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**2019**  
THIRD QUARTER  
ENDED SEPTEMBER 30, 2019  
UNAUDITED FINANCIAL STATEMENTS

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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](http://www.faysalbank.com)

## Share Registrar

M/s. CDC Share Registrar Services Limited  
CDC House, 99-B, Block-B,  
SMCHS, Main Shahra-e-Faisal,  
Karachi-74400

Tel: (92-21) 111-111-500  
Fax: (92-21) 34326053  
Email : [info@cdcsrsl.com](mailto: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 unaudited unconsolidated Financial Statements for the nine months ended September 30, 2019.

## Company Profile:

Faysal Bank Limited ("FBL or Bank") 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 160 cities with 487 branches out of which 312 are Islamic including 01 sub branch.

FBL is offering a range of modern 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. Alongside branch network expansion, FBL is investing in technology to provide innovative, convenient and 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:

The opening quarter of FY20 (July – September '19) was the first one under Pakistan's latest IMF Program, wherein several economic adjustments were made. The foreign exchange market began to adjust after the introduction of market-based exchange rate system, wherein PKR actually strengthened against the USD by 4.6% due to an improving balance of payment position. The FBR tax revenues depicted improvement and external sector continued to show substantial improvement with a sizeable reduction seen in the current account deficit and foreign exchange reserves starting to build up. Nonetheless, the inflation expectations for FY20 remain relatively high while recent economic indicators show a gradual slowdown.

The introduction of changes in the CPI calculation methodology in August 2019 produced a lower than expected inflation during Q1FY20. The developments, however, appear to be similar between both the new and old base CPI. The increasing trend in inflation using the new base seems more pronounced in the later half of FY20. These developments broadly reflect the adjustment in utility prices, the pass-through of early exchange rate depreciation and an increase in food prices. As a result, the Monetary Policy Committee in its most recent meeting held in September maintained its projected inflation range between 11 and 12 percent for FY20.

Curtailling the fiscal deficit in FY20 at budgeted levels will be paramount for attaining macroeconomic stability. The GOP intends to limit the primary deficit at 0.6 percent of GDP in

# DIRECTORS' REVIEW

FY20 after recording a deficit of 3.5 percent of GDP in FY19. Despite improved tax collection in the first quarter, the primary deficit performance criteria target set for Sept-end at PKR 102 billion is still rather challenging.

On the external front the most encouraging performance was a 55 percent reduction in the current account deficit recorded in the first two months - driven by growing exports and a contraction in imports. The current account deficit (CAD) declined to US\$ 1,292 million during July-Aug FY20 compared to US\$ 2,850 million in the corresponding period last year. Shrinking CAD, along with disbursement of program related inflows and ongoing Saudi oil facility has helped build SBP foreign exchange reserves which as of September, 27 stood at US\$ 7.7 billion.

The SBP expects the GDP growth in FY20 to hover around 3.5 percent. Domestic oriented industries such as automobile, cements and steel are particularly more challenged due to weakening aggregate demand. Though the export volumes have grown steadily, the growth in export dollar proceeds has been less pronounced due to declining international unit prices. Besides manufacturing, the outlook for agriculture sector is expected to improve considerably in FY20 whereas that of services sector is expected to moderate gradually.

## Business Update

### *Project Financing & Syndication*

Some of the major deals closed during the quarter ended September 30, 2019 are highlighted as follows:

- FBL acted as the Lead Arranger in the syndicated long term project finance facility of PKR 19.56 billion for construction and development of a 330MW coal fired power project set-up under Independent Power Producer (IPP) mode.
- FBL as the Mandated Lead Arranger successfully closed Shariah compliant Commercial Paper Issue amounting to PKR 8 billion for largest electricity distribution company of the country.

### *Business Transformation Plan*

The Bank recently finalized five year strategy which included transforming the Bank into a full fledged Islamic and steadily establishing itself as a preferred provider of Islamic banking services. The Bank has opened 32 new Islamic branches and converted 25 branches from conventional to Islamic during the period. Islamic branches now constitute 64% of the Bank's network. With 33% growth in Islamic deposits and 31% in Islamic financings during 2019; the Bank's Business Transformation Plan continues to gain momentum supported by its innovative and customer focused Islamic products and aided by a strong Shari'ah compliant environment. The Bank actively conducts community awareness / outreach programs for promotion of Islamic banking.

# DIRECTORS' REVIEW

## *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 proposes 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 in line with FBL's strategic objectives.

## *Digital Banking Initiatives*

The Bank is actively working towards establishing a digital outlook across the organization while enabling digital mindset amongst stakeholders. In lieu of emerging trends of digitization globally and in Pakistan, the Bank has key focus of customer centricity, transformation and innovation. The Bank has recently become the first bank in Pakistan to partner with Ripple Net with the objective of facilitating fast, secure and convenient cross border inward remittances. Digital Banking is vigilantly targeting ecosystem players in creating partnerships and rethinking operational competencies for a reliable, fast, more cost efficient and user driven model.

## *Retail Banking Initiatives*

The overall strategy of the Retail Banking Group is geared towards creating synergies across all related functions, drawing mainly upon the complementary product attributes in order to drive overall business strategy.

Over the quarter, your Bank launched a number of new products and also implemented initiatives to improve sales efficiencies among which:

- Launch of Faysal Islamic Rehmat Account – In addition to offering unmatched transactional waivers; the account offers a unique opportunity to customers of contributing towards charitable causes.
- A new Sales Management Process "SMP" was rolled out with the goal of streamlining and tracking our sales process. Our team is working to automate SMP so that staff will have a holistic view of a particular relationship and can deliver need based client centric financial solutions.
- Branch led SME business model has started yielding positive results in the form of mobilization of additional deposits. The model is enabling branches to provide quality services to our SME clients tailored to their business needs.
- Various campaigns and customer focused initiatives were launched during the period aimed at increasing consumer finance portfolio. As a result of these initiatives the bank was able to generate targeted volume in preferred segments and products.
- The Bank generated significant inflows in investment funds launched in collaboration its asset management arm, Faysal Asset Management Ltd. Over PKR 1.1 billion was mobilized

# DIRECTORS' REVIEW

in Faysal Capital Preservation Plan II which is a Shariah compliant investment solution directed towards customers with medium term investment needs.

## *Human Development*

In order to support the next phases of growth of the bank, multiple human development initiatives based on the following pillars of HR Strategy are underway:

- Raising the bar on performance;
- Acquire and retain talent;
- Build leadership capacity; and
- Continuously improve the way we work.

HR initiatives cover the entire life cycle of an employee starting from enhancing Bank's workplace image to attract best talent, use of technology in assessing the right fit as well as employing social media in the acquire talent strategy, providing a seamless onboarding experience to all new joiners and to make them productive from day one.

Moving on to an employee's stay in the organization, programs such as identification of top talent, differentiation in reward based on performance to drive productivity, implementation of leadership and management development interventions for the junior to senior most managers in the Bank to create the right depth and breadth in the organization for future scale are also being undertaken.

HR has recently launched an employee wellbeing program namely "We Care" that includes recognition awards and various new facilities to increase employee engagement and productivity.

## **Future Outlook:**

In line with the Bank's strategic decision of well planned transformation into a full fledged Islamic Bank, 100 new Islamic branches are being opened in 2019. The Bank is following two pronged strategy for conversion of its network whereby conventional branches are aggressively being converted into Islamic. Further Islamic Banking Windows (IBWs) are being opened in selected conventional branches. These windows will not only convey a strong message to the Bank's existing conventional customers on the direction of the Bank and create awareness of Islamic Banking but will also provide opportunity for generation of new Islamic business.

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



## DIRECTORS' REVIEW

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 convenient and secured.

### Financial Highlights:

(PKR in million)			
Profit & Loss Account	Sep 2019	Sep 2018	Growth
Total revenue	20,345	15,959	27.5%
Administrative expenses	11,946	10,359	15.3%
Profit before tax and provision	8,399	5,600	50.0%
Net (provisions) / reversals including WWF	(924)	639	-244.6%
Profit before taxation	7,475	6,239	19.8%
Taxation	3,048	2,651	15.0%
Profit after taxation	4,427	3,588	23.4%

Bank's Profit after Tax ("PAT") increased to PKR 4.4 billion during the nine months ended September 30, 2019 from PKR 3.6 billion during the corresponding period last year showing a growth of 23.4%. This was achieved through 27.5% increase in revenue while keeping administrative expenses under control.

Net markup income of the Bank increased by PKR 4.1 billion i.e. 37.0%, mainly due to increase in loans portfolio and policy rate. Non-markup income primarily increased due to higher foreign exchange revenues, partially offset by losses recognized in equity market.

Provision for non-performing loans and equity portfolio of Rs. 728 million were recognized during the period. Taxation includes charge of PKR 259 million in respect of super tax of 2017.

As a result of the above, PAT is higher by 839.8 million and earning per share (EPS) shows improvement from PKR 2.36 in 1st nine months of 2018 to PKR 2.92 in the current period.

### 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.

# DIRECTORS' REVIEW

## 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 Board of Directors in their meeting held on October 24, 2019 and signed by the Chief Executive Officer and a Director.

President & CEO

Chairman / Director

Karachi

Dated: October 24, 2019

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019	Audited December 31, 2018
		Rupees '000	
<b>ASSETS</b>			
Cash and balances with treasury banks	9	45,125,730	43,173,993
Balances with other banks	10	2,551,110	1,847,595
Lendings to financial institutions	11	7,000,000	2,997,486
Investments	12	194,659,408	214,185,591
Advances	13	306,795,712	296,444,861
Fixed assets	14	20,365,833	11,612,007
Intangible assets	15	1,383,337	1,331,731
Deferred tax assets	16	416,173	183,206
Other assets	17	23,676,818	28,137,713
		601,974,121	599,914,183
<b>LIABILITIES</b>			
Bills payable	18	7,205,390	23,543,525
Borrowings	19	78,599,558	98,351,921
Deposits and other accounts	20	433,730,567	409,383,802
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	34,596,935	25,136,420
		554,132,450	556,415,668
<b>NET ASSETS</b>		<b>47,841,671</b>	<b>43,498,515</b>
<b>REPRESENTED BY</b>			
Share capital		15,176,965	15,176,965
Reserves		8,652,132	8,778,908
Surplus on revaluation of assets	22	5,079,160	5,093,667
Unappropriated profit		18,933,414	14,448,975
		47,841,671	43,498,515
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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 NINE MONTHS ENDED SEPTEMBER 30, 2019

Note	Quarter ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees '000			
	Restated		Restated	
Mark-up / return / interest earned	25 15,537,744	8,710,264	41,268,014	24,019,408
Mark-up / return / interest expensed	26 10,455,402	4,871,601	26,130,815	12,969,561
Net mark-up / interest income	5,082,342	3,838,663	15,137,199	11,049,847
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee and commission income	27 958,342	903,695	2,941,498	2,775,900
Dividend income	80,922	49,278	319,309	100,118
Foreign exchange income	548,683	513,124	2,181,212	1,465,818
Income from derivatives	58,586	41,327	132,306	67,909
(Loss) / gain on securities	28 (226,946)	(8,386)	(639,758)	168,127
Other income	29 62,751	46,968	273,163	330,784
Total non-markup / interest income	1,482,338	1,546,006	5,207,730	4,908,656
Total income	6,564,680	5,384,669	20,344,929	15,958,503
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Operating expenses	30 4,214,586	3,562,578	11,945,542	10,359,394
Workers Welfare Fund	44,758	20,268	166,247	142,701
Other charges	31 13,083	30,779	30,102	42,897
Total non-markup / interest expenses	4,272,427	3,613,625	12,141,891	10,544,992
Profit before provisions	2,292,253	1,771,044	8,203,038	5,413,511
Provision / (reversal of provision) and recoveries against written-off debts - net	32 56,515	(217,735)	728,058	(824,782)
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	2,235,738	1,988,779	7,474,980	6,238,293
Taxation	33 830,994	816,169	3,047,956	2,651,101
<b>PROFIT AFTER TAXATION</b>	1,404,744	1,172,610	4,427,024	3,587,192
<b>----- Rupees -----</b>				
<b>Basic / diluted earnings per share</b>	34 0.93	0.77	2.92	2.36

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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	Quarter ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees '000		Rupees '000	
	Restated		Restated	
<b>Profit after taxation for the period</b>	<b>1,404,744</b>	1,172,610	<b>4,427,024</b>	3,587,192
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
- Movement in surplus / (deficit) on revaluation of investments - net of tax	98,377	(190,950)	181,301	(306,039)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	-	(116,672)	-
- Movement in surplus on revaluation of non-banking assets - net of tax	(2,672)	-	(21,721)	-
	95,705	(190,950)	42,908	(306,039)
<b>Total comprehensive income</b>	<b>1,500,449</b>	981,660	<b>4,469,932</b>	3,281,153

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

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 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	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 nine months ended September 30, 2018

- - - - - - - - - 3,587,192 3,587,192

Other comprehensive loss - net of tax

- - - - - - (306,039) - (306,039) - (306,039)

Total comprehensive income

- - - - - - (306,039) - (306,039) 3,587,192 3,281,153

Amortisation of intangible assets - customer relationship - net of tax

- - - (93,650) - - (93,650) - - - - (93,650)

Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax

- - - - - - - 61,113 61,113 (61,113) -

## Transactions with owners, recorded directly in equity

- Transfer to reserve for issue of bonus shares
- Bonus shares issued

- 1,979,604 - - - - 1,979,604 - - - (1,979,604) -  
1,979,604 (1,979,604) - - - - (1,979,604) - - - - -  
1,979,604 - - - - - - - - - (1,979,604) -

## Balance as at September 30, 2018 (un-audited)

15,176,965 - 10,131 663,223 23,952 7,145,382 7,842,688 (304,590) 5,672,907 5,368,317 14,046,003 42,433,973

Profit after taxation for the period from October 1, 2018 to December 31, 2018

- - - - - - - - - 1,249,991 1,249,991

Other comprehensive income - net of tax

- - - - - - (131,356) (695) (132,051) (22,181) (154,232)

Total comprehensive income

- - - - - - (131,356) (695) (132,051) 1,227,810 1,095,759

Transfer to statutory reserve

- - - - - 967,437 967,437 - - - (967,437) -

Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax

- - - - - - - (142,599) (142,599) 142,599 -

Amortisation of intangible assets - customer relationship - net of tax

- - - (31,217) - - (31,217) - - - - (31,217)

## 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 nine months ended September 30, 2019

- - - - - - - - - 4,427,024 4,427,024

Other comprehensive income / (loss) - net of tax

- - - - - - 181,301 (138,393) 42,908 - 42,908

Total comprehensive income

- - - - - - 181,301 (138,393) 42,908 4,427,024 4,469,932

Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax

- - - - - - (57,415) (57,415) 57,415 -

Amortisation of intangible assets - customer relationship - net of tax

- - - (126,776) - - (126,776) - - - (126,776)

## Balance as at September 30, 2019 (un-audited)

15,176,965 - 10,131 505,230 23,952 8,112,819 8,652,132 (254,645) 5,333,805 5,079,160 18,933,414 47,841,671

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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	Rupees '000	Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,474,980	6,238,293
Less: dividend income	(319,309)	(100,118)
	<u>7,155,671</u>	<u>6,138,175</u>
<b>Adjustments:</b>		
Depreciation	1,762,458	636,547
Amortisation	99,232	89,203
Depreciation on non-banking assets	9,508	10,693
Workers' Welfare Fund	166,247	142,701
Provision / (reversal of provision) against loans and advances - net	295,640	(712,059)
Provision / (reversal of provision) for diminution in value of investments - net	515,992	(49,623)
(Reversal of provision) / provision against off balance sheet obligations	(11,476)	6,896
Gain / (loss) on securities unrealised - held for trading - net	(13,789)	34,787
Gain on sale of fixed assets - net	(9,722)	(27,805)
Gain on sale of non-banking assets	(8,989)	-
Charge for defined benefit plan	133,127	92,716
Income from derivative contracts - net	(132,306)	(67,909)
Mark-up / return / interest expensed - leased liability against right-of-use assets	698,026	-
Recovery of written off / charged off bad debts	(74,060)	(69,996)
	<u>3,429,888</u>	<u>86,151</u>
	<u>10,585,559</u>	<u>6,224,326</u>
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	(4,002,514)	8,760,335
Held-for-trading securities	15,745,248	13,818,009
Advances	(10,572,431)	(64,424,075)
Others assets (excluding advance taxation)	3,284,671	(1,845,568)
	<u>4,454,974</u>	<u>(43,691,299)</u>
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	(16,338,134)	(616,274)
Borrowings from financial institutions	(19,894,832)	(16,807,517)
Deposits	24,346,765	26,342,631
Other liabilities	1,059,370	(3,547,583)
	<u>(10,826,831)</u>	<u>5,371,257</u>
Income tax paid	(2,485,936)	(1,544,283)
	<u>1,727,766</u>	<u>(33,639,999)</u>
<b>Net cash flow generated from / (used in) operating activities</b>		
	<u>1,727,766</u>	<u>(33,639,999)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net divestment in available for sale securities	1,982,812	35,964,310
Net divestment / (investment) in held to maturity securities	1,562,943	(893,875)
Dividends received	258,531	75,307
Investment in operating fixed assets	(1,997,419)	(751,840)
Proceeds from sale of fixed assets	12,939	37,594
Proceeds from sale of non-banking assets	161,209	-
<b>Net cash flow generated from investing activities</b>	<u>1,981,015</u>	<u>34,431,496</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(1,195,998)	-
Dividend paid	-	(2,582)
<b>Net cash flow used in financing activities</b>	<u>(1,195,998)</u>	<u>(2,582)</u>
<b>Increase in cash and cash equivalents</b>	<u>2,512,783</u>	<u>788,915</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>47,392,745</u>	<u>40,277,822</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 NINE MONTHS ENDED SEPTEMBER 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 487 branches (December 31, 2018: 455); including 312 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.



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39: 'Financial instruments: recognition and measurement' (replaced by IFRS 9: 'Financial instruments') and International Accounting Standard (IAS) 40: 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7: 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the period ended September 30, 2019 the Bank has adjusted amortisation of intangible assets amounting to Rs. 126.776 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 notified 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 NINE MONTHS ENDED SEPTEMBER 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.

	September 30, 2019	January 1, 2019
	----- Rupees '000 -----	
Total lease liability recognised	7,580,992	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 NINE MONTHS ENDED SEPTEMBER 30, 2019

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

	September 30, 2019	January 1, 2019
	----- Rupees '000 -----	
Land and building	7,676,774	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	7,676,774	7,531,556
- Decrease in other assets - advances, deposits, advance rent and other prepayments	(654,048)	(628,507)
- Increase in other assets - advance taxation (payments less provisions)	217,724	-
Increase in total assets	<u>7,240,450</u>	<u>6,903,049</u>
- Increase in other liabilities - lease liability against right-of-use asset	7,580,992	6,903,049
Decrease in net assets	<u>(340,542)</u>	<u>-</u>

For the  
nine months  
ended  
September  
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	(698,026)
- Increase in operating expenses - depreciation on right-of-use assets	(1,028,190)
- Decrease in operating expenses - rent and taxes	<u>1,167,950</u>
- Decrease in profit before taxation	(558,266)
- Decrease in taxation	<u>217,724</u>
- Decrease in profit after taxation	<u>(340,542)</u>

-----Rupees-----

- Decrease in EPS	<u>0.22</u>
-------------------	-------------

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 NINE MONTHS ENDED SEPTEMBER 30, 2019

## - Condensed interim unconsolidated profit and loss account

As a result of adoption of the revised format, the figures for the quarter and nine months ended September 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 nine months ended September 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 September 30, 2019	Audited December 31, 2018
	----- Rupees '000 -----	
In hand		
- Local currency	10,731,278	10,351,342
- Foreign currency	3,199,392	2,444,182
	13,930,670	12,795,524
With State Bank of Pakistan in		
- Local currency current account	19,173,516	17,961,225
- Foreign currency current account	1,989,750	1,684,395
- Foreign currency deposit account	5,944,115	4,977,571
	27,107,381	24,623,191
With National Bank of Pakistan in		
- Local currency current accounts	2,984,073	5,746,092
Prize bonds	1,103,606	9,186
	45,125,730	43,173,993

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Un-audited  
September 30,  
2019  
Audited  
December 31,  
2018  
----- Rupees '000 -----

### 10 BALANCES WITH OTHER BANKS

In Pakistan		
- In current accounts	1,359,422	1,388,625
Outside Pakistan		
- In current accounts	1,169,797	458,970
- In deposit accounts	21,891	-
	<u>2,551,110</u>	<u>1,847,595</u>

### 11 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	500,000	-
Repurchase agreement lendings (reverse repo)	6,500,000	2,997,486
	<u>7,000,000</u>	<u>2,997,486</u>
Less: provision held against lending to financial institutions	-	-
Lending to financial institutions - net of provision	<u>7,000,000</u>	<u>2,997,486</u>

### 12 INVESTMENTS

#### 12.1 Investments by type:

Note	Un-audited September 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 -----							
<b>Held-for-trading securities</b>								
Federal Government securities	15,474,013	-	2,247	15,476,260	31,630,477	-	(11,067)	31,619,410
Shares	425,005	-	475	425,480	-	-	-	-
	<u>15,899,018</u>	<u>-</u>	<u>2,722</u>	<u>15,901,740</u>	<u>31,630,477</u>	<u>-</u>	<u>(11,067)</u>	<u>31,619,410</u>
<b>Available-for-sale securities</b>								
Federal Government securities	112,850,980	-	(133,994)	112,716,986	151,416,453	-	(199,053)	151,217,400
Shares *	10,012,879	1,950,247	(288,743)	7,773,889	9,134,281	1,429,123	(480,988)	7,224,170
Non Government debt securities	43,147,960	559,787	5,285	42,593,458	7,443,897	559,787	9,355	6,893,465
	<u>166,011,819</u>	<u>2,510,034</u>	<u>(417,452)</u>	<u>163,084,333</u>	<u>167,994,631</u>	<u>1,988,910</u>	<u>(670,686)</u>	<u>165,335,035</u>
<b>Held-to-maturity securities</b>								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt Securities	14,984,019	1,547,625	-	13,436,394	16,546,962	1,552,757	-	14,994,205
	<u>16,581,067</u>	<u>1,547,625</u>	<u>-</u>	<u>15,033,442</u>	<u>18,144,010</u>	<u>1,552,757</u>	<u>-</u>	<u>16,591,253</u>
<b>Subsidiary *</b>								
Fully paid up ordinary shares of								
Faysal Asset Management Limited	639,893	-	-	639,893	639,893	-	-	639,893
<b>Total Investments</b>	<u>199,131,797</u>	<u>4,057,659</u>	<u>(414,730)</u>	<u>194,659,408</u>	<u>218,409,011</u>	<u>3,541,667</u>	<u>(681,753)</u>	<u>214,185,591</u>

\* includes related parties

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Un-audited September 30, 2019	Audited December 31, 2018
	Rupees '000	
12.2 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(452,134)	(605,467)
Less: profit receivable shown in other assets	(163,443)	(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 September 30, 2019	Audited December 31, 2018
	Rupees '000	
12.3 Investments given as collateral		
- Market treasury bills	<u>44,681,847</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	521,123	229,043
Reversals during the period / year	(5,131)	(136,152)
	515,992	92,891
Closing Balance	<u>4,057,659</u>	<u>3,541,667</u>

### 12.4.2 Particulars of provision against debt securities

	Un-audited September 30, 2019		Audited December 31, 2018	
Category of classification	Non-Performing Investments	Provision	Non-Performing Investments	Provision
Domestic				
- Loss	2,107,412	2,107,412	2,112,544	2,112,544
	<u>2,107,412</u>	<u>2,107,412</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 September 30, 2019 amounted to Rs. 13,646.330 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, as 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	Un-audited	
	September 30, 2019	September 30, 2018
	Rupees '000	
<b>Particulars of the assets and liabilities of the subsidiary</b>		
Revenue	99,128	84,533
Net loss	(25,006)	(33,953)
Total assets	336,454	115,740
Liabilities	35,457	67,749
Net assets	300,997	47,991
Percentage (%) holding of the Bank	99.99%	30.00%

### 13 ADVANCES

	Performing		Non Performing		Total	
	Un-audited September 30, 2019	Audited December 31, 2018	Un-audited September 30, 2019	Audited December 31, 2018	Un-audited September 30, 2019	Audited December 31, 2018
	Rupees'000					
Loans, cash credits, running finances, etc.	194,083,572	210,086,919	28,699,898	25,712,067	222,783,470	235,798,986
Islamic financing and related assets	102,930,073	78,493,045	1,091,419	475,784	104,021,492	78,968,829
Bills discounted and purchased	3,616,789	4,990,707	473,893	499,787	4,090,682	5,490,494
<b>Advances - gross</b>	<b>300,630,434</b>	<b>293,570,671</b>	<b>30,265,210</b>	<b>26,687,638</b>	<b>330,895,644</b>	<b>320,258,309</b>
Provision against advances						
- Specific	-	-	(23,357,232)	(23,135,261)	(23,357,232)	(23,135,261)
- General	(742,700)	(678,187)	-	-	(742,700)	(678,187)
	(742,700)	(678,187)	(23,357,232)	(23,135,261)	(24,099,932)	(23,813,448)
<b>Advances - net of provision</b>	<b>299,887,734</b>	<b>292,892,484</b>	<b>6,907,978</b>	<b>3,552,377</b>	<b>306,795,712</b>	<b>296,444,861</b>

#### 13.1 Particulars of advances (Gross)

	Un-audited September 30, 2019	Audited December 31, 2018
	Rupees '000	
- In local currency	330,009,138	319,538,262
- In foreign currencies	886,506	720,047
	<b>330,895,644</b>	<b>320,258,309</b>

**13.2** Advances include Rs. 30,265 million (December 31, 2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

	Un-audited September 30, 2019		Audited December 31, 2018	
	Non-performing loans	Provision	Non-performing loans	Provision
<b>Category of Classification</b>	Rupees'000			
<b>Domestic</b>				
- Other assets especially mentioned	1,514,354	-	198,389	100
- Substandard	3,043,387	418,072	1,241,631	158,324
- Doubtful	2,220,726	557,640	1,525,467	660,373
- Loss	23,486,743	22,381,520	23,722,151	22,316,464
<b>Total</b>	<b>30,265,210</b>	<b>23,357,232</b>	<b>26,687,638</b>	<b>23,135,261</b>

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

### 13.3 Particulars of provision against advances

	Un-audited			Audited		
	September 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	1,630,450	64,513	1,694,963	1,672,814	109,521	1,782,335
Reversals during the period / year	(1,399,323)	-	(1,399,323)	(2,215,946)	-	(2,215,946)
	231,127	64,513	295,640	(543,132)	109,521	(433,611)
Amounts written off	(8,927)	-	(8,927)	(48,008)	-	(48,008)
Amounts charged off - agriculture financing	(229)	-	(229)	-	-	-
Closing balance	23,357,232	742,700	24,099,932	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 1,804.218 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at September 30, 2019. The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,100.573 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 September 30, 2019	Audited December 31, 2018
	Rupees '000	
<b>14 FIXED ASSETS</b>		
Capital work-in-progress	14.1 890,212	475,098
Property and equipment	14.2 19,475,621	11,136,909
	<u>20,365,833</u>	<u>11,612,007</u>
<b>14.1 Capital work-in-progress</b>		
Civil works	177,012	188,143
Equipment	425,330	142,598
Advances to suppliers	287,870	144,357
	<u>890,212</u>	<u>475,098</u>



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

- 14.2** This includes right-of-use asset amounting to Rs 7,676.774 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.

		Un-audited	
		September 30, 2019	September 30, 2018
Note		Rupees '000	
<b>14.3 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
<b>Capital work-in-progress</b>		<b>1,995,495</b>	402,551
<b>Property and equipment</b>			
Building on freehold land	14.3.1	120,492	-
Furniture and fixture		83,119	28,219
Electrical office and computer equipment		826,117	360,941
Vehicles		11,986	6,976
Others		365,568	162,635
Right-of-use assets		1,173,408	-
		2,580,690	558,771
Right-of-use assets due to adoption of IFRS 16	4.1.1	7,531,556	-
<b>Total</b>		<b>12,107,741</b>	961,322

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

		Un-audited	
		September 30, 2019	September 30, 2018
		Rupees '000	
<b>14.4 Disposal of fixed assets</b>			
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		316	1,057
Vehicles		2,929	9,312
Others		-	28
<b>Total</b>		<b>3,248</b>	10,456

		Un-audited September 30, 2019	Audited December 31, 2018
Note		Rupees '000	
<b>15 INTANGIBLE ASSETS</b>			
Capital work-in-progress	15.1	305,598	224,492
Computer softwares		249,497	134,921
Customer relationship		828,242	972,318
		1,077,739	1,107,239
<b>Total</b>		<b>1,383,337</b>	1,331,731
<b>15.1 Capital work-in-progress</b>			
Computer softwares		305,598	224,492

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

### 15.2 Additions to intangible assets

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

Directly purchased

Un-audited	
September 30, 2019	September 30, 2018
Rupees '000	
214,409	28,425
Un-audited September 30, 2019	Audited December 31, 2018
Rupees '000	

### 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

302,507	95,977
1,646,151	1,427,294
105,527	94,017
162,807	234,738
2,216,992	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

(1,282,954)	(1,184,279)
(26,049)	(23,377)
(323,014)	(340,314)
(168,802)	(120,850)
(1,800,819)	(1,668,820)

416,173	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

9,787,773	5,059,391
81,053	66,476
1,055,400	1,226,008
2,408,486	3,562,370
1,564,417	1,807,502
1,544,994	2,868,688
4,556,996	10,899,656
357,708	334,588
220,752	447,272
136,126	75,348
992,235	786,960
22,705,940	27,134,259
(259,526)	(257,564)
22,446,414	26,876,695
1,230,404	1,261,018
23,676,818	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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019	Audited December 31, 2018
		Rupees '000	
<b>17.1.1 Movement in provision held against other assets</b>			
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
<b>18 BILLS PAYABLE</b>			
In Pakistan		7,205,390	23,543,525
<b>19 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the State Bank of Pakistan			
- Under export refinance scheme - Part I and II		8,342,401	11,895,711
- Under long term financing facility		2,547,128	1,786,815
- Under long term financing facility for renewable power energy (RPE)		937,064	962,784
- Under scheme of financing facility for storage of agricultural produce		94,745	117,219
- Under Islamic export refinance scheme		7,183,560	4,107,833
		19,104,898	18,870,362
Repurchase agreement borrowings		44,642,295	58,968,300
<b>Total secured</b>		63,747,193	77,838,662
<b>Unsecured</b>			
Call borrowings		-	325,000
Overdrawn nostro accounts		284,095	141,626
Musharaka acceptances		6,750,000	7,700,000
Other borrowings	19.1	7,818,270	12,346,633
<b>Total unsecured</b>		14,852,365	20,513,259
		78,599,558	98,351,921

**19.1** This represents borrowings from a foreign financial institution. The mark-up rate on these borrowings is 3.43% per annum (December 31, 2018: ranging from 3.28% to 4.76%) maturing in March 2020.

## 20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited September 30, 2019			Audited December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees'000					
<b>Customers</b>						
Current deposits – remunerative	7,843,708	-	7,843,708	4,063,646	-	4,063,646
Current deposits – non-remunerative	117,143,697	17,728,329	134,872,026	112,565,332	14,367,150	126,932,482
Savings deposits	121,834,144	16,001,724	137,835,868	110,520,860	15,358,413	125,879,273
Term deposits	122,426,359	5,744,736	128,171,095	116,529,111	3,898,877	120,427,988
Margin deposits	3,016,989	38,245	3,055,234	2,721,574	47,179	2,768,753
	372,264,897	39,513,034	411,777,931	346,400,523	33,671,619	380,072,142
<b>Financial Institutions</b>						
Current deposits	1,874,403	57,872	1,932,275	1,129,922	49,068	1,178,990
Savings deposits	15,960,761	-	15,960,761	20,950,300	-	20,950,300
Term deposits	4,059,600	-	4,059,600	7,182,370	-	7,182,370
	21,894,764	57,872	21,952,636	29,262,592	49,068	29,311,660
	394,159,661	39,570,906	433,730,567	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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019	Audited December 31, 2018
		Rupees '000	
<b>21 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		3,313,779	1,962,508
Mark-up / return / interest payable in foreign currency		37,222	19,891
Unearned commission and income on bills discounted		94,067	66,698
Accrued expenses		1,765,573	2,081,150
Acceptances	17	4,556,996	10,899,656
Unclaimed dividends		45,136	45,136
Mark to market loss on forward foreign exchange contracts		2,552,535	1,239,594
Branch adjustment account		3,737	5,301
Charity fund balance		3,825	1,409
Provision against off-balance sheet obligations	21.2	113,762	125,238
Security deposits against lease		1,436,849	2,067,095
Withholding tax payable		98,268	83,975
Federal excise duty payable		38,020	52,450
Payable to brokers against purchase of shares		879,781	897,109
Fair value of derivative contracts		1,196,546	771,326
Short sale - Pakistan Investment Bonds		5,369,537	-
Credit cards and other products payables		1,263,640	895,567
Leased liability against right-of-use asset		7,580,992	-
Token money against disposal of assets		496,884	572,276
Fund held as security		226,285	214,698
Others	21.1	3,523,501	3,135,343
		<u>34,596,935</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 September 30, 2019	Audited December 31, 2018
	Rupees '000	
<b>21.2 Provision against off-balance sheet obligations</b>		
Opening balance	125,238	101,090
Charge for the period / year	-	57,434
Reversals during the period / year	(11,476)	(33,286)
	(11,476)	24,148
Closing balance	<u>113,762</u>	<u>125,238</u>

## 22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

### Surplus / (deficit) on revaluation of:

- Available for sale securities	(417,452)	(670,686)
- Fixed assets	5,435,737	5,476,251
- Non-banking assets acquired in satisfaction of claims	1,230,404	1,261,018
	<u>6,248,689</u>	<u>6,066,583</u>

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

- Available for sale securities	162,807	234,740
- Fixed assets	(1,317,852)	(1,184,279)
- Non-banking assets acquired in satisfaction of claims	(14,484)	(23,377)
	<u>(1,169,529)</u>	<u>(972,916)</u>
	<u>5,079,160</u>	<u>5,093,667</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019	Audited December 31, 2018
		Rupees '000	
<b>23 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	23.1	19,911,394	17,988,308
- Commitments	23.2	263,791,263	230,966,872
- Other contingent liabilities	23.3	4,293,244	4,293,244
		<u>287,995,901</u>	<u>253,248,424</u>
<b>23.1 Guarantees:</b>			
Financial guarantees		1,801,208	1,417,536
Performance guarantees		6,487,083	7,068,425
Other guarantees		11,623,103	9,502,347
		<u>19,911,394</u>	<u>17,988,308</u>
<b>23.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		31,447,542	32,048,821
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	151,118,444	94,403,136
- forward government securities transactions	23.2.2	51,253,962	62,083,269
- derivatives - cross currency swaps (notional principal)	23.2.3	9,652,393	4,483,600
- operating leases	23.2.4	-	10,708,369
- extending credit (irrevocable)	23.5	20,007,247	27,079,658
Commitments for acquisition of:			
- operating fixed assets		163,655	46,719
- intangible assets		148,020	113,300
		<u>263,791,263</u>	<u>230,966,872</u>
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		97,483,368	66,533,034
Sale		53,635,076	27,870,102
		<u>151,118,444</u>	<u>94,403,136</u>
<b>23.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		44,720,870	59,084,100
Sale		6,533,092	2,999,169
		<u>51,253,962</u>	<u>62,083,269</u>
<b>23.2.3 Commitments in respect of derivatives</b>			
Purchase		-	-
Sale		9,652,393	4,483,600
		<u>9,652,393</u>	<u>4,483,600</u>
<b>23.2.4 Commitments in respect of operating leases</b>			
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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019	Audited December 31, 2018
		Rupees '000	
<b>23.3 Other contingent liabilities:</b>			
- Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable 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
		<b>4,293,244</b>	<b>4,293,244</b>

**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 32,632 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 20,007 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	Un-audited September 30, 2019	Audited December 31, 2018
	Rupees '000	
<b>24 DERIVATIVE INSTRUMENTS</b>		
Cross currency swaps (notional principal)	<u>9,652,393</u>	<u>4,483,600</u>

## 24.1 Product Analysis

Counterparties	September 30, 2019 (Un-audited)	
	Cross currency swaps	
	Notional Principal	Mark to market loss
	Rupees '000	
<b>With banks for</b>		
Market making	5,088,874	(749,177)
<b>With other entities for</b>		
Market making	4,563,519	(447,367)
<b>Total</b>		
Market making	<u>9,652,393</u>	<u>(1,196,544)</u>

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

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

## 25 MARK-UP / RETURN / INTEREST EARNED

<b>On:</b>		
Loans and advances	28,245,518	16,161,031
Investments	11,519,476	7,445,821
Lendings to financial institutions	44,717	39,684
Balances with banks	71,836	32,258
Securities purchased under resale agreements	1,386,467	340,614
	<u>41,268,014</u>	<u>24,019,408</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		Un-audited	
	Note	September 30, 2019	September 30, 2018
		Rupees '000	
<b>26 MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		20,219,065	9,913,812
Securities sold under repurchase agreements		1,385,733	1,160,599
Other short term borrowings		90,963	182,558
SBP borrowings		283,662	274,496
Short sale of Pakistan Investment Bonds		115,318	316,216
Musharaka acceptances		625,468	212,551
Leased liability against right-of-use assets		698,026	-
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,712,580	909,329
		<u>26,130,815</u>	<u>12,969,561</u>
<b>27 FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		509,160	467,608
Consumer finance related fees		262,470	208,080
Card related fees (debit and credit cards)		1,207,227	1,126,822
Credit related fees		75,989	125,889
Investment banking fees		126,459	183,905
Commission on trade		208,064	217,696
Commission on guarantees		89,982	68,503
Commission on cash management		40,986	70,985
Commission on remittances including home remittances		84,567	30,848
Commission on bancassurance		260,050	262,843
Others		76,544	12,721
		<u>2,941,498</u>	<u>2,775,900</u>
<b>28 (LOSS) / GAIN ON SECURITIES</b>			
Realised - net	28.1	(653,547)	202,914
Unrealised - held for trading - net		13,789	(34,787)
		<u>(639,758)</u>	<u>168,127</u>
<b>28.1 Realised (loss) / gain on:</b>			
Federal Government securities		(24,260)	18,327
Shares		(638,994)	86,908
Open end mutual funds		9,707	97,679
		<u>(653,547)</u>	<u>202,914</u>
<b>29 OTHER INCOME</b>			
Rent on property		143,412	154,842
Gain on sale of fixed assets - net		9,722	27,805
Gain on sale of non-banking assets - net		8,989	-
Gain on short sale of Pakistan Investment Bonds (PIBs)		105,374	133,737
Notice pay		3,020	13,053
Others		2,646	1,347
		<u>273,163</u>	<u>330,784</u>



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Un-audited	
	September 30, 2019	September 30, 2018
	Rupees '000	
<b>30 OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	<b>4,772,136</b>	<b>3,827,136</b>
<b>Property expense</b>		
Rent and taxes	120,120	1,072,246
Insurance	36,070	67,191
Utilities cost	469,832	444,377
Security (including guards)	447,697	402,755
Repair and maintenance (including janitorial charges)	294,658	285,065
Depreciation on owned fixed assets	326,419	280,008
Depreciation on right-of-use assets	1,028,190	-
Others	56,849	63,975
	<b>2,779,835</b>	<b>2,615,617</b>
<b>Information technology expenses</b>		
Software maintenance	954,637	803,054
Hardware maintenance	253,221	176,464
Depreciation	227,496	238,050
Amortisation	99,232	89,203
Network charges	186,417	131,180
Others	1,792	-
	<b>1,722,795</b>	<b>1,437,951</b>
<b>Other operating expenses</b>		
Directors' fees and allowances	68,392	67,245
Legal and professional charges	59,542	186,375
Outsourced services costs	231,154	559,329
Travelling and conveyance	82,899	57,973
NIFT clearing charges	36,475	31,108
Depreciation	189,860	129,181
Training and development	18,155	14,212
Postage and courier charges	84,943	79,460
Communication	98,023	105,262
Marketing, advertisement and publicity	303,155	224,503
Donations	69,431	55,209
Auditors remuneration	33,269	40,480
Insurance	439,769	305,270
Stationery and printing	164,890	154,255
Bank fees and charges	73,333	56,207
Brokerage and commission	32,558	25,394
Deposit protection premium	262,864	73,737
Others	422,064	313,490
	<b>2,670,776</b>	<b>2,478,690</b>
<b>31 OTHER CHARGES</b>	<b>11,945,542</b>	<b>10,359,394</b>
Penalties imposed by the State Bank of Pakistan	<b>30,102</b>	<b>42,897</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

32	PROVISION / (REVERSAL OF PROVISION) AND RECOVERIES AGAINST WRITTEN-OFF DEBTS - NET	Note	Un-audited	
			September 30, 2019	September 30, 2018
			----- Rupees '000 -----	
	Provision / (reversal of provision) for diminution in value of investments	12.4	515,992	(49,623)
	Provision / (reversal of provision) against loans and advances	13.3	295,640	(712,059)
	Bad debts written off directly		10,431	7,996
	Recovery of written off / charged off bad debts		(84,491)	(77,992)
	(Reversal of provision) / provision against off balance sheet obligations - net	21.2	(11,476)	6,896
	Provision against other assets	17.1.1	1,962	-
			<u>728,058</u>	<u>(824,782)</u>

## 33 TAXATION

Current	3,183,639	2,507,494
Prior years	289,934	(1,039,566)
Deferred	(425,617)	1,183,173
	<u>3,047,956</u>	<u>2,651,101</u>

## 34 BASIC EARNINGS PER SHARE

	Un-audited			
	For the quarter ended September 30, 2019	September 30, 2018	For the nine months ended September 30, 2019	September 30, 2018
Rupees '000				
Profit after tax for the period	<u>1,404,744</u>	<u>1,172,610</u>	<u>4,427,024</u>	<u>3,587,192</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>0.77</u>	<u>2.92</u>	<u>2.36</u>

34.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at September 30, 2019 (September 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 NINE MONTHS ENDED SEPTEMBER 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:

September 30, 2019 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	-	128,193,246	-	128,193,246
Shares	8,169,023	30,346	-	8,199,369
Non-Government debt securities	-	42,593,458	-	42,593,458
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments	-	13,646,330	-	13,646,330
<b>Financial liability - measured at fair value</b>				
Pakistan Investment Bonds	-	-	-	-
<b>Non - financial assets - measured at fair value</b>				
Fixed assets (land and buildings)	-	-	8,757,308	8,757,308
Non-banking assets acquired in satisfaction of claims	-	-	2,794,821	2,794,821
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	96,861,651	-	96,861,651
Forward sale of foreign exchange	-	54,020,901	-	54,020,901
Derivatives sales	-	9,652,393	-	9,652,393
December 31, 2018 (Audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
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
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments	-	15,490,626	-	15,490,626
<b>Financial liability - measured at fair value</b>				
Pakistan Investment Bonds	-	-	-	-
<b>Non - financial assets - measured at fair value</b>				
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
<b>Off-balance sheet financial instruments - measured at fair value</b>				
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 NINE MONTHS ENDED SEPTEMBER 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	Total
Rupees '000						
<b>Profit and loss for the period ended September 30, 2019 (un-audited)</b>						
Net mark-up / return / profit	(12,653,696)	21,445,268	6,213,146	199,437	(66,956)	15,137,199
Inter segment revenue - net	22,247,420	(19,727,325)	(5,175,253)	(144,000)	2,799,158	-
Non mark-up / return / interest income	3,069,623	625,269	1,767,816	6,302	(261,280)	5,207,730
Total Income	12,663,347	2,343,212	2,805,709	61,739	2,470,922	20,344,929
Segment direct expenses	8,006,997	358,323	227,368	99,994	3,449,209	12,141,891
Inter segment expense allocation	2,858,608	374,972	78,827	72,290	(3,384,697)	-
Total expenses	10,865,605	733,295	306,195	172,284	64,512	12,141,891
Provisions	346,383	391,828	477,677	(503,695)	15,865	728,058
<b>Profit before tax</b>	<b>1,451,359</b>	<b>1,218,089</b>	<b>2,021,837</b>	<b>393,150</b>	<b>2,390,545</b>	<b>7,474,980</b>

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

2019					
Retail	CIBG	Treasury	SAM	Others	Total

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

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

Cash and bank balances	19,374,708	-	28,302,132	-	-	47,676,840
Investments	-	21,023,003	173,755,353	3,298,820	639,891	198,717,067
Investment provision	-	-	(1,389,874)	(2,667,785)	-	(4,057,659)
Net inter segment lending	334,354,524	-	-	-	(334,354,524)	-
Lendings to financial institutions	-	-	7,000,000	-	-	7,000,000
Advances - performing	59,322,804	237,578,050	-	-	3,729,580	300,630,434
Advances - non-performing	5,813,226	4,706,441	-	19,712,789	32,754	30,265,210
Advances - provisions	(4,334,342)	(972,691)	-	(18,793,137)	238	(24,099,932)
Others	11,117,370	10,992,575	2,735,812	222,554	20,773,850	45,842,161
<b>Total assets</b>	<b>425,648,290</b>	<b>273,327,378</b>	<b>210,403,423</b>	<b>1,773,241</b>	<b>(309,178,211)</b>	<b>601,974,121</b>
Borrowings	753,326	18,290,072	59,556,160	-	-	78,599,558
Deposits and other accounts	410,855,888	21,520,609	-	127,302	1,226,768	433,730,567
Net inter segment borrowing	-	229,350,614	142,739,207	1,578,974	(373,668,795)	-
Others	14,039,076	4,166,083	8,362,701	66,965	15,167,500	41,802,325
<b>Total liabilities</b>	<b>425,648,290</b>	<b>273,327,378</b>	<b>210,658,068</b>	<b>1,773,241</b>	<b>(357,274,527)</b>	<b>554,132,454</b>
Equity	-	-	(254,645)	-	48,096,316	47,841,671
<b>Total equity and liabilities</b>	<b>425,648,290</b>	<b>273,327,378</b>	<b>210,403,423</b>	<b>1,773,241</b>	<b>(309,178,211)</b>	<b>601,974,121</b>
<b>Contingencies and commitments</b>	<b>6,520,549</b>	<b>62,770,451</b>	<b>212,024,799</b>	<b>1,203,347</b>	<b>5,476,755</b>	<b>287,995,901</b>

2018					
Retail	CIBG	Treasury	SAM	Others	Total

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

### Profit and loss for the period ended September 30, 2018 (un-audited)

Net mark-up / return / profit	(4,124,959)	11,097,981	3,820,935	141,256	114,634	11,049,847
Inter segment revenue - net	12,128,828	(10,197,986)	(3,070,522)	(123,325)	1,263,005	-
Non mark-up / return / interest income	2,676,599	727,696	1,633,063	2,087	(130,789)	4,908,656
<b>Total Income</b>	<b>10,680,468</b>	<b>1,627,691</b>	<b>2,383,476</b>	<b>20,018</b>	<b>1,246,850</b>	<b>15,958,503</b>
Segment direct expenses	6,539,464	286,975	191,645	110,547	3,416,361	10,544,992
Inter segment expense allocation	2,639,885	358,537	81,957	70,133	(3,150,512)	-
<b>Total expenses</b>	<b>9,179,349</b>	<b>645,512</b>	<b>273,602</b>	<b>180,680</b>	<b>265,849</b>	<b>10,544,992</b>
Provisions	175,090	14,695	(53,832)	(974,431)	13,696	(824,782)
<b>Profit before tax</b>	<b>1,326,029</b>	<b>967,484</b>	<b>2,163,706</b>	<b>813,769</b>	<b>967,305</b>	<b>6,238,293</b>

### 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
<b>Total assets</b>	<b>421,750,715</b>	<b>265,215,242</b>	<b>225,202,060</b>	<b>2,357,641</b>	<b>(314,611,475)</b>	<b>599,914,183</b>
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
<b>Total liabilities</b>	<b>421,750,715</b>	<b>265,215,242</b>	<b>225,637,956</b>	<b>2,357,641</b>	<b>(358,545,886)</b>	<b>556,415,668</b>
Equity	-	-	(435,896)	-	43,934,411	43,498,515
<b>Total equity and liabilities</b>	<b>421,750,715</b>	<b>265,215,242</b>	<b>225,202,060</b>	<b>2,357,641</b>	<b>(314,611,475)</b>	<b>599,914,183</b>
<b>Contingencies and commitments</b>	<b>18,728,388</b>	<b>68,514,605</b>	<b>160,970,005</b>	<b>1,039,706</b>	<b>3,995,720</b>	<b>253,248,424</b>

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 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

	September 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												
<b>Investments</b>												
Opening balance	-	-	-	639,893	-	5,183,885	-	-	-	-	23,169	3,782,571
Investment made during the period / year	-	-	-	-	-	10,009,015	-	-	-	616,724	-	2,693,897
Investment redeemed / disposed off during the period / year	-	-	-	-	-	(10,499,307)	-	-	-	-	(23,169)	(1,342,583)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	23,169	(23,169)	50,000
Closing balance	-	-	-	639,893	-	4,693,593	-	-	-	639,893	-	5,183,885
<b>Provision for diminution in value of investments</b>												
Opening balance	-	-	-	-	-	2,361,992	-	-	-	-	-	2,321,301
<b>Advances</b>												
Opening balance	-	-	176,873	-	-	5,002,325	-	-	154,723	-	-	4,636,528
Addition during the period / year	-	-	106,209	-	-	6,095,876	-	-	95,950	-	-	472,248
Repaid during the period / year	-	-	(55,238)	-	-	(2,891,115)	-	-	(73,800)	-	-	(106,451)
Closing balance	-	-	227,844	-	-	5,907,086	-	-	176,873	-	-	5,002,325
<b>Provision held against advances</b>												
Opening balance	-	-	-	-	-	2,925,841	-	-	-	-	-	2,930,659
<b>Other assets</b>												
Interest / mark-up accrued	-	-	305	-	-	1,909,851	-	-	127	-	-	860,805
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-	-
Commission income receivable	-	-	-	-	-	23,000	-	-	-	13,165	-	-
Occupancy income for Faysal House	-	-	-	5,100	-	-	-	-	-	-	-	-
Rent receivable	-	-	-	939	-	-	-	-	-	-	-	-
Sale load receivable	-	-	-	8	-	-	-	-	-	-	-	-
Accruals	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	1,914	-	-	-	-	-	-	-	1,702,747
Provision against other assets	-	-	305	7,962	-	1,932,851	-	-	127	13,165	-	2,563,552
<b>Deposits and other accounts</b>												
Opening balance	182	26,496	159,996	2,734	-	3,416,265	182	19,324	114,085	-	2,801	3,139,284
Received during the period / year	-	-	35,683	1,073,170	-	62,926,806	-	-	1,693,205	832,914	9,162,065	73,641,910
Withdrawn during the period / year	-	-	(20,181)	(1,034,236)	(10,643,970)	(82,961,176)	-	(32,036)	(1,593,304)	(832,920)	(9,162,116)	(73,364,929)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	2,740	(2,740)	-
Closing balance	182	41,998	198,920	29,319	-	2,481,895	182	26,496	159,986	2,734	-	3,416,265

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

September 30, 2019 (Un-audited)					December 31, 2018 (Audited)			
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel
-	-	87	146	-	-	-	62	196
-	-	-	-	-	8,817	-	-	-
-	-	-	-	-	133,127	-	-	-
-	-	87	146	-	-	-	62	196
-	-	-	-	-	141,944	-	-	-

### 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

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

<b>Income</b>	-	7,528	-	-	257,142	-	-	5,671	-	95,559
Mark-up / return / interest earned	-	75	-	-	73,606	-	28	70	-	29,907
Fee and commission income	-	-	-	3,026	-	-	-	-	-	-
Distribution commission income	-	-	-	-	87,324	-	-	-	-	203
Dividend income	-	-	-	-	9,510	-	-	-	-	97,679
Net gain on sale of securities	-	-	-	17,201	-	-	-	-	-	-
Occupancy and consultancy income	-	-	-	3,003	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
<b>Expense</b>	-	1,469	10,058	3,985	170,434	-	307	1,485	164	112,223
Mark-up / return / interest paid	-	-	-	-	-	-	-	-	-	-
Director's fee	-	68,392	-	-	-	-	67,245	-	-	-
Salaries and other short-term employee benefits	-	-	356,400	-	-	-	-	273,430	-	-
Post-employment benefits	-	-	17,612	-	-	-	-	14,676	-	-
<b>Others</b>	-	-	-	-	-	-	-	-	-	-
Shares / units purchased during the period	-	-	-	-	10,009,015	-	-	-	-	1,378,897
Shares / units sold during the period	-	-	-	-	10,508,817	-	-	-	-	1,440,262
Government securities purchased during the period	-	420,707	-	-	3,248,638	-	-	618,197	-	-
Government securities sold during the period	-	-	461,466	-	6,580,782	-	-	613,217	-	2,794,829

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

**Minimum Capital Requirement (MCR):**

	Un-audited September 30, 2019	Audited December 31, 2018
Paid-up capital	15,176,965	15,176,965

**Capital Adequacy Ratio (CAR):**

Eligible common equity tier 1 (CET 1) capital	41,413,299	36,860,215
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	41,413,299	36,860,215
Eligible tier 2 capital	4,860,585	4,970,159
Total eligible capital (tier 1 + tier 2)	46,273,884	41,830,374

**Risk Weighted Assets (RWAs):**

Credit risk	198,278,523	198,856,534
Market risk	16,554,225	14,200,024
Operational risk	36,029,851	35,913,323
Total	250,862,599	248,969,881

**Common equity tier 1 capital adequacy ratio**

	16.51%	14.81%
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**Tier 1 capital adequacy ratio**

	16.51%	14.81%
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**Total capital adequacy ratio**

	18.45%	16.80%
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**Leverage Ratio (LR):**

Eligible tier-1 capital	41,413,299	36,860,215
Total exposures	728,957,107	753,092,496
Leverage ratio	5.68%	4.89%

**Liquidity Coverage Ratio (LCR):**

Total high quality liquid assets	162,039,149	142,734,534
Total net cash outflow	121,570,723	98,435,120
Liquidity coverage ratio	1.333	1.452

**Net Stable Funding Ratio (NSFR):**

Total available stable funding	374,886,427	359,743,076
Total required stable funding	285,752,920	275,300,061
Net stable funding ratio	131.19%	130.67%



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

## 39 ISLAMIC BANKING BUSINESS

The Bank is operating 312 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1).

		Un-audited September 30, 2019	Audited December 31, 2018
	Note	Rupees '000	
<b>Statement of financial position</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		10,630,478	7,941,153
Balances with other banks		547,924	105,205
Investments	39.1	32,013,407	27,620,400
Islamic financing and related assets - net	39.2	103,537,483	78,659,697
Fixed assets		7,301,831	1,954,626
Intangible assets		36,458	38,263
Other assets		5,403,624	2,264,354
		159,471,205	118,583,698
<b>LIABILITIES</b>			
Bills payable		1,804,883	5,666,023
Due to financial institutions		15,138,679	11,157,833
Deposits and other accounts	39.3	92,474,513	69,489,203
Due to head office		31,734,266	24,134,341
Other liabilities		6,471,683	1,102,813
		147,624,024	111,550,213
		11,847,181	7,033,485
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
Islamic banking fund		9,180,000	4,680,000
Surplus on revaluation of assets - net of tax		76,633	121,608
Unappropriated profit	39.7	2,590,548	2,231,877
		11,847,181	7,033,485
<b>CONTINGENCIES AND COMMITMENTS</b>			
	39.4		
<b>Un-audited</b>			
		September 30, 2019	September 30, 2018
		Rupees '000	
<b>Profit and loss account</b>			
Profit / return earned	39.5	10,858,894	4,860,640
Profit / return expensed	39.6	7,435,555	2,459,109
<b>Net profit / return</b>		3,423,339	2,401,531
<b>Other income</b>			
Fee and commission income		424,944	273,992
Foreign exchange income		71,904	62,223
Other income		3,721	5,825
Total other income		500,569	342,040
<b>Total income</b>		3,923,908	2,743,571
<b>Other expenses</b>			
Operating expenses		3,161,040	2,315,677
Other charges		5	897
Total other expenses		3,161,045	2,316,574
Profit before provisions		762,863	426,997
Provisions and write offs - net		174,877	33,991
<b>Profit before taxation</b>		587,986	393,006
Taxation		229,315	137,552
<b>Profit after taxation</b>		358,671	255,454

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

### 39.1 Investments by segments:

	Un-audited September 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							
<b>Federal Government Securities:</b>								
- Ijarah Sukuks	6,000,000	-	(175,200)	5,824,800	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	7,597,048	-	(175,200)	7,421,848	7,597,048	-	(107,400)	7,489,648
<b>Non Government Debt Securities:</b>								
- Unlisted	24,591,571	-	(12)	24,591,559	20,129,372	-	1,380	20,130,752
<b>Total Investments</b>	<b>32,188,619</b>	<b>-</b>	<b>(175,212)</b>	<b>32,013,407</b>	<b>27,726,420</b>	<b>-</b>	<b>(106,020)</b>	<b>27,620,400</b>

### 39.2 Islamic financing and related assets - net

	Un-audited September 30, 2019	Audited December 31, 2018
	Rupees '000	
Murabaha	3,073,600	1,576,557
Musharaka	7,164	8,042
Diminishing Musharaka	66,282,457	56,773,632
Istisna	1,677,043	28,771
Running Musharaka	10,214,678	7,342,446
Fixed assets Ijarah financing - net	95,648	66,953
Musharaka - Islamic export refinance scheme	6,683,560	3,607,833
Advance against Murabaha financing	77,586	70,976
Advanced against Diminishing Musharaka	9,249,139	5,446,140
Advance against Ijarah	2,624,766	2,898,135
Advance against Istisna	2,828,197	1,092,956
Advance against Islamic long term financing facility	1,047,654	56,388
Inventory related to Islamic financing	160,000	-
<b>Gross Islamic financing and related assets</b>	<b>104,021,492</b>	<b>78,968,829</b>
Less: provision against Islamic financings		
- Specific	(363,146)	(219,120)
- General	(120,863)	(90,012)
	(484,009)	(309,132)
<b>Islamic financing and related assets - net of provision</b>	<b>103,537,483</b>	<b>78,659,697</b>

### 39.3 Deposits

	Un-audited September 30, 2019			Audited December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees'000					
<b>Customers</b>						
Current deposits	37,723,822	2,409,431	40,133,253	35,538,506	1,588,367	37,126,873
Savings deposits	20,987,818	774,120	21,761,938	11,065,460	688,077	11,753,537
Term deposits	14,759,063	358,200	15,117,263	13,726,680	292,710	14,019,390
	73,470,703	3,541,751	77,012,454	60,330,646	2,569,154	62,899,800
<b>Financial Institutions</b>						
Current deposits	693,916	7,481	701,397	31,960	-	31,960
Savings deposits	12,013,262	-	12,013,262	6,051,443	-	6,051,443
Term deposits	2,747,400	-	2,747,400	506,000	-	506,000
	15,454,578	7,481	15,462,059	6,589,403	-	6,589,403
	88,925,281	3,549,232	92,474,513	66,920,049	2,569,154	69,489,203

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Un-audited September 30, 2019	Audited December 31, 2018
<b>39.4 Contingencies and commitments</b>	<b>Rupees '000</b>	
- Guarantees	1,122,924	313,552
- Commitments	14,192,218	9,390,440
	<u>15,315,142</u>	<u>9,703,992</u>

	Un-audited September 30, 2019	September 30, 2018
<b>39.5 Profit / return earned of financing, investments and placement</b>	<b>Rupees '000</b>	
<b>Profit earned on:</b>		
Financing	8,265,747	3,454,393
Investments	2,593,147	1,406,247
	<u>10,858,894</u>	<u>4,860,640</u>

<b>39.6 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	3,066,418	1,536,692
Other short term borrowings	3,958,635	922,417
Leased liability against right-of use asset	410,502	-
	<u>7,435,555</u>	<u>2,459,109</u>

	Un-audited September 30, 2019	Audited December 31, 2018
<b>39.7 Islamic banking business unappropriated profit</b>	<b>Rupees '000</b>	

Opening balance	2,231,877	1,742,262
Add: Islamic banking profit for the period	358,671	489,615
Closing Balance	<u>2,590,548</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 NINE MONTHS ENDED SEPTEMBER 30, 2019

Particulars	Before reclassification - for the nine months ended September 30, 2018	Reclassification	After reclassification - for the nine months ended September 30, 2018
----- Rupees '000 -----			
<b>Profit and loss account</b>			
Fee and commission income	2,547,332	228,568	2,775,900
Income from derivatives	-	67,909	67,909
Other income	398,693	(67,909)	330,784
Operating expenses	10,130,826	228,568	10,359,394
Gain on securities	202,914	(34,787)	168,127
Unrealised loss on revaluation of investments classified as held for trading - net	(34,787)	34,787	-
Workers' Welfare Fund	-	142,701	142,701
Other charges	185,598	(142,701)	42,897
Reversal of provision against non-performing loans and advances - net	(795,282)	795,282	-
Provision for consumer and small enterprise loans - general - net	83,769	(83,769)	-
Provision against off balance sheet obligations	6,896	(6,896)	-
Provision for diminution in value of investments - net	(49,623)	49,623	-
Recoveries against written-off debts - net	(69,996)	69,996	-
Provision / (reversal of provision) and recoveries against loans - general - net	-	(824,782)	(824,782)

### 41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on October 24, 2019 by the Board of Directors of the Bank.

# DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Directors' Review of Faysal Bank Limited (FBL) along with unaudited consolidated Financial Statements for the nine months ended September 30, 2019.

## Company Profile:

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

FBL's majority shareholder is Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain, holding directly and indirectly, 66.78% (2017: 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.

## Future Outlook:

In line with Bank's strategic decision of well-planned transformation into an Islamic Bank over the next few years, 100 new Islamic branches are being opened in 2019. The bank is following two pronged strategy for conversion of its network whereby for all new business and branches the focus is on Islamic side whereas conventional branches and assets are aggressively being converted into Islamic. Further Islamic Banking Widows (IBWs) are being opened in selected conventional branches.

FAML acquisition has enhanced FBL's product offerings as funds management and advisory services are now available from FAML platform. FAML has already successfully launched Faysal Shariah Capital Preservation Plan I & II in collaboration with FBL and was able to generate more than PKR 2.2 billion. FBL now proposes 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 asset management company to grow its business.

## Financial Highlights:

	(PKR in million)		
<b>Profit &amp; Loss Account</b>	<b>Sep 2019</b>	<b>Sep 2018</b>	<b>Growth</b>
Total revenue	<b>20,435</b>	15,949	28.1%
Administrative expenses	<b>12,063</b>	10,359	16.4%
Profit before tax and provision	<b>8,372</b>	5,590	49.8%
Net (provisions) / reversals including WWF	<b>(923)</b>	639	-244.4%
Profit before taxation	<b>7,449</b>	6,229	19.6%
Taxation	<b>3,047</b>	2,648	15.1%
Profit after taxation	<b>4,402</b>	3,581	22.9%

The consolidated Profit after Tax (PAT) increased to PKR 4.4 billion during the nine months ended September 30, 2019 from PKR 3.6 billion during the corresponding period last year showing a growth of 22.9%. This was achieved largely through a 28.1% increase in revenue wherein net markup income increased by PKR 4.1 billion i.e. 37.0%, arising from increases in

## DIRECTORS' REVIEW

the State Bank of Pakistan's policy interest rate and the advances portfolio. Non markup income increased due to higher foreign exchange gains, offset by losses recognized in equity portfolio. Provision for non-performing loans and equity portfolio of Rs. 727 million were recognized during the period. The charge for Taxation includes PKR 259 million in respect of super tax of 2017.

As a result of the above, Profit after tax is higher by 820.9 million and earnings per share (EPS) shows improvement from PKR 2.36 in first nine months of 2018 to PKR 2.90 in the current period.

### 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.

VIS Credit Rating Company Limited has upgraded Asset Management Rating of FAML to AM3+ with positive outlook in its review announcement made in June 2019

### Subsequent Events:

Other than the current proposal to the shareholders of additional capital investment raising the equity of FAML by Rs500 million, no material changes or commitments affecting the financial position of the FBL have occurred between the end of the financial period and the date of this report that have not been disclosed in the unaudited financial statements.

### Acknowledgement:

On behalf of the Board & Management of the Group, we would like to take this opportunity to thank the shareholders and valued customers for the trust they have reposed in FBL. 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 FBL 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 October 24, 2019 and signed by the Chief Executive Officer and a Director.

President & CEO

Chairman / Director

Karachi

Dated: October 24, 2019

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019	Audited December 31, 2018
		Rupees '000	Restated
<b>ASSETS</b>			
Cash and balances with treasury banks	11	45,125,740	43,174,003
Balances with other banks	12	2,544,679	1,848,859
Lendings to financial institutions	13	7,000,000	2,997,486
Investments	14	194,177,764	213,815,803
Advances	15	306,795,712	296,444,861
Fixed assets	16	20,440,314	11,799,474
Intangible assets	17	1,736,422	1,570,324
Deferred tax assets	18	363,488	119,771
Other assets	19	23,729,531	28,167,363
		601,913,650	599,937,944
<b>LIABILITIES</b>			
Bills payable	20	7,205,390	23,543,524
Borrowings	21	78,599,558	98,351,921
Deposits and other accounts	22	433,701,247	409,383,501
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	23	34,614,141	25,184,233
		554,120,336	556,463,179
<b>NET ASSETS</b>		<b>47,793,314</b>	<b>43,474,765</b>
<b>REPRESENTED BY</b>			
Share capital		15,176,965	15,176,965
Reserves		8,652,132	8,778,908
Surplus on revaluation of assets	24	5,079,160	5,093,667
Unappropriated profit		18,885,044	14,425,209
Total equity attributable to the equity holders of the parent		47,793,301	43,474,749
Non-controlling interest		13	16
		47,793,314	43,474,765
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		

The annexed notes 1 to 43 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

		Quarter ended		Nine months ended	
	Note	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
		Rupees '000			
		Restated			Restated
Mark-up / return / interest earned	27	15,538,005	8,710,264	41,268,289	24,019,408
Mark-up / return / interest expensed	28	10,454,810	4,871,601	26,126,239	12,969,561
Net mark-up / interest income		5,083,195	3,838,663	15,142,050	11,049,847
NON MARK-UP / INTEREST INCOME					
Fee and commission income	29	987,286	903,695	3,018,383	2,775,900
Dividend income		80,922	49,278	322,998	100,118
Foreign exchange income		548,683	513,124	2,181,212	1,465,818
Income from derivatives		58,586	41,327	132,306	67,909
(Loss) / gain on securities	30	(221,507)	(8,386)	(630,136)	168,127
Other income	31	72,705	46,968	268,671	330,784
Total non-markup / interest income		1,526,675	1,546,006	5,293,434	4,908,656
Total income		6,609,870	5,384,669	20,435,484	15,958,503
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	32	4,267,749	3,562,578	12,062,758	10,359,394
Workers welfare fund		44,758	20,268	166,247	142,701
Other charges	33	12,683	30,779	29,902	42,897
Total non-markup / interest expenses		4,325,190	3,613,625	12,258,907	10,544,992
Profit before provisions		2,284,680	1,771,044	8,176,577	5,413,511
Provision / (reversal of provision) and recoveries against written-off debts - net	34	56,515	(217,735)	727,425	(824,782)
Share of loss of associate		-	(2,575)	-	(8,771)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		2,228,165	1,986,204	7,449,152	6,229,522
Taxation	35	831,173	815,268	3,046,735	2,648,031
PROFIT AFTER TAXATION		1,396,992	1,170,936	4,402,417	3,581,491
Attributable to:					
Equity holders of the parent		1,396,995	1,170,936	4,402,420	3,581,491
Non-controlling interest		(3)	-	(3)	-
		1,396,992	1,170,936	4,402,417	3,581,491
Rupees					
Basic / diluted earnings per share	36	0.92	0.77	2.90	2.36

The annexed notes 1 to 43 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR



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

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2019

	Quarter ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees '000		Rupees '000	
	Restated		Restated	
<b>Profit after taxation for the period</b>	<b>1,396,992</b>	1,170,936	<b>4,402,417</b>	3,581,491
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
- Movement in surplus / (deficit) on revaluation of investments - net of tax	98,377	(190,950)	181,301	(306,039)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	-	(116,672)	-
- Movement in surplus on revaluation of non-banking assets - net of tax	(2,672)	-	(21,721)	-
	95,705	(190,950)	42,908	(306,039)
<b>Total comprehensive income</b>	<b>1,492,697</b>	979,986	<b>4,445,325</b>	3,275,452
<b>Attributable to:</b>				
- Equity holders of the parent	1,396,995	1,170,936	4,402,420	3,581,491
- Non-controlling interest	(3)	-	(3)	-
	<b>1,396,992</b>	1,170,936	<b>4,402,417</b>	3,581,491

The annexed notes 1 to 43 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

Share capital	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total
	Capital					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	Statutory reserve				Total			
Rupees s '000												
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
-	-	-	-	-	-	-	-	-	-	3,581,491	-	3,581,491
-	-	-	-	-	-	-	(306,039)	-	(306,039)	-	-	(306,039)
-	-	-	-	-	-	-	(306,039)	-	(306,039)	3,581,491	-	3,275,452
-	-	-	(93,650)	-	-	(93,650)	-	-	-	-	-	(93,650)
-	-	-	-	-	-	-	-	61,113	61,113	(61,113)	-	-
-	1,979,604	-	-	-	-	1,979,604	-	-	-	(1,979,604)	-	-
1,979,604	(1,979,604)	-	-	-	-	(1,979,604)	-	-	-	-	-	-
1,979,604	-	-	-	-	-	-	-	-	-	(1,979,604)	-	-
15,176,965	-	10,131	663,223	23,952	7,145,382	7,842,688	(304,590)	5,672,907	5,368,317	14,026,108	-	42,414,078
-	-	-	-	-	-	-	-	-	-	1,246,120	-	1,246,120
-	-	-	-	-	-	-	(131,356)	(695)	(132,051)	(22,181)	-	(154,232)
-	-	-	-	-	-	-	(131,356)	(695)	(132,051)	1,223,939	-	1,091,888
-	-	-	-	-	-	-	-	-	-	-	16	16
-	-	-	-	-	967,437	967,437	-	-	-	(967,437)	-	-
-	-	-	-	-	-	-	-	(142,599)	(142,599)	142,599	-	-
-	-	-	(31,217)	-	-	(31,217)	-	-	-	-	-	(31,217)
15,176,965	-	10,131	632,006	23,952	8,112,819	8,778,908	(435,946)	5,529,613	5,093,667	14,425,209	16	43,474,765
-	-	-	-	-	-	-	-	-	-	4,402,420	(3)	4,402,420
-	-	-	-	-	-	-	181,301	(138,393)	42,908	-	-	42,908
-	-	-	-	-	-	-	181,301	(138,393)	42,908	4,402,420	(3)	4,445,328
-	-	-	-	-	-	-	-	(57,415)	(57,415)	57,415	-	-
-	-	-	(126,776)	-	-	(126,776)	-	-	-	-	-	(126,776)
15,176,965	-	10,131	505,230	23,952	8,112,819	8,652,132	(254,645)	5,333,805	5,079,160	18,885,044	13	47,793,317

The annexed notes 1 to 43 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	Rupees '000	Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,449,152	6,229,522
Less: dividend income	(322,998)	(100,118)
	<u>7,126,154</u>	<u>6,129,404</u>
<b>Adjustments:</b>		
Depreciation	1,764,596	636,547
Amortisation	99,341	89,203
Depreciation on non-banking assets	9,508	10,693
Workers' Welfare Fund	166,247	142,701
Provision / (reversal of provision) against loans and advances - net	295,640	(712,059)
Provision / (reversal of provision) for diminution in value of investments - net	515,992	(49,623)
(Reversal of provision) / provision against off balance sheet obligations	(11,476)	6,896
Gain / (loss) on securities unrealised - held for trading - net	(13,940)	34,787
Gain on sale of fixed assets - net	(9,753)	(27,805)
Gain on sale of non-banking assets	(8,989)	-
Charge for defined benefit plan	134,788	92,716
Income from derivative contracts - net	(132,306)	(67,909)
Mark-up / return / interest expensed - leased liability against right-of-use assets	698,026	-
Recovery of written off / charged off bad debts	(74,060)	(69,996)
Share of loss of associate	-	8,771
	<u>3,433,614</u>	<u>94,922</u>
	<u>10,559,768</u>	<u>6,224,326</u>
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	(4,002,514)	8,760,335
Held-for-trading securities	15,857,188	13,818,009
Advances	(10,572,431)	(64,424,075)
Others assets (excluding advance taxation)	3,320,558	(1,845,568)
	<u>4,602,801</u>	<u>(43,691,299)</u>
<b>(Decrease) / increase in operating liabilities</b>		
Bills Payable	(16,338,134)	(616,274)
Borrowings from financial institutions	(19,894,832)	(16,807,517)
Deposits	24,317,746	26,342,631
Other liabilities	1,000,484	(3,547,583)
	<u>(10,914,736)</u>	<u>5,371,257</u>
	<u>(2,526,446)</u>	<u>(1,544,283)</u>
Income tax paid		
	<u>1,721,387</u>	<u>(33,639,999)</u>
<b>Net cash flow generated from / (used in) operating activities</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net divestment in available for sale securities	1,982,812	35,964,310
Net divestment / (investment) in held to maturity securities	1,562,943	(893,875)
Dividends received	262,220	75,307
Investment in operating fixed assets	(2,001,186)	(751,840)
Proceeds from sale of fixed assets	12,970	37,594
Proceeds from sale of non-banking assets	161,209	-
<b>Net cash flow generated from investing activities</b>	<u>1,980,968</u>	<u>34,431,496</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(1,195,998)	-
Dividend paid	5	(2,582)
<b>Net cash flow used in financing activities</b>	<u>(1,195,993)</u>	<u>(2,582)</u>
<b>Increase in cash and cash equivalents</b>	<u>2,506,362</u>	<u>788,915</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>47,386,324</u>	<u>40,277,822</u>

The annexed notes 1 to 43 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

FOR THE NINE MONTHS ENDED SEPTEMBER 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 487 branches (December 31, 2018: 455); including 312 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1) in Pakistan.

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

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

	Percentage of holding	
	September 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 Shahrah e Faisal, Karachi.

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

## 2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2 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

- 3.1 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:

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

- 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.

- 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 September 30, 2019 the Group has adjusted amortisation of intangible assets amounting to Rs. 126.776 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 notified 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 NINE MONTHS ENDED SEPTEMBER 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.

	September 30, 2019	January 1, 2019
	Rupees '000	
Total lease liability recognised	7,580,992	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 NINE MONTHS ENDED SEPTEMBER 30, 2019

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

	September 30, 2019	January 1, 2019
	Rupees '000	
Land and building	7,676,774	7,531,556
The effect of this change in accounting policy is as follows:		
<b>Impact on the condensed interim consolidated statement of financial position:</b>		
- Increase in fixed assets - right-of-use assets	7,676,774	7,531,556
- Decrease in other assets - advances, deposits, advance rent and other prepayments	(654,048)	(628,507)
- Increase in other assets - advance taxation (payments less provisions)	217,724	-
Increase in total assets	7,240,450	6,903,049
- Increase in other liabilities - lease liability against right-of-use asset	7,580,992	6,903,049
Decrease in net assets	(340,542)	-
<div> <div>For the nine months ended September 30, 2019</div> <div>Rupees in '000</div> </div>		
<b>Impact on condensed interim consolidated profit and loss account</b>		
- Increase in markup / return / interest expense - lease liability against right of use assets		(698,026)
- Increase in operating expenses - depreciation on right-of-use assets		(1,028,190)
- Decrease in operating expenses - rent and taxes		1,167,950
- Decrease in profit before taxation		(558,266)
- Decrease in taxation		217,724
- Decrease in profit after taxation		(340,542)
-----Rupees-----		
- Decrease in EPS		0.22

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 Bank 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 nine months ended September 30, 2018 in the condensed interim consolidated 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 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 nine months ended September 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 NINE MONTHS ENDED SEPTEMBER 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.

## 10 BUSINESS COMBINATION

### 10.1 Acquisition of Faysal Asset Management Limited (FAML)

During the year ended December 31, 2018, the Holding Company acquired 10,498,000 shares of Faysal Asset Management Limited. As a result, the Holding Company had controlling interest of 99.99% in the paid up capital of FAML. Before this acquisition, FAML was classified as an associate in the consolidated financial statements of the Group having 30% shareholding in FAML.

The business combination had been accounted for by applying the purchase method. The cost of the acquisition had been measured at the fair value of the purchase consideration in the form of shares of FAML. The Holding Company had recorded the assets and liabilities acquired in the business combination at provisional values in the consolidated financial statements for the year ended December 31, 2018. During the period ended September 30, 2019, the management has completed the exercise in respect of identification and determination of the fair values to be assigned to the acquiree's identifiable assets and liabilities. International Financial Reporting Standards (IFRS) 3, 'Business combination' requires adjustments to be made to the provisional values on the initial accounting subsequent to completion of fair valuation exercise, and to be incorporated in the consolidated financial statements with effect from the acquisition date. As a result, the provisional values determined by the management have been adjusted with effect from the acquisition date.

### 10.2 Details of the purchase consideration given, book values of the net assets acquired and goodwill after the completion of valuation exercise are as follows:

	Rupees in '000
- Fair value of already held equity interest in associate	45,000
- Consideration paid / payable	314,940
Total purchase consideration	359,940
Proportion of fair values of identifiable net assets acquired from Faysal Asset Management Limited	121,455
Goodwill assumed in the business combination	238,485
Gain on remeasurement on previously held equity interest of associate (appearing in other income to the consolidated profit and loss account for the year ended December 31, 2018)	33,635

### 10.2.1 Computation of non-controlling interest (NCI) as at acquisition date:

NCI percent as at acquisition date	0.0133%
Value of NCI	16



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

**10.3** The adjustments to the fair values of assets and liabilities acquired as part of the business combinations are as follows:

Particulars	FAML's carrying amounts as at November 22, 2018 (based on un-audited financial statements)	Fair value adjustments	Fair values as at November 22, 2018
	Note	----- Rupees '000 -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	7.4	50,853	137,028
Long-term loans		31	-
Long-term deposits		563	-
Deferred taxation		1,785	(53,441)
		53,232	83,587
			187,881
			31
			563
			(51,656)
			136,819
<b>Current assets</b>			
Receivable from funds under management		6,806	-
Advances, prepayments and other receivables		2,691	-
Short-term investments		39	-
Taxation - net		40,627	-
Cash and bank balances		7,913	-
		58,077	-
			58,077
<b>TOTAL ASSETS</b>		111,309	83,587
			194,896
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up share capital		150,000	-
Accumulated losses		(112,115)	69,906
Surplus on revaluation of fixed assets		-	13,681
<b>TOTAL EQUITY</b>		37,885	83,587
			121,472
<b>Liabilities</b>			
Unclaimed dividend		5	-
Trade and other payables		73,419	-
<b>TOTAL LIABILITIES</b>		73,424	-
<b>TOTAL EQUITY AND LIABILITIES</b>		111,309	83,587
			194,896
<b>%age of net assets acquired</b>		99.9867%	99.9867%
			99.9867%
<b>Value of net assets acquired</b>		37,880	83,576
			121,456

The above adjustments have been incorporated in these consolidated financial statements with effect from the date of acquisition. The requirement of International Reporting Standards (IAS) 8, 'Accounting policies, changes in accounting estimates and errors' have been considered and the impacts of the above adjustments have been incorporated in these consolidated financial statements by restating the comparative figures. The effects are summarised below:

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	December 31, 2018 Rupees in '000
<b>Impact on the consolidated statement of financial position</b>	
<b><i>Decrease in deferred tax assets</i></b>	
Decrease in taxable temporary differences on fair valuation of previously held equity interest of FAML	31,500
Increase in taxable temporary differences on surplus on revaluation of fixed assets	8,747
Increase in taxable temporary differences on surplus on revaluation of fixed assets	44,694
<b><i>Increase in fixed assets</i></b>	
Increase in building on leasehold land	18,909
Increase in vehicles	3,519
	22,428
<b><i>Decrease in intangibles</i></b>	
Decrease in goodwill	173,576
Increase in management rights	114,600
	58,976
<b><i>Decrease in equity attributable to equity holders of the Holding Company</i></b>	58,500
<b><i>Increase in non-controlling interest</i></b>	11
	December 31, 2018 Rupees in '000
<b>Impact on the consolidated profit and loss account</b>	
<b><i>Decrease in profit before tax</i></b>	90,000
<b><i>Decrease in taxation</i></b>	31,500
<b><i>Decrease in total comprehensive income</i></b>	58,500
<b><i>Decrease in earning per share</i></b>	0.04
<b><i>Decrease in profit attributable to the equity holders of the Holding Company</i></b>	58,500

There is no impact of these adjustments on the consolidated cash flow statement.

## 10.4 Intangibles acquired on business combination

As part of the management exercise to determine fair value to be assigned to the acquiree's identifiable assets, liabilities and intangible assets, the Group has recognised the following intangible as at the acquisition date:

Particulars	Note	Rupees in '000
Management rights	7.4.1	114,600
	<b>Expected useful life</b>	<b>Indefinite</b>

**10.4.1** The fair value of this identifiable intangible asset acquired through the business combination has been determined by the management using an income approach. The income approach begins with an estimation of the annual cash flows, which a market participant acquirer would expect the asset to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the asset's projected cash flows. The present value of the estimated cash flows are then added to the present value

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

equivalent of the residual value of the asset, if any, at the end of the discrete projection period to arrive at an estimate of the fair value of the specific asset.

In applying the income approach, the Group has used the Multiple-period Excess Earnings Method (MEEM) to determine the value of the above intangibles.

In MEEM method the value of a specific intangible asset is estimated from the residual earnings after fair returns on all other assets employed (including other intangible assets) have been deducted from the asset's after-tax operating earnings.

The valuations are based on information at the time of the acquisition and the expectations and assumptions that have been deemed reasonable by the Group's management. It has been assumed that the underlying assumptions or events associated with such assets will occur as projected.

This intangible asset has been ascertained to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.

	Un-audited September 30, 2019	Audited December 31, 2018
	Rupees '000	
<b>11 CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
- Local currency	10,731,288	10,351,352
- Foreign currency	3,199,392	2,444,182
	13,930,680	12,795,534
With State Bank of Pakistan in		
- Local currency current account	19,173,516	17,961,225
- Foreign currency current account	1,989,750	1,684,395
- Foreign currency deposit account	5,944,115	4,977,571
	27,107,381	24,623,191
With National Bank of Pakistan in		
- Local currency current account	2,984,073	5,746,092
Prize bonds	1,103,606	9,186
	45,125,740	43,174,003
<b>12 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
- In current account	1,359,433	1,388,636
- In saving account	(6,442)	1,253
	1,352,991	1,389,889
Outside Pakistan		
- In current account	1,169,797	458,970
- In deposit accounts	21,891	-
	1,191,688	458,970
	2,544,679	1,848,859
<b>13 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call / clean money lendings	500,000	-
Repurchase agreement lendings (reverse repo)	6,500,000	2,997,486
	7,000,000	2,997,486
Less: provision held against lending to financial institutions	-	-
Lending to financial institutions - net of provision	7,000,000	2,997,486

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		Un-audited				Audited				
14	INVESTMENTS	Note	September 30, 2019				December 31, 2018			
			Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----										
Held-for-trading securities										
	Federal Government securities		15,474,013	-	2,247	15,476,260	31,630,477	-	(11,067)	31,619,410
	Commercial Papers		158,249	-	-	158,249	-	-	-	-
	Shares		425,005	-	475	425,480	270,038	-	67	270,105
			16,057,267	-	2,722	16,059,989	31,900,515	-	(11,000)	31,889,515
Available-for-sale securities										
	Federal Government securities	14.3	112,850,980	-	(133,994)	112,716,986	151,416,453	-	(199,053)	151,217,400
	Shares *		10,012,879	1,950,247	(288,743)	7,773,889	9,134,281	1,429,123	(480,988)	7,224,170
	Non Government debt securities		43,147,960	559,787	5,285	42,593,458	7,443,897	559,787	9,355	6,893,465
			166,011,819	2,510,034	(417,452)	163,084,333	167,994,631	1,988,910	(670,686)	165,335,035
Held-to-maturity securities										
	Federal Government securities	14.2	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	Non Government debt Securities	14.5	14,984,019	1,547,625	-	13,436,394	16,546,962	1,552,757	-	14,994,205
			16,581,067	1,547,625	-	15,033,442	18,144,010	1,552,757	-	16,591,253
Total Investments			198,650,153	4,057,659	(414,730)	194,177,764	218,039,156	3,541,667	(681,686)	213,815,803

\* includes related parties

	Un-audited September 30, 2019	Audited December 31, 2018
----- Rupees '000 -----		
<b>14.2</b>	<b>2,212,625</b>	<b>2,212,625</b>
Bai Muajjal - gross		
Less: deferred income	(452,134)	(605,467)
Less: profit receivable shown in other assets	(163,443)	(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 September 30, 2019	Audited December 31, 2018
----- Rupees '000 -----		
<b>14.3</b>	<b>44,681,847</b>	<b>59,034,240</b>
Investments given as collateral		
- Market treasury bills		
<b>14.4</b>	<b>3,541,667</b>	<b>3,448,776</b>
Provision for diminution in value of investments		
<b>14.4.1</b>	<b>521,123</b>	<b>229,043</b>
Opening balance		
Charge / (reversals)		
Charge for the period / year	(5,131)	(136,152)
Reversals during the period / year	519,992	92,891
<b>Closing Balance</b>	<b>4,057,659</b>	<b>3,541,667</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

## 14.4.2 Particulars of provision against debt securities

Category of classification	Un-audited September 30, 2019		Audited December 31, 2018	
	Non-Performing Investment	Provision	Non-Performing Investments	Provision
----- Rupees '000 -----				
<b>Domestic</b>				
- Loss	2,107,412	2,107,412	2,112,544	2,112,544
	<u>2,107,412</u>	<u>2,107,412</u>	<u>2,112,544</u>	<u>2,112,544</u>

14.5 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to Rs. 13,646.330 million (December 31, 2018: Rs. 15,490.626 million).

## 15 ADVANCES

	Performing		Non Performing		Total	
	Un-audited September 30, 2019	Audited December 31 2018	Un-audited September 30, 2019	Audited December 31 2018	Un-audited September 30, 2019	Audited December 31 2018
----- Rupees '000 -----						
Loans, cash credits, running finances, etc.	194,083,572	210,086,919	28,699,898	25,712,067	222,783,470	235,798,986
Islamic financing and related assets	102,930,073	78,493,045	1,091,419	475,784	104,021,492	78,968,829
Bills discounted and purchased	3,616,789	4,990,707	473,893	499,787	4,090,682	5,490,494
<b>Advances - gross</b>	<b>300,630,434</b>	<b>293,570,671</b>	<b>30,265,210</b>	<b>26,687,638</b>	<b>330,895,644</b>	<b>320,258,309</b>
Provision against advances						
- Specific	-	-	(23,357,232)	(23,135,261)	(23,357,232)	(23,135,261)
- General	(742,700)	(678,187)	-	-	(742,700)	(678,187)
	(742,700)	(678,187)	(23,357,232)	(23,135,261)	(24,099,932)	(23,813,448)
<b>Advances - net of provision</b>	<b>299,887,734</b>	<b>292,892,484</b>	<b>6,907,978</b>	<b>3,552,377</b>	<b>306,795,712</b>	<b>296,444,861</b>

## 15.1 Particulars of advances (Gross)

- In local currency	330,009,138	319,538,262
- In foreign currencies	886,506	720,047
	<u>330,895,644</u>	<u>320,258,309</u>

15.2 Advances include Rs. 30,265 million (December 31, 2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

Category of Classification	Un-audited September 30, 2019		Audited December 31, 2018	
	Non-performing loans	Provision	Non-performing loans	Provision
----- Rupees '000 -----				
<b>Domestic</b>				
- Other Assets Especially Mentioned	1,514,354	-	198,389	100
- Substandard	3,043,387	418,072	1,241,631	158,324
- Doubtful	2,220,726	557,640	1,525,467	660,373
- Loss	23,486,743	22,381,520	23,722,151	22,316,464
<b>Total</b>	<b>30,265,210</b>	<b>23,357,232</b>	<b>26,687,638</b>	<b>23,135,261</b>

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

### 15.3 Particulars of provision against advances

	Un-audited			Audited		
	September 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	1,630,450	64,513	1,694,963	1,672,814	109,521	1,782,335
Reversals during the period / year	(1,399,323)	-	(1,399,323)	(2,215,946)	-	(2,215,946)
	231,127	64,513	295,640	(543,132)	109,521	(433,611)
Amounts written off	(8,927)	-	(8,927)	(48,008)	-	(48,008)
Amounts charged off - agriculture financing	(229)	-	(229)	-	-	-
Closing balance	23,357,232	742,700	24,099,932	23,135,261	678,187	23,813,448

**15.3.1** As allowed by the SBP, the Holding Company has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,804.218 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at September 30, 2019. The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,100.573 million (December 31, 2018: Rs 951.717 million).

**15.3.2** 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.

**15.3.3** 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 September 30, 2019	Audited December 31, 2018
		Rupees '000	
<b>16 FIXED ASSETS</b>			
Capital work-in-progress	16.1	890,512	475,098
Property and equipment	16.2	19,549,802	11,324,376
		<u>20,440,314</u>	<u>11,799,474</u>
<b>16.1 Capital work-in-progress</b>			
Civil works		177,012	188,143
Equipment		425,630	142,598
Advances to suppliers		287,870	144,357
		<u>890,512</u>	<u>475,098</u>

**16.2** This includes right-of-use asset amounting to Rs Rs 7,676.774 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

Note	Un-audited	
	September 30, 2019	September 30, 2018
	Rupees '000	
<b>16.3 Additions to fixed assets</b>		
The following additions have been made to fixed assets during the period:		
<b>Capital work-in-progress</b>	<b>1,995,495</b>	<b>402,551</b>
<b>Property and equipment</b>		
Buidling on freehold land	120,492	-
Furniture and fixture	83,216	28,219
Electrical office and computer equipment	826,860	360,941
Vehicles	14,613	6,976
Others	365,568	162,635
Right-of-use assets	1,173,408	-
	2,584,157	558,771
Right-of-use assets due to adoption of IFRS 16	7,531,556	-
<b>Total</b>	<b>12,111,208</b>	<b>961,322</b>

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

Note	Un-audited	
	September 30, 2019	September 30, 2018
	Rupees '000	
<b>16.4 Disposal of fixed assets</b>		
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	364	1,057
Vehicles	3,036	9,312
Others	-	28
<b>Total</b>	<b>3,403</b>	<b>10,456</b>

Note	Un-audited		Audited	
	September 30, 2019		December 31, 2018	
	Rupees '000			
<b>17 INTANGIBLE ASSETS</b>				
Capital work-in-progress	305,598		224,492	
Computer softwares	249,497		135,029	
Customer relationship	828,242		972,318	
Goodwill	238,485		238,485	
Management rights	114,600		-	
	1,430,824		1,345,832	
<b>Total</b>	<b>1,736,422</b>		<b>1,570,324</b>	

<b>17.1 Capital work-in-progress</b>		
Computer software	305,598	224,492

Note	Un-audited	
	September 30, 2019	September 30, 2018
	Rupees '000	

## 17.2 Additions to intangible assets

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

Directly purchased	214,409	28,425
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# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		Un-audited September 30, 2019	Audited December 31, 2018
	Note	Rupees '000	
<b>18 DEFERRED TAX ASSETS</b>			
<b>Deductible temporary differences on</b>			
- Provision for diminution in the value of investments		302,507	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		162,807	234,738
- Defined benefit obligation		-	243
- Unused tax losses		-	10,945
		<b>2,216,992</b>	<b>1,863,214</b>
<b>Taxable temporary differences on</b>			
- Surplus on revaluation of fixed assets		(1,282,954)	(1,184,279)
- Surplus on revaluation of non banking assets		(26,049)	(23,377)
- Fair value adjustment relating to net assets acquired upon amalgamation		(323,014)	(340,314)
- Accelerated tax depreciation		(166,449)	(130,260)
- Fair valuation of previously held equity interest of FAML		(55,038)	(65,213)
		<b>(1,853,504)</b>	<b>(1,743,443)</b>
		<b>363,488</b>	<b>119,771</b>
<b>19 OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net of provision		9,787,773	5,059,391
Income / mark-up accrued in foreign currency - net of provision		81,053	66,476
Advances, deposits, advance rent and other prepayments		1,060,673	1,231,145
Advance taxation (payments less provisions)		2,448,996	3,602,872
Non-banking assets acquired in satisfaction of claims		1,564,417	1,807,502
Mark to market gain on forward foreign exchange contracts		1,544,994	2,868,688
Acceptances	23	4,556,996	10,899,656
Credit cards and other products fee receivable		357,708	334,588
Receivable from brokers against sale of shares		220,752	447,272
Dividend receivable		136,126	75,348
Others		1,003,211	775,650
		<b>22,762,699</b>	<b>27,168,588</b>
Less: Provision held against other assets	19.1	(263,572)	(262,243)
<b>Other assets (net of provision)</b>		<b>22,499,127</b>	<b>26,906,345</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,230,404	1,261,018
<b>Other assets - total</b>		<b>23,729,531</b>	<b>28,167,363</b>
<b>19.1 Provision held against other assets</b>			
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
		<b>263,572</b>	<b>262,243</b>
<b>19.1.1 Movement in provision held against other assets</b>			
<b>Opening balance</b>		<b>262,243</b>	<b>249,980</b>
Acquisition of FAML		-	4,731
Charge for the period / year		2,731	9,782
Reversals during the period / year		(1,402)	(2,250)
	34	<b>1,329</b>	<b>7,532</b>
<b>Closing balance</b>		<b>263,572</b>	<b>262,243</b>



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019	Audited December 31, 2018
		Rupees '000	
<b>20</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	<u>7,205,390</u>	<u>23,543,524</u>
<b>21</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowings from the State Bank of Pakistan		
	- Under export refinance scheme - Part I and II	8,342,401	11,895,711
	- Under long term financing facility	2,547,128	1,786,815
	- Under long term financing facility for renewable power energy (RPE)	937,064	962,784
	- Under scheme of financing facility for storage of agricultural produce	94,745	117,219
	- Under Islamic export refinance scheme	7,183,560	4,107,833
		19,104,898	18,870,362
	Repurchase agreement borrowings	44,642,295	58,968,300
	<b>Total secured</b>	<u>63,747,193</u>	<u>77,838,662</u>
	<b>Unsecured</b>		
	Call borrowings	-	325,000
	Overdrawn nostro accounts	284,095	141,626
	Musharaka acceptances	6,750,000	7,700,000
	Other borrowings	7,818,270	12,346,633
	<b>Total unsecured</b>	<u>14,852,365</u>	<u>20,513,259</u>
		<u>78,599,558</u>	<u>98,351,921</u>

**21.1** This represents borrowings from a foreign financial institution. The mark-up rate on these borrowings is 3.43% per annum (December 31, 2018: ranging from 3.28% to 4.76%) maturing in March 2020.

## 22 DEPOSITS AND OTHER ACCOUNTS

	Un-audited September 30, 2019			Audited December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees '000					
<b>Customers</b>						
Current deposits – remunerative	7,843,708	-	7,843,708	4,063,646	-	4,063,646
Current deposits – non-remunerative	117,143,697	17,728,329	134,872,026	112,565,332	14,367,150	126,932,482
Savings deposits	121,804,824	16,001,724	137,806,548	110,521,161	15,358,413	125,879,574
Term deposits	122,426,359	5,744,736	128,171,095	116,528,810	3,898,877	120,427,687
Margin deposits	3,016,989	38,245	3,055,234	2,721,574	47,179	2,768,753
	372,235,577	39,513,034	411,748,611	346,400,523	33,671,619	380,072,142
<b>Financial Institutions</b>						
Current deposits	1,874,403	57,872	1,932,275	1,129,922	49,068	1,178,990
Savings deposits	15,960,761	-	15,960,761	20,949,999	-	20,949,999
Term deposits	4,059,600	-	4,059,600	7,182,370	-	7,182,370
	21,894,764	57,872	21,952,636	29,262,291	49,068	29,311,359
	<u>394,130,341</u>	<u>39,570,906</u>	<u>433,701,247</u>	<u>375,662,814</u>	<u>33,720,687</u>	<u>409,383,501</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		Un-audited September 30, 2019	Audited December 31, 2018
	Note	Rupees '000	
<b>23 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		3,313,780	1,962,508
Mark-up / return / interest payable in foreign currency		37,222	19,891
Unearned commission and income on bills discounted		94,067	66,698
Accrued expenses		1,774,603	2,102,785
Acceptances	19	4,556,996	10,899,656
Unclaimed dividends		45,140	45,140
Mark to market loss on forward foreign exchange contracts		2,552,535	1,239,594
Branch adjustment account		3,737	5,301
Charity fund balance		3,825	1,409
Provision against off-balance sheet obligations	23.2	113,762	125,238
Security deposits against lease		1,436,849	2,067,095
Withholding tax payable		107,533	91,141
Federal excise duty payable		38,020	52,450
Payable to brokers against purchase of shares		879,781	897,109
Fair value of derivative contracts		1,196,546	771,327
Short sale Pakistan Investment Bonds		5,369,537	-
Credit cards and other products payables		1,263,640	895,567
Leased liability		7,580,992	-
Token money against disposal of assets		496,884	572,276
Fund held as security		226,285	214,698
Others	23.1	3,522,407	3,154,350
		<u>34,614,141</u>	<u>25,184,233</u>

**23.1** 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 September 30, 2019	Audited December 31, 2018
	Rupees '000	
<b>23.2 Provision against off-balance sheet obligations</b>		
Opening balance	125,238	101,090
Charge for the period / year	-	57,434
Reversals during the period / year	(11,476)	(33,286)
	(11,476)	24,148
Closing balance	<u>113,762</u>	<u>125,238</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	Un-audited September 30, 2019	Audited December 31, 2018
		Rupees '000	
<b>24 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
<b>Surplus / (deficit) on revaluation of</b>			
- Available for sale securities		(417,452)	(670,686)
- Fixed assets		5,435,737	5,476,251
- Non-banking assets acquired in satisfaction of claims		1,230,404	1,261,018
		<u>6,248,689</u>	<u>6,066,583</u>
<b>Deferred tax on surplus / (deficit) on revaluation of:</b>			
- Available for sale securities		162,807	234,740
- Fixed assets		(1,317,852)	(1,184,279)
- Non-banking assets acquired in satisfaction of claims		(14,484)	(23,377)
		<u>(1,169,529)</u>	<u>(972,916)</u>
		<u><u>5,079,160</u></u>	<u><u>5,093,667</u></u>
<b>25 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	25.1	19,911,394	17,988,308
- Commitments	25.2	263,791,263	230,966,872
- Other contingent liabilities	25.3	4,293,244	4,293,244
		<u><u>287,995,901</u></u>	<u><u>253,248,424</u></u>
<b>25.1 Guarantees:</b>			
Financial guarantees		1,801,208	1,417,536
Performance guarantees		6,487,083	7,068,425
Other guarantees		11,623,103	9,502,347
		<u><u>19,911,394</u></u>	<u><u>17,988,308</u></u>
<b>25.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		31,447,542	32,048,821
Commitments in respect of:			
- forward foreign exchange contracts	25.2.1	151,118,444	94,403,136
- forward government securities transactions	25.2.2	51,253,962	62,083,269
- derivatives - cross currency swaps (notional principal)	25.2.3	9,652,393	4,483,600
- operating leases	25.2.4	-	10,708,369
- extending credit (irrevocable)	25.5	20,007,247	27,079,658
Commitments for acquisition of:			
- operating fixed assets		163,655	46,719
- intangible assets		148,020	113,300
		<u><u>263,791,263</u></u>	<u><u>230,966,872</u></u>
<b>25.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		97,483,368	66,533,034
Sale		53,635,076	27,870,102
		<u><u>151,118,444</u></u>	<u><u>94,403,136</u></u>

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Note	Un-audited September 30, 2019	Audited December 31, 2018
	Rupees '000	

## 25.2.2 Commitments in respect of forward government securities transactions

Purchase	44,720,870	59,084,100
Sale	6,533,092	2,999,169
	<u>51,253,962</u>	<u>62,083,269</u>

## 25.2.3 Commitments in respect of derivatives

Purchase	-	-
Sale	9,652,393	4,483,600
	<u>9,652,393</u>	<u>4,483,600</u>

## 25.2.4 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>

## 25.3 Other contingent liabilities:

- Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable 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
- Tax liability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan	1,154,701	1,154,701
	<u>4,293,244</u>	<u>4,293,244</u>

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.

**25.3.1** 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.

**25.3.2** 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 disagreements on a matter relating to taxability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154,701 million (December 31, 2018: Rs. 1,154,701 million). Subsequently, the Commissioner 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 the matter.

**25.4** There are certain claims against the Holding Company not acknowledged as debt amounting to Rs 32,632 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

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

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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.

## 25.5 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 20,007 million (December 31, 2018: Rs 27,080 million) which are irrevocable in nature.

Un-audited September 30, 2019	Audited December 31, 2018
----- Rupees '000 -----	

## 26 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

9,652,393	4,483,600
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### 26.1 Product Analysis

Counterparties	September 30, 2019 (Un-audited)	
	Cross currency swaps	
	Notional Principal	Mark to market loss
----- Rupees '000 -----		
<b>With banks for</b>		
Market making	5,088,874	(749,177)
<b>With other entities for</b>		
Market making	4,563,519	(447,367)
<b>Total</b>		
Market making	9,652,393	(1,196,544)
Counterparties	December 31, 2018 (Audited)	
	Cross currency swaps	
	Notional Principal	Mark to market loss
----- Rupees '000 -----		
<b>With banks for</b>		
Market making	2,484,210	(457,384)
<b>With other entities for</b>		
Market making	1,999,390	(313,942)
<b>Total</b>		
Market making	4,483,600	(771,326)

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		Un-audited September 30, 2019	Audited December 31, 2018
	Note	Rupees '000	
<b>27 MARK-UP / RETURN / INTEREST EARNED</b>			
On:			
Loans and advances		28,245,545	16,161,031
Investments		11,519,476	7,445,821
Lendings to financial institutions		44,717	39,684
Balances with banks		72,084	32,258
Securities purchased under resale agreements		1,386,467	340,614
		<u>41,268,289</u>	<u>24,019,408</u>
<b>28 MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		20,214,489	9,913,812
Securities sold under repurchase agreements		1,385,733	1,160,599
Other short term borrowings		90,963	182,558
SBP borrowings		283,662	274,496
Short sale of Pakistan Investment Bonds		115,318	316,216
Musharaka acceptances		625,468	212,551
Leased liability against right-of-use assets		698,026	-
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,712,580	909,329
		<u>26,126,239</u>	<u>12,969,561</u>
<b>29 FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		509,160	467,608
Consumer finance related fees		262,470	208,080
Card related fees (debit and credit cards)		1,207,227	1,126,822
Credit related fees		75,989	125,889
Investment banking fees		126,459	183,905
Commission on trade		208,064	217,696
Commission on guarantees		89,982	68,503
Commission on cash management		40,986	70,985
Commission on remittances including home remittances		84,567	30,848
Commission on bancassurance		257,024	262,843
Management fee		72,848	-
Advisory fee		1,849	-
Sales load		5,214	-
Others		76,544	12,721
		<u>3,018,383</u>	<u>2,775,900</u>
<b>30 (LOSS) / GAIN ON SECURITIES</b>			
Realised - net	30.1	(644,076)	202,914
Unrealised - held for trading - net		13,940	(34,787)
		<u>(630,136)</u>	<u>168,127</u>
<b>30.1 Realised gain / (loss) on:</b>			
Federal Government securities		(24,260)	18,327
Shares		(629,523)	86,908
Open end mutual funds		9,707	97,679
		<u>(644,076)</u>	<u>202,914</u>
<b>31 OTHER INCOME</b>			
Rent on property		138,741	154,842
Gain on sale of fixed assets - net		9,753	27,805
Gain on sale of non-banking assets - net		8,989	-
Gain on short sale of Pakistan Investment Bonds (PIBs)		105,374	133,737
Notice pay		3,020	13,053
Others		2,794	1,347
		<u>268,671</u>	<u>330,784</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

32	OPERATING EXPENSES	Note	Un-audited	
			September 30, 2019	September 30, 2018
			Rupees '000	
	<b>Total compensation expense</b>		<b>4,838,838</b>	<b>3,827,136</b>
	<b>Property expense</b>			
	Rent and taxes		134,346	1,072,246
	Insurance		36,070	67,191
	Utilities cost		469,832	444,377
	Security (including guards)		447,697	402,755
	Repair and maintenance (including janitorial charges)		302,382	285,065
	Depreciation on owned fixed assets		327,128	280,008
	Depreciation on right-of-use assets		1,028,190	-
	Others		56,849	63,975
			<b>2,802,494</b>	<b>2,615,617</b>
	<b>Information technology expenses</b>			
	Software maintenance		957,699	803,054
	Hardware maintenance		253,221	176,464
	Depreciation		228,006	238,050
	Amortisation		99,341	89,203
	Network charges		186,417	131,180
	Others		1,792	-
			<b>1,726,476</b>	<b>1,437,951</b>
	<b>Other operating expenses</b>			
	Directors' fees and allowances		71,317	67,245
	Legal and professional charges		62,871	186,375
	Outsourced services costs		231,154	559,329
	Travelling and conveyance		86,445	57,973
	NIFT clearing charges		36,475	31,108
	Depreciation		190,780	129,181
	Training and development		18,155	14,212
	Postage and courier charges		84,943	79,460
	Communication		99,549	105,262
	Marketing, advertisement and publicity		304,830	224,503
	Donations		69,631	55,209
	Auditors remuneration		35,087	40,480
	Insurance		439,769	305,270
	Stationery and printing		165,295	154,255
	Bank fees and charges		73,357	56,207
	Brokerage and commission		39,371	25,394
	Deposit protection premium		262,864	73,737
	Others		423,057	313,490
			<b>2,694,950</b>	<b>2,478,690</b>
			<b>12,062,758</b>	<b>10,359,394</b>
33	<b>OTHER CHARGES</b>			
	Penalties imposed by the State Bank of Pakistan		29,702	42,897
	Penalties imposed by the Securities Exchange Commission of Pakistan (SECP)		200	-
			<b>29,902</b>	<b>42,897</b>
34	<b>PROVISION / (REVERSAL OF PROVISION) AND RECOVERIES AGAINST WRITTEN-OFF DEBTS - NET</b>			
	Provision / (reversal of provision) for diminution in value of investments	14.4	515,992	(49,623)
	Provision / (reversal of provision) against loans and advances	15.3	295,640	(712,059)
	Bad debts written off directly		10,431	7,996
	Recovery of written off / charged off bad debts		(84,491)	(77,992)
	(Reversal of provision) / provision against off balance sheet obligations - net	23.2	(11,476)	6,896
	Provision held against other assets	19.1.1	1,329	-
			<b>727,425</b>	<b>(824,782)</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Un-audited	
	September 30, 2019	September 30, 2018
	Rupees '000	
<b>35 TAXATION</b>		
Current	3,193,404	2,507,494
Prior years	289,934	(1,039,566)
Deferred	(436,603)	1,183,173
	<u>3,046,735</u>	<u>2,651,101</u>

## 36 BASIC EARNINGS PER SHARE

	Un-audited			
	For the quarter ended		For the nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees '000			
Profit for the period	<u>1,396,992</u>	1,170,936	<u>4,402,417</u>	3,581,491
	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>0.92</u>	0.77	<u>2.90</u>	2.36

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

## 37 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.

### 37.1 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 NINE MONTHS ENDED SEPTEMBER 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:

	September 30, 2019 (Un-audited)			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>	<b>Rupees '000</b>			
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	128,193,246	-	128,193,246
Shares	8,169,023	30,346	-	8,199,369
Non-Government Debt Securities	-	42,593,458	-	42,593,458
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments	-	13,646,330	-	13,646,330
<b>Financial liability - measured at fair value</b>				
Pakistan Investment Bonds	-	-	-	-
<b>Non - financial assets - measured at fair value</b>				
Fixed assets (land and buildings)	-	-	8,757,308	8,757,308
Non-banking assets acquired in satisfaction of claims	-	-	2,794,821	2,794,821
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	96,861,651	-	96,861,651
Forward sale of foreign exchange	-	54,020,901	-	54,020,901
Derivatives sales	-	9,652,393	-	9,652,393
<b>December 31, 2018 (Audited)</b>				
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>	<b>Rupees '000</b>			
<b>Financial assets - measured at fair value</b>				
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
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments	-	15,490,626	-	15,490,626
<b>Financial liability - measured at fair value</b>				
Pakistan Investment Bonds	-	-	-	-
<b>Non - financial assets - measured at fair value</b>				
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
<b>Off-balance sheet financial instruments - measured at fair value</b>				
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)

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## Valuation techniques used in determination of fair values within level 2

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

## Valuation techniques used in determination of fair values within level 3

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

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

## 38 SEGMENT INFORMATION

### 38.1 Segment details with respect to business activities

	Retail	CIBG	Treasury	SAM	Others	Total
<b>Profit and loss for the period ended September 30, 2019 (un-audited)</b>	----- Rupees in '000 -----					
Net mark-up / return / profit	(12,653,696)	21,445,268	6,213,146	199,437	(62,020)	15,142,135
Inter segment revenue - net	22,247,420	(19,727,325)	(5,175,253)	(144,000)	2,799,158	-
Non mark-up / return / interest income	3,069,623	625,269	1,767,816	6,302	(175,132)	5,293,878
Total Income	12,663,347	2,343,212	2,805,709	61,739	2,562,006	20,436,013
Segment direct expenses	8,006,997	358,323	227,368	99,994	3,566,027	12,258,709
Inter segment expense allocation	2,858,608	374,972	78,827	72,290	(3,384,697)	-
Total expenses	10,865,605	733,295	306,195	172,284	181,330	12,258,709
Provisions	346,383	391,828	477,677	(503,695)	15,232	727,425
<b>Profit before tax</b>	<b>1,451,359</b>	<b>1,218,089</b>	<b>2,021,837</b>	<b>393,150</b>	<b>2,365,444</b>	<b>7,449,879</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Retail	CIBG	Treasury	SAM	Others	Total
Rupees in '000						
<b>Statement of financial position</b>						
<b>September 30, 2019 (un-audited)</b>						
Cash and bank balances	19,368,287	-	28,302,132	-	-	47,670,419
Investments	-	21,023,003	173,755,353	3,298,820	158,332	198,235,508
- Investment provision	-	-	(1,389,874)	(2,667,785)	-	(4,057,659)
Net inter segment lending	334,354,524	-	-	-	(334,354,524)	-
Lendings to financial institutions	-	-	7,000,000	-	-	7,000,000
Advances - performing	59,322,804	237,578,050	-	-	3,729,580	300,630,434
Advances - non-performing	5,813,226	4,706,441	-	19,712,789	32,754	30,265,210
- Advances - provisions	(4,334,342)	(972,691)	-	(18,793,137)	238	(24,099,932)
Others	11,117,370	10,992,575	2,735,812	222,554	21,191,911	46,260,222
<b>Total Assets</b>	<b>425,641,869</b>	<b>273,327,378</b>	<b>210,403,423</b>	<b>1,773,241</b>	<b>(309,241,709)</b>	<b>601,904,202</b>
Borrowings	753,326	18,290,072	59,556,160	-	-	78,599,558
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	410,855,888	21,520,609	-	127,302	1,197,448	433,701,247
Net inter segment borrowing	-	229,350,614	142,739,207	1,578,974	(373,668,795)	-
Others	14,032,655	4,166,083	8,362,701	66,965	15,191,127	41,819,531
<b>Total liabilities</b>	<b>425,641,869</b>	<b>273,327,378</b>	<b>210,658,068</b>	<b>1,773,241</b>	<b>(357,280,220)</b>	<b>554,120,336</b>
Equity	-	-	(254,645)	-	48,038,498	47,783,853
Non-controlling interest	-	-	-	-	13	13
<b>Total Equity and liabilities</b>	<b>425,641,869</b>	<b>273,327,378</b>	<b>210,403,423</b>	<b>1,773,241</b>	<b>(309,241,709)</b>	<b>601,904,202</b>
<b>Contingencies and commitments</b>	<b>6,520,549</b>	<b>62,770,451</b>	<b>212,024,799</b>	<b>1,203,347</b>	<b>5,476,755</b>	<b>287,995,901</b>

	Retail	CIBG	Treasury	SAM	Others	Total
Rupees in '000						
<b>Profit and loss for the period ended</b>						
<b>September 30, 2019 (un-audited)</b>						
Net mark-up / return / profit	(4,124,959)	11,097,981	3,820,935	141,256	105,863	11,041,076
Inter segment revenue - net	12,128,828	(10,197,986)	(3,070,522)	(123,325)	1,263,005	-
Non mark-up / return / interest income	2,676,599	727,696	1,633,063	2,087	(130,789)	4,908,656
<b>Total Income</b>	<b>10,680,468</b>	<b>1,627,691</b>	<b>2,383,476</b>	<b>20,018</b>	<b>1,238,079</b>	<b>15,949,732</b>
Segment direct expenses	6,539,464	286,975	191,645	110,547	3,416,361	10,544,992
Inter segment expense allocation	2,639,885	358,537	81,957	70,133	(3,150,512)	-
<b>Total expenses</b>	<b>9,179,349</b>	<b>645,512</b>	<b>273,602</b>	<b>180,680</b>	<b>265,849</b>	<b>10,544,992</b>
Provisions	175,090	14,695	(53,832)	(974,431)	13,696	(824,782)
<b>Profit before tax</b>	<b>1,326,029</b>	<b>967,484</b>	<b>2,163,706</b>	<b>813,769</b>	<b>958,534</b>	<b>6,229,522</b>

	Retail	CIBG	Treasury	SAM	Others	Total
Rupees in '000						
<b>Statement of financial position</b>						
<b>as at December 31, 2018</b>						
Cash and bank balances	19,912,358	-	25,109,230	-	1,274	45,022,862
Investments	-	21,886,526	191,461,086	3,298,820	711,038	217,357,470
- Investment provision	-	(53,648)	(584,443)	(2,903,576)	-	(3,541,667)
Net inter segment lending	329,612,992	-	-	-	(329,612,992)	-
Lendings to financial institutions	-	-	2,997,486	-	-	2,997,486
Advances - performing	61,398,861	229,378,051	-	199,356	2,594,403	293,570,671
Advances - non-performing	5,336,454	1,405,387	-	19,777,837	167,960	26,087,638
- 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	11,662,923	41,656,932
<b>Total Assets</b>	<b>421,750,715</b>	<b>265,215,242</b>	<b>225,202,060</b>	<b>2,357,641</b>	<b>(314,587,714)</b>	<b>599,937,944</b>
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
<b>Total liabilities</b>	<b>421,750,715</b>	<b>265,215,242</b>	<b>225,637,956</b>	<b>2,357,641</b>	<b>(358,498,375)</b>	<b>556,463,179</b>
Equity	-	-	(435,896)	-	43,910,645	43,474,749
Non-controlling interest	-	-	-	-	16	16
<b>Total Equity and liabilities</b>	<b>421,750,715</b>	<b>265,215,242</b>	<b>225,202,060</b>	<b>2,357,641</b>	<b>(314,587,714)</b>	<b>599,937,944</b>
<b>Contingencies and commitments</b>	<b>18,728,388</b>	<b>68,514,605</b>	<b>160,970,005</b>	<b>1,039,706</b>	<b>3,995,720</b>	<b>253,248,424</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

39

## RELATED PARTY TRANSACTIONS

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

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

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

### 39.1 Balances with related parties

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



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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Parent	Directors	Key management personnel	Associates	Other related parties	
	Rupees '000					
Other Liabilities						
Interest / mark-up payable	-	87	146	-	8,817	9,055
Payable to staff retirement fund	-	-	-	-	133,127	177,503
Payable against reimbursement of expenses	-	-	-	-	344	-
Other liabilities	-	-	-	-	-	-
	-	87	146	-	142,288	186,553

	September 30, 2019 (Un-audited)			September 30, 2018 (Un-audited)		
	Parent	Directors	Key management personnel	Associates	Other related parties	
	Rupees '000					
Contingencies and Commitments						
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397	29,397
Trade related commitments	-	-	-	-	234,192	-
	-	-	-	-	263,589	29,397

\* represents outstanding guarantee

**39.1.1** 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.

### 39.2 Transactions with related parties

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

<b>Income</b>						
Mark-up / return / interest earned	-	-	7,528	-	257,142	95,559
Fee and commission income	-	22	75	-	146,155	29,907
Dividend income	-	-	-	-	87,324	203
Net gain on sale of securities	-	-	-	-	9,510	97,679
<b>Expense</b>						
Mark-up / return / interest paid	-	1,469	10,058	-	170,434	112,223
Reimbursement of expenses	-	-	-	-	28	-
Director's Fee	-	68,392	-	-	-	-
-Salaries and other short-term employee benefits	-	-	356,400	-	273,430	-
-Post-employment benefits	-	-	17,612	-	14,676	-
<b>Others</b>						
Shares / units purchased during the period	-	-	-	-	-	1,378,897
Shares / units sold during the period	-	-	-	-	-	1,440,262
Government securities purchased during the period	-	-	420,707	-	618,197	-
Government securities sold during the period	-	-	461,466	-	613,217	2,794,829

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Un-audited September 30, 2019	Audited December 31, 2018
	Rupees '000	
<b>40 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>15,176,965</u>	<u>15,176,965</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>41,125,594</u>	<u>36,482,780</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>41,125,594</u>	<u>36,482,780</u>
Eligible Tier 2 Capital	<u>4,860,585</u>	<u>4,970,159</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>45,986,179</u>	<u>41,452,939</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>196,886,508</u>	<u>197,048,682</u>
Market Risk	<u>16,567,090</u>	<u>14,879,119</u>
Operational Risk	<u>36,111,399</u>	<u>35,994,871</u>
Total	<u>249,564,997</u>	<u>247,922,672</u>
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	<u>16.48%</u>	<u>14.72%</u>
<b>Tier 1 Capital Adequacy Ratio</b>	<u>16.48%</u>	<u>14.72%</u>
<b>Total Capital Adequacy Ratio</b>	<u>18.43%</u>	<u>16.72%</u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>41,125,594</u>	<u>36,482,780</u>
Total Exposures	<u>728,658,151</u>	<u>752,762,576</u>
Leverage Ratio	<u>5.64%</u>	<u>4.85%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>162,039,151</u>	<u>176,430,499</u>
Total Net Cash Outflow	<u>122,738,509</u>	<u>136,979,152</u>
Liquidity Coverage Ratio	<u>1.320</u>	<u>1.288</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>374,829,829</u>	<u>359,777,496</u>
Total Required Stable Funding	<u>285,717,595</u>	<u>275,381,669</u>
Net Stable Funding Ratio	<u>131.19%</u>	<u>130.65%</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

## 41 ISLAMIC BANKING BUSINESS

The Holding Company is operating 312 Islamic banking branches (December 31, 2018: 254) and 1 Islamic sub-branch (December 31, 2018: 1).

<b>Statement of financial position</b>		<b>Un-audited September 30, 2019</b>	<b>Audited December 31, 2018</b>
		<b>Rupees '000</b>	
<b>ASSETS</b>			
Cash and balances with treasury banks		10,630,478	7,941,153
Balances with other banks		547,924	105,205
Investments	41.1	32,013,407	27,620,400
Islamic financing and related assets - net	41.2	103,537,483	78,659,697
Fixed assets		7,301,831	1,954,626
Intangible assets		36,458	38,263
Other assets		5,403,624	2,264,354
		<b>159,471,205</b>	<b>118,583,698</b>
<b>LIABILITIES</b>			
Bills payable		1,804,883	5,666,023
Due to financial institutions		15,138,679	11,157,833
Deposits and other accounts	41.3	92,474,513	69,489,203
Due to head office		31,734,266	24,134,341
Other liabilities		6,471,683	1,102,813
		<b>147,624,024</b>	<b>111,550,213</b>
<b>NET ASSETS</b>		<b>11,847,181</b>	<b>7,033,485</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		9,180,000	4,680,000
Surplus on revaluation of assets - net of tax		76,633	121,608
Unappropriated profit	41.7	2,590,548	2,231,877
		<b>11,847,181</b>	<b>7,033,485</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	41.4	<b>Un-audited</b>	
		<b>September 30, 2019</b>	<b>September 30, 2018</b>
		<b>Rupees '000</b>	
<b>Profit and loss account</b>			
Profit / return earned	41.5	10,858,894	4,860,640
Profit / return expensed	41.6	7,435,555	2,459,109
<b>Net profit / return</b>		<b>3,423,339</b>	<b>2,401,531</b>
<b>Other income</b>			
Fee and commission income		424,944	273,992
Foreign exchange income		71,904	62,223
Other income		3,721	5,825
Total other income		500,569	342,040
<b>Total income</b>		<b>3,923,908</b>	<b>2,743,571</b>
<b>Other expenses</b>			
Operating expenses		3,161,040	2,315,677
Other charges		5	897
Total other expenses		3,161,045	2,316,574
Profit before provisions		762,863	426,997
Provisions and write offs - net		174,877	33,991
<b>Profit before taxation</b>		<b>587,986</b>	<b>393,006</b>
Taxation		229,315	137,552
<b>Profit after taxation</b>		<b>358,671</b>	<b>255,454</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

## 41.1 Investments by segments:

	Un-audited September 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
<b>Rupees '000</b>								
<b>Federal Government Securities:</b>								
- Ijarah Sukuks	6,000,000	-	(175,200)	5,824,800	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	7,597,048	-	(175,200)	7,421,848	7,597,048	-	(107,400)	7,489,648
<b>Non Government Debt Securities:</b>								
- Unlisted	24,591,571	-	(12)	24,591,559	20,129,372	-	1,380	20,130,752
<b>Total Investments</b>	<b>32,188,619</b>	<b>-</b>	<b>(175,212)</b>	<b>32,013,407</b>	<b>27,726,420</b>	<b>-</b>	<b>(106,020)</b>	<b>27,620,400</b>

## 41.2 Islamic financing and related assets - net

	Un-audited September 30, 2019	Audited December 31, 2018
<b>Rupees '000</b>		
Murabaha	3,073,600	1,576,557
Musharaka	7,164	8,042
Diminishing Musharaka	66,282,457	56,773,632
Istisna	1,677,043	28,771
Running Musharaka	10,214,678	7,342,446
Fixed assets Ijarah financing - net	95,648	66,953
Musharaka - Islamic export refinance scheme	6,683,560	3,607,833
Advance against Murabaha financing	77,586	70,976
Advanced against Diminishing Musharaka	9,249,139	5,446,140
Advance against Ijarah	2,624,766	2,898,135
Advance against Istisna	2,828,197	1,092,956
Advance against Islamic long term financing facility	1,047,654	56,388
Inventory related to Islamic financing	160,000	-
<b>Gross Islamic financing and related assets</b>	<b>104,021,492</b>	<b>78,968,829</b>
Less: provision against Islamic financings		
- Specific	(363,146)	(219,120)
- General	(120,863)	(90,012)
	(484,009)	(309,132)
<b>Islamic financing and related assets - net of provision</b>	<b>103,537,483</b>	<b>78,659,697</b>

## 41.3 Deposits

	Un-audited September 30, 2019			Audited December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
<b>Rupees '000</b>						
<b>Customers</b>						
Current deposits	37,723,822	2,409,431	40,133,253	35,538,506	1,588,367	37,126,873
Savings deposits	20,987,818	774,120	21,761,938	11,065,460	688,077	11,753,537
Term deposits	14,759,063	358,200	15,117,263	13,726,680	292,710	14,019,390
	73,470,703	3,541,751	77,012,454	60,330,646	2,569,154	62,899,800
<b>Financial Institutions</b>						
Current deposits	693,916	7,481	701,397	31,960	-	31,960
Savings deposits	12,013,262	-	12,013,262	6,051,443	-	6,051,443
Term deposits	2,747,400	-	2,747,400	506,000	-	506,000
	15,454,578	7,481	15,462,059	6,589,403	-	6,589,403
	88,925,281	3,549,232	92,474,513	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 NINE MONTHS ENDED SEPTEMBER 30, 2019

	Un-audited September 30, 2019	Audited December 31, 2018
	Rupees '000	
<b>41.4 Contingencies and commitments</b>		
- Guarantees	1,122,924	313,552
- Commitments	14,192,218	9,390,440
	<u>15,315,142</u>	<u>9,703,992</u>
	Un-audited	
	September 30, 2019	September 30, 2018
	Rupees '000	
<b>41.5 Profit / return earned of financing, investments and placement</b>		
<b>Profit earned on:</b>		
Financing	8,265,747	3,454,393
Investments	2,593,147	1,406,247
	<u>10,858,894</u>	<u>4,860,640</u>
<b>41.6 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	3,066,418	1,536,692
Other short term borrowings	3,958,635	922,417
Leased liability against right-of use asset	410,502	-
	<u>7,435,555</u>	<u>2,459,109</u>
	Un-audited	Audited
	September 30, 2019	December 31, 2018
	Rupees '000	
<b>41.7 Islamic banking business unappropriated profit</b>		
Opening balance	2,231,877	1,742,262
Add: Islamic Banking profit for the period / year	358,671	489,615
Closing balance	<u>2,590,548</u>	<u>2,231,877</u>

## 42 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:

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Particulars	Before reclassification - for the nine months ended September 2018	Reclassification	After reclassification - for the nine months ended September 30, 2018
	Rupees '000		
<b>Profit and loss account</b>			
Fee and commission income	2,547,332	228,568	2,775,900
Income from derivatives	-	67,909	67,909
Other income	398,693	(67,909)	330,784
Operating expenses	10,130,826	228,568	10,359,394
Gain on securities	202,914	(34,787)	168,127
Unrealised loss on revaluation of investments classified as held for trading - net	(34,787)	34,787	-
Workers' Welfare Fund	-	142,701	142,701
Other charges	185,598	(142,701)	42,897
Reversal of provision against non-performing loans and advances - net	(795,282)	795,282	-
Provision for consumer and small enterprise loans - general - net	83,769	(83,769)	-
Provision against off balance sheet obligations	6,896	(6,896)	-
Provision for diminution in value of investments - net	(49,623)	49,623	-
Recoveries against written-off debts - net	(69,996)	69,996	-
Provision / (reversal of provision) and recoveries against loans - general - net	-	(824,782)	(824,782)

## 43 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on October 24, 2019 by the Board of Directors of the Holding Company.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

## ڈائریکٹرز کا جائزہ

منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 24 اکتوبر، 2019 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: 24 اکتوبر، 2019

# ڈائریکٹرز کا جائزہ

## کریڈٹ ریٹنگ:

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے 31 دسمبر، 2019 کے مالیاتی گوشواروں کی بنیاد پر درج ذیل درجہ بندی جاری کی ہے:

طویل المیعاد: AA

قلیل المیعاد: A1+

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

وی آئی ایس کریڈٹ ریٹنگ کمپنی نے ایف اے ایم ایل کی ایسیڈٹ مینجمنٹ ریٹنگ مثبت اندازے کے ساتھ AM+3 تفویض کی ہے۔

## بعد ازاں واقعات:

حصص یافتگان کے لیے 500 ملین روپے کے اضافی کیپٹل کی سرمایہ کاری کی موجودہ پیشکش کے باعث ایف اے ایم ایل کی ایکویٹی میں اضافہ ہو گیا ہے، اس کے علاوہ فیصل بینک لمیٹڈ گروپ 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 اور قابل احترام کسٹمرز کا شکریہ ادا کرنا چاہتے ہیں کہ انھوں 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 شکرگزار ہیں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لیے پوری لگن اور ترقی سے کام کرنے پر ہم شریعہ بورڈ اور بینک ملازمین کے بھی بے حد مشکور ہیں۔

# ڈائریکٹرز کا جائزہ

مالیاتی جھلکیاں:

نفع و نقصان اکاؤنٹ

(PKR in million)

Growth	Sep 2018	Sep 2019
28.1%	15,949	20,435
16.4%	10,359	12,063
49.8%	5,590	8,372
-244.4%	639	(923)
19.6%	6,229	7,449
15.1%	2,648	3,047
22.9%	3,581	4,402

مجموعی آمدنی

انتظامی اخراجات

منافع قبل از محصول اور پروویژن

نیٹ پروویژن بشمول WWF

منافع قبل از محصول

محصولات

منافع بعد از محصول

گروپ کا بعد از محصول منافع گزشتہ سال اسی عرصے کے دوران 3.6 ارب روپے کے مقابلے میں 30 ستمبر 2019 کو ختم شدہ نو ماہ میں 22.9 فیصد اضافے کے ساتھ 4.4 ارب روپے تک جا پہنچا ہے۔ یہ منافع آمدنی میں 28.1 فیصد اضافے اور انتظامی اخراجات پر قابو پانے سے بڑھا ہے۔

بینک کی خالص مارک اپ آمدنی 37.0 فیصد اضافے کے ساتھ 4.1 ارب روپے ہو گئی ہے، جس کی بڑی وجہ ایڈوانسز پورٹ فولیو اور پالیسی ریٹ میں اضافہ ہے۔ نان مارک اپ آمدنی میں بھی فارن ایکسچینج بڑھنے سے اضافہ ہوا ہے، تاہم ایکویٹی مارکیٹ میں خساروں کی وجہ جزوی کمی آئی ہے۔

نان پرفارمنگ لونز اور ایکویٹی پورٹ فولیو کے لیے پروویژن میں اسی عرصے کے دوران 727 ملین روپے استعمال ہوئے۔ اس کے علاوہ 2017 کے سپرنٹیکس کی مد میں 259 ملین روپے کے محصولات بھی شامل ہیں۔

مذکورہ بالا حقائق کے نتیجے میں، بعد از محصول منافع 820.9 ملین روپے سے بڑھ گیا اور فی حصص منافع (ای پی ایس) 2019 کے نو ماہ میں 2.36 روپے سے بڑھ کر رواں سال 2.90 روپے ہو گیا۔

## ڈائریکٹرز کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں 30 ستمبر 2019 کو ختم ہونے والے نو ماہ کی رپورٹ (کنسولیڈیٹڈ مالیاتی گوشواروں کے ساتھ) پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### کمپنی پروفائل

فیصل بینک لمیٹڈ کارپوریٹ، ریٹیل، کمرشل، ایس ایم ای اور زرعی شعبے سے وابستہ اپنے صارفین کو بینکاری کی خدمات فراہم کرنے میں مصروف عمل ہے اور ایک مکمل اسلامی مالیاتی ادارے میں تبدیل ہونے کی راہ پر گامزن ہے جبکہ فیصل ایسیٹ مینجمنٹ لمیٹڈ (ایف اے ایم ایل) ایک نان۔ بینکنگ فنانس کمپنی (این بی ایف سی) ہے، جس کے پاس ایسیٹ مینجمنٹ اور سرمایہ کاری کے لیے ایڈوائزری سروسز فراہم کرنے کا لائسنس ہے۔

اتمار بینک بی۔ ایس سی (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا لائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینک کے 66.78 فیصد (2018 میں 66.78 فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک بی۔ ایس سی (کلوزڈ)، اتمار ہولڈنگ بی۔ ایس سی کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے۔ ڈی ایم آئی ٹی 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۔

### مستقبل پر نظر:

اسلامی بینک میں مرحلہ وار منتقلی کے فیصلے پر عمل کرتے ہوئے 2019 میں 100 نئی اسلامی شاخیں کھولنے کا عمل جاری ہے۔ اپنے نیٹ ورک کی تبدیلی کے لیے بینک دو طرفہ حکمت عملی پر گامزن ہے جس کے مطابق روایتی شاخیں تیزی کے ساتھ اسلامی شاخوں میں تبدیل ہو رہی ہیں۔ اس کے علاوہ منتخب روایتی شاخوں میں اسلامی بینکنگ ونڈوز (آئی بی ڈبلیوز) بھی کھولی جا رہی ہیں۔

ایف اے ایم ایل کے حصول سے فیصل بینک لمیٹڈ کی پروڈکٹ کی بطور فنڈ مینجمنٹ پیشکشوں میں اضافہ ہوا ہے اور ایڈوائزری سروسز اب ایف اے ایم ایل کے پلیٹ فارم پر بھی دستیاب ہیں۔ ایف اے ایم ایل نے پہلے ہی فیصل بینک لمیٹڈ کی شراکت سے فیصل شریعہ کیپٹل پوزیشن پلان اور II متعارف کرا دیا ہے اور اس طرح 2.2 ارب روپے سے زائد فنڈز حاصل ہو چکے ہیں۔ بینک اپنی اس ذیلی کمپنی کی صلاحیت کا مکمل ادراک کرتے ہوئے ایف اے ایم ایل کو مزید 500 ملین روپے کی کیپٹل سپورٹ فراہم کرنا چاہتا ہے۔ کیپٹل سپورٹ سے کمپنی کو اپنا کاروبار بڑھانے میں مدد ملے گی۔

## ڈائریکٹرز کا جائزہ

منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 24 اکتوبر، 2019 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: 24 اکتوبر، 2019

## ڈائریکٹرز کا جائزہ

نان پرفارمنگ لونز اور ایکوٹی پورٹ فولیو کے لیے پروویژنز میں اسی عرصے کے دوران 728 ملین روپے استعمال ہوئے۔ اس کے علاوہ 2017 کے سپرنٹنڈنٹ کی مدد میں 259 ملین روپے کے محصولات بھی شامل ہیں۔

مذکورہ بالا حقائق کے نتیجے میں، بعد از محصل منافع 839.8 ملین روپے تک بڑھ گیا اور فی حصص منافع (ای پی ایس) 2018 کے نو ماہ میں 2.36 روپے سے بڑھ کر رواں سال 2.92 روپے ہو گیا۔

### کریڈٹ ریٹنگ:

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے 31 دسمبر، 2018 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 از اوقات:

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 اور قابل احترام کسٹمرز 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 شکور گزار ہیں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لیے پوری لگن اور تن دہی سے کام کرنے پر ہم شریعہ بورڈ اور بینک ملازمین کے بھی بے حد مشکور ہیں۔



## ڈائریکٹرز کا جائزہ

تبدیل ہو رہی ہیں۔ اس کے علاوہ منتخب روایتی شاخوں میں اسلامی بینکنگ ونڈوز (آئی بی ڈبلیوز) بھی کھولی جا رہی ہیں۔ یہ ونڈوز بینک کے موجودہ روایتی بینکاری کے کسٹمرز کو اسلامی بینکاری کی جانب متوجہ کرانے کے ساتھ اسلامی بینکاری سے متعلق آگاہی پھیلانے کا کام بھی کریں گی اور نیا اسلامی کاروبار بڑھانے کا موقع بھی فراہم کریں گی۔

بینک اپنی ترقی کی رفتار کو جاری رکھتے ہوئے قرضہ جات کے کھاتے کو وسیع کرے گا، جس میں بنیادی طور پر اسلامک فنانسنگ پر توجہ دی جا رہی ہے۔ کمرشل اور کارپوریٹ بزنس کے شعبہ جات نئے تعلقات استوار کرنے میں ترقی کو جاری رکھیں گے جبکہ ایس ایم ای اور کنزیومر شعبہ جات بھی نئی منزلیں عبور کریں گے۔

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

## مالیاتی جھلکیاں:

(PKR in million)

Growth	Sep 2018	Sep 2019	نفع و نقصان اکاؤنٹ
27.5%	15,959	20,345	مجموعی آمدنی
15.3%	10,359	11,946	انتظامی اخراجات
50.0%	5,600	8,399	منافع قبل از محصول اور پروویژن
-244.6%	639	(924)	میٹ پروویژن بشمول WWF
19.8%	6,239	7,475	منافع قبل از محصول
15.0%	2,651	3,048	محصولات
23.4%	3,588	4,427	منافع بعد از محصول

بینک کا بعد از محصول منافع گزشتہ سال اسی عرصے کے دوران 3.6 ارب روپے کے مقابلے میں 30 ستمبر 2019 کو ختم شدہ نو ماہ میں 4.4 ارب روپے تک جا پہنچا ہے۔ یہ منافع آمدنی میں 27.5 فیصد اضافے اور انتظامی اخراجات پر قابو پانے سے بڑھا ہے۔

بینک کی خالص مارک اپ آمدنی 37.0 فیصد اضافے کے ساتھ 4.1 ارب روپے ہو گئی ہے، جس کی بڑی وجہ ایڈوانسز پورٹ فولیو اور پالیسی ریٹ میں اضافہ ہے۔ نان مارک اپ آمدنی میں بھی فارن ایکسچینج بڑھنے سے اضافہ ہوا ہے، تاہم ایکویٹی مارکیٹ میں خساروں کی وجہ جزوی کی آئی ہے۔

## ڈائریکٹر کا جائزہ

- بینک نے فیصل ایسیٹ مینجمنٹ لمیٹڈ کے اشتراک سے متعارف کرائے گئے سرمایہ کاری فنڈز میں خاطر خواہ رقوم حاصل کر لی ہیں۔ فیصل کیپٹل پرزرویشن پلان II میں 1.1 ارب روپے سے زائد سرمایہ کاری ہوئی ہے جس میں شرعی قوانین کے تحت سرمایہ کاری کی جاتی ہے اور یہ پلان کسٹمرز کی درمیانی مدت کی ضروریات پوری کرنے میں مددگار ہے۔

### ہیومن ڈیولپمنٹ

بینک کی ترقی کے اگلے مراحل کے لیے مددگار ایچ آر کی حکمت عملی کے اہم فیصلوں پر ہیومن ڈیولپمنٹ کے لیے مختلف اقدامات پر عمل جاری ہے:

- کارکردگی کو بہتر بنانا
- قابل اور ذہین افراد کی تقرری اور بحالی
- قائدانہ صلاحیت کو مستحکم بنانا
- اپنے کام میں مستقل بنیادوں پر بہتری لانا

ایچ آر کے اقدامات میں ایک ملازم کی پوری زندگی کا احاطہ کیا جاتا ہے جس میں فیصل بینک میں کام کے ماحول کو بہترین ملازمین کے لیے پرکشش بنانا، درست ملازم کی جانچ پڑتال کے لیے ٹیکنالوجی کا استعمال، ذہین اور قابل افراد کے لیے سوشل میڈیا پر حکمت عملی، تمام نئے ملازمین کو غلطیوں سے پاک تربیت کی فراہمی اور پہلے دن سے انہیں کارآمد بنانا شامل ہیں۔

ادارے میں ایک ملازم کی ترقی، بہترین افراد کی نشاندہی جیسے پروگرام، پیداواری صلاحیت بڑھانے کے لیے کارکردگی کی بنیاد پر اعزازات، مستقبل میں ادارے کی ترقی کے لیے جو نیزے سے لے کر سینئر ترین مینجرز کے لیے تربیتی مراحل پر سربراہان اور انتظامیہ کی جانب سے عملدرآمد کو بھی یقینی بنایا گیا ہے۔

ایچ آر نے حال ہی میں ملازمین کی بھلائی کے لیے ”We Care“ کے نام سے ایک پروگرام متعارف کرایا ہے جس میں اعزازات و انعامات اور ملازمین کے عمل دخل اور پیداواری صلاحیت کو بڑھانے کے لیے مختلف نئی سہولیات بھی فراہم کی گئی ہیں۔

### مستقبل پر نظر:

اسلامی بینک میں مرحلہ وار منتقلی کے فیصلے پر عمل کرتے ہوئے 2019 میں 100 نئی اسلامی شاخیں کھولنے کا عمل جاری ہے۔ اپنے نیٹ ورک کی تبدیلی کے لیے بینک دو طرفہ حکمت عملی پر گامزن ہے جس کے مطابق روایتی شاخیں تیزی کے ساتھ اسلامی شاخوں میں

# ڈائریکٹرز کا جائزہ

## ڈیجیٹل بینکنگ کے لیے اقدامات

فیصل بینک پورے ادارے کو ڈیجیٹل بنانے اور اسٹیک ہولڈرز کی بھی ڈیجیٹل انداز میں ذہن سازی کے لیے منوثر طور پر سرگرم عمل ہے۔ دنیا بھر سمیت پاکستان میں ڈیجیٹل روایات کے پیش نظر بینک کی کسٹمر، تبدیلی اور جدت پذیری پر زیادہ توجہ مرکوز ہے۔ فیصل بینک حال ہی میں رپل نیٹ (Ripple Net) کے ساتھ شراکت کرنے والا پاکستان میں پہلا بینک ہے جس کا مقصد سہولیات کی تیز ترین فراہمی، بیرون ملک سے آنے والی رقم کی محفوظ اور آسان ٹرانزیکشن ہے۔ ڈیجیٹل بینکنگ انتہائی تیزی کے ساتھ مختلف اداروں کو ہدف بن رہی ہے تاکہ ان کے ساتھ شراکت داری کی جاسکے اور اس بات پر نظر ثانی کی جا رہی ہے کہ کاروباری مہارتوں کو مزید سستا اور صارفین کے لیے آسان بنایا جائے۔

## ریٹیل بینکنگ کے لیے اقدامات

ریٹیل بینکنگ گروپ کے لیے حکمت عملی میں مجموعی طور پر تمام متعلقہ عوامل میں یکسانیت پیدا کرنے اور کاروباری حکمت عملی کے مطابق اعزازی پروڈکٹ کے فوائد حاصل کرنے پر خصوصی توجہ دی جا رہی ہے۔

رواں سہ ماہی میں، آپ کے بینک نے متعدد نئی پروڈکٹس متعارف کرائی ہیں اور سیلز بڑھانے کے لیے اقدامات پر عملدرآمد کو یقینی بنایا ہے۔ ان میں درج ذیل بھی شامل ہیں:

- فیصل اسلامک رحمت اکاؤنٹ - ٹرانزیکشنز سے متعلق بے مثال رعایتوں کے علاوہ؛ اس اکاؤنٹ کے ذریعے خیراتی مقاصد کے لیے بھی بہترین مواقع فراہم کیے جاتے ہیں۔
- ہماری سیلز کے طریقہ کار کو بہتر بنانے اور ترقی دلانے کے لیے سیلز منیجمنٹ پروسیس ”ایس ایم پی“ کا نیا طریقہ متعارف کرایا گیا ہے۔ ہماری ٹیم ایس ایم پی کو خود کار بنانے کی کوششیں کر رہی ہے تاکہ اسٹاف کا کسٹمر کے ساتھ خاص تعلق بن جائے اور وہ ان کی ضروریات کے عین مطابق مالیاتی مسائل کا حل فراہم کر سکے۔
- شاخ کی بنیاد پر ایس ایم ای بزنس ماڈل سے اضافی ڈپازٹس کی شکل میں مثبت نتائج آنا شروع ہو گئے ہیں۔ ماڈل کی وجہ سے شاخوں کے ذریعے ہمارے ایس ایم ای کسٹمرز کو ان کی کاروباری ضروریات کے مطابق معیاری سروسز فراہم کی جا رہی ہیں۔
- کنزیومرفنانس پورٹ فولیو میں اضافے کے لیے رواں عرصے کے دوران مختلف مہمات اور کسٹمر پرمکوز اقدامات اٹھائے گئے۔ ان اقدامات کے نتیجے میں بینک نے مذکورہ شعبوں اور پروڈکٹس کے اعتبار سے مقرر کردہ اہداف حاصل کر لیے۔

# ڈائریکٹرز کا جائزہ

## کاروباری اپ ڈیٹ

### پروجیکٹ فنانسنگ اور سنڈیکیٹیشن

30 ستمبر، 2019 کو تیسری سہ ماہی کے اختتام پر کچھ اہم کامیابیوں کی جھلکیاں درج ذیل ہیں:

- فیصل بینک لمیٹڈ نے انڈیپنڈنٹ پاور پروڈیوسر (آئی پی پی) کے تحت 330MW کول فائرڈ پاور پروجیکٹ کی تعمیر اور قیام کے لیے 19.56 ارب روپے کی سنڈیکیٹڈ طویل مدتی پروجیکٹ فنانسنگ کے انتظام کے لیے لیڈ اربنجر کے طور پر حصہ لیا۔
- فیصل بینک لمیٹڈ نے ملک کی سب سے بڑی الیکٹرک ڈسٹری بیوشن کمپنی کے لیے 8 ارب روپے پر مبنی شریعہ کمپلائنسٹ کمرشل پیپیر اییشو کو کامیابی کے ساتھ کلوز کرنے میں مینڈیٹ لیڈ اربنجر کے طور پر حصہ لیا۔

### بزنس ٹرانسفارمیشن پلان

بینک نے حال ہی میں پانچ سالہ حکمت عملی کو حتمی شکل دی ہے جس میں بینک کو اسلامی بینک میں تبدیل کرنے کے علاوہ ایسا ادارہ بنانا شامل ہے جس کو اسلامی بینکاری کی سروسز فراہم کرنے کے لیے ترجیح دی جائے۔ رواں سہ ماہی کے دوران بینک نے 32 نئی اسلامی شامیں کھولی ہیں اور 25 روایتی شاخوں کو اسلامی شاخوں میں تبدیل کیا ہے۔ اب بینک کا نیٹ ورک 64 فیصد اسلامی شاخوں پر مشتمل ہے۔ سال 2019 کے دوران اسلامک ڈپازٹس میں 33 فیصد اور اسلامک فنانسنگ میں 31 فیصد اضافے کے ساتھ؛ جدید اور کسٹمر پر توجہ کی حامل اسلامک پروڈکٹس اور مستحکم شرعی کمپلائنسٹ ماحول کے تعاون سے بینک کا بزنس ٹرانسفارمیشن پلان اپنی ترقی کی راہ پر گامزن ہے۔ اسلامی بینکاری کی ترویج کے لیے بینک معاشرے کی آگاہی/ارسانی کے پروگرامز منعقد کرنے کے لیے سرگرم عمل رہتا ہے۔

### فیصل ایسیٹ مینجمنٹ لمیٹڈ میں سرمایہ کاری

آپ کے بینک نے گزشتہ سال فیصل ایسیٹ مینجمنٹ لمیٹڈ (ایف اے ایم ایل) میں 99.99 فیصد انٹریسٹ حاصل کر لیا تھا اور ریگولیٹری ضروریات کے پیش نظر ایف اے ایم ایل میں پہلے ہی 280 ملین روپے شیئر کیپٹل کی سرمایہ کاری کر دی ہے۔ بینک اپنے اس ذیلی ادارے کی صلاحیتوں کا مکمل ادراک کرتے ہوئے ایف اے ایم ایل کے ساتھ تعاون کے طور پر مزید 500 ملین روپے کا کیپٹل فراہم کرنے کا منصوبہ بنا رہا ہے۔ کیپٹل کی فراہمی سے کمپنی کو اپنا کاروبار بڑھانے میں مدد ملے گی۔

## ڈائریکٹرز کا جائزہ

مالی سال 2020 میں افراط زر میں توقعات کے مطابق اضافہ رہا اور حالیہ اقتصادی سرگرمیوں کے اشاروں کے مطابق مہنگائی میں آہستہ آہستہ کمی کی توقعات ہیں۔

اگست 2019 میں کنزیومر پرائس انڈیکس (سی پی آئی) حاصل کرنے کے طریقہ کار میں تبدیلیوں کو متعارف کرانے سے مالی سال 2020 کی پہلی سہ ماہی کے دوران افراط زر میں توقعات سے کم اضافہ ہوا۔ البتہ، نئے اور پرانے طریقے سے دونوں سی پی آئی کے درمیان ایک جیسی بہتری دیکھی گئی۔ نیا طریقہ استعمال کرنے سے مالی سال 2020 کی بقیہ ششماہی کے دوران افراط زر میں اضافے کا رجحان مزید واضح ہو گیا ہے۔ ان محرکات کا ضروری اشیاء کی قیمتوں پر بہت بڑا اثر ہوا ہے جو کہ روپے کی قدر میں کمی سے شروع ہوا تھا اور کھانے پینے کی قیمتوں میں بھی اضافے کا سبب بنا۔ یہی وجہ ہے کہ ستمبر میں منعقدہ مانیٹری پالیسی کمیٹی کے حالیہ اجلاس میں مالی سال 2020 کے لیے افراط زر میں 11 سے 12 فیصد اضافے کی توقع ظاہر کی گئی ہے۔

میکرو اکنامک استحکام حاصل کرنے کے لیے مالی سال 2020 میں مالیاتی خسارے کو بجٹ کی سطح پر کم کرنا بہت بڑی کامیابی ہوگی۔ مالی سال 2019 میں جی ڈی پی کے 3.5 فیصد مالیاتی خسارے کے بعد حکومت پاکستان مالی سال 2020 میں ابتدائی خسارے کو جی ڈی پی کے 0.6 فیصد تک محدود کرنا چاہتی ہے۔ پہلی سہ ماہی کے دوران ٹیکس کٹیشن میں بہتری کے باوجود، ابتدائی خسارے کو کم کرنے کے لیے ستمبر کی آخر تک مقررہ ہدف 102 ارب روپے حاصل کرنا اب بھی انتہائی مشکل ہے۔

بیرونی محاذ پر حوصلہ افزاء کارکردگی دیکھنے میں آئی ہے، برآمدات میں اضافے اور درآمدات کم ہونے کی وجہ سے پہلے دو مہینوں کے دوران کرنٹ اکاؤنٹ خسارے میں 55 فیصد کمی ہوئی۔ گزشتہ سال اسی عرصے میں 2,850 ملین امریکی ڈالر کے مقابلے میں مالی سال 2020 کے دوران جولائی اور اگست میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) کم ہو کر 1,292 ملین امریکی ڈالر کی چلی سطح پر آ گیا۔ کرنٹ اکاؤنٹ خسارے میں کمی کے ساتھ آمدنی کے مطابق ادائیگیوں کے پروگرام پر عمل اور سعودی عرب کی جانب سے تیل کی مددیں جاری سہولت کی بدولت بینک دولت پاکستان کو غیر ملکی زرمبادلہ بڑھانے میں مدد ملی جو کہ 27 ستمبر کو 7.7 ارب امریکی ڈالر تک پہنچ گئے ہیں۔

بینک دولت پاکستان کے مطابق مالی سال 2020 میں جی ڈی پی میں 3.5 فیصد اضافے کا امکان ہے۔ آٹوموبائل، سیمنٹ اور اسٹیل صنعتیں مجموعی طور پر طلب میں کمی کے باعث زیادہ مشکلات کا شکار ہیں۔ البتہ برآمدات کے حجم میں مستقل طور پر اضافہ ہوا ہے، انٹرنیشنل یونٹ پرائسز کم ہونے کی وجہ سے ڈالر میں برآمدات بڑھنے کی رفتار کم رہی۔ مینوفیکچرنگ کے علاوہ، مالی سال 2020 کے دوران زراعت شعبے میں بھی بہتری کے واضح امکانات موجود ہیں، جبکہ سروسز سیکٹر آہستہ آہستہ آگے بڑھنے کی امید ہے۔

## ڈائریکٹرز کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں 30 ستمبر 2019، کو ختم ہونے والے نو ماہ کی رپورٹ (ان کنسولیڈیٹڈ مالیاتی گوشواروں کے ساتھ) پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### کمپنی پروفائل

فیصل بینک لمیٹڈ (ایف بی ایل) کا قیام پاکستان میں 3 اکتوبر 1994 کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ بینک کے شیئرز کا اندراج پاکستان اسٹاک ایکسچینج میں ہے اور فیصل بینک لمیٹڈ کی ملک بھر کے 160 سے زائد شہروں میں 487 شاخیں ہیں۔ ان میں سے 312 اسلامی شاخیں ہیں اور 01 ذیلی شاخ ہے۔

فیصل بینک لمیٹڈ کا رپورٹ، کریڈٹ، ایس ایم ای 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۔ شاخوں 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 بی۔ ایس۔ سی (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا لائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلا واسطہ طور پر بینک کے 66.78 فیصد (2018 میں 66.78 فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک بی۔ ایس۔ سی (کلوزڈ)، اتمار ہولڈنگ بی۔ ایس۔ سی کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے۔ ڈی ایم آئی ٹی 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 جاسکیں۔

### اقتصادی اپ ڈیٹ:

مالی سال 2020 (جولائی-ستمبر 2019) پہلی سہ ماہی تھی جس میں پاکستانی معیشت آئی ایم ایف کے تازہ ترین پروگرام کے تحت رہی۔ اس دوران متعدد معاشی اصلاحات کی گئی ہیں۔ مارکیٹ - میڈ ایکسچینج ریٹ سسٹم متعارف کرانے کے بعد فارن ایکسچینج مارکیٹ میں بہتری آنا شروع ہو گئی ہے، اس طرح ادائیگیوں کی صورتحال میں توازن بڑھنے کی وجہ سے امریکی ڈالر کے مقابلے میں پاکستانی روپے کا 4.6 فیصد تک حقیقی استحکام حاصل ہوا۔ ایف بی آر نے ٹیکس ریونیو میں بہتری ظاہر کی ہے اور ایکسٹرنل سیکٹر میں خاطر خواہ بہتری نظر آنے سے کرنٹ اکاؤنٹ خسارے میں کمی ریکارڈ کی گئی ہے اور غیر ملکی زرمبادلہ کے ذخائر میں اضافے کا آغاز ہو چکا ہے۔ بہر حال،

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