
Other short term borrowings		43,399	118,527
SBP borrowings		199,899	186,231
Short sale of Pakistan Investment Bonds		72,220	312,733
Musharaka acceptances		396,311	148,280
Leased liability against right-of-use assets		448,854	-
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,707,409	544,867
		<u>15,671,429</u>	<u>8,097,960</u>
28 FEE AND COMMISSION INCOME			
Branch banking customer fees		347,871	306,040
Consumer finance related fees		164,886	132,342
Card related fees (debit and credit cards)		786,630	743,520
Credit related fees		68,105	82,205
Investment banking fees		107,578	143,377
Commission on trade		142,500	152,903
Commission on guarantees		41,148	43,836
Commission on cash management		24,100	37,613
Commission on remittances including home remittances		76,894	34,266
Commission on bancassurance		176,181	191,525
Management fee		45,940	-
Advisory fee		1,267	-
Sales load		3,760	-
Others		44,237	4,578
		<u>2,031,097</u>	<u>1,872,205</u>
29 (LOSS) / GAIN ON SECURITIES			
Realised - net	29.1	(383,421)	174,309
Unrealised - held for trading - net		(25,208)	2,204
		<u>(408,629)</u>	<u>176,513</u>
29.1 Realised (loss) / gain on:			
Federal Government securities		(20,035)	34,282
Shares		(374,565)	103,712
Open end mutual funds		11,179	36,315
		<u>(383,421)</u>	<u>174,309</u>
30 OTHER INCOME			
Rent on property		85,205	109,210
Gain on sale of fixed assets - net		9,669	26,823
Gain on sale of non-banking assets - net		7,813	-
Gain on short sale of Pakistan Investment Bonds (PIBs)		89,742	136,651
Notice pay		1,676	10,463
Others		1,861	669
		<u>195,966</u>	<u>283,816</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

31 OPERATING EXPENSES

	Un-audited	
	June 30, 2019	June 30, 2018
	Rupees '000	
Total compensation expense	3,111,594	2,457,829
Property expense		
Rent and taxes	78,193	709,168
Insurance	39,893	41,075
Utilities cost	291,090	251,517
Security (including guards)	306,386	236,170
Repair and maintenance (including janitorial charges)	172,068	196,896
Depreciation	893,936	185,450
Others	33,791	46,107
	1,815,357	1,666,383
Information technology expenses		
Software maintenance	664,381	505,203
Hardware maintenance	110,712	89,763
Depreciation	141,042	163,403
Amortisation	49,544	67,510
Network charges	107,424	107,180
Others	3,410	-
	1,076,513	933,059
Other operating expenses		
Directors' fees and allowances	55,355	51,238
Legal and professional charges	36,543	119,248
Outsourced services costs	154,918	481,217
Travelling and conveyance	54,055	39,918
NIFT clearing charges	22,132	24,082
Depreciation	122,926	83,608
Training and development	8,805	8,146
Postage and courier charges	47,555	56,850
Communication	69,493	62,710
Marketing, advertisement and publicity	203,057	140,268
Donations	69,631	55,209
Auditors remuneration	23,544	25,579
Insurance	294,611	208,089
Stationery and printing	103,145	106,126
Bank fees and charges	50,722	42,762
Brokerage and commission	25,039	18,042
Deposit protection premium	175,237	-
Others	274,777	216,453
	1,791,545	1,739,545
	7,795,009	6,796,816

32 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	17,019	12,118
Penalties imposed by the Securities Exchange Commission of Pakistan (SECP)	200	-
	17,219	12,118

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

		Un-audited		
	Note	June 30, 2019	June 30, 2018	
		-----Rupees '000-----		
33	PROVISION / (REVERSAL OF PROVISION) AND RECOVERIES AGAINST WRITTEN-OFF DEBTS - NET			
	Provision / (reversal of provision) for diminution in value of investments	13.4	454,789	(49,622)
	Provision / (reversal of provision) against loans and advances	14.3	274,531	(527,873)
	Bad debts written off directly		7,605	5,816
	Recovery of written off / charged off bad debts		(66,264)	(56,949)
	(Reversal of provision) / provision against off balance sheet obligations - net	22.2	(1,080)	21,581
	Provision held against other assets	18.1.1	1,329	-
			670,910	(607,047)

34 TAXATION

Current	2,332,700	1,692,522
Prior years	331,934	(1,064,856)
Deferred	(449,072)	1,205,097
	<u>2,215,562</u>	<u>1,832,763</u>

35 BASIC EARNINGS PER SHARE

	Un-audited			
	For the quarter ended		For the half year ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
----- Rupees '000 -----				
Profit for the period	<u>1,404,909</u>	1,193,352	<u>3,005,425</u>	2,410,555
----- Number of shares in thousands -----				
Weighted average number of ordinary shares	<u>1,517,697</u>	1,517,697	<u>1,517,697</u>	1,517,697
----- Rupees -----				
Basic earnings per share	<u>0.93</u>	0.79	<u>1.98</u>	1.59

35.1 Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue at June 30, 2019 (June 30, 2018: Nil) which would have any effect on the earnings per share if the option to convert is exercised.

36 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

36.1 Fair value of financial assets

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

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

June 30, 2019 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	85,696,521	-	85,696,521
Shares	8,095,062	30,346	-	8,125,408
Non-Government Debt Securities	-	42,604,048	-	42,604,048
Financial assets - disclosed but not measured at fair value				
Investments	-	13,746,813	-	13,746,813
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,800,924	8,800,924
Non-banking assets acquired in satisfaction of claims	-	-	2,815,959	2,815,959
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	103,620,753	-	103,620,753
Forward sale of foreign exchange	-	62,691,944	-	62,691,944
Derivatives sales	-	10,141,332	-	10,141,332
December 31, 2018 (Audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	182,836,810	-	182,836,810
Shares	7,463,929	30,346	-	7,494,275
Non-Government Debt Securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments	-	15,490,626	-	15,490,626
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,774,714	8,774,714
Non-banking assets acquired in satisfaction of claims	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	69,187,310	-	69,187,310
Forward sale of foreign exchange	-	28,895,283	-	28,895,283
Derivatives sales	-	4,483,600	-	4,483,600

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

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

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

Valuation techniques used in determination of fair values within level 2

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

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Holding Company for the year ended December 31, 2018.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Holding Company for the year ended December 31, 2018.

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

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

37 SEGMENT INFORMATION

37.1 Segment Details with respect to business activities

	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the half year ended June 30, 2019 (un-audited)						
Rupees in '000						
Net mark-up / return / profit	(7,448,748)	14,124,580	3,176,485	128,818	77,720	10,058,855
Inter segment revenue - net	13,659,625	(12,762,686)	(2,464,706)	(95,821)	1,663,588	-
Non mark-up / return / interest income	2,062,734	471,192	1,402,815	5,700	(175,682)	3,766,759
Total Income	8,273,611	1,833,086	2,114,594	38,697	1,565,626	13,825,614
Segment direct expenses	5,075,828	236,986	143,013	64,882	2,413,008	7,933,717
Inter segment expense allocation	1,936,837	261,365	55,817	51,709	(2,305,728)	-
Total expenses	7,012,665	498,351	198,830	116,591	107,280	7,933,717
Provisions	255,820	141,244	415,568	(160,903)	19,181	670,910
Profit before tax	1,005,126	1,193,491	1,500,196	83,009	1,439,165	5,220,987

Statement of financial position as at June 30, 2019 (un-audited)

Cash and bank balances	29,330,311	-	41,069,810	-	-	70,400,121
Investments	-	36,626,630	114,872,179	3,298,820	906,815	155,704,444
Investment provision	-	-	(1,330,615)	(2,665,841)	-	(3,996,456)
Net inter segment lending	342,508,740	-	-	-	(342,508,740)	-
Lendings to financial institutions	-	-	6,248,563	-	-	6,248,563
Advances - performing	62,450,673	236,224,184	-	-	3,078,801	301,753,658
Advances - non-performing	5,231,476	1,201,639	-	20,094,747	30,604	26,558,466
Advances - provisions	(4,215,555)	(722,107)	-	(19,020,060)	-	(24,081,341)
Others	18,564,622	12,671,870	7,320,931	(582,018)	18,745,927	56,721,332
Total Assets	453,870,267	286,002,216	168,180,868	1,125,648	(319,870,212)	589,308,787
Borrowings	1,126,987	15,205,544	22,648,877	-	1,529,331	40,510,739
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	429,599,534	23,299,429	-	126,483	1,250,430	454,275,876
Net inter segment borrowing	-	240,147,292	140,470,388	918,282	(381,535,962)	-
Others	23,143,746	7,349,951	5,414,625	80,883	12,144,567	48,133,772
Total liabilities	453,870,267	286,002,216	168,533,890	1,125,648	(366,611,634)	542,920,387
Equity	-	-	(353,022)	-	46,741,422	46,388,400
Total Equity and liabilities	453,870,267	286,002,216	168,180,868	1,125,648	(319,870,212)	589,308,787
Contingencies and commitments	7,074,515	68,855,754	169,481,211	1,222,968	5,901,119	252,535,567

	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the half year ended June 30, 2018 (un-audited)						
Rupees in '000						
Net mark-up / return / profit	(2,591,073)	6,869,602	2,780,222	94,581	51,656	7,204,988
Inter segment revenue - net	7,699,035	(6,054,388)	(2,318,068)	(78,538)	751,959	-
Non mark-up / return / interest income	1,923,473	474,279	1,146,180	1,690	(182,972)	3,362,650
Total Income	7,031,435	1,289,493	1,608,334	17,733	620,643	10,567,638
Segment direct expenses	4,360,940	196,544	133,847	74,726	2,165,310	6,931,367
Inter segment expense allocation	1,774,712	237,877	54,811	48,976	(2,116,376)	-
Total expenses	6,135,652	434,421	188,658	123,702	48,934	6,931,367
Provisions	110,454	26,353	(53,832)	(693,206)	3,184	(607,047)
Profit before tax	785,329	828,719	1,473,508	587,237	568,525	4,243,318

Statement of financial position as at December 31, 2018 (audited)

Cash and bank balances	19,912,358	-	25,109,230	-	1,274	45,022,862
Investments	-	21,886,526	191,461,086	3,298,820	711,038	217,357,470
Investment provision	-	(53,648)	(584,443)	(2,903,576)	-	(3,541,667)
Net inter segment lending	329,612,992	-	-	-	(329,612,992)	-
Lendings to financial institutions	-	-	2,997,486	-	-	2,997,486
Advances - performing	61,398,861	229,378,051	-	199,358	2,594,403	293,570,671
Advances - non-performing	5,336,454	1,405,387	-	19,777,837	167,960	26,687,638
Advances - provisions	(4,602,273)	(662,904)	-	(18,435,951)	(112,320)	(23,613,448)
Others	10,092,323	13,261,830	6,218,701	421,155	11,721,412	41,715,421
Total Assets	421,750,715	265,215,242	225,202,060	2,357,641	(314,529,225)	599,996,433
Borrowings	1,893,185	16,327,177	80,131,559	-	-	98,351,921
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	389,819,208	18,218,136	-	102,865	1,243,292	409,383,501
Net inter segment borrowing	-	220,490,624	142,699,535	2,193,276	(365,383,435)	-
Others	30,038,322	10,179,305	2,806,862	61,500	5,641,768	48,727,757
Total liabilities	421,750,715	265,215,242	225,637,956	2,357,641	(358,498,375)	556,463,179
Equity	-	-	(435,896)	-	43,969,150	43,533,254
Total Equity and liabilities	421,750,715	265,215,242	225,202,060	2,357,641	(314,529,225)	599,996,433
Contingencies and commitments	18,728,388	68,514,605	160,970,005	1,039,706	3,995,720	253,248,424

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

38 RELATED PARTY TRANSACTIONS

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

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

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

38.1 Balances with related parties

Balances with related parties					
Rupees					
June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
Parent	Directors	Key management personnel	Associates	Other related parties	
Investments					
Opening balance	-	-	-	5,453,991	-
Through combination	-	-	-	-	39
Investment made during the period / year	-	-	-	7,529,303	-
Investment redeemed / disposed off during the period / year	-	-	-	(8,086,973)	-
Transfer in / (out) - net	-	-	-	-	(23,169)
Closing balance	-	-	-	4,894,322	50,000
Provision for diminution in value of investments	-	-	-	2,358,835	5,453,991
Advances					
Opening balance	-	17,841	159,031	-	5,002,325
Addition during the period / year	-	108	49,940	-	1,588,684
Repaid during the period / year	-	(707)	(13,226)	-	(444,539)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	17,241	195,745	-	6,146,469
Provision held against advances	-	-	-	-	2,925,841
Other Assets					
Interest / mark-up accrued	-	14	113	-	1,832,241
Dividend receivable	-	-	-	85,662	-
Others	-	-	657	-	-
Commission income receivable	-	-	-	25,091	-
Remuneration receivable	-	-	-	6,594	-
Receivable against reimbursement of expenses	-	-	-	3,714	-
Front end load receivable	-	-	-	3,271	-
Acceptance	-	-	-	1,618,000	-
Provision against other assets	-	-	-	-	1,702,747
Deposits and other accounts					
Opening balance	182	76,275	110,207	-	3,416,265
Received during the period / year	-	125,689	660,487	-	36,338,631
Withdrawn during the period / year	-	(94,510)	(645,861)	-	(37,740,515)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	182	107,454	124,833	-	2,014,382
Other Liabilities					
Interest / mark-up payable	-	70	58	-	8,080
Payable to staff retirement fund	-	-	-	-	88,752
Others liabilities	-	1,320	-	-	-
	-	1,390	58	-	96,832

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel
Rupees '000				Rupees '000			

Contingencies and Commitments
Guarantees issued favouring related parties or on their behalf * 29,397
Trade related commitments 428,244
* represents outstanding guarantee

38.1.1 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.

38.2 Transactions with related parties

June 30, 2019 (Un-audited)				June 30, 2018 (Un-audited)			
Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel
Rupees '000				Rupees '000			

Income									
Mark-up / return / interest earned	435	5,237	-	110,017	-	469	3,188	-	71,876
Fee and commission income	25	27	-	89,544	-	27	11	-	23,832
Dividend income	-	-	-	87,324	-	-	-	-	-
Net gain on sale of securities	-	-	-	11,260	-	-	-	-	36,315
Expense									
Mark-up / return / interest paid	3,301	3,621	-	107,346	-	431	892	101	73,661
Reimbursement of expenses	-	-	-	(278)	-	-	-	-	-
Director's Fee and other expenses	53,805	-	-	-	-	51,238	-	-	-
-Salaries and other short-term employee benefits	-	276,276	-	-	-	-	212,883	-	-
-Post-employment benefits	-	11,366	-	-	-	-	9,627	-	-
Others									
Shares / units purchased during the period / year	-	-	-	7,529,303	-	-	-	-	1,378,897
Shares / units sold during the period / year	-	-	-	8,100,234	-	-	-	-	1,378,897
Government securities purchased during the period / year	-	273,244	-	3,248,638	-	-	492,620	-	-
Government securities sold during the period / year	-	287,300	-	4,489,519	-	-	490,156	-	1,177,282

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Un-audited June 30, 2019	Audited December 31, 2018
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	----- Rupees '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>15,176,965</u>	<u>15,176,965</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>39,511,918</u>	<u>36,482,780</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>39,511,918</u>	<u>36,482,780</u>
Eligible Tier 2 Capital	<u>4,865,444</u>	<u>4,970,159</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>44,377,362</u>	<u>41,452,939</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>209,323,562</u>	<u>197,048,682</u>
Market Risk	<u>15,834,114</u>	<u>14,879,119</u>
Operational Risk	<u>36,111,399</u>	<u>35,994,871</u>
Total	<u>261,269,075</u>	<u>247,922,672</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>15.12%</u>	<u>14.72%</u>
Tier 1 Capital Adequacy Ratio	<u>15.12%</u>	<u>14.72%</u>
Total Capital Adequacy Ratio	<u>16.99%</u>	<u>16.72%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>39,511,918</u>	<u>36,482,780</u>
Total Exposures	<u>689,792,677</u>	<u>752,762,576</u>
Leverage Ratio	<u>5.73%</u>	<u>4.85%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>162,745,039</u>	<u>176,430,499</u>
Total Net Cash Outflow	<u>124,390,857</u>	<u>136,979,152</u>
Liquidity Coverage Ratio	<u>1.308</u>	<u>1.288</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>385,750,602</u>	<u>359,777,496</u>
Total Required Stable Funding	<u>289,274,569</u>	<u>275,381,669</u>
Net Stable Funding Ratio	<u>133.35%</u>	<u>130.65%</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

40 ISLAMIC BANKING BUSINESS

The Bank is operating 284 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1).

Statement of financial position		Note	Un-audited June 30, 2019	Audited December 31, 2018
Rupees '000				
ASSETS				
Cash and balances with treasury banks			11,784,669	7,941,153
Balances with other banks			226,144	105,205
Investments	40.1		32,482,033	27,620,400
Islamic financing and related assets - net	40.2		97,044,854	78,659,697
Fixed assets			5,966,833	1,954,626
Intangible assets			33,951	38,263
Other assets			6,471,253	2,264,354
			154,009,737	118,583,698
LIABILITIES				
Bills payable			2,095,055	5,666,023
Due to financial institutions			17,555,729	11,157,833
Deposits and other accounts	40.3		82,193,601	69,489,203
Due to head office			33,579,809	24,134,341
Other liabilities			6,723,540	1,102,813
			142,147,734	111,550,213
NET ASSETS			11,862,003	7,033,485
REPRESENTED BY				
Islamic banking fund			9,180,000	4,680,000
Surplus on revaluation of assets - net of tax			38,413	121,608
Unappropriated profit	40.7		2,643,590	2,231,877
			11,862,003	7,033,485
CONTINGENCIES AND COMMITMENTS				
	40.4			

Profit and loss account			Un-audited June 30, 2019	June 30, 2018
Rupees '000				
Profit / return earned	40.5		6,823,349	2,992,888
Profit / return expended	40.6		4,489,492	1,451,924
Net profit / return			2,333,857	1,540,964
Other income				
Fee and commission income			280,078	180,606
Foreign exchange income			85,752	43,041
Other income			3,212	4,819
Total other income			369,042	228,466
Total income			2,702,899	1,769,430
Other expenses				
Operating expenses			1,970,727	1,524,683
Total other expenses			1,970,727	1,524,683
Profit before provisions			732,172	244,747
Provisions and write offs - net			57,232	20,037
Profit before taxation			674,940	224,710
Taxation			263,227	78,649
Profit after taxation			411,713	146,061

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

40.1 Investments by segments:

Federal Government Securities:

- Ijarah Sukuks
- Other Federal Government securities

Non Government Debt Securities:

- Unlisted

Total Investments

Un-audited June 30, 2019				Audited December 31, 2018			
Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
-----Rupees '000-----							
6,000,000	-	(234,000)	5,766,000	6,000,000	-	(107,400)	5,892,600
1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
7,597,048	-	(234,000)	7,363,048	7,597,048	-	(107,400)	7,489,648

25,118,997	-	(12)	25,118,985	20,129,372	-	1,380	20,130,752
32,716,045	-	(234,012)	32,482,033	27,726,420	-	(106,020)	27,620,400

40.2 Islamic financing and related assets - net

- Murabaha
- Musharaka
- Diminishing Musharaka
- Istisna
- Running Musharaka
- Fixed assets Ijarah financing - net
- Musharaka - Islamic export refinance scheme
- Advance against Murabaha financing
- Advanced against Diminishing Musharaka
- Advance against Ijarah
- Advance against Istisna
- Advance against Islamic long term financing facility
- Inventory related to Islamic financing

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific
- General

Islamic financing and related assets - net of provision

Un-audited June 30, 2019	Audited December 31, 2018
-----Rupees '000-----	
3,049,427	1,576,557
7,164	8,042
65,168,780	56,773,632
2,434,407	28,771
8,247,458	7,342,446
103,562	66,953
4,378,104	3,607,833
120,184	70,976
7,839,775	5,446,140
2,624,766	2,898,135
2,192,198	1,092,956
1,098,394	56,388
147,000	-
97,411,219	78,968,829
(250,553)	(219,120)
(115,812)	(90,012)
(366,365)	(309,132)
97,044,854	78,659,697

40.3 Deposits

Customers

- Current deposits
- Savings deposits
- Term deposits

Financial Institutions

- Current deposits
- Savings deposits
- Term deposits

Un-audited June 30, 2019			Audited December 31, 2018		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
-----Rupees '000-----					
49,163,449	2,093,622	51,257,071	35,538,506	1,588,367	37,126,873
12,956,867	739,858	13,696,725	11,065,460	688,077	11,753,537
6,332,661	495,985	6,828,646	13,726,680	292,710	14,019,390
68,452,977	3,329,465	71,782,442	60,330,646	2,569,154	62,899,800
180,926	7,657	188,583	31,960	-	31,960
7,486,776	-	7,486,776	6,051,443	-	6,051,443
2,735,800	-	2,735,800	506,000	-	506,000
10,403,502	7,657	10,411,159	6,589,403	-	6,589,403
78,856,479	3,337,122	82,193,601	66,920,049	2,569,154	69,489,203

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Un-audited June 30, 2019	Audited December 31, 2018
	-----Rupees '000-----	
40.4 Contingencies and commitments		
- Guarantees	678,054	313,552
- Commitments	13,819,940	9,390,440
	<u>14,497,994</u>	<u>9,703,992</u>
	Un-audited	
	June 30,	June 30,
	2019	2018
	-----Rupees '000-----	
40.5 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	5,183,527	2,101,748
Investments	1,639,822	891,140
	<u>6,823,349</u>	<u>2,992,888</u>
40.6 Profit on deposits and other dues expensed		
Deposits and other accounts	1,753,565	1,001,663
Other short term borrowings	2,498,995	450,261
Leased liability against right-of use asset	236,932	-
	<u>4,489,492</u>	<u>1,451,924</u>
	Un-audited	Audited
	June 30,	December 31,
	2019	2018
	-----Rupees '000-----	
40.7 Islamic banking business unappropriated profit		
Opening balance	2,231,877	1,742,262
Add: Islamic Banking profit for the period / year	411,713	489,615
Closing balance	<u>2,643,590</u>	<u>2,231,877</u>

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

FOR THE HALF YEAR ENDED JUNE 30, 2019

41 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim consolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. There have been no significant reclassifications during the period except for the following:

Particulars	Before reclassification - for the half year ended June 30, 2018	Reclassification	After reclassification - for the half year ended June 30, 2018
----- Rupees '000 -----			
Profit and loss account			
Fee and commission income	1,733,755	138,450	1,872,205
Income from derivatives	-	26,582	26,582
Other income	310,398	(26,582)	283,816
Operating expenses	6,658,366	138,450	6,796,816
Gain on securities	174,309	2,204	176,513
Unrealised loss on revaluation of investments classified as held for trading - net	2,204	(2,204)	-
Workers' Welfare Fund	-	122,433	122,433
Other charges	134,551	(122,433)	12,118
Reversal of provision against non-performing loans and advances - net	(597,259)	597,259	-
Provision for consumer and small enterprise loans - general - net	69,387	(69,387)	-
Provision against off balance sheet obligations	21,581	(21,581)	-
Provision for diminution in value of investments - net	(49,623)	49,623	-
Recoveries against written-off debts - net	(51,133)	51,133	-
Provision / (reversal of provision) and recoveries against loans - general - net	-	(607,047)	(607,047)

42 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on August 22, 2019 by the Board of Directors of the Holding Company.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

ڈائریکٹرز کا جائزہ

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

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے FAML کو ایسیٹ مینجمنٹ کے لیے AM3 درجہ بندی تفویض کی ہے۔

ہولڈنگ کمپنی:

اتمار بینک B.S.C (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا ماتحت ادارہ ہے، جو بالواسطہ اور بلا واسطہ طور پر بینک کے ۶۶.۷۸ فیصد (۲۰۱۸ میں ۶۶.۷۸ فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔

اتمار بینک B.S.C (کلوزڈ)، اتمار ہولڈنگ B.S.C کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (DMIT) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے اور اتمار ہولڈنگ B.S.C کا بھی سربراہ ادارہ ہے۔ DMIT کا قیام کامن ویلتھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور انجام دیئے جائیں۔

بعد ازاں واقعات:

بینک کے مالی سال کے اختتام سے لیکر اس رپورٹ کی تاریخ کے درمیان بینک کی مالی پوزیشن کو متاثر کرنے والے واقعات یا کسی طرح کی کوئی تبدیلی رونما نہیں ہوئی۔

توثیقی بیان:

ہم بورڈ اور بینک انتظامیہ کی جانب سے حصص مالکان کا شکریہ ادا کرنا چاہتے ہیں کہ انہوں نے بینک پر اپنے اعتماد کا اظہار کیا ہے۔ تعاون اور رہنمائی کا سلسلہ جاری رکھنے پر ہم بینک دولت پاکستان اور سکیورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کے بھی شکرگزار ہیں۔ ادارے کی سرپرستی کے لیے تمام صارفین کا بھی شکریہ ادا کرتے ہیں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لیے پوری لگن اور تن دہی سے کام کرنے پر ہم تمام ملازمین اور شرعیہ بورڈ کے بھی بے حد مشکور ہیں۔

منظوری:

کمپنیز ایکٹ ۲۰۱۷ کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو ۲۲ اگست، ۲۰۱۹ کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیرمین / ڈائریکٹر

صدر اور سی ای او

کراچی

تاریخ: ۲۲ اگست، ۲۰۱۹

ڈائریکٹرز کا جائزہ

مالیاتی حکیلیاں:

(ملین روپے)

نفع ونقصان اکاؤنٹ

اضافہ	جون ۲۰۱۸	جون ۲۰۱۹	
ری اسٹیڈ			
۳۰،۶۷ فیصد	۱۰،۵۷۳	۱۳،۸۲۶	مجموعی آمدنی
۱۲،۶۷- فیصد	۶،۷۹۷	۷،۷۹۵	انتظامی اخراجات
۵۹،۶۷ فیصد	۳،۷۷۷	۶،۰۳۱	منافع قبل از محصول اور پروویژن
۲۷،۳۶۸- فیصد	۲۶۶	(۸۱۰)	نیٹ پروویژن بشمول WWF
۲۳،۰۰ فیصد	۲،۲۳۳	۵،۲۲۱	منافع قبل از محصول
۲۱،۶۳- فیصد	۱،۸۳۲	۲،۲۱۶	محصولات
۲۴،۶۶ فیصد	۲،۴۱۱	۳،۰۰۵	منافع بعد از محصول
۰،۳۹	۱،۵۹	۱،۶۸	فی حصص آمدن (روپے)

گروپ کے منافع جات میں ترقی کا تسلسل برقرار ہے۔ آمدنی میں اضافے کی بڑی وجوہات میں بڑھا ہوا مارک اپ ریٹ ہے جس کا اثر کاروبار کے تمام شعبہ جات پر ہوا ہے۔ انتظامی اخراجات میں اضافے کو قابو میں رکھا گیا ہے۔ جس کے نتیجے میں فیصل بینک گروپ نے ۲۰۱۹ کی پہلی ششماہی میں ۳،۰۰۵ ملین روپے کی آمدنی حاصل کر لی ہے جو کہ گزشتہ سال اسی عرصے کے دوران ۲،۴۱۱ ملین روپے تھی، اس طرح منافع بعد از محصول میں ۵۹۴ ملین روپے اضافہ ہوا جو کہ ۲۴،۶ فیصد زیادہ ہے۔ یہ اضافہ IFRS 16 (لیز) ۲۱۹ ملین روپے (نیٹ آف ٹیکس) کی بکنگ اور سال ۲۰۱۷ کے اختتام پر ۲۵۹ ملین روپے کے سپرنیکس کی ادائیگی کے باوجود ہے۔ اس طرح، فیصل بینک لمیٹڈ گروپ کی چھ ماہ میں فی شیئر آمدنی ۵۹،۷ روپے سے بڑھ کر ۹۸،۷ روپے ہو گئی ہے جس میں گزشتہ سال اسی عرصے کے مقابلے میں ۳۹ پی بی ایس اضافہ ہوا ہے۔

کریڈٹ ریٹنگ:

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ۳۱ دسمبر، ۲۰۱۸ کے مالیاتی گوشواروں کی بنیاد پر درج ذیل درجہ بندی جاری کی ہے:

طویل المیعاد: AA

قلیل المیعاد: A1+

ڈائریکٹرز کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں ۳۰ جون، ۲۰۱۹ کو ختم ہونے والی ششماہی کی رپورٹ کنسولیدیٹڈ مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پروفائل

فیصل بینک گروپ کی کمینیز میں شامل ہیں:

ہولڈنگ کمپنی: فیصل بینک لمیٹڈ

ذیلی کمپنی: فیصل ایسیٹ مینجمنٹ لمیٹڈ

فیصل بینک لمیٹڈ کا رپوریٹ، ریٹیل، کمرشل، ایس ایم ای (SME) اور زرعی شعبے سے وابستہ اپنے صارفین کو بینکاری کی خدمات فراہم کرنے میں مصروف عمل ہے اور بینک ایک مکمل اسلامی مالیاتی ادارے میں تبدیل ہونے کی راہ پر گامزن ہے جبکہ فیصل ایسیٹ مینجمنٹ لمیٹڈ (FAML) ایک نان-بینکنگ فنانس کمپنی (NBFC) ہے جس کے پاس ایسیٹ مینجمنٹ اور انویسٹمنٹ ایڈوائزری سروسز کی فراہمی کا لائسنس ہے۔

مستقبل پر نظر:

بینک اپنے صارفین کی ضروریات کے پیش نظر نئی پروڈکٹس میں اضافہ کر رہا ہے اور خاص طور پر ان علاقوں میں نئی شاخیں کھول رہا ہے جہاں پر بینک نہیں ہیں تاکہ اپنے صارفین کو ان کی دہلیز کے قریب ترین خدمات فراہم کر سکے۔ شاخوں میں وسعت کے ساتھ ساتھ، فیصل بینک لمیٹڈ استعمال میں آسان اور بینکاری کی محفوظ خدمات فراہم کرنے کے لیے ڈیجیٹل بینکنگ ٹیکنالوجی میں بھی سرمایہ کاری کر رہا ہے۔

فنانس مینجمنٹ اور ایڈوائزری سروسز کی حامل فیصل ایسیٹ مینجمنٹ لمیٹڈ کو فیصل بینک لمیٹڈ کی پروڈکٹس تک رسائی مل گئی ہے جو کہ اب FAML پلیٹ فارم پر بھی دستیاب ہیں۔ FAML نے فیصل بینک لمیٹڈ کے اشتراک سے پہلے ہی فیصل شریعہ کیپٹل پرزرویشن پلان کو کامیابی کے ساتھ متعارف کرا چکا ہے اور اس پلان کے تحت ارب روپے سے زائد فنڈ جمع کر لیے گئے ہیں۔ مستقبل میں فنڈز میں مزید اضافے کی توقع ہے۔

فیصل بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز نے FAML کیپٹل میں مزید ۵۰۰ ملین روپے کے فنڈز شامل کرنے کی منظوری دے دی ہے۔ یہ فنڈز گزشتہ سال FAML کے کیپٹل میں شامل کیے گئے ۱۸۰ ملین روپے کے علاوہ ہیں۔ مذکورہ اضافی سرمایہ کاری سے واضح ہوتا ہے کہ فیصل بینک لمیٹڈ FAML اور اس کے صارفین کے ساتھ مکمل تعاون کے لیے پرعزم ہے۔

ڈائریکٹرز کا جائزہ

کریڈٹ ریٹنگ:

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ۳۱ دسمبر، ۲۰۱۸ کے مالیاتی گوشواروں کی بنیاد پر درج ذیل درجہ بندی جاری کی ہے:

طویل المیعاد: AA

قلیل المیعاد: A1+

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

بعد ازاں واقعات:

بینک کے مالی سال کے اختتام سے لیکر اس رپورٹ کی تاریخ کے درمیان بینک کی مالی پوزیشن کو متاثر کرنے والے واقعات یا کسی طرح کی کوئی تبدیلی رونما نہیں ہوئی۔

توثیقی بیان:

ہم بورڈ اور بینک انتظامیہ کی جانب سے حصص مالکان کا شکریہ ادا کرنا چاہتے ہیں کہ انہوں نے بینک پر اپنے اعتماد کا اظہار کیا ہے۔ تعاون اور رہنمائی کا سلسلہ جاری رکھنے پر ہم بینک دولت پاکستان اور سیکیورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کے بھی شکر گزار ہیں۔ ادارے کی سرپرستی کے لیے تمام صارفین کا بھی شکریہ ادا کرتے ہیں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لیے پوری لگن اور تن دہی سے کام کرنے پر ہم تمام ملازمین اور شریعہ بورڈ کے بھی بے حد مشکور ہیں۔

منظوری:

کمپنیز ایکٹ ۲۰۱۷ کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو ۲۲ اگست، ۲۰۱۹ کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیرمین/ڈائریکٹر

صدر اوری ای او

کراچی

تاریخ: ۲۲ اگست، ۲۰۱۹

ڈائریکٹرز کا جائزہ

مستقبل پر نظر:

اسلامی بینک میں مرحلہ وار منتقلی کے فیصلے پر عمل کرتے ہوئے ۲۰۱۹ میں ۱۰۰ نئی اسلامی شاخیں کھولی گئی ہیں۔ اس کے علاوہ ۴۰ روایتی شاخوں کو اسلامی شاخوں میں تبدیل کرنے کا منصوبہ بھی ہے۔

بینک اپنی ترقی کی رفتار کو جاری رکھتے ہوئے قرضہ جات کے کھاتے کو وسیع کرے گا، جس میں بنیادی طور پر ایس ایم ای اور کنزیومر کے شعبہ جات پر توجہ دی جارہی ہے۔ کمرشل اور کارپوریٹ بزنس کے شعبہ جات بھی ترقی کی منازل طے کر رہے ہیں۔

ہماری حکمت عملی کا مرکز انٹرنل کنٹرولز اینڈ کمپلائنس پر قانونی رہنما اصولوں کے مطابق عملدرآمد اور بہترین روایات کو برقرار رکھنا ہے۔ بینک ڈیجیٹل مینکنگ پروڈکٹس کے فروغ پر توجہ دے رہا ہے جو کہ استعمال میں آسان اور محفوظ پروڈکٹس ہیں۔

مالیاتی جھلکیاں:

(ملین روپے)

نفع و نقصان اکاؤنٹ

اضافہ	جون ۲۰۱۸	جون ۲۰۱۹
مجموعی آمدنی	۱۰،۵۷۴	۱۳،۷۸۰
انتظامی اخراجات	۶،۷۹۷	۷،۷۳۱
منافع قبل از محصول اور پروویژن	۳،۷۷۷	۶،۰۴۹
نیٹ پروویژن بشمول WWF	۴۷۳	(۸۱۰)
منافع قبل از محصول	۴،۲۵۰	۵،۲۳۹
محصولات	۱،۸۳۵	۲،۲۱۷
منافع بعد از محصول	۲،۴۱۵	۳،۰۲۲

بینک کا بعد از محصول منافع (PAT) جنوری تا جون ۲۰۱۸ کے ۲۶ ارب روپے کے مقابلے میں سال ۲۰۱۹ کی پہلی ششماہی میں ۳۶ ارب روپے تک جا پہنچا ہے۔ یہ منافع آمدنی میں ۲۵ فیصد اضافے اور انتظامی اخراجات پر قابو پانے سے بڑھا ہے۔

بینک کی خالص مارک اپ آمدنی ۳۹ ارب ۲۵ فیصد اضافے کے ساتھ ۲۶ ارب روپے ہو گئی ہے، جس کی بڑی وجہ ایڈوانسز پورٹ فولیو اور مارک اپ ریٹس میں اضافہ ہے۔ نان مارک اپ آمدنی میں بھی فارن ایکسچینج بڑھنے سے اضافہ ہوا ہے۔

بینک نے آگے بڑھ کر پروویژنز کی بلنگ کی ہے، جس کے نتیجے میں ریکوریز کے پروویژنز نیٹ میں گزشتہ سال اسی عرصے کے دوران ۶۰ ملین روپے کے مقابلے میں ۶۷۲ ملین روپے قرضوں کی واپسی سے حاصل ہوئے۔ اس میں ۲۰۱۷ کے سپرنٹنڈنٹ کی مد میں ۲۵۹ ملین روپے کے محصولات بھی شامل ہیں۔

مذکورہ بالا تھاق کے نتیجے میں، بعد از محصول منافع ۶۰ ملین روپے تک بڑھ گیا اور فی حصص منافع (EPS) ۲۰۱۸ کے پہلے چھ ماہ میں ۵۹ روپے سے بڑھ کر رواں سال ۹۹ روپے ہو گیا۔

ڈائریکٹرز کا جائزہ

- بینک نے فیصل فڈز کے اشتراک سے فیصل شریعہ کیپٹل پرزوریشن پلان کے لیے اءارب روپے سے زیادہ جمع کر لیے، یہ ایک شریعہ کمپلائٹ پروڈکٹ ہے جس میں پرکشش متوقع منافع اور ٹیکس کی مد میں فوائد ہیں۔
- غیر محفوظ قرضہ جات کے لیے سبز مہم (RISE AS ONE) کا آغاز کیا گیا۔ مہم کے مثبت نتائج حاصل ہوئے اور بہترین کارکردگی دکھانے والوں کو انعامات بھی دیئے جائیں گے۔
- اے ٹی ایم ٹرانزیکشنز کو محفوظ بنانے کے لیے تمام ٹرمینلز پر 3DES (ٹرپل ڈیٹا ان کریپشن اسٹینڈرڈ) کی تنصیب کر دی گئی ہے، 3DES کے ذریعے سسٹمز پر خطرناک حملوں سے بچاؤ ممکن ہوتا ہے۔ اس کے علاوہ کارڈ کی ڈیٹا کو محفوظ بنانے کے لیے تمام اے ٹی ایمز پر اینٹی۔اسکمنگ ڈیوائسز نصب کر دیئے گئے ہیں۔
- بینک نے صارفین کو مزید سہولت فراہم کرنے کے لیے صارفین کو ماہانہ الیکٹرونک فڈ ٹرانسفر ٹرانزیکشنز اسٹیمٹ ارسال کرنا شروع کر دیا ہے جس میں رقم منتقل کرنے اور حاصل کرنے والوں کی معلومات اور ان کا بینک اکاؤنٹ بھی شامل ہوتی ہے۔
- پیشہ ورانہ صلاحیت کے حامل ملازمین کے لیے پرسنل انسٹالمنٹ لون کی اسکیم متعارف کرائی گئی ہے جس میں ریٹ۔بریک کی اضافی خاصیت شامل ہے اور اسکیم کی ڈیجیٹل میڈیٹرز پر مہم کے ذریعے تشہیر بھی کی گئی۔
- فیصل کارفنانس نے نئی سوزو کی الٹو ۶۰۰ سی سی کے لیے ایک تشہیری مہم چلائی جس میں سوزو کی الٹو کے تمام صارفین کو ”فری رجسٹریشن“ کی سہولت فراہم کی گئی۔
- فیصل فلیکسی کارڈ کا استعمال بڑھانے کے لیے آگاہی مہم چلائی گئی۔
- فیصل بینک لیوینڈ کے صارفین کو ڈیجیٹل بینکنگ پروگرام کے تحت دیگر بینکوں کے کریڈٹ کارڈ کے بل فیصل بینک انٹرنیٹ بینکنگ ایپلی کیشن یا اے ٹی ایم کے ذریعے ادا کرنے کی سہولت فراہم کی گئی۔

ترہیت اور تربیت

- ۲۰۱۹ کی پہلی ششماہی میں ۲۹۶،۰۱۸ اشراکاء کو ۷۸،۶۱۸ گھنٹوں پر محیط تربیت دی گئی۔
- ۷۰۳ اشراکاء کو ”لازمی اسلامک بینکنگ سرٹیفیکیشن پروگرامز“ کے تحت اسلامی بینکاری پر مبنی تربیت دی گئی۔
- فیصل بینک لیوینڈ کے ۱۲۹ براؤنچ سروس آفیسرز نے ۵ حصوں میں اپنی جامع تربیت مکمل کی۔
- ایف بی ایل انڈکشن پروگرام کے تحت نئے ملازمین کے لیے تیار کردہ تربیت میں ۲۲۶ افراد نے شرکت کی۔
- فیصل بینک نے فیصل آگاہی فورم کا آغاز کیا ہے جس میں ۲۰۱۹ کی دوسری سہ ماہی کے دوران ۲۵۹،۱ ملازمین کو کسٹمر سروسز میں بہتری لانے کے لیے جدید پروڈکٹ کی خصوصیات، درست سروسز اور آپریشنل مسائل کے بارے میں تربیت دی گئی۔

ڈائریکٹرز کا جائزہ

- فیصل بینک لمیٹڈ کو اسلامی اور روایتی طریقے کے تحت پاکستان کی سب سے بڑی سرکاری میرین ٹرانسپورٹیشن کمپنی کے لیے ۵۰۰ ملین روپے کی فناننگ کے انتظام پر ایسیٹ ٹریڈ A ایشیا انفراسٹرکچر ایوارڈز ”ٹرانسپورٹ ڈیل آف دی ایئر“ جون ۲۰۱۹ سے نوازا گیا۔

بزنس ٹرانسفریشن پلان

بینک کا ”مکمل طور پر اسلامی بینک میں منتقلی“ پر مبنی بزنس ٹرانسفریشن پلان ذمہ دارانہ طریقے سے جاری ہے۔ ۲۰۱۹ میں بینک نے اپنے اسلامی نیٹ ورک میں ۶۰ فیصد تک اضافہ کیا اس طرح ۱۹ نئی شاخوں کے افتتاح سے اسلامی شاخوں کی کل تعداد ۲۸۴ ہو گئی اور مزید ۱۰ روایتی شاخوں کو اسلامی شاخوں میں تبدیل کر دیا گیا۔

(مجموعی نیٹ ورک: ۴۷۵ شاخیں)۔ اسلامی فنانسنگ کا حصہ بینک کے مجموعی فنانسنگ پورٹ فولیو ۳۰۴ ارب روپے کے ۳۲ فیصد تک ہو گیا ہے۔ بینک نے حال ہی میں پہلے پاکستان انرجی سکوک کے اجراء میں شرکت کی اور ۳۵ ارب روپے کی سرمایہ کاری کی ہے۔ آپ کا بینک اب صارفین کی ضروریات کے تمام شعبہ جات میں اسلامی پروڈکٹس کی مکمل رینج فراہم کرتا ہے اور اپنی نئی پروڈکٹس اور جدید پیکیجنگ کے ذریعے اسلامی بینکاری میں تیزی کے ساتھ ترقی کی منازل طے کر رہا ہے۔

فیصل ایسیٹ مینجمنٹ لمیٹڈ میں سرمایہ کاری

آپ کے بینک نے گزشتہ سال فیصل ایسیٹ مینجمنٹ لمیٹڈ (FAML) کو ۹۹.۹۹ فیصد تک حاصل کر لیا تھا اور قانونی تقاضوں کے تحت FAML کے کیپٹل میں ۲۸۰ ملین روپے کے فنڈز شامل کر دیئے تھے۔ بینک اپنے ذیلی ادارے کی اہمیت کو محسوس کرتے ہوئے اس کے کیپٹل میں مزید ۵۰۰ ملین روپے کے فنڈز شامل کرنے کی منصوبہ بندی کر رہا ہے۔ کیپٹل میں فنڈز کے تعاون سے کمپنی کے بزنس اور صارفین میں ترقی کے ساتھ پروڈکٹس کی فراہمی میں بھی اضافہ ہوگا۔

ڈیجیٹل بینکنگ کے لیے اقدامات

فیصل بینک کے اندر ڈیجیٹل بینکنگ کے اثرات ظاہر ہونا شروع ہو گئے ہیں اور ادارے میں کام کرنے والے افراد کے خیالات میں بھی مرحلہ وار تبدیلی آگئی ہے۔ اس سلسلے میں ڈیجیٹل بینکنگ پر خاص توجہ دیتے ہوئے قلیل المیعاد اور طویل المیعاد منصوبہ بندی کی گئی ہے جس میں ”پروڈکٹ پرتوجہ“ کی سوچ کو ”صارف پرتوجہ“ میں تبدیل کرنے پر دھیان دیا جا رہا ہے۔ ڈیجیٹل بینکنگ کے ذریعے ماحول دوست اداروں کے ساتھ اشتراک اور آمدنی بڑھانے کے مواقع پرتوجہ دی جا رہی ہے؛ اس کے لیے آپریشنل مہارتوں کے اخراجات میں مزید کمی اور صارفین کے استعمال کے ماڈل اور ڈیجیٹل ٹرانسفریشن کو یقینی بنایا جا رہا ہے۔

پروڈکٹ ڈیولپمنٹ اور نئے اقدامات

- مئی ۲۰۱۹ میں صارفین کے لیے نئی موبائل ایپلی کیشن متعارف کرائی گئی۔ موبٹ ڈیجیٹل ایپ کو صارفین کی جانب سے مثبت پذیرائی حاصل ہوئی ہے۔

ڈائریکٹر کا جائزہ

میں مالی سال ۲۰۱۹ کے دوران پرائیویٹ سیکٹر کرڈٹ (PSC) ۱۱.۴ فیصد رہا۔

پالیسی ریٹ ۲۰۱۸ کے آغاز سے ۵.۰۰ بنیادی پوائنٹس بڑھ کر ۵.۷۵ فیصد سے ۲۵.۱۳ فیصد تک جا پہنچا۔ اسی طرح، مالی سال ۲۰۱۹ کے دوران جی ڈی پی میں اضافہ گزشتہ سال ۵.۵ فیصد کے مقابلے میں کم ہو کر ۳.۳ فیصد ہونے کی توقع ظاہر کی جارہی ہے۔ آئی ایم ایف سپورٹ پروگرام، برآمدات پر مبنی انڈسٹریز کے لیے حکومتی مراعات اور زرعی شعبے کی بحالی سے بہتر نتائج کی امید ہے اور درمیانی مدت میں معاشی ترقی کی سست روی کا خاتمہ متوقع ہے۔

مالی سال ۲۰۱۹ کے دوران کرنٹ اکاؤنٹ خسارہ کم ہو کر ۵۸.۱۳ ارب امریکی ڈالر رہ گیا ہے جبکہ مالی سال ۲۰۱۸ میں کرنٹ اکاؤنٹ خسارہ ۸۹.۱۹ ارب امریکی ڈالر تھا۔ کرنٹ اکاؤنٹ خسارے میں سال کے دوران ۳۱.۷۷ فیصد کمی کے اسباب میں درآمدات کو محدود کرنا اور سمندر پار محنت کشوں کی جانب سے ترسیلات زر میں اضافہ شامل ہے۔ درآمدی اشیاء کی مجموعی لاگت ۶۵۹.۶ ارب امریکی ڈالر سے کم ہو کر ۵۲۷.۴ ارب امریکی ڈالر زریکارڈ کی گئی جبکہ ترسیلات زر ۹۷.۱۹ ارب امریکی ڈالر سے بڑھ کر ۱۲۷.۸ ارب امریکی ڈالر کی سطح پر آ گئے۔ لوئر یونٹ پر انسرز کے نتیجے میں برآمدات سے حاصلات بھی دباؤ کا شکار رہیں۔ البتہ، روپے کی قدر میں کمی سے برآمدی حجم میں اضافہ ہوا۔

مالی سال ۲۰۱۹ کے لیے مالیاتی خسارے پر نظر ثانی کر کے جی ڈی پی کا ۲.۷ فیصد کر دیا گیا ہے جبکہ ابتدائی طور پر ۹.۲ فیصد کا تخمینہ لگایا گیا تھا۔ ریونیو کلیکشن میں بہت زیادہ کمی، اور شرح سود میں توقع سے زیادہ اضافے اور دفاعی ادائیگیوں کی وجہ سے مالی توازن خراب ہوا۔ مالی سال ۲۰۲۰ میں مالیاتی خسارہ ۳.۷ فیصد تک پہنچ سکتا ہے۔ بہتر ٹیکس پالیسی اور انتظامی اصلاحات، اور حکومت کی جانب سے بینک دولت پاکستان کے قرضے واپس کرنے کے مضبوط عزم کے باعث مالی سال ۲۰۲۱ سے مالیاتی خسارے میں کمی کا امکان ہے۔

کاروباری اپ ڈیٹ

پروجیکٹ فنانسنگ اور سنڈیکیٹیشن

سال ۲۰۱۹ کی دوسری سہ ماہی کے اختتام پر کچھ اہم کامیابیوں کی جھلکیاں درج ذیل ہیں:

- فیصل بینک لمیٹڈ نے انڈیپنڈنٹ پاور پروڈیوسر (IPP) طریقے کے تحت 330MW کول فائرڈ پاور پروجیکٹ کی تعمیر اور قیام کے لیے ۱۸.۸۵ ملین روپے کی سنڈیکیٹڈ طویل مدتی فنانسنگ کے انتظام کے لیے لیڈائر کے طور پر حصہ لیا۔
- فیصل بینک لمیٹڈ کو روایتی اور اسلامی طریقوں کے امتزاج کے تحت ملک کی سب سے بڑی بجلی پیدا کرنے، ٹرانسمیشن اور ڈسٹری بیوشن کرنے والی کمپنی کے لیے ۲۵،۰۰۰ ملین روپے کی فنانسنگ کے انتظام کے لیے میٹڈ ایڈائر بنجری حیثیت سے ایسیٹ ٹریڈر A اشیاء انفراسٹرکچر ایوارڈز ”یوٹیٹی ڈیل آف دی ایئر“ جون ۲۰۱۹ اور ایشین بینکنگ اینڈ فنانس سنڈیکیٹڈ لون آف دی ایئر۔ پاکستان جون ۲۰۱۹ ایوارڈ سے نوازا گیا۔

ڈائریکٹرز کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں ۳۰ جون، ۲۰۱۹ کو ختم ہونے والی ششماہی کی رپورٹ (ان کنسولیدیٹڈ مالیاتی گوشواروں) اور آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پروفائل

فیصل بینک لمیٹڈ (FBL) کا قیام پاکستان میں ۳ اکتوبر، ۱۹۹۴ کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ اب بینک کے شیئرز کا اندراج پاکستان اسٹاک ایکسچینج میں ہے۔ فیصل بینک لمیٹڈ کی ملک بھر کے ۱۵۰ سے زائد شہروں میں ۴۷۵ شاخیں ہیں۔ ان میں سے ۲۸۴ اسلامی شاخیں ہیں اور او فیلی شاخ ہے۔ بینک نے ملک بھر میں اپنے کسٹمرز کی سہولت کے لیے ۱۴۶۲ ای ٹی ایم قائم کر رکھے ہیں۔

فیصل بینک لمیٹڈ کا رپوریٹ، ریٹیل، کمرشل، ایس ایم ای (SME) اور زرعی شعبے سے وابستہ اپنے صارفین کو بینکاری کی خدمات فراہم کرنے میں مصروف عمل ہے۔ بینک ایک مکمل اسلامی مالیاتی ادارے میں تبدیل ہونے کی راہ پر گامزن ہے اور اپنے صارفین کو ان کی دہلیز پر بینکاری سہولیات فراہم کرنے کے لیے نئی شاخیں قائم کر رہا ہے۔ برانچوں میں اضافے کے ساتھ فیصل بینک لمیٹڈ جدید، آسان اور محفوظ خدمات کی فراہمی کے لیے ٹیکنالوجی پر بھاری سرمایہ کاری کر رہا ہے۔

ہولڈنگ کمپنی:

اتمار بینک B.S.C (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا ماتحت ادارہ ہے، جو بالواسطہ اور بلا واسطہ طور پر بینک کے ۶۶.۷۸ فیصد (۲۰۱۸ میں ۶۶.۷۸ فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک B.S.C (کلوزڈ)، اتمار ہولڈنگ B.S.C کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (DMIT) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے اور اتمار ہولڈنگ B.S.C کا بھی سربراہ ادارہ ہے۔ DMIT کا قیام کامن ویلجھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور انجام دیئے جائیں۔

اقتصادی اپ ڈیٹ:

حکومت کی جانب سے متعدد اقدامات کے باوجود، پاکستان کی معیشت سخت دباؤ کا شکار ہے جس کی وجوہات میں بیرونی قرضوں کی واپسی، حکومتی قرضہ جات اور بڑھتے ہوئے مالیاتی خسارے شامل ہیں۔ انتظامی ڈھانچوں کی کمزوریاں بشمول ٹیکس جمع کرنے کا کمزور نظام، اور بڑی بے ترتیب معیشت، اور خسارے میں ڈوبتے حکومتی اداروں (SOE's) کے اسباب کا احاطہ کرنا اب بھی باقی ہے۔ ۳ جولائی کو آئی ایم ایف کے ایگزیکٹو بورڈ کی جانب سے پاکستان کے لیے ۳۹.۳۹ بیلیون میں ۱۶ ارب امریکی ڈالرز کے توسیعی فنڈ کی سہولت کے انتظام کو حتمی شکل دینے سے مذکورہ بالا معاشی مشکلات پر قابو پانے کے لیے معاشی بحالی کے نئے پروگرام اور پاکستان کی معیشت کو متوازن اور مستقل ترقی کی راہ پر گامزن کیا جاسکتا ہے۔

کنزیومر پرائس انڈیکس (CPI) مالی سال ۲۰۱۸ میں اوسطاً ۳.۹۲ فیصد کے مقابلے میں مالی سال ۲۰۱۹ کے دوران بڑھ کر ۳.۳۴ فیصد کی بلند سطح پر جا پہنچا ہے۔ کنزیومر پرائس انڈیکس (CPI) میں تیزی سے اضافے کی وجوہات میں بجلی اور گیس کی قیمتوں میں اضافہ، روپے کی قدر میں کمی اور عالمی سطح پر غامض تیل کی قیمتوں میں اضافہ شامل ہے۔ اس کے علاوہ مالی سال ۲۰۱۸ میں ۱۴.۸ فیصد کے مقابلے

۲	ڈائریکٹرز کا جائزہ ان کنسولیڈیٹڈ فنانشل اسٹیٹمنٹس
۸	ڈائریکٹرز کا جائزہ کنسولیڈیٹڈ فنانشل اسٹیٹمنٹس



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