

You alone do we worship, and
from You alone do we seek help.

إِلَّا إِلَهِكَ نَعْبُدُ وَإِلَيْكَ نَسْتَعِينُ



Best Emerging Bank

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Chairman's Message

Dear Shareholders,



On behalf of the Board of Directors, it is my privilege to present the Annual Report of Faysal Bank Limited for the year ended December 31, 2020.

The year was disrupted by COVID-19 pandemic becoming a human, health, and economic crisis deeply affecting the lives of many people around the world, including members of the FBL family, their relatives and friends. My heartfelt condolences go out to all those who have lost loved ones during this difficult time.

Despite the challenges, the Bank remained steadfast and committed to its strategy of converting to a full-fledged Islamic Bank. During the year the Bank converted 65 branches from conventional to Islamic and opened 21 new Islamic Banking Branches and now has a network of 576 branches across the country, 500 of which are offering Shariah compliant banking services making FBL one of the fastest growing Islamic bank to reach this landmark. The Bank's endeavor to be the leading Islamic bank in Pakistan was recognized by Global Islamic Finance Awards with Best Emerging Islamic Bank 2020 and Pakistan Banking Awards with the Best Emerging Bank 2020.

The Bank is focused on providing state of the art services to its customers. To this end the Bank is investing significantly in new technologies to provide best in class digital experience.

In terms of the financial performance, FBL countered the challenging circumstances with a three-pronged strategy covering; spread protection through proactive portfolio management, reduction in cost of deposits on the back of improvement in deposit mix and cost rationalization initiatives; focusing on new revenue and innovative value propositions for sustainable non-funded income. The strategy adopted helped the Bank in achieving targeted growth in revenue and profitability.

We, at Faysal Bank believe that our employees are our greatest strength. In 2020, the Bank continued to invest in their training and development as we firmly believe in developing capabilities from within the organization. Islamic Banking courses were conducted through in-house and external trainers to institutionalize and reinforce our commitment towards the transformation and provide career growth opportunities and necessary knowledge to staff so that they may better serve the customers.



Health, diversity and social inclusion are at the heart of Faysal Bank's corporate social responsibility mission. We can be proud of the way FBL has stood with the community during this COVID-19 crisis.

Looking ahead, the Bank will maintain its strategy of conversion to Islamic Bank while preserving and enhancing stakeholder value. The Bank will continue with its growth and efforts to achieve our vision of becoming the leading Islamic Bank.

I would like to thank the shareholders and valued customers for their trust in the Bank. I am grateful to the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their guidance. I would also like to express my appreciation to the Board of Directors, Shariah Board, the Management and employees of the Bank for their hard work and contributions towards achieving the desired goals of the Bank.

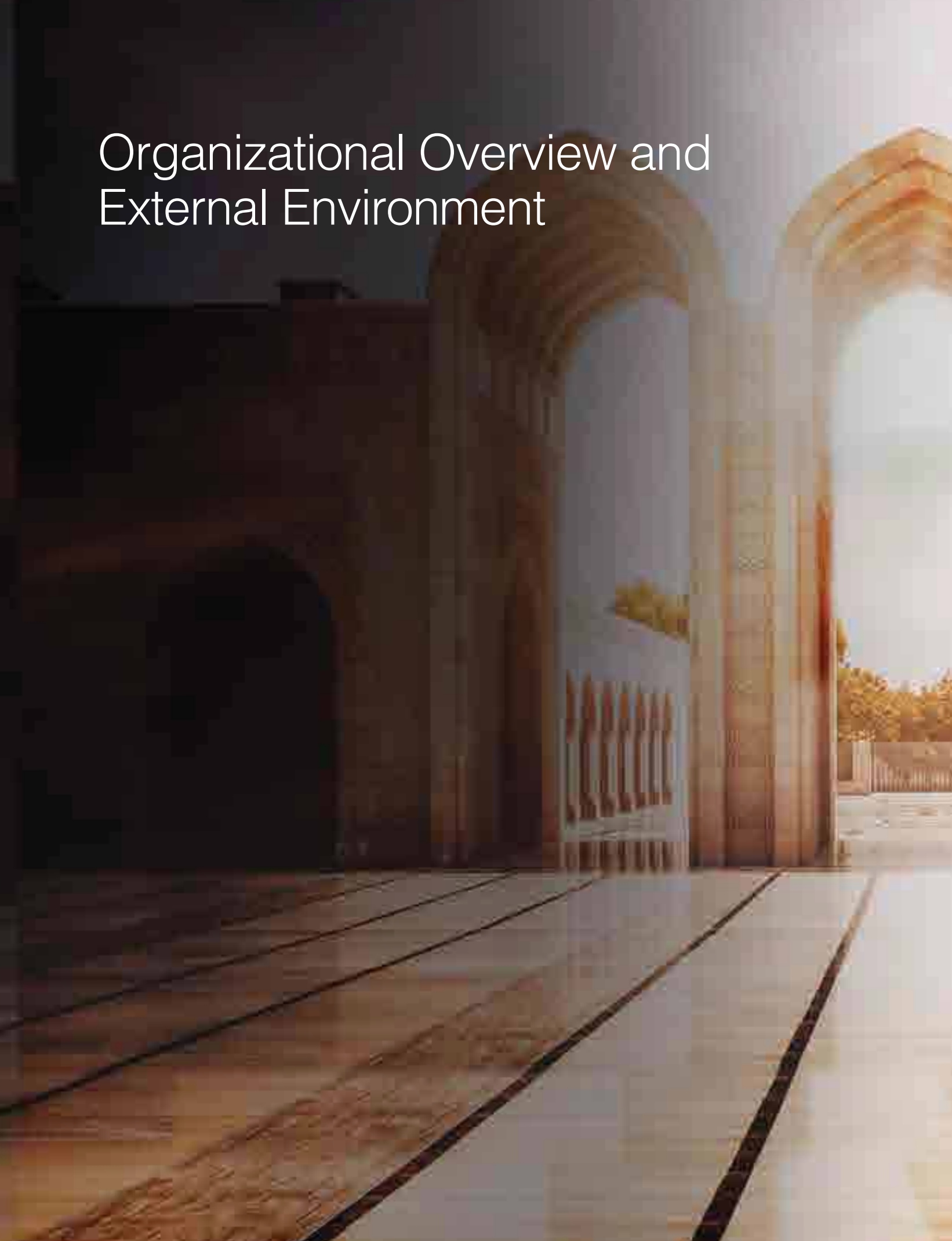
Yours sincerely,



Farooq Rahmatullah Khan
Chairman of the Board

Dated: February 18, 2021

Organizational Overview and External Environment



Best Emerging Islamic Bank

Global Islamic Finance Awards 2020



Corporate DNA

Our Vision

Be the leading Islamic bank in Pakistan

Our Values

- Our daily code of conduct is exemplified by eight Core values:

Four threshold values-values at the heart of our brand
Four differentiator values-values that set our brand apart

Threshold Values

- Values at the heart of our brand

Integrity

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

Our Integrity: Our Identity

Respect

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

Our Respect: Our Duty

Teamwork

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

Our Team: Our Asset

Professionalism

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

Our Professionalism: Our Competence

Our Mission

Achieve leadership in providing Shariah compliant financial services, with customer care and employee focus at the heart of our business ethos together with innovation and technology being the pillars of our growth.

Differentiator Values

Values that set our brand apart

Passion

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

Our Passion: Our Worth

Responsiveness

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

Our Responsiveness: Our Distinguisher

Innovation

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

Our Innovation: Our Strength

Compassion

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

Our Compassion: Our Gift

Corporate Information

Board of Directors

Mr. Farooq Rahmatullah Khan
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Yousaf Hussain
Mian Muhammad Younis
Mr. Imtiaz Ahmad Pervez
Mr. Ali Munir
Mr. Juma Hasan Ali Abul
Mr. Abdulelah Ebrahim Mohamed AlQasimi
Mr. Abdulla Abdulaziz Ali Taleb
Ms. Fatima Asad Khan
Mr. Mohsin Tariq

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

Board Audit & Corporate Governance Committee

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

Chairman
Member
Member
Member

Board Risk Management Committee

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

Chairman
Member
Member
Member

Recruitment Nomination and Remuneration Committee

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Juma Hasan Ali Abul
Mian Muhammad Younis
Mr. Ali Munir
Ms. Fatima Asad Khan

Chairman
Member
Member
Member
Member

Board Strategy Committee

Mr. Farooq Rahmatullah Khan
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Juma Hasan Ali Abul
Ms. Fatima Asad Khan
Mr. Mohsin Tariq
Mr. Yousaf Hussain

Chairman
Member
Member
Member
Member
Member

Board IT Committee

Mr. Ali Munir
Mr. Abdulelah Ebrahim Mohamed AlQasimi
Mr. Abdulla Abdulaziz Ali Taleb
Mr. Mohsin Tariq
Mr. Yousaf Hussain

Chairman
Member
Member
Member
Member

Shariah Board

Mufti Muhammad Mohib-ul-Haq Siddiqui
Dr. Mufti Khalil Ahmad Aazami
Mufti Muhammad Abdullah

Chairman Shariah Board
Shariah Board Member
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

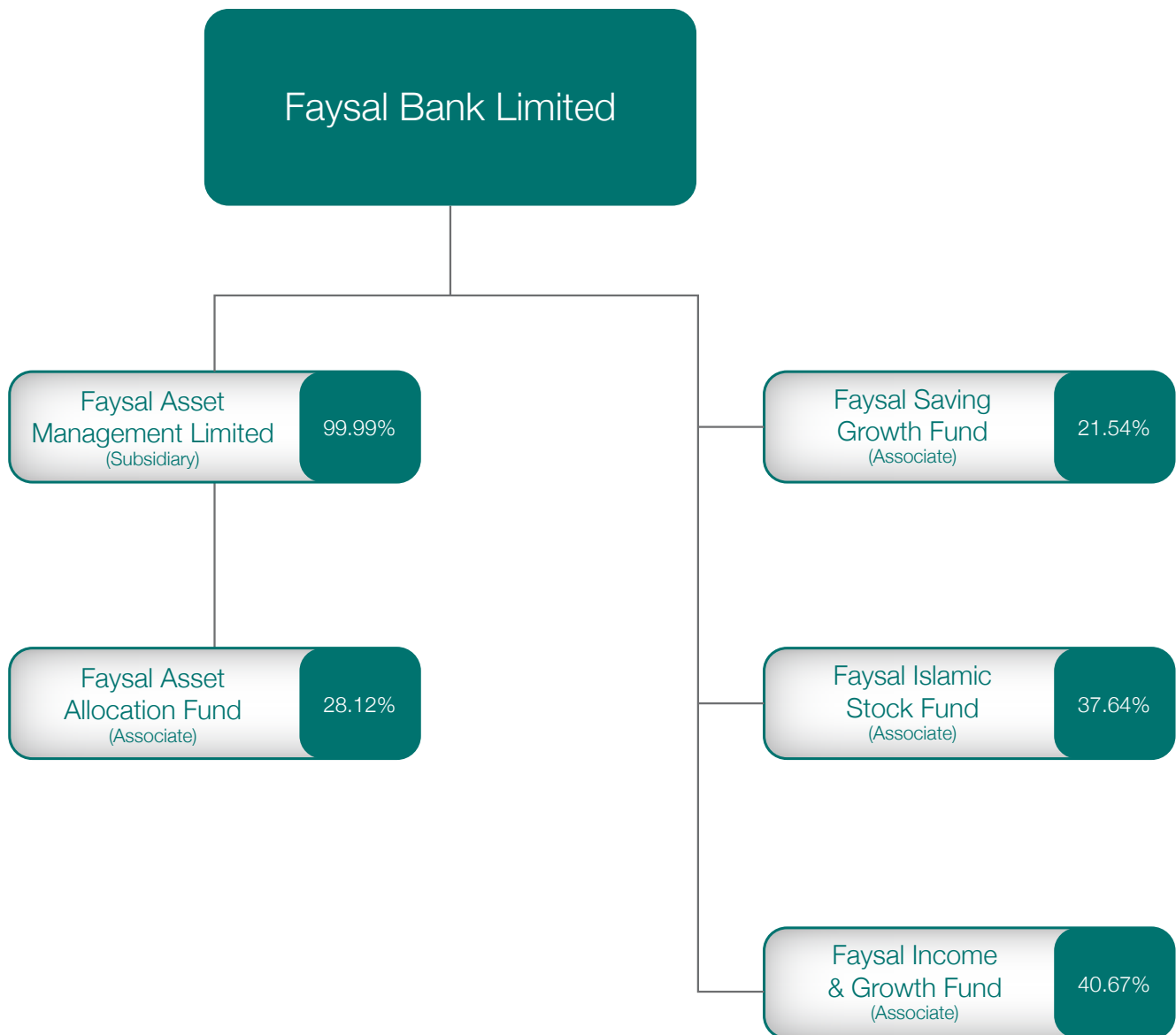
Registered Office

Faysal Bank Limited
Faysal House, St-02, Commercial Lane,
Main Shahrah-e-Faisal, Karachi-Pakistan
UAN : (92-21) 111-747-747
Tel : (92-21) 3279-5200
Fax : (92-21) 3279-5226
Website : www.faysalbank.com

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, SMCHS,
Main Shahrah-e-Faisal, Karachi-74400
Tel : (92-21) 111-111-500
Fax : (92-21) 34326053
Email : info@cdcsrsl.com

Ownership Structure



The "Group" consists of:

Holding Company

- **Faysal Bank Limited**

Faysal Bank Limited was incorporated in Pakistan in October 1994 as a public limited company. Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities.

Subsidiary Company

- **Faysal Asset Management Limited**

Faysal Asset Management Limited (FAML) was incorporated in Pakistan in August 2003 as an unlisted public limited company. FAML is a Non-Banking Finance Company (NBFC), licensed to carry out asset management and investment advisory services. It currently manages various conventional and Shari'ah compliant open end investment schemes.

Associates

The Group considers the following open end funds managed by FAML as its associates. The country of establishment in respect of all of the below funds is Pakistan. Further, all the funds are individual open-end schemes and have been established by execution of trust deeds between FAML and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

- i) **Faysal Income & Growth Fund**

The Fund has been categorised as an open end aggressive fixed income scheme.

- ii) **Faysal Islamic Stock Fund**

The Fund has been categorised as an open end Shari'ah Compliant Equity scheme.

- iii) **Faysal Saving Growth Fund**

The Fund is an open-end income fund and is listed on the Pakistan Stock Exchange Limited. The objective of the Fund is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in money market and debt securities having good credit rating and liquidity.

- iv) **Faysal Asset Allocation Fund**

The Fund is an open-end asset allocation fund and is listed on the Pakistan Stock Exchange Limited.

The objective of the fund is to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing equity, fixed income & money market instruments and any other instruments as may be allowed.

Products & Services

Consumer Finance

Unsecured Business

- FBL Credit Card encapsulates the Chip & Contactless Technology combined with our exquisite Instant Reward Redemption program. It carries unmatched features that provide enhanced purchasing power and worldwide acceptance. Our customers can monitor credit card transactions through instant SMS facility and avoid any misuse of their credit cards. We are offering wide range of cards to cater the different requirements of our esteemed clientele. i.e. Velocity & Blaze: entry level financial tools to build engagement & replace cash. Titanium, Platinum & World: fully loaded cards with rich benefits, targeting the Premium segments. These cards also offer financial and payment flexibility through Perfect Installment Plans at 0%, request for a Banker's cheque through a Dial a Draft option or even takeover of balances from other banks cards. Bill payments can be done via a number of options including Cash, Cheques, Internet and Mobile banking. Customers can also make payments through other banks Internet Banking, Mobile Banking and ATMs.
- FBL Credit Card offers not only instant SmilePoints (rewards) redemption, delicious discounts at your favorite eateries, Local & International offers to amplify your lifestyle, but also earns you double SmilePoints (rewards) every time you conduct an international transaction.
- To witness prompt growth in ENR and increase acquisitions, a Discounted Rate Campaign for Personal Installment Loan was launched for all new solicitations. Despite the pandemic outbreak, the campaign showed commendable performance. An increase in volume was observed by 57% in the 1st quarter 2020 as compared to the same period last year.
- In the 2nd quarter, under the financial distress of COVID 19 pandemic, approximately 1,000 existing PIL customers booked on floating rate were offered KIBOR early resetting effective from May 2020. This was done in order to pass on the benefit of the reduced KIBOR to the customers.
- Faysal Takmeel was launched as First Unsecured Shariah Compliant product under the Islamic Product structure of Musawamah. This is an end user defined program whereby eligible masses have the option to pick and choose home improvement products from a bouquet of leading brands. The selected products will be financed through Faysal Takmeel at attractive and affordable, easy fixed monthly installments.
- Faysal Bank has introduced Laptop Financing for Students under the Faysal Takmeel Financing product which will be offered to parents/guardian of the students / working students in order to provide laptops and bundle offers that will help students to perform their academic activities in a hassle-free way.

Secured Business

- Despite the COVID-19 Pandemic, Faysal Car Finance successfully maintained and balanced ENR in the year 2020 in comparison with same period last year.
- To increase acquisitions and to capitalize in the current market, Faysal Car Finance promoted its PaySmart feature through digital platforms which resulted in 1000+ leads in a span of a week reflecting customer interest.
- As a result of commendable performance of the Audi Rate Break Campaign in 2017, Faysal Car Finance relaunched its promotional campaign for newly launched Audi e-tron and other Audi Variants providing rate break to all Audi customers. This campaign is beneficial for overall sales increase and building brand equity for Faysal Car Finance in the segment of high profile customers.
- In order to acknowledge the dedication and courage portrayed by our Doctors and Paramedics Staff in this unprecedented crisis, Faysal Car Finance launched “Principal Payment Holiday and Free Life Takaful Coverage” campaign solely for this particular segment as a token of appreciation. Under this campaign the customer was provided with a number of benefits including 1st year principal payment holiday and more importantly Free Life Takaful coverage of up to 5 Million valid throughout the financing tenure.
- To capitalize the market and increase acquisitions, Suzuki ‘SAVE BIG’ Campaign was launched providing customers with discounted pricing and takaful rate on all Suzuki variants along with Free Registration and one-year maintenance on Alto AGS, WagonR AGS and VXL.
- Faysal Tabeer was launched under Low Cost Housing Scheme supported by Government of Pakistan and State Bank of Pakistan offering Housing Finance facility at affordable rates to meet customer residential needs.
- Faysal Islami enters in a strategic alliance with Zameen.com, Pakistan’s largest real estate online portal to provide Free Real Estate Advisory to Faysal Home Finance and Low Cost Housing customers ensuring smooth processing and a complete home finance solution.

Products and Services offered by Consumer Finance include:

Credit Cards

Get the Most out of Life with a Faysal Bank Credit Card!

Faysal Bank welcomes you to the world of convenience and flexibility. Our wide range of credit cards is designed to ensure matchless services and discount offers every time you travel, shop, and dine out. Reward yourself with our premium privileges to complement your lifestyle!

- Complete credit card product suite Velocity, Blaze, Titanium, Platinum & World
- Amazing Lifestyle and Flavours discount programs
- Instant Reward redemption at partner outlets
- 0% installment Plans

Faysal Bank Credit Card is a convenient payment tool to match consumer lifestyle and fulfill a variety of financial needs from making a long awaited purchase to making daily expenditures such as fuel and groceries.

Faysal Flexi Credit

The Power to Maintain Life's Momentum!

Faysal Flexi Credit lets you enjoy yourself while we take care of all your rainy days. It is your personal line of credit; quick money when and where you want it! Flexi Credit is your one stop payment shop that takes care of all your financial needs, your aspirational needs and unplanned expenses. Flexi Credit is the most convenient, flexible, economical and easy-to-use loan facility designed to suit your needs and gives you the power to control your finances. It brings you a variety of features that provides you the spending convenience you deserve.

Faysal Bank – Platinum Credit Card

The Best Things in Life
Come Out of The Blue



Personal Installment Loans

Har Khwahish Possible!

Make your dreams come true with Faysal Personal Installment Loan. Now you can get a loan starting from PKR 50,000 and pay easy installments, as low as Rs. 1,500 a month. So it's time to fulfill your wishes as now all is possible.

Upgrade your lifestyle: Get what you want, may it be home appliances, a brand new watch or a smart phone.

Long awaited vacations: Choose an ultimate destination and travel around the world with your loved ones.

Educational expenses: Pay for your child's education or enroll yourself for advanced studies or professional certifications.

House renovation: Build the house of your dreams by remodeling and enhancing existing spaces in the house.

Unexpected expenses: Take care of your unexpected expenses as well as consolidate your debt or outstanding bill amounts.

Spend with ease: Enjoy complimentary current account facility and a Faysal Pocketmate Visa Debit Card for cash withdrawal and shopping worldwide and much more.

Faysal Bank offers Loan Top Up/ Enhancement facility to its existing Personal Installment Loan customers, a facility where you can avail an additional loan on your existing PIL amount based on your current income, Debt Burden Ratio (DBR) and repayment history.

Faysal Takmeel

Ab dil ki kyun taalain!

Live a life of upgraded luxury with Faysal Takmeel, a Shariah compliant facility through Musawamah financing. Now you can choose the best in consumer durable goods such as home appliances, room décor, air conditioners, TVs, laptops, motorcycles and others through easy, fixed monthly installments and change the way you live, today!

Faysal AutoCash

The cash is yours and so is your car!

Faysal AutoCash is an opportunity to avail a personal loan against your car's worth to fulfill any financial needs for up to 5 years. This product best suits today's customer as it helps borrow money when in need of funds against the value of their vehicle.

Car Finance

Drive your Dream Car Today!

Now drive your dream car today with Faysal Car Finance. A facility extended to individuals based on the principles of Diminishing Musharakah for purchase of new as well as used vehicle(s). Choose from a range of vehicles available locally as well as imported.

Faysal Car Finance

Drive Your Dream Car Today



Home Finance

We help you unlock your dreams!

A Shariah compliant product based on the principles of Diminishing Musharakah which allows to Buy, Build or Renovate your dream house on competitive pricing with quick processing and easy documentation.

Trade

Faysal Trade Products (Under Conventional line):

Faysal Bank provides all types of funded & non funded trade finance facilities to its clients. This includes opening of all types of L/Cs, advising, confirmation, discounting of L/Cs, documentary collection, bill discounting and issuance of bank guarantees. Faysal Trade Products provide a wide range of standard as well as tailor-made products and solutions to trade customers from all walks of life. It includes:

- Export L/C Advising & Confirmation services
- Export Bills for collection
- Export Advance payments
- Export bills Negotiation
- Export Bill Discounting
- Local Bill purchase & Invoice Discounting
- Pre-Shipment and Post-Shipment Short Term financing

Faysal Barkat offers following Trade services

Faysal Barkat offers a wide range of import and export services to effectively manage customer's local and global supply chain needs and provides them a competitive edge. These facilities extend for both raw materials to fixed assets. Services that are offered include:

Export L/C Advising

Faysal Barkat offer Export Letter of credit Advising to existing and non-customer enabling exporters for onward negotiation their export documents. Enjoy greater security and convenience with Faysal Letter of Credit Advising. We authenticate your inbound Letter of Credit, providing you with assurances that it comes from a genuine source. We also offer greater convenience by notifying you upon its arrival.

Bill for collection under Export

Faysal Barkat offer services for handling export bills on collection basis to our client & facilitate the flow of payment with our Outward Bill Collection. We act as a professional agent to collect payments from the buyer's bank on customer's behalf.

Currency Salam (alternate for Export Discounting)

Faysal Barkat offer Currency Salam for the exporters to improve their cash flow which allows the exporters immediate credit to their accounts while waiting for payment from the issuing bank. Our experts check export documents and if the documents are in order, customers can convert receivables into cash quickly and easily.

Faysal Home Finance

We Help You
Unlock Dreams



SBP Refinancing Schemes for Short Term/Long Term Financing

Short Term Working Capital Financing Facilities

Export Pre-Shipment and Post-Shipment financing on Islamic modes of financing (IERS Part I & II):

Offers refinance facilities to Customers with an aim to support industrial growth and exports with the ultimate objective of promoting overall economic development of the country. SBP introduced special schemes under its refinance window to ensure adequate supply of financing at subsidized rates.

Financing is available to direct exporters including manufacturers, trading companies, new exporters and indirect exporters. Financing can be availed at pre-shipment and/or post-shipment stage against firm export contract/LCs.

Islamic Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises

The Islamic Refinance Scheme for Working Capital financing of Small Enterprises and Low-End Medium Enterprises (IWCF) has been offered to Small and Low-end Medium Enterprises to cater the working capital requirements of exporters.

Long Term project financing under Islamic mode of financing

Islamic Long Term finance facility (ILTFF):

Faysal Barkat offers Long Term project finance facility namely Islamic Long Term Financing Facility (ILTFF) for Imported and Locally Manufactured New Plant & Machinery to promote export led industrial growth in the country.

Islamic Financing Facility for Renewable Energy (IFRE):

Faysal Barkat has introduced the Islamic Financing Facility for Renewable Energy (IFRE) to facilitate and support the energy sector of the country via new and alternate energy projects to fulfill the individual and industry need of the energy. Financing under IFRE shall be available for power projects / installations using alternative / renewable energy sources (solar, wind, hydro, biogas, bio-fuels, bagasse cogeneration, and geothermal as fuel).

SBP Re-Financing Facility for Storage of Agricultural produce

Financing is available for local purchase/import of new plant & machinery/new generators used in Silos, Warehouses & Cold Storages facilities for storing Agricultural produce.

Islamic Refinance Facility for Modernization of SMEs

The Islamic Financing Facility for Modernization of SMEs (IRFMS) is the local currency financing shall be available on long-term basis for purchase of new imported/ local plant & machinery for BMR of existing units and setting up of new SME units.

SBP Refinancing Facilities Under COVID

Temporary Economic Refinance Facility (TERF):

Faysal Barkat offers Long term finance facility for purchase of new imported and locally manufactured plant & machinery for setting of new projects/existing units BMR.

Refinance Facility for Combating COVID – 19 (RFCC):

Long term finance facility for purchase of new imported and locally manufactured medical equipment to be used for combating COVID-19 and/or civil works for setting up of isolation wards. All hospitals and medical centers registered with respective provincial/federal agencies / commissions engaged in controlling and eradication of COVID-19 will be eligible under the facility.

Refinance Scheme for Payment of Wages & Salaries to the Workers & Employees of Business Concerns

The Scheme aims to finance wages and salaries of permanent, contractual, daily wagers as well as outsourced employees of existing as well as new borrowers of banks and DFIs for the months from April 2020 to September 2020. Government Entities, Public Sector Enterprises, Autonomous Bodies and Financial Institutions are not be eligible under this Scheme.

Bank Guarantee

A bank guarantee issued at the request of a customer may be defined as an obligation of the issuing bank to pay a sum of money in the event of non-performance or non-fulfillment of stated obligation by its customer. The guarantee is a separate obligation independent of the principal or the contractual relationship between the creditor and the principal debtor. Bank Guarantees are generally payable on first demand from the beneficiary made within the validity of the guarantee.

FBL offers the facility of issuance of guarantees to its customers generally in the following forms:

1. Bid Bonds (GBB)

A Bid Bond substantiates the financial standing of a person submitting a bid. It is issued in connection with submission of a tender for supply of goods or services and its normal characteristic is an undertaking to pay to the beneficiary a fixed amount, generally a small percentage of the total value of the Order, within a stated period on his simple written demand if the applicant withdraws his obligations after acceptance of his bid.

2. Performance Guarantee (PBG)

In a performance guarantee the Bank undertakes on behalf of a customer to pay a fixed amount, generally a higher percentage than the Bid Bond, in case the customer fails to discharge his obligations under a particular Order or contract. Upon issuance of Performance Guarantee the Bid Bond issued earlier for the same contract is returned and cancelled.

3. Advance Payment Guarantee (GAP)

Contracts, particularly those awarded by government departments, agencies and autonomous bodies such as Water and Power Development Authority (WAPDA), Karachi Electric Supply Corporation (KESC) etc., sometimes provide for an advance payment to be made to contractors for purposes such as mobilizing manpower, material, and equipment and infra-structure facilities on site. In order to obtain this payment, the contractor is required to produce an advance payment bank guarantee. This advance payment is generally deducted proportionately from proceeds paid to the applicant for work done during the contract period.

4. Shipping Guarantees (SGS & SGU)

A shipping guarantee is required by a customer (importer) when the ship carrying the consignment reaches the port of destination and discharges the goods before the Bills of Lading & other shipping documents are received at importer's bank.

5. Financial Guarantee – Others (BGO)

Bank guarantees whose main characteristic is that it is an undertaking by the issuing bank to meet any claim from the beneficiary up to a fixed sum on simple demand stating that the named customer, on whose behalf the Guarantee is issued, has defaulted in timely payment or discharge of his specified liabilities. Other financial guarantees may be issued for the release of Retention money to the contractor before completion of a contract.

6. Financial Guarantee - Financial Institutions Outside Pakistan (FGT)

A Guarantee to Financial Institutions outside Pakistan in the shape of a Bid Bond or Performance Bond issued by the Bank on behalf of customers dealing in exports, an Engineering or consultancy firm etc. to make good a loss incurred by the beneficiary abroad as a result of non-fulfillment of the contract obligations by the applicant within the specified period.

7. Financial Guarantee - Financial Institutions within Pakistan (FGT)

A guarantee issued in favor of a financial institution within Pakistan to make good on first simple demand a default of the customer due to non-repayment of the finance extended by the financial institution within the specified period as incorporated in their mutual agreement up to a fixed sum.

Imports

1. Letter of Credit

A Letter of Credit is an obligation taken by a bank (as the issuing bank) on behalf of a buyer of goods & services (the applicant) to pay a certain sum of money to the seller of such goods & services (beneficiary) if the documents called for in the letter of credit are presented strictly in compliance with the terms and conditions of the Letter of Credit.

Letters of Credit activities are presently governed by International Chamber of Commerce Uniform Customs and Practices for Documentary Credits Publication No. 600 (2007 revision).

2. Documentary Collection

Documentary collection is a form of trade finance in which an exporter is paid for its goods by an importer after the two parties' banks exchange the required documents. The exporter's bank collects funds from the importer's bank in exchange for documents releasing title to the shipped merchandise, usually after the goods arrive at the importer's location

3. Import Advance Payment

Advance payment is a payment method in which the price of goods is collected in advance prior to the shipment of the goods which are subject to import and the exporter ships the goods, the payment of which is already made, to the importer later on.

4. Open Account

An open account is an arrangement between a business and a customer, where the customer can buy goods and services on a deferred payment basis. The customer then pays the business at a later date.

5. Import Financing

Import financing is a specialized Trade Finance Solution used to finance the purchase of goods which are being exported from one country for the purpose of being imported into another country.

Corporate Banking

Faysal Bank's Corporate & Investment Banking Group (CIBG) is fully geared to meet the challenges of the dynamic economic environment in Pakistan. Our aim is to fuel growth and progress by filling in the role of financial advisors and financiers by providing a range of diverse financial services (including tailor made solutions) to corporate clients by partnering with them and build long term sustainable relationships.

Our in-house expertise of product specialists is well versed in providing financing solutions to meet our customer's credit, trade, foreign exchange, investment banking and various other business requirements in a hassle free, effective and efficient manner across a diverse range of industries.

Financing options include working capital loans, term loans, trade based finance services (letters of credit, foreign & local currency trade bill discounting, guarantees, import & export loans and Export Refinance and Long Term Finance), financing under SBP schemes and furthermore, depository options are also offered under various schemes.

It also includes arrangement of cross border trade confirmations and trade related commercial & country risk syndications. Our onshore specialized trade services include supply chain solutions for our corporate customer base, including vendor/ supplier & distributor focused structured trade financing solutions.

Our Corporate Banking relationship teams also liaison with Treasury, Cash Management, Trade, Investment Banking and Consumer Banking departments to develop and deliver offerings that are used across diverse businesses.

Investment Banking

FBL offers full suite of Investment Banking services ranging from equity & advisory, syndications and debt capital markets to Project and structured finance. FBL's Investment Banking works in close coordination with Corporate and Retail Banking to facilitate their clients with its services.

- **Project & Structured Finance (PSF)**

Project & Structured Finance team provides advisory and debt arrangement services for structuring and financing of long-term greenfield and brownfield projects on non-recourse or limited recourse basis. The PSF team offers advisory, structuring, execution and monitoring services for projects of national and strategic significance.

- **Syndications & Debt Capital Markets (DCM)**

The Syndications & Debt Capital Markets team offers a variety of highly customized products to a diverse set of customers as per their needs. These requirements may include medium to long-term financing for capital expenditure, capacity expansion and mergers & acquisitions.

FBL's DCM team also enables credit risk distribution with other financial institutions through syndicated financing arrangements along with speedy access to local and offshore debt capital markets.

- **Equity & Advisory (E&A)**

Our E&A desk provides sell-side and buy-side advisory on merger & acquisition (M&A) transactions, facilitates in business valuations & price discovery along with providing access to equity capital markets. This includes underwriting services for initial public offerings (IPOs), right shares etc. Moreover, FBL has also acted in its capacity as the Bankers to the Issue (BTI) for various transactions

Agri Banking

Faysal Khushaal Kisan Scheme offers

Production Loans to meet

- Cost of agri inputs (seed, fertilizer, pesticides, diesel, labor), storage, transportation and other working capital requirements of crop farming, orchards, nurseries, Vegetable farming, floriculture etc.

Development Loans to finance

- Farm Power (tractors, combine harvesters, threshers, alternate energy installations including solar energy plants etc.).
- Farm Machinery and Equipment (Ploughs, Cultivators, laser levelers, processing machinery, tunnel structures etc.).
- Farm Transport (Pickup, trailers, mini trucks etc.).
- Farm Irrigation (Installation of tube wells and Solar Pumps, turbines, power lines, transformers, sprinklers, drip irrigation systems, lining or alignment of water channels etc.).
- Land improvement (land leveling, clearance of jungle and land reclamation etc.).
- Godowns, Silos and Cold Storages (cost of construction, machinery and working capital requirements).
- Working capital requirements of Seed Processing Units.

Financing to meet needs of

- Dairy Farms (cost of sheds, milking animals, feed, medicine and other working capital requirements).
- Livestock Farms and Feed Units (cost of animal sheds, feed, medicine and other working capital requirements).
- Poultry Farms and Feed Units (cost of poultry sheds, machinery, equipment, chicks, feed, medicine and other working capital requirements).

Fish Farms (cost of fish ponds, tube wells, fish seed, feed and other working capital requirements).

Cash Management

FBL offers full range of Cash Management services aimed at enhancing clients' liquidity position, reducing operational cost and improving financial control via accurate and timely reporting.

OTC Collections

All cleared funds received at our branches automatically sweep into collection account for onward credit to main designated account, backed by comprehensive MIS and support unit to ensure quick processing and attend queries on priority.

Cash/Cheque Pick-up and Delivery

In conjunction with leading CIT (cash in transit) companies and courier services in Pakistan, we successfully process cash pickup / delivery requests from client's location(s), as per requirements.

Right Issue/IPO/Bonus Shares Tax Collections

Our entire branch network spread across 100+ cities nationwide are tagged for the collection of Right Shares/IPO application and Bonus Shares Tax collections. Funds received are credited in the designated account of client.

e-IPO processing

This initiative launched in collaboration with CDC and 1Link is a state of the art facility which uses our Internet Banking/Mobile and ATM platform to provide our customers convenience to apply for Equity/Share applications through these channels without standing in queues at branches and without any restriction of banking hours.

Phone Banking (IVR)

Our Phone Banking agents are available to facilitate clients for routing their distributor/ franchisee collection, maintaining accounts with the Bank, and any other related query.

Standing Instruction via Debit Authority (SIDA)

This product allows your distributors/dealers to issue one time Standing Instructions to FBL, authorizing FBL to debit their account with designated FBL branch(s), whenever stocks/goods are released and invoices are raised by you.

E-Collections

We provide e-collection via ADC channels, such as Internet Banking, Mobile Banking and ATMs. It allows quick and easy receipt of funds, eco-friendly due to paperless receivables & immediate transfer.

Payment Orders (PO) – payable at any FBL branch in Pakistan, delivery / dispatch arrangements

Internal Transfer – real time transfer to FBL account holders

Inter Bank Funds Transfer (IBFT) – Bulk transfers to other bank accounts, immediate reflection in account

Real Time Gross Settlement (RTGS) processing – paperless instructions processing via cash link

Dividend Payouts

FBL provides a complete and comprehensive dividend solution to customers, from printing of dividend warrants to dividend delivery to the customers and their subsequent encashment through FBL branches.

Payroll Proposition – Paycheq Plus

This tailor-made solution to suit your organization and employees' everyday banking and lifestyle needs, enhances productivity of your employees by bringing banking to their workplace. Paycheq Plus payroll proposition is available in both variants: Conventional & Islamic Banking.

Home Remittance

FBL has state of the art solutions to manage home remittances, and a constantly increasing number of global relationships. FBL home remittance beneficiaries may receive payments sent by our dedicated partners via the following payment modes:

- Cash-over-Counter payments for walk-in customers at Faysal Bank branches
- Instant Account Credit to Faysal Bank Ltd account holders
- Instant Account Credit to 1Link member bank account holders through IBFT
- Same Day Account Credit to other bank account holders via PRISM / RTGS

Treasury

The focus of our Treasury Department is predominantly client centric where we use extensive experience and expertise in providing balance sheet solutions to our vast and diverse client base by offering a wide range of Fixed Income and Foreign Exchange products.

Faysal Bank takes pride in also providing the first of its kind online trading platform “Faysal – Self invest” wherein our Faysal digibank customers have the opportunity to manage their own Government of Pakistan Securities portfolio with Faysal Bank. Faysal – Self Invest enables customers to experience end to end process of Investors Portfolio Securities services from IPS account opening to transacting in Government Securities on real time basis.

Commercial & SME

Financing Facilities

1 Overdraft – Running Finance

Running finance or overdraft facility is a short term finance provided to customers to fulfill their working capital needs by allowing withdrawals from their account in excess of the credit balance, maintained with the Bank.

2 Pledge Financing

The pledge financing facility is offered to customers against delivery of goods to the Bank. The goods are held as security and are placed under the custody of the Bank’s approved Mucaddum. Drawing power is determined on the basis of value of the goods placed under pledge along with stipulated margin.

3 Long Term Exposure

Long Term finance facility (LTF) is offered for financing fixed assets like immovable properties i.e. land and buildings, machinery, vehicles etc.

Trade Facilities

In order to facilitate trade business of SMEs, FBL offers a number of products to its customers:

a) Letter of Credit – Foreign & Inland

FBL offers to issue letter of credits (LCs) on behalf of SME clients for routing their imports through the Bank. Sight & Usance are two of the main types of LCs offered to the customers.

b) Finance against Imported Merchandise (FIM)

FIM is a short term facility offered by FBL to the importers for retirement of Sight-LC. The facility is given against the pledge of imported goods. FIM is settled through release of pledged goods against gradual or lump sum payments made by borrower.

c) Finance Against Trust Receipt (FATR)

FATR is a type of import financing offered to FBL customers. In FATR deals, the imported goods are released to the importer on the basis of a trust receipt. This is a short term facility for financing imported goods.

d) Export Finance Facilities

The exporters usually require financing for production and supply of goods as per their contracts with the buyers. In order to support the export business, Bank offers Pre & Post Shipment financing (own sources), SBP Refinance (Pre/post) and bill discounting facilities.

e) **Pre-shipment (own sources)**

Pre-shipment Finance or 'Packing credit' is offered to exporters for catering their financing needs for purchasing, processing, manufacturing or packing of goods prior to shipment.

f) **Post shipment (own sources)**

Post-shipment (own) is the financing facility offered to manufacturers and exporters of goods after shipment of goods till the date of realization of export or local proceeds.

g) **Export Refinance Finance Facility under SBP**

As per directives from State Bank of Pakistan, FBL offers Export finance facility under SBP ERF scheme to support export oriented companies. Both pre-shipment and post shipment finance facilities are available at subsidized rates communicated by SBP.

h) **Bank Guarantees**

Different types of guarantees like Bid Bonds, Performance Bonds and guarantees against advance payments are offered by FBL.

Digital Banking

Digi Mall

To adapt and cater to the demands of a fast changing world, where shopping is limited due to Covid or due to lack of access or choice (such as in semi-urban and rural areas), FBL has launched DigiMall, an online payment platform whereby FBL customers can shop for thousands of products & services using their accounts and cards for products such as mobile phones, appliances, fashion etc. on full payments and instalments.

We envision making Pakistan's ecommerce & digital payment's system more secure, smarter and build customer experience and confidence in performing financial transactions digitally.

Internet Banking

Faysal Bank provides a cutting-edge Online Internet Banking Platform to deepen its Digital Banking imprint in the world. FBL Internet Banking is equipped with a robust security system & a user-friendly Interface allowing millions of users, the convenience to manage their accounts and avail all the Banking facilities remotely.

Mobile Banking

As the world transitions into Digital Banking, Faysal Bank has proved itself to become one of the major Banks providing Digital Banking Services. Faysal Digibank App provides a secure and convenient way to Transfer Funds, Inquire Balance, Pay Bills, conduct Mobile Top-ups, View Mini-Statements, and the newly added features of QR Payments & Virtual Cards. The application provides a variety of new fields to explore in the Digital World for its users, which amount to 100,000 + downloads of the App on both Android Play Store and App Store (IOS). Stay tuned for more updates & exciting features of the App.

Faysal Bank ATMs

Faysal Bank offers simple and convenient access to your bank accounts around the clock. You can enjoy the Faysal Bank ATM services including cash withdrawals, fund transfers (Internal & Inter Bank), Bill payments and various other request services.

Faysal SMS Alert

Faysal SMS Alerts, a service that enables you to keep track of your transactions. You can receive real-time SMS updates for transactions conducted on your account to stay on top of your finances with confidence. SMS Alert facility is offered on all transactions conducted in branch by customer and the Bank.

Faysal E-Statement

Faysal e-Statement facility enables you to view your Credit Card and accounts activity along with your Debit Card activities 24 hours a day, 365 days a year from anywhere in the world.

Faysal Bank offers e-statement on Daily, weekly, fortnightly, monthly and half-yearly periods. The facility is secure, convenient and free of cost.

Digibank Virtual Cards

Faysal Digibank Virtual Card is a digital stored-value card that allows you to make online e-commerce purchases worldwide. Faysal Digibank Virtual Card, powered by MasterCard, can be generated instantly by customer through Faysal Digibank Internet Banking. It works as a reloadable and / or a one-time usage stored-value card, where you can select your card limits.

Call Center

Faysal Bank contact center aspires to be the best in class, efficient and an optimized contact center. It offers a wide range of transactional and inquiry based services to its customers. There are 2 independent functions operating within the contact center – Inbound and Outbound.

Inbound Function

Faysal Bank Inbound Unit is providing 24/7 non-stop services to the bank's customers through 2 dedicated UAN numbers.

1. 111-06-06-06 – General Banking Customers
2. 111-11-71-71 – World Card & Platinum Credit Card Customers

The overall call volume of Inbound Center has reached to 2.2 Million+ per year whereas the average per month call volume is 190,000+ calls. The center provides wide range of services including inquiries and request management i.e. Financial, Non-financial requests & complaints logging. Approx. 120+ requests of different products are processed through Inbound Unit with an average volume of 55,000+ transactions each month.

Outbound Function

The outbound function has a sub division into Business Development Unit and Tele Sales Unit - involved in driving sales and revenue for the bank through outbound calls to the ETB and NTB customers.

Key business areas of Outbound function are listed below:

- Consumer Finance ENR buildup: 3 Billion+ ENR buildup on Credit Card & FFC Product
- Bancassurance: 115 Million+ Premium generation on small ticket size of bancassurance policies
- Value Added Services: SMS Alerts: 60,000+ | Supplementary Credit Card: 2,500+ | Credit Card/FFC Retention: 12,000+
- Tele Sales Unit: NTB acquisition of 800+ Credit Card and FFC

Retail Banking

Conventional Banking

Conventional Deposit Products

Our Deposit Products have been designed to offer an array of services and benefits for customers with a reach of over 565 plus network of branches nationwide. We believe in offering innovation, accessibility, quality service and ease to our customers to meet their individual and business banking needs. From simple banking solutions, transactional convenience to high value investments, you can choose an account that best suits your requirements.

Current Deposit Accounts

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

Savings Deposit Accounts

Our Saving Accounts are there to provide you with attractive profit rates through a tiered structure to give you the best out of your savings. Gain full access to your funds anywhere, anytime via online branches, alternate distributions channels like ATMs, Faysal Digibank and a variety of debit and virtual cards.

Term Deposit Products

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

Our conventional products include:

Business First Account

Faysal Business First provides a suitable solution to business individuals, with business across multiple cities, with need to conduct frequent transactions. With Faysal Business First you can now enjoy a host of free services and protection benefits. Business First also helps account holder in conducting intercity transactions as well as using other financial instrument free of cost.

Sahulat Current Account

Faysal Sahulat Current Account addresses your need for instant access to your account from any branch of Faysal Bank nationwide. There is no limit on the number of transactions you can make. Enjoy free cheque book, pay orders and duplicate account statements on monthly balance maintenance of Rs 50,000 & above.

Basic Banking Account

No minimum balance requirement. Maximum of two free deposits and withdrawals through counters/clearing are allowed in a month. Easy access to your account through Cheque Book and Debit Card.

Asaan Current Account

No minimum balance requirement. Enjoy free cheque book, pay orders and duplicate account statements on monthly balance maintenance of Rs 50,000 & above. Total Debit Transactions per month & Total Credit Balance Limit not to exceed Rs. 500,000/- (Rupees Five Hundred Thousand only).

Tez Tareen Asaan Remittance Account

Faysal Bank understands the value of your hard-earned money and the sacrifice to live far from your home. This is the reason we make sure that your remittances reach your loved ones in the quickest and safest way. We are the ones who take care of your family by ensuring fastest delivery of remittance into your Faysal Tez Tareen Asaan Remittance Account with the access of our widest network of more than 565 plus branches nationwide.

Life Plus Savings Account

Faysal Life Plus Savings Account is designed to cater to the financial needs of our senior citizens, belonging to the age bracket of 55 years and above, looking for attractive returns on their lifelong savings. Get free first Cheque book & Debit Card on account opening.

Moavin Savings Account

Faysal Moavin Savings Account is best for individuals and institutions with higher transactional needs and are looking forward to returns. More than 200 Lifestyle Discounts & Alliances on debit Card. Minimum Balance Requirement of Rs. 50,000/- and above.

Market Link Savings Account

Faysal Market Link Savings Account is our latest offering to help you control and manage your savings the way you always wanted to. Now with our innovative KIBOR-linked savings product, you can benefit from a daily changing market rate. Minimum Monthly average balance of PKR 500,000/- should be maintained. Provided with an incentive to save more through a tiered profit structure with unlimited transaction facility.

Premium Savings Account

Faysal Premium Savings Account is especially designed to cater to the needs of business customers with large transaction volume. It provides the perfect combination of a savings account matched with a flexibility of a current account. Minimum Monthly average balance of PKR 100,000/- should be maintained. Profit is calculated on your monthly average balance and paid to you on a monthly basis.

PLS Savings Account

Faysal Savings Account addresses your basic banking needs. It allows individual savers and depositors like you to enjoy profits on your savings. No monthly balance requirement. Profit is calculated on the monthly average balance and paid semi-annually.

Asaan Saving Account

Asaan savings account is designed for unbanked and underbanked segment low income group. Asaan account can be opened with just CNIC, no other documentation requirement. There is no minimum balance requirement in Asaan accounts.

Izafa Term Deposit

Faysal Izafa Term Deposit offers in PKR currency, provides you one of the most convenient ways of receiving profit on annual, semi-annual, quarterly or monthly basis. Faysal Izafa Term deposits offer attractive returns to enable you to improve your lifestyle or take care of unforeseen expenses. Minimum investment of Rs. 25,000/ is required.

FCY Current Accounts

Account can be opened in US Dollar, Pound Sterling or Euro currency. Minimum monthly average balance requirement is USD 500, GBP 300 and EUR 350.

Faysal Islamic Life Plus Savings Account

A Golden Opportunity for Your Golden Years



FCY Mahfooz Sarmaya

To provide convenience and value to customers with foreign currency related needs, Faysal Bank's Mahfooz Sarmaya Foreign Currency Account offers you many attractive features. Minimum monthly average balance requirement is USD 500, GBP 300 and EUR 350. Profit is calculated on monthly minimum balance and paid semi-annually basis.

FCY Term Deposits

Account can be opened in US Dollar, Pound Sterling or Euro currency. Tenures from 7 days to 1 year. Annual, monthly, quarterly and six-monthly profit payment option available.

Faysal @Work Conventional Employee Banking

Faysal @Work is our Employee Banking proposition which caters to the needs of large, medium and small corporates alike. With our market competitive and bundled proposition, Faysal @Work aims to provide a 360-degree Payroll Management solution. The bundled proposition includes Consumer Finance and Wealth Management products alongside an in-house payments and a third party web-based HRM solution. The onboarding process itself is state of the art with minimized customer interaction and requirements.

Faysal @Work offers following benefits for the Employers:

- Onsite Account Opening of staff
- Onsite Deliveries of Staff Welcome Packs (Cheque Book & Debit Card)
- Dedicated Relationship Branch / Manager
- Cash Management – Online Banking Portal
- Reduced Payroll Administration Cost and Salaries Disbursal with 1 click!
- HRMS Solution

Faysal Bank Limited endeavors to provide complete package, with market competitive benefits for employees as well:

- Free Account Services
 - No Minimum Balance Required
 - Cheque Book/Debit Card
 - Pay Orders/Duplicate Account Statements
 - E-Statements/Internet Banking
- SMS Services
- Priority Banking for Senior Management
- Access to Consumer Finance Products at preferred rates

At Faysal Bank, we take pride in delivering best in class services to our clients, as part of our DNA, we continuously strive to improve product offerings, customer service and customer experience at all stages of customer journey.

Payroll Current Account

Current account variant is available in Faysal @Work Employee Banking which includes free transaction facilities and fee waivers making it a market competitive product. The account enables customers to receive salary conveniently from their employers on a single click and have ease of withdrawal from the extensive ATM network across the country. The onboarding process is free of cost of the customer.

Faysal Moneyline

Faysal Moneyline is a cash backed product which allows up to 90% of financing to customers to cater their individual as well as their non-individual needs. These financing limits serve the customers with their short-term credit requirements. It can be availed against LCY/FCY Deposits, Government Securities (SSC/DSC, RIC), TDR, FAML & Mutual Funds of other Banks.

It offers 3 product variants which are:

1. Funded (Running Finance “RF”) and
2. Non-Funded (Letter of Guarantee “LG” & Letter of Credit “LC”)

Running Finance

Running finance/overdraft facility is a short term facility provided to a customer allowing withdrawals from their current account in excess of the credit balance, maintained by them with the Bank. This Running finance account may be freely operated by way of multi-transactions provided that the sanctioned limit is not exceeded, and the account is operated strictly in accordance with the approved limit and terms and conditions at all times. RF facilities are revolving in nature but can only be revolved over a year subject to credit approvals.

RF can be utilized through a cheque book or debit card issued by the bank. Mark up charged only on the amount utilized and for the number of days utilized.

Letter of Guarantee

Bank Guarantee is an irrevocable undertaking of a bank (guarantor) to effect payment against presentation of a written statement of the guarantee holder (beneficiary) if a contractually agreed obligation has not been fulfilled by the customer (applicant).

Bank guarantees may be broadly classified under the following heads:

1. Performance Guarantee
2. Advanced Payment Guarantee
3. Bid Bond Guarantee

Letter of Credit

A Letter of Credit is a document issued by the Bank on behalf of a customer, authorizing a beneficiary to draw a draft (or sometimes without requirement of a draft), which will be honored on presentation by the Bank if drawn in accordance with terms and conditions specified in the letter of credit.

It is a written undertaking by the issuing bank given to the seller (beneficiary) at the request and on the instructions of the buyer (applicant) to pay at sight or at a determinable future date a stated sum of money against the required documents.

Broadly, L/Cs may be classified as under:

- a. Sight - Letters of Credit (L/C - Sight)
- b. Usance Letters of Credit (L/C - Usance)

Islamic Banking

Faysal Islamic Banking provides our customers with a wide range of deposit products for their daily banking requirements that comply with Shariah principles. Our wide range of products are designed keeping in view customer needs and requirements for personal and business banking needs. From simple day-to-day accounts to high value investments you can choose the product that suits your need the best to get attractive halal returns. Our Islamic products are designed to give you maximum flexibility, transactional convenience and easy access to your funds through our online Faysal Islami branches, ATM network, Debit & Virtual Cards and through Faysal Digibank at all times.

Islamic Current Deposit Accounts

Our value-added Islami current account products which enables you to derive benefits from your deposits. It is suitable solution for individual as well as business entities looking for a checking account based on Islamic Financing principles. These Islami current accounts are based upon Qard, (Loan on demand) and Remunerative Mudarabah principles. This makes it free of Riba (interest) and the principle is guaranteed to you, the depositor.

Islamic Savings Accounts

Our Islami Saving accounts are opened on the basis of 'Mudarabah', where Faysal Islamic Banking is the 'Mudarib' (manager of the funds) and you, the customers are the 'Rabb-ul-Maal' (owner of funds). These deposits are deployed in Shariah compliant modes such as Ijarah, Murabaha and Musharakah etc. The rate of profit on your deposit will be determined through Shariah approved mechanism for calculation of weightages which will be announced at the beginning of each calendar month and shall be applicable for that month only. Faysal Islamic Saving deposits will share in the profit earned by the Islamic Banking Branches of Faysal Bank. Losses, if any, will be shared in the proportion of investment by each depositor. Monthly weightages for profit distribution shall be calculated and displayed at all Faysal Islamic Banking branches as well as our website.

Term Deposit Products

Faysal Islamic Barkat Investment Certificates offer you convenient financial solutions under the arrangement of 'Mudarabah', where Faysal Banking is the 'Mudarib' (manager of the funds) and you, the customers, are the 'Rabb-ul-Maal' (owner of the funds). These deposits are deployed in Shariah- compliant modes such as Ijarah, Murabaha, and Musharakah. The rate of profit on your deposit will be determined through a Shariah approved mechanism for calculation of weightages which will be announced at the beginning of each calendar month and shall be applicable for that month only. Faysal Islamic Barkat Investment Certificates will share in the profit earned through financing in different Islamic modes of financing. Losses, if any, will be shared in the proportion of investment by each depositor. Monthly weightages for profit distribution shall be calculated and displayed at all Faysal Islamic Banking branches as well as our website.

Faysal Bank Islami offers a wide range of Current, Saving and Term Deposit products for various customer segments based on their transactional and investment needs, details of Islamic Banking products are appended below:

Wealth Management

Faysal Bank offers you an extensive menu of Wealth Management solutions tailored to suit your needs. With one of the most robust propositions in the industry, we are ideally positioned to meet all your financial needs based on your individual risk appetite and expectations.

Bancassurance Solutions

During the course of your financial life, you face an inherent uncertainty and risk associated with your health and well-being. In order to ensure your continued peace of mind we offer you a wide array of saving and protection products to help achieve your financial goals in life.

- **Saving and Protection Plans**

Our Saving and Protection plans have been developed under distribution agreements with some of the leading life Takaful providers in Pakistan. Our suite of Bancassurance solutions is tailored to allow you to save on a regular basis and plan towards achieving your life's goals. These plans provide you a high level of Life Takaful coverage in order to safeguard the future of your loved ones while at the same time directing your savings towards professionally managed funds which offer you positive returns against your investments. All products have the flexibility to be customized to cater your specific needs. Whatever your requirements, we have the right solution for you!

- **Health Takaful**

Our health is our greatest asset and with the increasing cost of health care, it is essential to plan ahead to ensure the best possible health care for ourselves and our loved ones. Faysal Bank offers you a diverse selection of Health Takaful solutions developed in association with the leading Health Takaful companies in Pakistan. Our products are designed to provide you comprehensive health coverage at leading network hospitals across the country to give you the peace of mind that you truly deserve!

- **Protection Plans**

In order to provide financial security and a stress free lifestyle to our customers, Faysal Bank has introduced, pure life Takaful protection based plans in conjunction with selected insurance partners. By simply paying a very nominal amount, you can now avail a significant insurance coverage on an annual basis to safeguard the needs of your loved ones. These insurance policies provide you a range of covers including Life coverage and multiple additional General Takaful covers such as home content, wallet and cash withdrawal etc.

Mutual Fund solutions

In order to support you towards better managing your financial portfolio and to further grow your wealth, we offer you a full menu of mutual funds through our distribution partner Faysal Asset Management Limited (a subsidiary of Faysal Bank Ltd.). Based on your individual risk appetite and investment goals, you can select the right investment solution to enter your market of choice and make healthy returns! In addition to investment benefits, these mutual fund placements also entitle you to tax benefits in line with prevalent tax laws. With multiple open-ended and closed ended funds with varying investment strategies, you can easily find one best suited to your financial needs!

Islamic Current Account

A value-added product which enables the customer to derive benefits from their deposits. This account is based upon Qard (Loan on demand) which makes it free of interest and the principle is guaranteed to the depositor.

Islamic Rehmat Remunerative Current Account

Faysal Islamic Rehmat account opened on the basis Mudarabah is determined to provide one-of-a-kind package to its customers comprising of unmatched transactional benefits, meeting your customized banking needs. Account is tagged with a range of free services.

Islamic Rehmat Business Account

Faysal Islamic Rehmat account opened on the basis Mudarabah is determined to provide one-of-a-kind package to its customers comprising of unmatched transactional benefits, meeting your customized business banking needs.

Islamic Asaan Current Account

Asaan current account is designed for unbanked and underbanked segment low income group. Asaan account can be opened with just CNIC, no other documentation requirement. There is no minimum balance requirement in Asaan accounts. Faysal Islamic Asaan Account is an easy solution for individuals looking banking needs in a secure manner. This account is easy to open with just one documentation requirement. This account also caters the basic needs of farmers, housewives and students. Moreover, it is opened on the basis of Qard (loan).

Islamic Asaan Saving Account

Asaan savings account is designed for unbanked and underbanked segment low income group. Asaan account can be opened with just CNIC, no other documentation requirement. There is no minimum balance requirement in Asaan accounts. This account is based on Remunerative Mudarabah.

Islamic Asaan Remittance Account

Faysal Islamic Tez Tareen Asaan Remittance Account is a remunerative current account based on the principle of Mudarabah, specifically designed to receive remittances from abroad directly. Customers can withdraw/ transfer funds, pay bills, check account balance using ATM, branch counter, Internet and Mobile Banking.

Islamic Basic Banking Account

Opens on the basis of Qard. No minimum balance maintenance charges. 2 free deposits and 2 free withdrawals per month through cash/clearing.

Islamic Savings Account

An account that provides greater returns on your investments and is a suitable solution for individuals as well as business entities that are looking for competitive returns on their savings based on Islamic Financing principles. Opened on the basis of 'Mudarabah'.

Islamic Muntazim Savings Account

A saving account opened on the basis of Mudarabah that provides the comfort of saving, managing their day to day banking transaction needs with ease. in accordance with Islamic principles, enjoying Halal returns and managing day to day banking transaction needs with ease.

Islamic Barkat Investment Certificates

Faysal Islamic Barkat Investment Certificates offer you convenient financial solutions under the arrangement of 'Mudarabah', where Faysal Banking is the 'Mudarib'. Range of tenures from 1 month up to 5 years. Premature withdrawal option available with no penalty charge. Islamic Barkat Certificates offer attractive returns to enable you to improve your lifestyle or take care of unforeseen expenses.

Faysal Rehmat Business Account

Grow Your Blessings



Islamic Tez Tareen Asaan Remittance Account

We make sure that your remittances reach your loved ones in the quickest and safest way. We are the ones who take care of your family by ensuring fastest delivery of remittance into your Shariah compliant Faysal Islamic Tez Tareen Asaan Remittance Account. This account is opened on the basis on Mudarabah.

Islamic Life Plus Savings Account

Faysal Islamic Life Plus Savings Account is a Shariah Compliant offering designed for maximization of your hard-earned savings and in addition also provides unique health and hospitalization benefits through its new Health Card feature.

Islamic Remunerative Current Payroll Account

The Islamic Current Remunerative Payroll Account is based on the Mudarbah principle which includes free transaction facilities and fee waivers making it a market competitive product. The account enables customers to receive salary conveniently from their employers on a single click and have ease of withdrawal from the extensive ATM network across the country. The onboarding process is free of cost of the customer.

Islamic Savings Payroll Account

The Islamic Savings Payroll Account is based on the Mudarbah principle which includes free transaction facilities and fee waivers making it a market competitive product. Suitable for customers that wish to save a portion of their income monthly. The onboarding process is free of cost of the customer.

Islamic Rehmat Payroll Account

The Islamic Rehmat Payroll Account is based on the Mudarbah principle which includes free transaction facilities and fee waivers making it a market competitive product. Designed specifically to provide charity against balances maintained by customers, including ease of transacting and withdrawal from the extensive ATM network across the country. The onboarding process is free of cost of the customer.

Islamic Basic Payroll Account

The Islamic Basic Payroll Account is based on the Mudarbah principle which includes free transaction facilities and fee waivers making it a market competitive product. The account enables customers to receive salary conveniently from their employers on a single click and have ease of withdrawal from the extensive ATM network across the country. The onboarding process is free of cost of the customer.

Faysal Islamic Tez Tareen Asaan Remittance Account

International Transfers at a Rapid Speed



Faysal @Work Islamic Employee Banking:

Faysal @Work Islamic is our Shariah Compliant Employee Banking proposition which caters to the needs of large, medium, and small corporates alike. With our market competitive and bundled proposition, Faysal @Work Islamic aims to provide a 360-degree Shariah Compliant Payroll Management solution. The bundled proposition includes Shariah Compliant Consumer Finance and Wealth Management products alongside an in-house payments and a third-party web based HRM solution. The onboarding process itself is state of the art with minimized customer interaction and requirements.

Faysal @Work Islamic offers following benefits for the Employers:

- Onsite Account Opening of staff
- Onsite Deliveries of Staff Welcome Packs (Cheque Book & Debit Card)
- Dedicated Relationship Branch / Manager
- Cash Management – Online Banking Portal
- Reduced Payroll Administration Cost and Salaries Disbursal with 1 click!
- HRMS Solution

Faysal @Work Islamic endeavors to provide complete package, with market competitive benefits for employees as well:

- Free Account Services
- No Minimum Balance Required
- Cheque Book/Debit Card
- Pay Orders/Duplicate Account Statements
- E-Statements/Internet Banking
- SMS Services
- Priority Banking for Senior Management
- Access to Shariah Compliant Consumer Finance Products at preferred rates

At Faysal Islami, we take pride in delivering best in class services to our clients, as part of our DNA, we continuously strive to improve product offerings, customer service and customer experience at all stages of customer journey.

Faysal @work

Just a click away.

A close-up photograph of a computer keyboard. The focus is on a single key that is illuminated with a bright green light. The key has the word "Salaries" written on it in a white, sans-serif font. The surrounding keys are dark and unlit, creating a strong contrast with the glowing key.

Salaries

Roshan Digital Islamic Current Accounts

Digital Account Opening from outside Pakistan for Non-Resident Pakistanis. Islamic Account opened based on a Qarz contract. Accounts available in PKR, USD, GBP, EURO, CNY, AED, CAD and SAR. Repatriation of funds, Customers can withdraw their funds through transfer into any of his/her account internationally. Remittance transfer from the comfort of your home to your loved ones. Debit Virtual Card offers for online payments. Debit Card is available with PKR accounts only.

Roshan Digital Islamic Savings Accounts

Accounts available in PKR and USD. Account Opening from outside Pakistan for Non-Resident Pakistanis Islamic Savings Account opened based on a Mudarabah contract. Investments options are available to invest in Naya Pakistan Certificates, Sharia compliant fixed deposit certificates. Halal Sharia compliant profits. Repatriation of funds, Customers can withdraw their funds through transfer into any of his/her account internationally. Remittance transfer from the comfort of your home to your loved ones. Debit Virtual Card offers for online payments. Availability of DigiBank Internet Banking and Mobile Banking for easy Account management, Bill payments, Funds transfer, mobile top ups and much more (only debit transactions will be allowed).

Priority Banking

As a Faysal Priority customer, we are committed to provide you an enhanced banking experience and look forward to supporting you in achieving your financial goals. Some of the exclusive benefits associated with our Priority Banking proposition include:

- **Exclusive Priority Banking Experience**

Unlimited Access to our Priority Lounges and facilities across the country for all your financial needs. Faysal priority lounges provide banking luxury and transactional convenience to our priority customers.

- **Financial Advisory and Assistance**

Dedicated Priority Relationship Managers assigned to cater to all your financial requirements and manage your Wealth portfolio.

- **Faysal Priority Platinum Debit Card**

As a Faysal Priority customer, you are entitled to a complimentary Faysal Priority Islamic Debit Card that comes equipped with a suite of features and benefits designed to match your exclusive lifestyle. Enjoy discounts at more than 300 retail outlets across Pakistan with an acceptability at 15+ thousand ATMs and over 52+ thousand Point of Sale (POS) locations available in Pakistan.

- **Travel with Comfort**

Complimentary Access to Airport CIP and Majestic lounges along with access to 27 different international airport lounges across the globe including UK, USA, UAE, Singapore and Turkey.

- **Transactional Privileges**

Enjoy a host of free services, such as Unlimited Free Cheque Books, Free SMS Alerts, Free Demand Drafts and Pay Orders, Free Intercity Cheque Clearing, Free Inter Bank Funds Transfer (IBFT), Free Withdrawal from other bank ATM's, 50% waiver on Annual Locker Rentals and many more.

- **Preferential rates on Islamic Financing**

As a Faysal Priority customer, avail our Islamic facilities at preferential rates. This includes Auto Financing, Mortgages and other Islamic Financing. Please get in touch with your dedicated relationship manager for further details.

- **Dedicated Customer Care**

Exclusive 24-Hour Faysal Priority helpline at 111-11-71-71 where our qualified and dedicated teams are focused and ready to service you at any time of the day. Customer service teams can assist you with your queries, complaints, reporting of lost or stolen cards and activation of your Faysal Priority Islamic Debit Card.

Faysal Islami Roshan Digital Account

Islamic Banking for Overseas Pakistanis



Faysal Moneyline

Faysal Moneyline is a cash backed product which allows up to 90% of financing to customers to cater their individual as well as their non-individual needs. These financing limits serve the customers with their short-term credit requirements. It can be availed against shariah compliant securities which includes LCY/FCY Deposits, Government Securities, TDR, FAML & Mutual Funds of other Banks.

It offers following product variants which are:

1. Non-Funded Letter of Guarantee (LG)
2. Non-Funded Letter of Credit (LC)

Letter of Guarantee

Bank Guarantee is an irrevocable undertaking of a bank (guarantor) to effect payment against presentation of a written statement of the guarantee holder (beneficiary) if a contractually agreed obligation has not been fulfilled by the customer (applicant).

Bank guarantees may be broadly classified under the following heads:

1. Performance Guarantee
2. Advanced Payment Guarantee
3. Bid Bond Guarantee

Letter of Credit

A Letter of Credit is a document issued by the Bank on behalf of a customer, authorizing a beneficiary to draw a draft (or sometimes without requirement of a draft), which will be honored on presentation by the Bank if drawn in accordance with terms and conditions specified in the letter of credit.

It is a written undertaking by the issuing bank given to the seller (beneficiary) at the request and on the instructions of the buyer (applicant) to pay at sight or at a determinable future date a stated sum of money against the required documents.

Broadly, L/Cs may be classified as under:

- a. Sight - Letters of Credit (LC - Sight)
- b. Usance Letters of Credit (LC - Usance)

Faysal Priority Islamic Platinum Debit Card

Access to a World of Opportunities



Our Network

500

Islamic
Branches

76

Conventional
Branches

650+

Total
ATMs

200+

Cities Across
Pakistan

576

Total
Branches

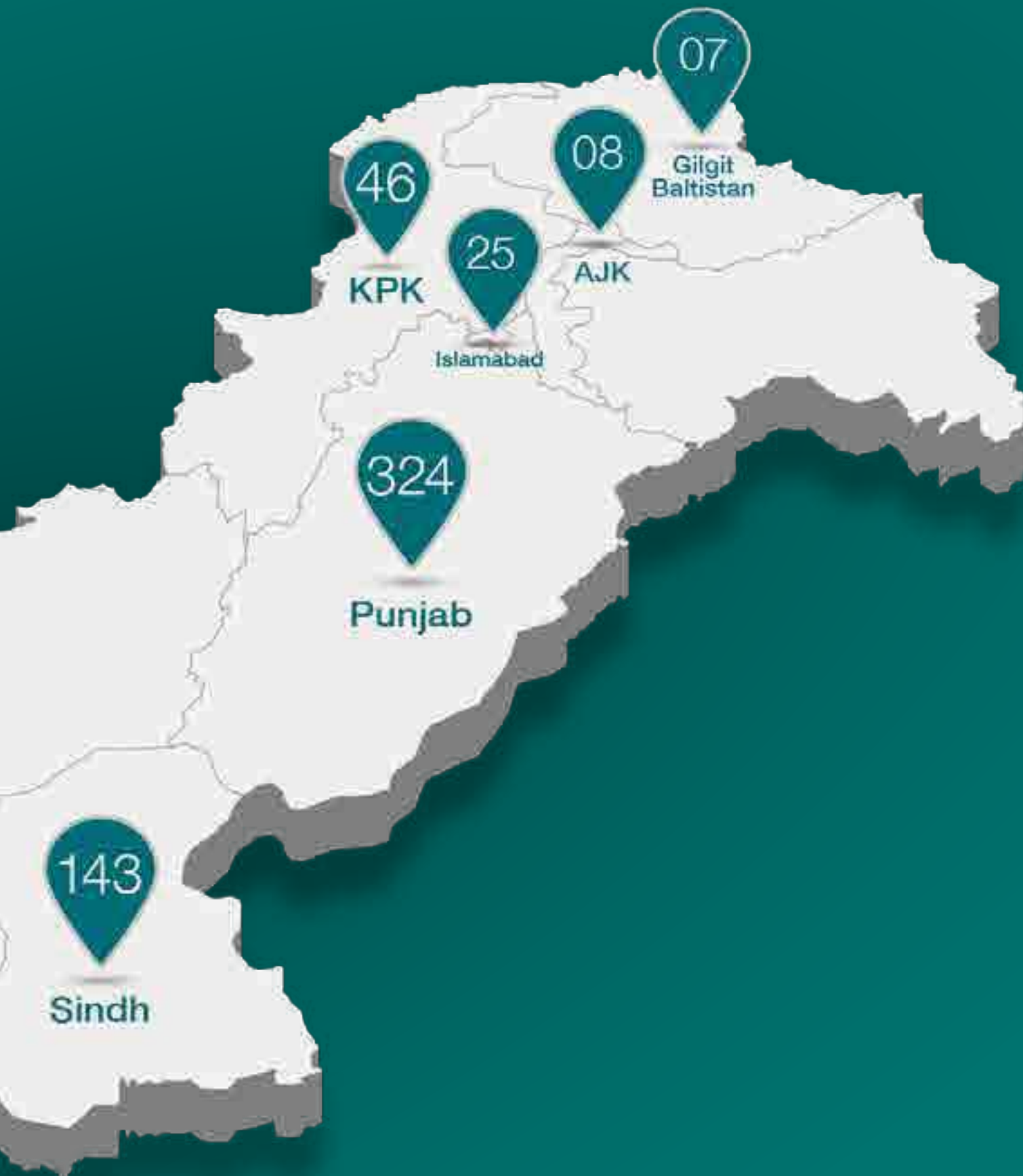


Number of
Branches

23

Balochistan





Our People

Head count as at December 31, 2020, broken down:

- By employment type (permanent / temporary)
- By gender
- By region

Emp Type	Headcount
FTE	6,767
BC	36
Total	6,803

Gender	Headcount
Male	5,587
Female	1,216
Total	6,803

Region	Headcount
HO	868
Central I	1,790
Central II	1,009
North	1,198
South	1,938
Total	6,803

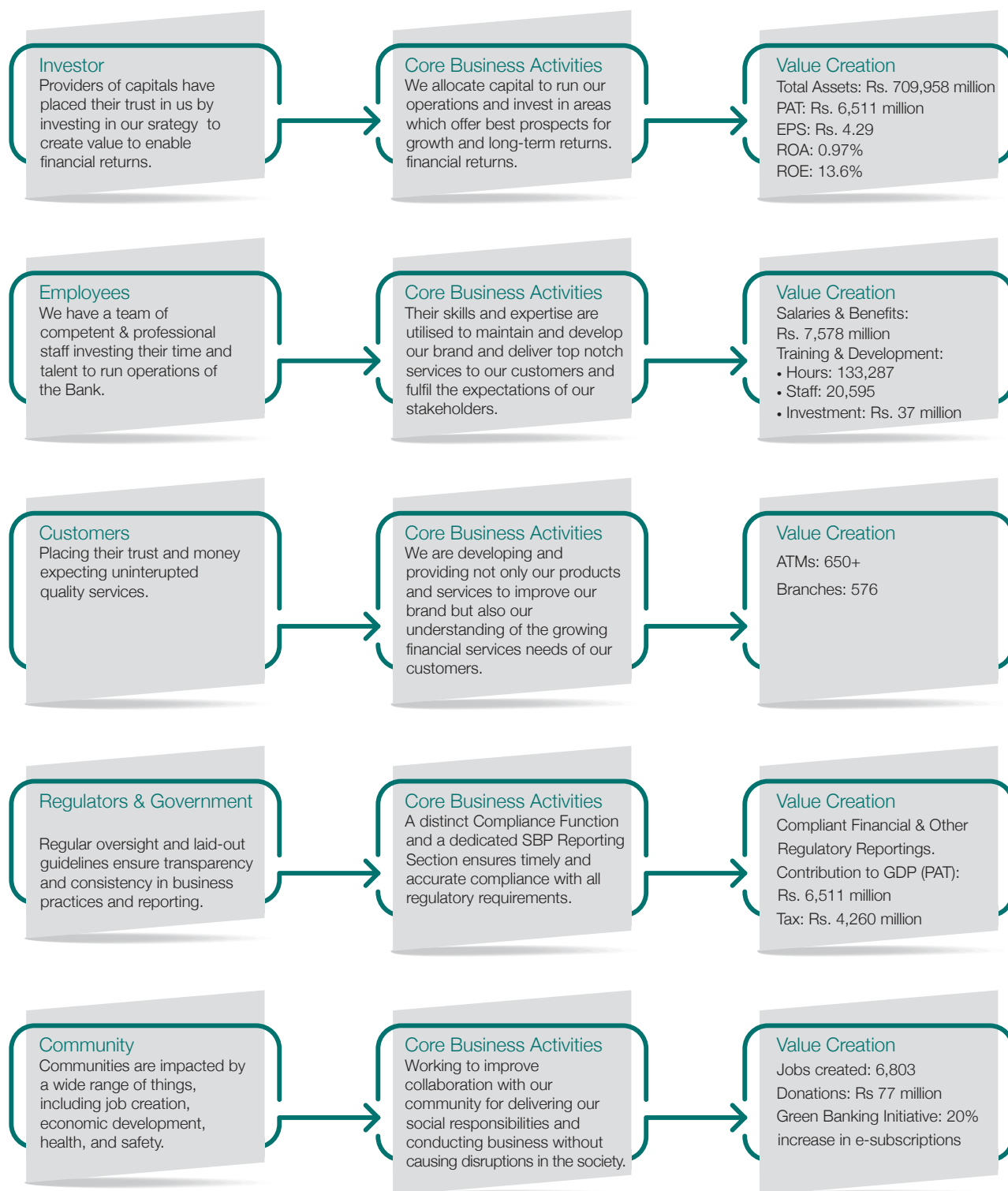
Training & Development

L&D Centre	No. of Staff Trained	Man Hours	Average training hours per Employee
Central-I	6,444	39,909	6
Central-II	2,886	15,786	5
Head Office	1,225	6,830	6
North	4,099	28,853	7
South	5,941	41,909	7
Grand Total	20,595	133,287	6

Competitive Landscape

Faysal Bank is engaged in Corporate, Commercial and Consumer banking activities undertaken through a network of 576 branches in Pakistan. As at December 31, 2020 there are 29 commercial and 3 specialized banks operating in Pakistan. Faysal Bank has a market share of 4.4% based on number of branches. The Bank is on its way of becoming a full-fledged Sharia compliant Bank and is currently operating through 500 Islamic Banking Branches which constitute approximately 15% of Islamic Banking Branches in Pakistan. Faysal Bank has a market share of 7.3% of the Islamic Banking deposits in the industry.

Value Chain and Business Model



History of Major Events

October 1987

Faysal Islamic Bank of Bahrain started operation in Pakistan with three branches

October 1994

Incorporation of Faysal Bank Limited in Pakistan

December 2001

Merger of Al-Faysal Investment Bank Limited with Faysal Bank Limited

December 2010

Acquisition & amalgamation of Royal Bank of Scotland Limited (RBS Pakistan) with and into Faysal Bank Limited

November 2018

Acquisition of 69.99% shareholding of Faysal Asset Management Limited (FAML), taking the total interest of FBL to 99.99%

August 2003

Incorporation of Faysal Asset Management Limited

Highlights of Year 2020

February 13, 2020

Annual Financial Results 2019
approved by the Board of Directors

April 22, 2020

First Quarter Financial
Results 2020 approved by
the Board of Directors

May 14, 2020

25th Annual General Meeting

August 20, 2020

Second Quarter Financial Results 2020
approved by the Board of Directors

October 22, 2020

Third Quarter Financial Results
2020 approved by the Board
of Directors

Governance

SCFR (PK) 1 Highest Shariah Rating Attainable

Islamic International Rating Agency



Board of Directors' Profiles

Mr. Farooq Rahmatullah Khan Chairman

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

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

Key Positions Held:

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

- Member of National Commission of Government Reforms
- Director on the Boards of PCB, PIA and Pakistan Stone Development Company

He is serving on the Boards of Directors of:

- Faysal Bank Limited
- Society for Sustainable Development
- Resource Development Committee of Aga Khan University Hospital

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



**Mr. Ahmed Abdulrahim Mohamed
Abdulla Bucheery**
Vice Chairman

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

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

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



Mr. Yousaf Hussain
President & CEO

Mr. Yousaf Hussain, President & CEO Faysal Bank, has around 27 years of diverse professional experience. His previous assignments have primarily been with ABN AMRO Bank, where he held multiple senior managerial positions, mainly within Wholesale/Corporate Banking. His experience also includes senior management positions with Samba Bank and earlier roles with Mashreq Bank, UAE and Mobilink.

He has been with Faysal Bank since August 2008. He has contributed significantly to the growth of the franchise while holding senior management positions within Corporate, Special Assets and Risk Management Group. He was elevated, in early 2017, to become the President & CEO of Faysal Bank Ltd.

Under his leadership, the Bank has embarked upon a well-structured plan to convert into a full-fledged Islamic Bank from a conventional bank. Simultaneously, the Bank has also adopted a growth strategy through major network expansion, new product offerings and enhanced distribution efficiency coupled with customer centric approach and increased focus on technology.

Yousaf is an Electrical engineer with an MBA from Lahore University of Management Sciences. He is a member of the Executive Committee of Pakistan Banking Association, a Council Member of the Institute of Bankers-Pakistan, Director at Pakistan Business Council and Pakistan Institute of Corporate Governance. He is also a member of the Management Committee of CEIF (Centre for Excellence in Islamic Finance) at IBA Karachi.



Mian Muhammad Younis

Director

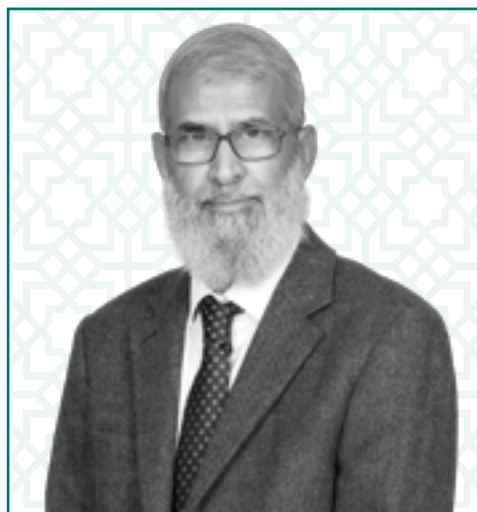
Mian Mohammad Younis possesses 39 years of experience in Public Finance, Banking and Financial Sector reforms with extensive knowledge of Corporate Sector Governance, Rules, Regulations and Audit Procedures. During his career, he was Head, Inter-Governmental Finance Wing (IGF), Regulation Wing (RW), and Human Resource Wing (HRW) of Finance Division as Additional Finance Secretary (AFS). He was Secretary to National Finance Commission (NFC) from 2003 to 2010 and was the first Chief Operating Officer (COO) of Khushal Pakistan Fund Limited (KPF) under Finance Division.

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

He was on the Board of Directors of Meezan Bank Limited and also its Chairman Board Audit Committee & member Risk Management Committee, for about three years. He completed the process of liquidation of Federal Bank for Cooperative (FBC) and Agriculture Marketing and Storage Limited (AMSL) as liquidator. Mian Younis served in the Public Sector for a long time, while holding positions in different Government, Semi Government and Autonomous Bodies i.e. FBR, Economic Affairs Division (EAD), M/O F&A, BOI, Pakistan Software Export Board (PSEB) and Finance Division. He gained vast experience in HR

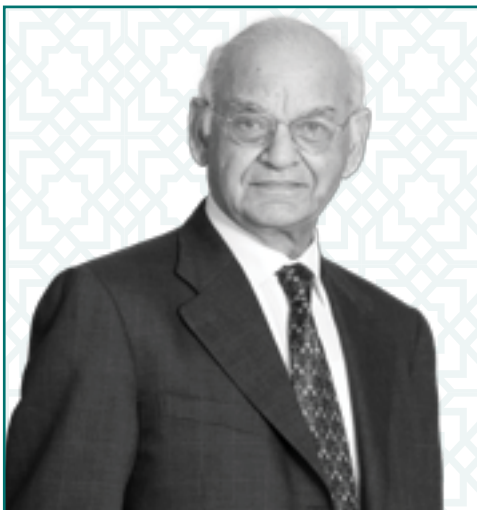
management through formulation of HR Policies, Rules, Regulations Procedures and their implementation, while Heading Regulation Wing of Finance Division, mandated for fixation of remuneration, perks and privileges of Parliamentarians, Judiciary, Public Sector Entities and their HR Policies, Rules and Regulations. He established various Funds including "Relief Funds" and was instrumental in framing their accounting procedures, Financial / Investment Rules in consultation with Controller General Accounts (CGA) and Auditor General of Pakistan's Office.

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



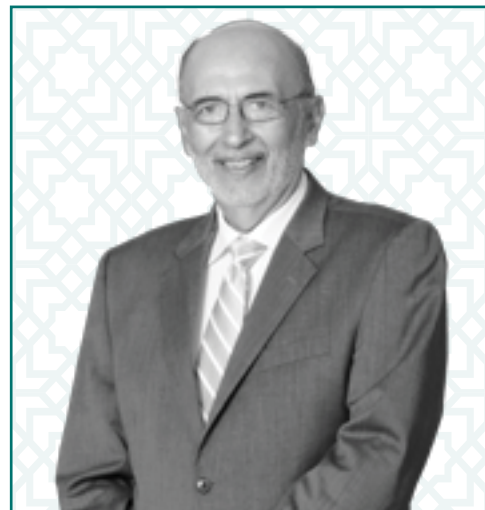
Mr. Imtiaz Ahmad Pervez
Director

Mr. Imtiaz Ahmad Pervez has over 36 years' work experience in the field of banking in the United Kingdom, Bahrain and Pakistan. His last position was that of the Chief Operating Officer of the Faysal Islamic Bank of Bahrain BSC. He was also the first CEO of the former Faysal Investment Bank Limited, Pakistan (later merged with Faysal Bank Limited, Pakistan). Additionally, he has served on the boards of banks including the Ithmaar Bank BSC, Bahrain, AlBaraka Bank Pakistan Limited, Faysal Islamic Bank of Bahrain BSC, Faysal Investment Bank of Bahrain EC and the Faysal Investment Bank Limited, Pakistan. He holds B.A. degree from the University of the Punjab and fellowship of the Institute of Islamic Banking and Insurance, London, U.K.



Mr. Ali Munir
Director

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



Mr. Juma Hasan Ali Abul

Director

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

Key Positions Held:

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



Mr. Abdulelah Ebrahim Mohamed AlQasimi
Director

Mr. Abdulelah AlQasimi has more than 39 years of diversified management experience. His previous positions include Chief Executive of the Labor Fund (Tamkeen), from which he resigned in May 2010, Deputy Chief Executive Officer of Labor Fund Project at the Bahrain Economic Development Board, Assistant Undersecretary for Training at the Bahrain Ministry of Labor and Social Affairs, Director of Engineering and Maintenance at the Bahrain Ministry of Health. He has also served as the Chairman of the Bahrain Qualifications Framework Steering Committee and the Steering Committee of Career Expo and was a Board member of the Bahrain Society of Engineers and the Bahrain Consumer Protection Society.

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

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



Mr. Abdulla Abdulaziz Ali Taleb
Director

Mr. Abdulla Abdulaziz Ali Taleb has more than 19 years of experience in banking and currently he is heading the Business Banking Group of Ithmaar Bank, Bahrain. Besides that, he has a strong work experience in a number of banking functions; including Islamic financial services, corporate banking, capital markets and credits. Prior to joining Ithmaar Bank, he held senior positions in various banks and financial institutions including BMI Bank, First Investment Bank, Shamil Bank and Khaleej Finance & Investments.

Abdulla Taleb has a Bachelors Degree in Banking & Finance from Kingdom University and Associate Diploma in Economics Banking and Finance from University of Bahrain. He also holds an Advanced Diploma in Islamic Banking from Bahrain Institute of Banking and Finance. In addition Abdulla is a certified Director from the Pakistan Institute of Corporate Governance.



Ms. Fatima Asad Khan

Director

Ms. Fatima Asad-Said is Managing Director for the Corporate Governance & People Solutions Business Vertical at Abacus, a leading international professional services firm. Over the last 23 years, her professional experience focused on delivering world class transformative solutions and thought leadership in the corporate governance, strategic change, organizational and learning development, human capital management and advisory, rewards advisory, technology transitions for HR and talent, diversity and inclusion, project management, and strategic client relationship management, across various sectors including the financial services. Her significant experience is complemented by leveraging on strategic partnerships with global leaders such as Mercer, Center for Creative Leadership, and SAP.

An MBA graduate from LUMS, she started her career with Coopers & Lybrand International and then PricewaterhouseCoopers. Her leadership journey also includes serving on various Boards such as Abacus, Lahore University of Management Sciences, Kashf Foundation, Kaarvan Crafts Foundation, and Bata Pakistan. She is also a certified Corporate Director from Harvard Business School and PICG, and a member of the Diversity & Inclusion Hub Leadership Council.



Mr. Mohsin Tariq

Director

Mr. Mohsin Tariq was elected as an Independent Director on the Board of Faysal Bank Limited in May 2020.

Mr. Mohsin Graduated from Brunel University, West London with a BSc in Business Management in 2009, after which he joined School of Oriental & African Studies, University of London, for his MSc in International Management from 2009 – 2010.

Soon after completing his higher studies, he joined his family business in September 2011 namely, NIMIR CHEMICALS PAKISTAN LTD. After assuming the director role in 2011, he was responsible for a successful turnaround of this Petrochemical Manufacturing Company near Lahore. He was also a member of board of an Oleo Chemicals & Chlor Alkali manufacturing entity namely M/s NIMIR INDUSTRIAL CHEMICALS LTD from December 29th, 2015 till September 25th, 2018. During his highly successful professional career extended over almost 10 years, Mr. Mohsin Tariq demonstrated extraordinary skill and expertise in handling complex situations on these assignments.

He has further attended numerous national and international conferences, courses, seminars, meetings and a Directors' training program from LUMS.

During his smart career, he has applied qualities of integrity, credibility and a passion for progress to strategic governance efforts. It was his vision, devotion and smart ideas through which he was able to diversify his family business into the new horizons

of petrochemicals products. He has played an instrumental role in recent progress and development of business leading the turnaround of M/s NIMIR CHEMICALS PAKISTAN LIMITED. He played a key role in shaping the overall business to its current prominence in Pakistan.

In addition he is also responsible for shaping and proactively managing the impact of financial and regulatory requirements, ensuring the integrity of financial accounts as well as establishing and monitoring reliable control systems to strengthen the risk and control environment.

He is an active member of civil society and is also associated with various reputed charitable organizations.



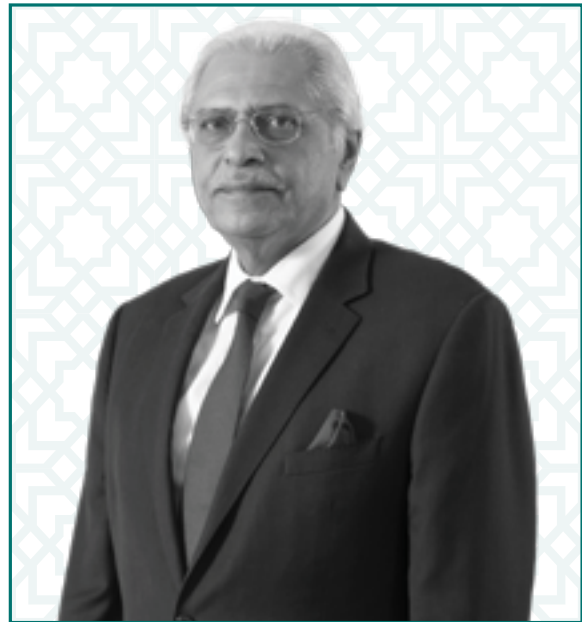
Senior Management Profiles

Mr. Yousaf Hussain President & CEO

Mr. Yousaf Hussain has around 27 years of professional experience, primarily at ABN AMRO Bank where he held multiple senior managerial positions including those within the Corporate / Credit and Transaction Banking functions. He has been with Faysal Bank since August 2008, with a significant contribution to the Franchise in his previous positions as Chief Risk Officer, Regional Corporate Banking Head-North and Head of Special Assets Management Group. His experience also includes a senior role with Samba Bank and earlier assignments with Mashreq Bank and Mobilink / Motorola. Mr. Yousaf has a Bachelor's of Science degree in Electrical Engineering and has done his MBA from Lahore University of Management Sciences.

Mr. Raheel Ijaz Chief Operating Officer

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



Mr. Salman Ahmed Usmani
Head, Treasury & ECM

Mr. Salman Usmani has a rich experience of over three decades in the local as well as multinational banking sector. His broad expertise covers Treasury & Risk Management, Asset and Liability Management, Strategic Planning, Corporate Restructuring, Strategic Negotiations, Acquisitions and Strategic Alliances and International Operations. His vast skill set has been instrumental in the design and implementation of the in-house developed Treasury System which is capable of meeting front, middle and back office business requirements and generates a host of MIS while retaining the flexibility to adapt to an evolving product suite. Prior to joining Faysal Bank Limited, he was associated with MCB Bank Limited as Global Treasurer and Head Investment Banking Group. His past experience has been with organizations such as ANZ Grindlays, American Express, Bank of America, Mashreq Bank, United Bank Limited & MCB Bank Limited. He holds an MBA Degree from Grand Valley State University, USA.



Syed Majid Ali
Chief Financial Officer

Syed Majid Ali is a fellow member of the Institute of Chartered Accountants of Pakistan and has over three decades of experience in the field of accounts and finance disciplines of banking with exposure in IT and HR activities. He has been associated as CFO at Saudi Pak Commercial Bank Limited (now Silk Bank Limited) and Emirates Bank International PJSC (Pakistan operations). He has also served as Partner in KPMG Taseer Hadi & Co, Chartered Accountants. Mr. Majid has rich experience in Banking Finance amid mergers and acquisitions. He has also supervised Strategy, Technology and Administration Functions at Faysal Bank Limited.



Mr. Nasir Islam
Head, Internal Audit

Mr. Nasir Islam is a qualified Chartered Accountant with over three decades of multifaceted experience. His first assignment was as Manager Finance in ANZ Grindlays, Karachi, after which he was posted at the ANZ HO (Melbourne, Australia), as Manager Commercial Banking System (CBS) Project. He returned to Pakistan in 1997 as Manager Audit, joined ABN AMRO Pakistan as Audit Manager in 2000, and was appointed as Country Head of Compliance in 2004. He has been associated with Faysal Bank Limited since 2008.

Mr. Tahir Yaqoob Bhatti
Head, Retail Banking

Mr. Tahir Yaqoob Bhatti has over 33 years of diverse experience in Retail, Commercial, Corporate, Operations, Special Assets Management and Digital Banking. He has previously been associated mainly with Allied Bank, Askari Bank and National Bank of Pakistan. Prior to joining Faysal Bank Limited, his last assignment was Business Head – Wholesale and Private Banking at JS Bank. Mr. Tahir holds an MBA (Finance) from IBA, Lahore and a Masters in Commerce from Hailey College. He also qualified DCMA and holds a Banking Diploma from the Institute of Bankers in Pakistan.



Mr. Abadullah
Chief Compliance Officer

Mr. Abadullah brings with him over three decades of diversified experience of Branch Banking, Trade, Operations and Compliance. Prior to joining Faysal Bank Limited, he has been associated with Standard Chartered, ANZ Grindlays and United Bank Limited. His last assignment with SCB was as Head Corporate Service Delivery. Prior to his current appointment as Chief Compliance Officer, he has also held the position of Head Operations at Faysal Bank Limited. Mr. Abadullah has been instrumental in implementing various projects and had led teams which migrated core banking systems in Faysal Bank. He is a certified GRC professional from GRCP International and diploma holder from Institute of Bankers in Pakistan. He holds a Master of Business Administration (Finance) degree from IBA, University of Punjab and is a certified director from ICMA Pakistan.



Mr. Ali Waqar
Head, Corporate & Investment Banking

Mr. Ali Waqar has over 18 years of professional experience, primarily in the field of Corporate & Investment Banking, and Commercial Banking. Throughout his professional career, he has been instrumental in driving the organization's profitability through a diverse mix of transactions including Structured Finance, Project Finance, Mergers & Acquisitions and Derivatives. He has served at key positions in leading multinationals as well as local organizations including ABN AMRO Bank N.V., Barclays Bank Plc. and Faysal Bank Limited. Prior to his current assignment, Mr. Ali spearheaded Faysal Bank's Regional Corporate Banking franchise for 9 years as the 'Corporate Head-Central' where he contributed significantly towards sustainable portfolio and revenue growth. Mr. Ali holds an M.Sc. degree in Economics and Finance from Lahore School of Economics.



Mian Salman Ali
Chief Risk Officer

Mian Salman Ali brings with him a banking experience of over 17 years in large local and multinational banks. During his career, he has held various leadership/ supervisory roles in business and control functions. He has a diversified experience in the field of Corporate Banking, Commercial / SME Banking & Credit/Risk Management. Prior to joining Faysal Bank Limited, he has been associated with ABN AMRO Pakistan and Allied Bank Limited. Mian Salman holds a Master of Business Administration degree from Lahore School of Economics. He is also a certified Islamic Banking Professional from NIBAF.

Mr. Bashir Ahmed Sheikh
Head, Special Assets Management

Mr. Bashir Ahmed Sheikh has five decades of diversified domestic as well as international banking experience of Operations, Corporate Banking, Commercial/Retail Banking, Investment and Risk Management, with a proven record of superior performance throughout his career. He has strong skills in Syndications, Advisory Services, Acquisitions, Mergers, Privatizations, Agriculture Financing, Remedial Management, Compliance and dealing with the Regulators amid other relevant agencies. Before joining Faysal Bank Limited in 2018, he has been associated with United Bank Limited, Union National Bank, BCCI, Indus Bank, Askari Bank, Faysal Bank and Bank Alfalah. His last assignment was Group Head Special Assets Management at Bank Alfalah. Mr. Bashir Ahmed Sheikh holds a graduation degree from University of Punjab. He is also a Graduate of Executive Development Program, Johnson Graduate School of Management, USA.



Syed Muhammad Fraz Zaidi
Head, Strategy

Syed Muhammad Fraz Zaidi brings with him over 16 years of experience in the financial services sector, where he has held leadership roles in Finance, Risk Advisory and Strategy. Prior to joining Faysal Bank Limited, he has been associated with organizations such as H & H Exchange Co. (Pvt.), A. F. Ferguson & Co. and United Bank Limited. His last assignment was Head Operational Risk & Basel-II Division at United Bank Limited. Mr. Fraz is a Chartered Accountant from the Institute of Chartered Accountants, Pakistan.



Mr. Monis Mirza
Head, Human Resources

Mr. Monis Mirza has over 24 years of leadership experience in Human Capital Management, Mergers & Acquisitions, Cultural Integration and Business Growth in multiple geographies. During his career, he has held key positions in Procter and Gamble (P&G), Standard Chartered Bank in Pakistan and Tenova Canada. He remained Director of Human Resources and a Management Committee member for SCB Pakistan for over a decade, and helped the bank manage organic and inorganic business growth, drive productivity through engagement and organizational design efficiencies. His last assignment was with HRS Global as Chief Executive Officer – Recruiting. Monis Mirza acquired his B.E. Electrical Engineering degree from University of Buffalo, USA and MBA degree in Human Resources from Institute of Business Administration, Karachi. He has also completed an advance diploma in Human Resources from McMaster University, Canada.



Mr. Aneeq Malik

Head, Operations

Mr. Aneeq Malik is a solutions-focused banker with over 19 years of rich experience overseeing the compliance function and branch operations. Prior to joining Faysal Bank Limited, he has been associated with banks like ABN AMRO and MCB. Mr. Aneeq is recognized for being both reactive to developments in the regulatory and governance environment and proactive in areas related to compliance education and training. Highly adept in identifying gaps and / or risk exposure in operations as well as developing and implementing strong systems of check and balances. He holds a graduation degree from Punjab University, Lahore. He is a certified expert in Corporate Governance & Leadership Skills from Pakistan Institute of Corporate Governance (PICG). He is also certified from NIBAF in Islamic Banking. He is on the Board of Directors of M/s. 1Link (Guarantee) Ltd., as a nominee director from Faysal Bank Limited as well.

Syed Hasan Jafri

Head, Information Technology

Syed Hasan Jafri brings with him over 35 years of diversified experience in both financial and non-financial sectors. Mr. Hasan is an accomplished technology professional having experience in Networking, Software design, Product development, Information security, Internet and Telecommunication technologies. Prior to joining Faysal Bank, he has been associated with organizations such as Shahnawaz Limited, Karachi Stock Exchange, Arif Habib Corporation, Summit Bank and Allied Bank Limited. His last assignment was Group Head Information Technology at Allied Bank Limited. Mr. Hasan holds a Masters of Information Technology degree from PIMSAT, Karachi.



Mr. Muhammad Aurangzeb Amin
Company Secretary & Head, Legal

Mr. Aurangzeb Amin brings with him over 24 years of experience in the Financial Sector and Legal Consultancies both in Pakistan and in the USA. During his career, he has worked with NIB Bank and Pak-Kuwait Investment Co. as Company Secretary and Head Legal. He has also worked with law firms locally and internationally, namely Orr, Dignam & Co. and Surridge & Beecheno. He has a Masters of Laws degree from Temple University, USA.



Mr. Muhammad Arif
Chief Digital Officer

Mr. Mohammad Arif has over 39 years of diversified experience in the field of Fintech, Digital Banking, Islamic Banking and Technology & Operations. Prior to joining Faysal Bank in 2019, he has worked with Bill & Melinda Gates Foundation, Standard Chartered Bank (Malaysia & Pakistan) and GBS – Malaysia. During his tenure at previous organizations, he has been responsible for strategic planning of technology initiatives, system developments, core banking solutions, digital banking migration of channels, E-pay initiatives and managed investments in technology & operations.



Mr. Muhammad Faisal Shaikh

Head, Islamic Banking

Mr. Muhammad Faisal Shaikh is a graduate of Institute of Business Administration, Karachi with over 19 years of experience in the field of Shariah Structuring and Shariah Compliant Product Development. Prior to joining Faysal Bank Limited, he was associated with BankIslami Pakistan Ltd. and Meezan Bank Ltd. He has been instrumental in the development of various pioneering Islamic Corporate & Consumer Banking Products and Sukuk structures in Pakistan including Islamic Export Refinance Scheme of State Bank of Pakistan and Pakistan's inaugural sovereign International Sukuk. He led the team which converted conventional assets and liabilities of KASB Bank Ltd. after its acquisition by BankIslami Pakistan Ltd. Prior to this, his team structured acquisition and conversion of Citibank's conventional housing finance portfolio by BankIslami Pakistan Ltd. He was an active member of the team responsible for conversion and merger of Pakistan operations of Societe Generale into Meezan Bank Ltd. He has also served as a member of different advisory committees of State Bank of Pakistan on Islamic Banking.



Shariah Board Profiles

Mufti Muhammad Mohib ul Haq Siddiqui Chairman Shariah Board

Mufti Mohib ul Haq Siddiqui is a prominent and a well-recognized Shariah scholar. His credentials include a specialized degree in Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Al-Takhassus fi al-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from the esteemed Jamia Darul Uloom, Karachi.

Mufti Mohib has a diversified experience of more than 17 years in Islamic Finance Industry. He has been associated with Faysal Bank Limited -Islamic Banking since 2011, as the Shariah Advisor, prior to his appointment as the Chairman of Shariah Board. He is also a Shariah Board Member of Bank Alfalah Limited and Bank Al Habib Limited. Further, he is also a member of the State Bank of Pakistan's Committee for Shariah review, standardisation of Islamic products and processes, and formalisation of Accounting & Auditing Organisation for Islamic Financial Institutions ("AAOIFI") Shariah standards for the Pakistan banking industry

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

- Bank Al Habib Limited
- Takaful Pakistan Limited
- Royal Bank of Scotland Berhad, Malaysia
- JS Islamic Mutual Funds

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

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

Dr. Mufti Khalil Ahmad Aazami Member Shariah Board

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

Dr. Aazami is working with Bank Alfalah Islamic Banking since 2003 in the capacity of Shariah Advisor and now serving Bank Alfalah as Chairperson Shariah Board since 2015. He is also a Shariah Board Member of National Bank of Pakistan-Islamic Banking and Faysal Bank Limited-Islamic Banking. Moreover, he is a member of Shariah Standard Committee Pakistan of Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI).

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

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

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

- Jamia Darul Uloom, Karachi since 1999
- Centre for Islamic Economics (CIE)
- National Institute of Banking and Finance (NIBAF) – SBP
- Sheikh Zaid Islamic Research Centre - University of Karachi
- Institution of Business Administration-CEIF

Mufti Muhammad Abdullah

Resident Shariah Board Member

Mufti Muhammad Abdullah is serving Faysal Bank Limited-Islamic Banking as Resident Shariah Board Member since 2018. Prior to his joining at Faysal Bank, he has worked as Resident Shariah Board Member and Head Shariah Compliance Department in Standard Chartered Bank Pakistan Limited (Saadiq Division). Further, Mufti Abdullah has worked as a member of the Shariah Compliance Department of Albaraka Bank Pakistan Limited. He has over 9 years' wide and diversified professional experience in Islamic Banking.

In addition to above, he has significant experience in the field of teaching Social, Management Sciences and Islamic Finance in renowned educational Institutions including National University of Computer and Emerging Sciences (NUCES - FAST), DHA Suffa University and IQRA University.

Mufti Abdullah possesses both contemporary as well as religious academic qualifications. He holds Shadat-ul-Aalamia (Masters in Islamic Studies & Arabic) from Jamia-tul-Uloom-ul-Islamiyyah, Binori Town, Karachi and Al-Takhassus Fil Fiqh Al Islami (specialization in Islamic Jurisprudence) from Jamia Darul-Uloom Rasheedia, Karachi. He also holds Master's degrees in Arabic, Economics & Finance and General History from University of Karachi, Islamic Studies, and History from Federal Urdu University and Muslim History from University of Sind. Moreover, he has also been awarded "Certificate of Director Education" in "Corporate Governance Leadership Skills (CGLS)" from "Pakistan Institute of Corporate Governance (PICG)" and is also registered as a Shariah Advisor in Security Exchange Commission of Pakistan.

Senior Management and Internal Committees

Senior Management Committee

Yousaf Hussain

Chairman

Raheel Ijaz

Member

Syed Majid Ali

Member & Secretary

Salman Ahmed Usmani

Member

Tahir Yaqoob Bhatti

Member

Abadullah

Member

Ali Waqar

Member

Mian Salman Ali

Member

Bashir Ahmed Sheikh

Member

Syed Muhammad Fraz Zaidi

Member

Monis Mirza

Member

Aneeq Malik

Member

Syed Hasan Jafri

Member

Muhammad Faisal Shaikh

Member

Muhammad Arif

Member

Conversion to Islamic Committee

Yousaf Hussain

Chairman

Raheel Ijaz

Member

Syed Majid Ali

Member & Secretary

Mufti Muhammad Mohib ul Haq
Siddiq

Member

Mufti Muhammad Abdullah

Member

Muhammad Faisal Shaikh

Member

Salman Ahmed Usmani

Member

Tahir Yaqoob Bhatti

Member

Ali Waqar

Member

Abadullah

Member

Mian Salman Ali

Member

Syed Hasan Jafri

Member

Syed Muhammad Fraz Zaidi

Member

Aneeq Malik

Member

Monis Mirza

Member

IT Steering Committee

Yousaf Hussain

Chairman

Raheel Ijaz

Member

Syed Majid Ali

Member

Aneeq Malik

Member

Abadullah

Member

Tahir Yaqoob Bhatti

Member

Syed Hasan Jafri

Member

Muhammad Maad

Member

Imran Saeed Chaudhry

Member & Secretary

Syed Muhammad Fraz Zaidi

Member

Muhammad Arif

Member

Asset & Liability Committee

Yousaf Hussain

Chairman

Salman Ahmed Usmani

Member & Secretary

Tahir Yaqoob Bhatti

Member

Ali Waqar

Member

Mian Salman Ali

Member

Syed Majid Ali

Member

Syed Muhammad Fraz Zaidi

Member

Muhammad Faisal Shaikh

Member

Investment Committee

Yousaf Hussain

Chairman

Salman Ahmed Usmani

Member & Secretary

Ali Waqar

Member

Mian Salman Ali

Member

Syed Majid Ali

Member

Syed Muhammad Fraz Zaidi

Member

Country Credit Committee

Yousaf Hussain

Chairman

Mian Salman Ali

Member & Secretary

Ali Waqar

Member

Tahir Yaqoob Bhatti

Member

Compliance & Fraud Risk Committee

Yousaf Hussain

Chairman

Raheel Ijaz

Member

Abadullah

Member & Secretary

Syed Majid Ali

Member

Mian Salman Ali

Member

Aneeq Malik

Member

Tahir Yaqoob Bhatti

Member

Nasir Islam

Observer

Enterprise Risk Management Committee

Yousaf Hussain

Chairman

Raheel Ijaz

Member

Salman Ahmed Usmani

Member

Syed Majid Ali

Member

Mian Salman Ali

Member

Ali Waqar

Member

Tahir Yaqoob Bhatti

Member

Aneeq Malik

Member

Abadullah

Member

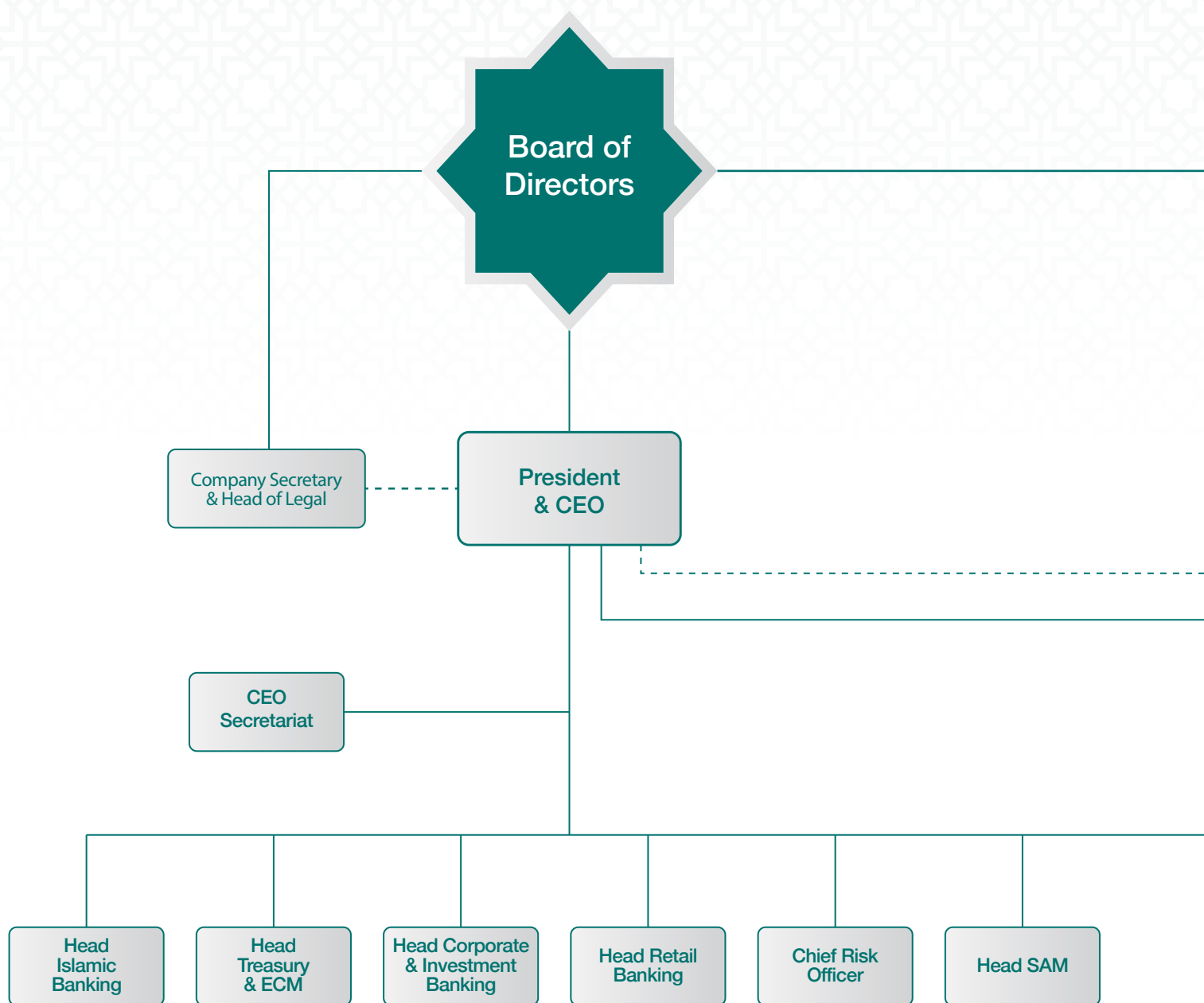
Muhammad Maad

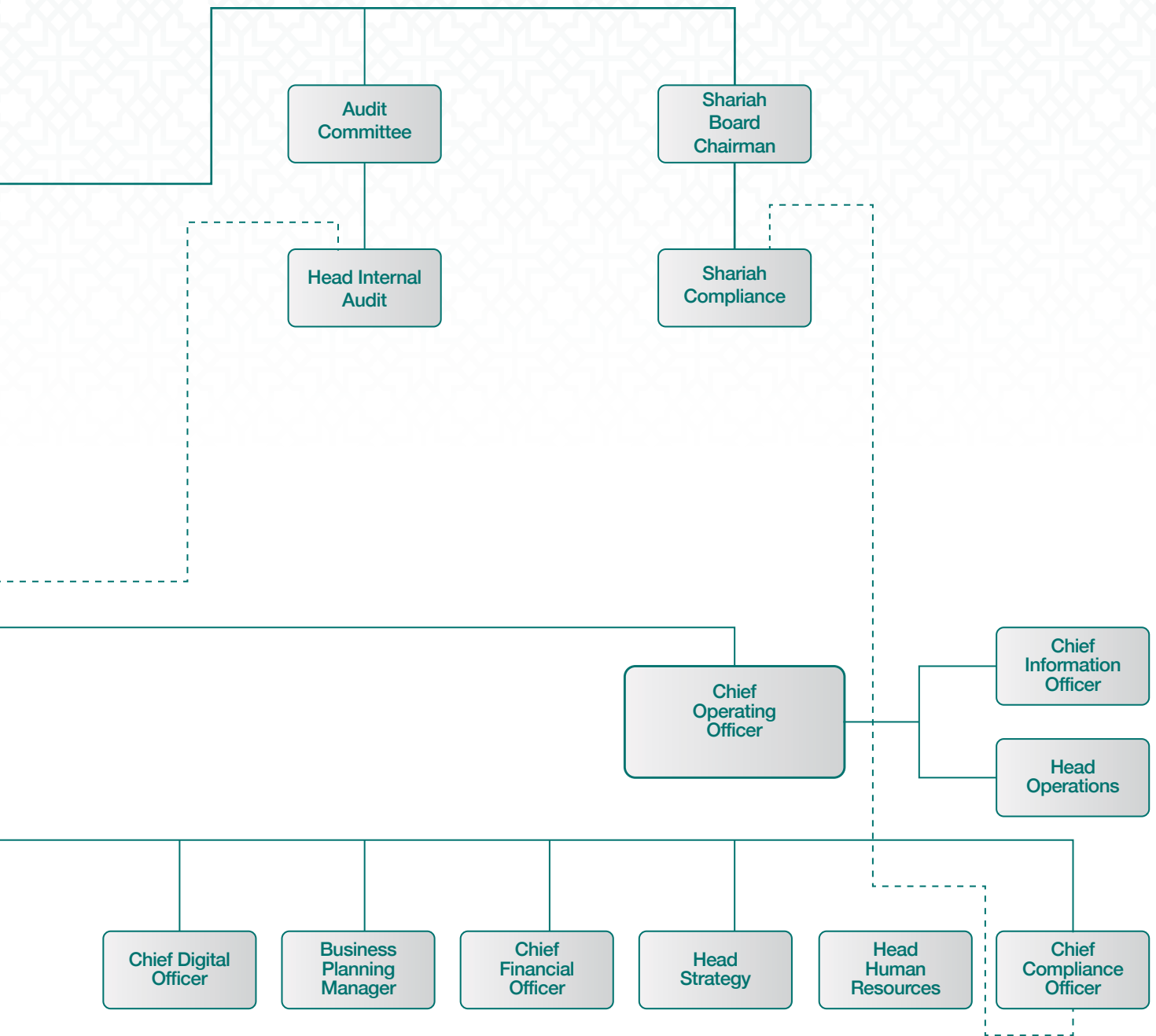
Member

Nasir Islam

Observer

Organizational Structure





Board Committees and Terms of Reference

Board Audit & Corporate Governance Committee (BACGC)

- Focus on compliance with applicable accounting and reporting standards to give a true and fair view of the financial position and performance of the Bank.
- To oversee the Bank's compliance with legal and regulatory requirements.
- To oversee the Internal Control Framework (both policies as well as procedures), established by the Management, to ensure the compliance of applicable Laws and Regulations and to ensure the adherence of Accounting and Reporting Standards.
- To oversee adherence of employees and management to Bank's Control Framework and Code of Conduct.
- Selection and recommendation of the External Auditor to the BOD, after, thorough analysis of qualification and competence, and ensuring its independence from the Management.
- Establishment and smooth functioning of an independent, objective and competent Internal Audit Group supported by adequate resources.
- To review the performance of Internal Audit Department (IAD) and External Auditors.
- Review and recommend to the Board of Directors the amendments in the internal audit policy.
- Approval of the Audit Manual, Assurance Level and Audit Rating System, prepared and presented by Head of IAD, after thorough discussion and analysis, with prime focus on Risk Based Audit Approach.
- To ensure that IAD is independent of the activities it audited and from the everyday internal control process and is adequately structured to achieve its chartered objectives and responsibilities.
- To oversee Shariah Audit Function and Management's actions for identification of gaps and implementation To oversee the integrity of the accounting and financial reporting processes as well as of the of controls as a preventive measure against frauds as stated in the fraud preventive policy.
- Review and discuss with Head IAD and Management, the status of implementation of the Committee's Decisions and reasons for any significant delay(s) together with Committee's direction for necessary actions.
- Formulation and approval of Key Performance Indicators (KPIs) of Head Internal of Audit.
- To ensure independence of any investigation/disciplinary action against Head of Internal Audit or Internal Auditors.
- To review effectiveness of Whistle Blow mechanism of the Bank.
- Provision of reports to the Board regarding any other matter as per the requirement of BOD further communication with the relevant sub-committees of the Board/BOD regarding significant findings by Internal Audit or External Audit and their implementation status relating to their respective areas for consideration and follow-up for corrective actions thereon.
- Fulfillment of any other task/responsibility assigned by the Board as well as by the Regulators.

Board Strategic Planning and Business Transformation Committee (BSC)

- Review periodically and make recommendations to the Board regarding:
- Bank's Vision & Mission statements and strategic goals & objectives.
- Bank's Strategic Plan and overall Strategy.
- Matters of strategic importance including items such as mergers and acquisitions, potential new business avenues & strategic partnerships/ alliances, modifications to business & operating models, opportunities for growth & expansion of business, changes in technology and marketing strategies, enhanced customer experience etc.
- Assist management in the development of Bank's Corporate Strategy, including reviewing and discussing with the management the strategic direction, initiatives, key performance indicators (KPIs) and the risks associated with the Bank's strategy.
- Review the process for development, approval and modification of the Bank's strategy and Strategic Plan.
- Review key issues, risks and external developments impacting the Bank's strategy, and advise management in adopting the viable/ suitable options, based on management recommendations. Review tactical changes in strategic plan and initiatives, in response to key issues, risks and external developments, as recommended by the management.
- Review progress against strategic plan and key performance indicators to monitor Bank's progress against its strategic goals.
- Seek, review and make recommendations on performance measurement and recognition practices so that it remains aligned with the Bank's strategic objectives.
- Review and approve capital expenditure, recurring and operating expenses and write-offs as per defined thresholds.
- Review, obtain updates and recommend annual branch network expansion plans including plans for overseas operations, setting-up companies/operations/offices in new overseas locations, for approval to the Board.
- Review and recommend Shariah Board reports in compliance with SBP Shariah Governance Framework, for approval to the Board.
- Seek, review and make recommendations on Bank's resource allocation plan so that they remain aligned with Banks strategic objectives.
- Engage external consultants and seek expert advice on key strategic matters and plans, where-ever required.

Business Transformation Related Matters:

- Provide guidance to the management in conversion of FBL into an Islamic bank.
- Approve appointment of legal, accounting, Sharia's, tax and other consultants for this project.
- Review and approve Business Transformation Plan and Financials.

- Review progress on implementation of Business Transformation Plan and approve deviations from the plan.
- Recommend to the Board, approval of sale of products and businesses, not viable under the Islamic setup, if any.

Board Risk Management Committee (BRMC)

- To establish and maintain a system to oversee risk management policies and principles.
- To review the adequacy and effectiveness of the risk management process across the Bank.
- To establish and maintain a risk management framework to identify risks and to evaluate the alignment and effectiveness of risk management activities.
- To review the Bank's strategy from a risk perspective and ensure that it is prepared in accordance with the Bank's policies.
- To review and recommend to Board the Bank's overall risk appetite and delineating risk tolerance in relation to credit, market, liquidity, operational (including trade based money laundering risk, Shari'ah risk, legal risk, outsourcing risk, etc.), approve the exposure limits in relation to risk management strategies, and review compliance with these limits.
- To ensure a system to identify any exceptions to the appetite/ limits and the risk management policies and procedures; and to take timely corrective measures.
- To review Risk Management Information System reports, evaluate the findings and the appropriateness of the remedial measures and direct necessary actions, besides approving Credit related policies, Internal Risk rating policy and recommend the same for Board approval.
- Reviewing Product Programmes of lending/investment/derivative and Product Programmes related to new line of business and recommend them to the Board.
- Recommending to Board, delegation of authorities to management committees for achieving Board mandated strategic direction.

Board Information Technology Committee (BITC)

- To review and recommend IT Strategy and Digital Strategy of the Bank to the Board for approval.
- To advise and report to the Board on the status of technology activities and digital initiatives in the banks. To review and monitor the implementation of SBP 'Enterprise Technology Governance and Risk Management Framework'.
- To monitor the overall impact with regard to business, customer, control as well as the impact of Information Technology infrastructure and applications, to assess and address strategic gaps and issues.
- To monitor, oversee and optimize technology related investments and capital expenditure related to Information Technology and to recommend IT budget to the Board for approval.
- To reinforce Information Technology roles and responsibilities through relevant policies and to issue high level policy guidelines.
- To ensure that effective Risk Management strategies are designed and implemented to achieve resilience, including the ability to effectively respond to wide-scale disruptions, cyber-attacks and attacks on critical infrastructure.
- To monitor and track all major Technology related projects, ITG performance and IT Services Delivery.
- To review IT Capacity Planning and Resource Management (including financial, data & information, infrastructure & assets, human resource staff development, recruitment and the retention of skilled staff, vendors, etc.).

Recruitment, Nomination & Remuneration Committee (RN&RC)

- To ensure that HR policies and practices are in line with the market dynamics and business objectives of the Bank.
- To design competitive compensation programs that attract, retain and motivate staff to achieve business objectives of the organisation, while enhancing and sustaining shareholder value.
- To review the implementation of the revised State Bank's remuneration guidelines, and ensure that remuneration policy is align with the requirements of the guidelines.
- To periodically examine the Bank's remuneration policy.
- To review and recommend the HR policies of the Bank to the Board. Ensure development of new policies to help attract, retain, develop and motivate talent.
- To review the Management Structure/Organogram of the Bank.
- To review and recommend the selection/ appointment/ reappointment, evaluation, compensation, increments, performance bonuses, fringe benefits, including retirement benefits, and terms and conditions of service agreement of the CEO to the Board.
- To review and recommend to the Board the selection, evaluation and compensation of key executives of the Bank.
- To review and confirm the Job Descriptions of key executives, review and recommend the appointment and promotions of all key executives and general managers.
- To investigate and recommend resolutions to the Board of major violations of the code of business conduct and ethics that may relate to personnel or internal controls relating to human resource policies or benefits.
- To consider/review and recommend to the Board, the remunerations to be paid to the non-executive Directors of the Bank for attended Board and Board Committee meetings.
- To review and monitor the training and development budget.
- To look after any other matters relating to Human Resource Management.

Board Meetings and Attendance

Attendance of Board of Directors Meetings during the year 2020

Attended by / Meeting Date	13-02-20	25-03-20	22-04-20	13-05-20	30-06-20	20-08-20	22-10-20	14-12-20
Farooq Rahmatullah Khan	✓	✓	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓	✓	✓
Imtiaz Ahmad Pervez	✓	✓	✓	✓	✓	✓	✓	✓
Abdulah Ebrahim	✓	✓	✓	✓	✓	✓	✓	✓
Mohamed Al Qasimi	✓	✓	✓	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓	✓	✓	✓	✓
Ali Munir	-	-	-	-	✓ Elected on May 14, 2020	✓	✓	✓
Fatima Asad Khan	-	-	-	-	✓ Elected on May 14, 2020	✓	✓	✓
Mohsin Tariq	-	-	-	-	✓ Elected on May 14, 2020	✓	✓	✓
Fuad Azim Hashimi	✓	✓	✓	✓	Retired on May 14, 2020	-	-	-

Board Audit & Corporate Governance Committee Meetings during the year 2020

Attended by / Meeting Date	12-02-20	21-04-20	12-05-20	19-08-20	21-10-20	10-12-20
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓
Ali Munir	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	-	-	-	✓ Appointed on June 30, 2020	✓	✓

Attendance of Board Risk Management Committee Meetings during the year 2020

Attended by / Meeting Date	12-02-20	21-04-20	19-08-20	21-10-20
Imtiaz Ahmad Pervez	✓	✓	✓	✓
Abdulah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓

Attendance of Recruitment, Nomination and Remuneration Committee Meetings during the year 2020

Attended by / Meeting Date	12-02-20	24-03-20	21-04-20	19-08-20	21-10-20	28-12-20
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓
Ali Munir	✓	✓	✓	✓	✓	✓
Fatima Asad Khan	-	-	-	✓ <small>Appointed on June 30, 2020</small>	✓	✓
Fuad Azim Hashimi	✓	✓	✓	<small>Retired on May 14, 2020</small>	-	-

Attendance of Board Strategy Committee Meetings during the year 2020

Attended by / Meeting Date	11-02-20	20-04-20	18-08-20	20-10-20
Farooq Rahmatullah Khan	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓
Fatima Asad Khan	-	-	✓ <small>Appointed on June 30, 2020</small>	✓
Mohsin Tariq	-	-	✓ <small>Appointed on June 30, 2020</small>	✓
Fuad Azim Hashimi	✓	✓	<small>Retired on May 14, 2020</small>	-

Attendance of Board IT Committee Meetings during the year 2020

Attended by / Meeting Date	11-02-20	24-03-20	20-04-20	18-08-20	20-10-20	10-12-20
Ali Munir	✓	✓	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓	✓
Mohsin Tariq	-	-	-	✓ <small>Appointed on June 30, 2020</small>	✓	✓

Role of the Board of Directors

The Board of Directors (BOD) is responsible for the oversight of Management of the Faysal Bank Limited (of the Bank). It accomplishes this function acting directly and through the principal standing BOD Committees. It provides entrepreneurial leadership and direction for the Management within a framework of prudent and effective controls. It promotes collective vision of the Bank's purpose, its culture, and its values and also demonstrates ethical leadership. The collective wisdom of the Board is translated into its decisions which form the basis for Management to achieve its targets. The primary role of the BOD of the Bank is to enhance shareholder value.

The Board is concerned with strategic matters and overseeing the business of the Bank in light of emerging risks and opportunities, on a regular basis and also involved in establishing and reviewing the strategies, yearly targets and financial objectives of the Bank. All the strategic decisions of the Bank have been taken by the Board.

Significant Issues/Matters discussed/approved by the Board of Directors:

During the year 2020, the Board of Directors deliberated upon and/or approved the following Significant Issues/Matters:

- Annual Budget for the year 2021;
- Bank's Policies including periodic reviews and amendments thereto;
- Implementation status of the Bank's Strategic Plan for FY 2019-23.
- Budget for FY 2020 and its implementation status.
- Periodical review of Terms of Reference ("TORs") of Board's Sub-Committees;
 - Un-Consolidated and Consolidated Financial Statements of the Bank on Quarterly, Half-yearly and Annual basis together with Directors' and Auditors' Reports along with Statement of Compliance of the Code of Corporate Governance;
- Related Party Transactions of the Bank;
- Management Letter issued by the External Auditors of the Bank and its compliance status;
- Performance evaluation of the of the Board's Sub-Committees;
- Matters as recommended by Board's Sub- Committees;
- Appointment of External Auditors of the Bank for the year 2020;
- Various SBP Inspection Reports along with Action Plan thereon;
- Performance Evaluation of the Board & its Sub- Committees;

- Matters pertaining to Faysal Asset Management Limited, subsidiary of the Bank;
- Various strategic equity investments by the Bank.;
- Quarterly and Annual Reports on Fraud & Forgery Cases;
- Consumer Lending Business;
- Write-offs/Waivers approved at Different Authority Levels and recoveries thereto;
- Status and implications of all material law suits filed by and against the Bank;
- Annual Branch Expansion Plan of the Bank; and
- Updates on significant Laws, Rules and Regulations.
- Implementation status of the significant regulations issued by the State Bank of Pakistan or the Securities & Exchange Commission of Pakistan.
- Revised Memorandum & Article of Association of Faysal Bank Limited are being made in line with Companies Act, 2017, Code of Corporate Governance 2019 and the requisites of conversion of the Bank into full-fledged Islamic Bank.
- Directors Remuneration Policy terms of the BPRD Circular No. 03 dated 17-08-2019 by the State Bank of Pakistan
- Vision & Mission Statements of the Bank
- Constitution of the Board Sub-Committees
- Roles and Responsibilities of the Chairman and Board of Directors of the Bank

Performance Evaluation of Board of Directors

In line with the best practices of the corporate governance FBL's Board since 2012 has conducted self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG) as an external facilitator which is the lead on Corporate Governance and has a team of consultants to conduct Board evaluations for companies and banks.

SBP Guidelines on Performance Evaluation of Board of Directors were implemented in August 2016 and subsequently, FBL's Board in compliance thereof has conducted its self-evaluation for the year 2020 by engaging PICG.

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The evaluation covered various aspects of the performance of the Board including but not limited to: Board's role, Committees' performance, Training, Strategy, Risk Management, and Board Meetings. The evaluation covered:

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

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

Directors' Orientation

As and when new Director is elected or appointed on the Board, the Company Secretariat provides an orientation pack consisting on below mention documents:

1. Minutes of Board of Directors Meeting during the one year
2. Minutes of Board Committees during the one year
3. Minutes of Annual General Meeting during the last three years
4. Memorandum and Articles of Association of the FBL
5. Terms of Reference of Board Committees
6. Code of Conduct of FBL
7. Banking Companies Ordinance, 1962
8. Prudential Regulations
9. Companies Act, 2017
10. Code of Corporate Governance 2019

11. Rule Book of Pakistan Stock Exchange

12. Any other relevant document if required

If desired by the incoming Director, we also arrange meetings with the Group Heads.

At the start of every three years Board of Director terms, we conduct the Directors Orientation Workshop through Pakistan Institute of Corporate Governance (PICG).

During the year the Bank arranged Directors Orientation Workshop for newly elected Board Members through PICG on June 30, 2020.

Directors' Training

As at December 31, 2020 the Bank is compliant in respect of the Directors' Training Requirement as laid down in the Code of Corporate Governance.

Out of Eleven (11) Directors, the following Ten (10) Directors are certified and have completed mandatory Directors Training Program:

1. Mr. Farooq Rahmatullah Khan
2. Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
3. Mr. Yousaf Hussain – President & CEO
4. Mian Muhammad Younis
5. Mr. Ali Munir
6. Mr. Juma Hasan Ali Abul
7. Mr. Abdulelah Ebrahim Mohamed AlQasimi
8. Mr. Abdulla Abdulaziz Ali Taleb
9. Ms. Fatima Asad Khan
10. Mr. Mohsin Tariq

Mr. Imtiaz Ahmed Pervez has attended the Directors' Training, however his final test is pending.

Additionally, the Bank also arranged the following Trainings for the newly elected Board of Directors during the year 2020:

1. Workplace Culture of Faysal Bank Ltd by Dr. Irum Saba, Asst. Prof. Head of CEIF Academics IBA Karachi on December 14, 2020.
2. Islamic dress code by Mufti Muhammad Najib Khan on October 22, 2020.
3. Why Islamic Banking by Mufti Muhammad Najib Khan on August 20, 2020.
4. Islamic Product in Compliance with Shariah Governance Framework by the Chairman of Sharia Board of Faysal Bank Limited on June 30, 2020.

Remuneration Policy Disclosures

Purpose & Scope

The Bank has developed a fair, objective, transparent and sound Remuneration Policy that is aligned with risks and responsibilities of Financial Intermediation.

The scope of Remuneration Policy covers all employees across the Bank who are materially responsible for risk taking or risk controlling activities.

Objectives

Following are the main objectives of Remuneration Policy:

- To promote and be consistent with sound and effective risk management and not encourage risk-taking that exceeds the risk thresholds of the Bank;
- To ensure that the remuneration practice is in line with the Bank's objectives, taking into consideration all major risks that the Bank may face, and promotes and supports long-term sustainable performance;
- To align remuneration with risk appetite and with the conduct expectations of the Bank, regulators and stakeholders; and
- To attract, retain and motivate highly talented employees and reward those who promote corporate values with incentives correlated to the long-term value generation.

Governance framework

The Bank's Governance Framework with respect to the aforementioned Guidelines, aims at guaranteeing an appropriate control on remuneration practices, ensuring that decisions are taken with sufficient independence and in an informed way, by such authorities and functions, to which different responsibilities are delegated.

The Board of Directors (BOD) reviews, approves and monitors implementation of the Bank-wide remuneration policy, based on the recommendations of Recruitment, Nomination and Remuneration Committee (RNRC). In addition, the BOD through RNRC, reviews remuneration structure including composition of fixed and variable remuneration of President & CEO, Chief Operating Officer (COO) and Senior Management (excluding Head Internal Audit). Whereas, BOD through Board Audit & Corporate Governance Committee (BACGC) reviews Head Internal Audit's remuneration structure including composition of fixed and variable remuneration.

The RNRC oversees the Bank's remuneration program along with its other approved Terms of Reference. One of its key responsibilities is to approve the list of employees identified as MRTs and MRCs, in accordance with the specified criteria.

The President & CEO provides support to HR in development and implementation of Remuneration policy amid review and recommend compensation structures of the Senior Management Team and approves structures for other MRTs/MRCs. The President & CEO also reviews and recommends to RNRC, malus application for withholding deferred compensation of MRTs/MRCs (including Senior Management), in case of any event resulting in loss to the Bank that is directly attributable to the respective MRT/MRC.

The Business groups and support functions provide adequate support to HR in implementation of this policy.

HR bears primary responsibility for the development, dissemination, coordination and consistent application of the Remuneration policy. Some of its key responsibilities include; Determination of compensation structures, deferrals percentages and periods for all MRTs and MRCs; and Finalization of the deferral pool mechanism through an established Fund and ensuring close coordination with the Trustees of Fund, for deferral compensation management.

MRT/MRC Inclusion Criteria

The inclusion criteria have been developed in accordance with the Guidelines and applicable best practices, and comprise of two sections, namely, the Qualitative and Quantitative MRT/MRC criteria.

Qualitative Inclusion Criteria

The following qualitative criteria has been applied for identification of MRTs and MRCs:

- President & CEO and COO;
- Members of the Senior Management;
- Members of critical Management Committees;
- Heads of critical functions responsible for managing business amid risks and controls; and
- CEO of Faysal Asset Management Limited (a subsidiary of FBL).

Quantitative Inclusion Criteria

The Bank has carried out detailed assessment of individuals subjecting the Bank to significant risks. The materiality of significant risks has been determined through the quantitative criteria for each major risk type i.e., i) Credit Risk; ii) Market Risk; iii) Operational Risk; iv) Liquidity Risk; and v) Financial Expenditure Approval Authority.

Annual MRT/ MRC Assessments

HR conducts risk assessments for identification of MRTs and MRCs as per the quantitative and qualitative criteria, which is then presented to the President & CEO for review and recommending to the BACGC/RNRC for onward submission to BOD for approval.

Compensation Structure

The Bank offers a compensation structure with a balanced mix of fixed and variable elements, in order to encourage behaviors focused on achievement of long-term sustainable results, as detailed below: -

Fixed Remuneration

Fixed remuneration comprises of base salary (including annual increment therein) and role-based fixed allowances, if applicable. Fixed remuneration shall not vary with performance and is payable, in accordance with HR Policies.

Variable Performance Based Remuneration

Variable remuneration takes into account Bank's performance, Group's performance, business unit/ product's performance and individual's performance. Underachievement of financial performance, taking excessive or undue risks, customer experience, audit/internal controls/compliance issues etc. are generally considered for determining risk-adjusted variable remuneration.

Other Benefits

Other benefits are awarded on the basis of individual employment contracts and local market practices. These may include staff financing, expense allowances / reimbursements, life takaful, medical care and relocation allowances etc. These benefits shall not be subject to deferment requirements for MRTs and MRCs.

Performance Measurement of MRTs & MRCs

Performance management is a core people management process at FBL which aligns individual performance objectives with the Bank's strategy and priorities, to achieve sustainable and successful performance. Significant points of Performance Management are given below: -

Risk-adjusted Balanced Scorecards for Performance Evaluation of MRTs/ MRCs

FBL has developed risk-adjusted balanced scorecards for all MRTs and MRCs for their performance measurement, which ensures establishing a correlation between and alignment of risks and rewards. These risk-adjusted balanced scorecards are prepared at individual levels, incorporating various financial, non-financial/ qualitative and risk-adjusting factors.

The performance measurement through risk-adjusted balanced scorecards is also subject to application of an overriding/adjusting factor by the relevant scoring authorities/ assessors to account for any circumstances not in control of the individual MRT/MRC whose performance is being assessed.

Further, the assessor may also consider reducing, or zero rising the variable compensation of the individual MRT/MRC, in case the individual does not achieve reasonable minimum/hurdle score in any of the critical factors, categories or on an overall basis. In addition to reducing or zero rising variable compensation, disciplinary action may also be initiated in case of significant adverse performance against any risk adjusting factor.

Deferral Mechanism

A certain portion of variable compensation of the MRTs and MRCs is subject to mandatory deferrals for a defined period; thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance.

Deferral Period & Percentages

The deferred amount is withheld for a defined period whereas remaining portion of the variable compensation is paid upfront to the MRT/MRC. The deferred remuneration vests proportionately over the deferral period following the year of variable remuneration award. The deferred portion of the variable remuneration along with the interest accrued shall be paid to the MRT/ MRC on vesting, proportionally through yearly installments, during the deferred period in case no malus triggers are applicable. In case of malus and where accountability has been determined, the entire or certain portion of the deferred remuneration is withheld and not paid to the MRT/MRC on it becoming due.

Settlement of Deferred Remuneration

As mentioned above, the amount withheld shall be paid proportionately during the deferral period, even if that individual is no more an employee of the Bank. The Bank continues to make payment of the deferred amount proportionately for the remaining deferral period, regardless of whether the employee has resigned, or retired or has been terminated, except in case of malus. However, the entire deferred remuneration shall be paid immediately in the event of death.

Shariah Board Members' Remuneration

The services of Shariah Board members have been acquired on fixed period contract basis. They are provided a monthly fixed remuneration comprising of base salary and allowances/other benefits along with award of Bonus based on their performance, as per their respective employment contracts. The Other Benefits may include expense allowances/reimbursements, medical care, life takaful, etc. Further, Chairman Shariah Board is also entitled to a company-maintained car.

Governance Practices Exceeding Legal Requirements

FBL respects the country's laws and ensures meticulous compliance of applicable laws, rules & regulations. We have successfully adapted our practices to reflect the changing standards of evolving governance regulations. We are committed to the highest standards of corporate governance. We meet corporate governance legal requirements in Pakistan, as well as the best practices recommended by PSX and SECP.

Following are some of the practices of the Bank which exceed the minimum legal requirement:

- The Board has constituted 5 board committees vis-à-vis the requirement of having 4 board committees and has also from time to time formed board committees for specific assignments with specific targets in order to carryout different roles & responsibilities.
- The Bank has only one Executive Director (President & CEO) though permitted two executive directors by SBP and four (one third of the Board as executive directors) under Listed Companies (Code of Corporate Governance) Regulations – 2019.

- The Board receives and accordingly, reviews the detailed performance report of each Board Committee on a periodic basis.
- The Board receives and considers a detailed report on every meeting of the Board Committees from the Chairmen of the Board Committees.
- The Bank has a comprehensive Code of Conduct along with mechanism for implementing and monitoring the same and has taken necessary steps to disseminate it throughout the Bank along with its supporting policies and procedures.
- The Board has given specific mandate with requisite authorities and powers to the Board Audit & Corporate Governance Committee to monitor and oversee the corporate governance practices, ethical standards and controls along with legal and regulatory compliances in the Bank.

Diversity

FBL is committed to fostering, cultivating and preserving a culture of diversity and inclusion. Diversity is a strategic and sustainable long-term objective; and adherence to equal opportunity, non-discrimination and non-harassment are integral components of FBL's HR Policy.

FBL as a responsible corporate citizen, under the guidance of BOD, has been carrying out Strategic activities including Corporate Social Responsibility, in resonance with its Islamic Values and Mission. In this context, FBL was the lead sponsor of the **'5th Special Olympics Pakistan Unified Marathon 2020'** and a **'Cycling Competition for differently abled people'**.

FBL also celebrated International **'White Cane Day'** this year where our differently abled staff were acknowledged for their hard work and commitment. The Bank's Management has expanded its commitment by inducting differently abled staff from the school of visually impaired, to ensure that they become useful members of the society. Through this initiative, Faysal Bank has been able to double its numbers of differently abled people in 2020.

Similarly, in line with our social responsibility vision of Gender Diversity and Inclusion, Faysal Bank (amongst others) this year donated funds in aid of the construction of an ultrasound room in Pink Ribbon Hospital, Lahore that promises a state-of-the-art diagnosis, free of cost treatment and counselling facilities for breast cancer patients.

FBL has exceeded female participation ratio in all financial inclusion sessions, as part of our financial inclusion initiative under **'National Financial Literacy Program'** in collaboration with SBP, which makes FBL one of the few banks achieving this target.

FBL has also launched an in-house platform, **Faysal Women Connect – Internal Lean in Circle**, offering support to female employees from Senior Role models in the Bank. Under this forum, several programs have been conducted, such as Balance for Better Talks, Equal for each Talks, International Women's Day, Women Connect Ambassador Program, Workplace Harassment Awareness Sessions and Health awareness workshops.

The Bank Management's focus on Diversity is also evident over the years through improvement in Gender ratio (Female Staff: 16% in 2016 to 18% in 2020).

Conflicts of Interest

The Bank has adopted robust policies and procedures with respect to identifying, reporting and managing conflicts of interest, and the situations that may lead to it. The directors hold fiduciary duties of care and loyalty to the Bank and to protect the shareholders'. One of the key duties includes not placing oneself in a position where the directors' personal interest may possibly conflict with their duty to the company.

Conflict of interest may arise in several situations, and in order to identify, report and manage any possible conflict the Board has adopted several measures which include:

- A policy and procedural framework.
- Board Members and Executive Management disclose their interests, including their interests in other entities on a periodic basis.
- Board Members at the start of every meeting confirm to the Chairman whether or not they have any conflict with respect to any agenda item to be discussed in the Board Meeting.
- A Board Member in a conflict of interest situation exits the Boardroom when such a matter is being deliberated upon and refrains from deliberating and discussing on the said issue.
- Any other measure which may be appropriate in light of legal and regulatory guidelines.

Related Party Transactions

The Board of Directors has approved Policy for Related Party Transactions. The Bank's policy is to conduct all the related party transactions on an arm's length basis in the normal course of business. If a transaction is not conducted on arm's length basis, then specific approvals or ratifications are required by the Board on recommendation of the Board Audit & Corporate Governance Committee (BACGC) of the Bank in order to avoid any potential conflict of interest.

The policy specifies that all transactions entered into with related parties shall require Board's approval on the recommendation of the BACGC of the Bank, which is chaired by an independent director of the Bank except for those held with employees as per their terms of employment or a policy of the Bank.

Every director (including their relatives) of the Bank who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank shall provide information about the nature of his concern or interest in the form specified and shall cause it to be disclosed at the meeting of the board held immediately after the date of the notice. No director of the Bank shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank, if he/ she is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his/ her presence count for the purpose of forming a quorum at the time of any such discussion or vote.

During the year, the Bank has entered into transactions and contracts with the related parties i.e. subsidiary company, associates, post-employment benefit plans for the Bank's employees, Key Management Personnel (KMPs), Close Members (CMs) of KMPs and other related entities. Those transactions include financing to, and deposits from the related parties, , acceptances and off balance sheet transactions and provision of other banking and financial services that are carried out in the ordinary course of business on an arm's length basis at commercial rates, except for the transactions that KMPs have availed under HR policy of the Bank. 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.

During the year, no contract or arrangement has been entered into with related parties other than in the ordinary course of business on an arm's length basis.

The Bank has made detailed disclosures about related party transactions in its financial statements annexed with this annual report.

Record Management Policy

Record management is a methodological approach to control the maintenance and disposition of organization's record. Record management ensures that valuable record evidencing an organization's activities that have legal, financial, administrative or historical value are protected and accessible while expired record is systematically destroyed. Thus, for this purpose Faysal Bank has signed an agreement with a service provider to put in place comprehensive processes, controls and guidelines on handling, protection, retention, retrieval, and disposition of recorded business information generated daily which are of ongoing importance to FBL's overall service capability and regulatory compliance.

IT Governance Policy

Information technology has become a mainstay of most of the organizations. Banking is one segment which relies heavily over the performance of Information Technology, not only to improve their efficiency and increase profit, but also to earn best standing and maintain it.

Compounded with the criticality of IT for operations and business, it is also an avenue with a major allocation in budget. Anything that is as significant and impact creating as IT, needs to be governed carefully to reap maximum benefits of adopting technology for business.

FBL IT Governance framework has been established as per regulatory requirements which covers overall enhancement of governance within Technology through the directives from regulators, Management IT and Board IT Committee. IT Governance apart from calculating risk and monitoring, bridges the gap between the Business strategy & IT strategy and aligns technological initiatives within the interest of the bank. The framework aids executive management and staff within the organization to set expectations, participate, communicate, and establish accountability. IT Governance is well-structured to assist in creating efficient mechanisms, enhance conformity to internationally accepted best practices, improve overall IT performance and enable better control and security.

FBL Information Technology function is headed by CIO. The CIO office provides the leadership for the development and delivery of world-class technology services. The position is directly responsible for:

- Ensure proper setup of Information technology function for smooth running of Information Technology services;
- Ensure production Data Center is fully equipped and updated including Disaster Recovery Sites;
- Integrating IT Strategy with Bank's Strategy;
- Overseeing effective management of all functions within the technology domain ensuring appropriate staff strength and ensuring that the staff has clear direction and motivation;
- Encouraging technical innovation and the development of a robust and dependable technology infrastructure;
- Ensure IT performance objectives meet the optimum level of desired services;
- Providing guidance, oversight, and strategic thinking on information technology; and
- Setting the overall direction for IT Group to introduce and implement innovative technology solutions.

Information Technology Function is being taken care by teams of committed professionals, providing innovative and efficient solutions to achieve and nurture strategic objectives and goals of Business including other support groups under the guidance of Board IT Committee (BITC) and management IT Steering Committee (ITSC).

The FBL Information Technology function comprise of following units/ verticals:

- IT Governance
- IT Infrastructure
- IT Operations
- IT Project Management Office
- IT Development
- IT Countrywide Centralized Services

IT Board and Management Committee

The Bank's Board IT Committee (BITC) and IT Steering committees (ITSC) of the management are governing bodies that review, evaluate, prioritize and make recommendations regarding the major technology investment plans and strategies, including determining value for money and return on investment. It also ensures that effective oversight is provided to the Information Security function within the Bank and that the Information Security posture is aligned with the risk appetite.

Key objectives of these committees are:

- Provide a forum for discussion, assess current technological needs and recommend future technology enhancement, investments and monitor progress of the same;
- Review, monitor and prioritize major technology projects in order to align the IT strategy with Business strategies;
- Establish an efficient and effective IT organization structure within the organization;
- Ensure that technology risks are integrated with the enterprise risk management function to achieve security, reliability, resiliency, interoperability and recoverability of data/information and information assets;
- Ensure maintenance of an independent and effective technology audit function commensurate with the complexity of the Bank's technology risk profile;
- Ensure that resource gaps (people, process & technology) identified by the management are adequately and timely fulfilled; and
- Provide direction to the executive/ middle management to adopt best practices for effective and smooth functioning of technology based banking operations.

Whistle Blowing Policy

FBL is committed to maintaining a culture of the highest ethics, integrity, transparency and competence in its business & customer handling and ensures compliance with its Code of Conduct. FBL provides open and safe workplace environment for employees & third parties and encourages Staff and any other person who has a genuine concern about any wrongdoing or misconduct to raise it through dedicated whistle blow channels, thereby maintaining public trust and confidence in the integrity and professionalism of the services provided by the Bank.

Reportable Matters

FBL does not condone and become party to the inappropriate/unethical behavior/conduct or fraudulent activities. If an employee, customer or any third party forms a reasonable suspicion that any of the criminal and unethical conduct has taken place, are taking place, an intent exists to carry out any wrongdoing in the future, or that any unethical activity has been concealed, then they should immediately speak up.

During the year 11 cases were reported to the Whistle Blow Committee.

Whistleblow Channels

FBL provides employees & third parties with access to specific, independent, confidential and secure means to Speak Up.

- **Email:** whistleblowdesk@faysalbank.com
- **Whistle Blow Hot Line:** 021-38733000
- **Intranet:** <http://fblintranet.faysalbank.com/sites/Bankopedia/WhistleBlow>
- **Internet:** <https://www.faysalbank.com/en/whistle-blowing/>
- **Postal address:** “Whistle Blow Desk Faysal House, Business Compliance, Compliance Function, 2nd Floor, St-02 Shahrah-e-Faisal, Karachi, Pakistan”

All Speaking Up disclosures are recorded, reviewed and, where appropriate, independently investigated. It may also be noted that Abuse of Channel based on false statements and facts are not entertained.

Protection & Reward For Whistle Blowers

Faysal Bank takes all reasonable steps to protect whistleblowers from any retaliation, victimization, harassment or penalization that might arise because of whistle blowing and sharing substantial evidences. Speaking Up disclosures, including the identity of the whistle blower and the subject of the Speaking Up disclosure, are kept confidential and disclosed on a strict need to know basis.

Reward for Whistle Blower(s) is covered under “Spot Rewards” – HR Policy document.

Reporting To WBC & BACGC

The Whistle Blow Committee (WBC) & Board Audit & Corporate Governance Committee (BACGC) have an oversight on issues related to unethical conduct and whistleblowing complaints. For WBC & BACGC consumption, whistle blow complaints along with update on investigations/resolution is quarterly reported

Human Resource Management

Human Resource Policies are approved by the Bank's Board of Directors on the recommendations of Recruitment, Nomination and Remuneration Committee, in order to guide all the employees and keep them fully informed of the Bank's relevant rules and regulations.

Faysal Bank Limited (FBL) being an equal opportunity employer encourages selecting employees irrespective of their gender, cast, color, language or disability.

The Bank is committed towards employee development practices which enable all its employees to reach their optimum potential, thereby creating a high-performance organization.

Further, the Bank's Human Resource Policy Manual covers the following areas:

- Recruitment, Selection and Appointment
- Conditions of Employment
- Working Environment
- Performance Management & Rewards
- Remuneration Policy
- Benefits
- Staff Finance Policy
- Leave Policy
- Travel Policy
- Relocation Policy
- Training & Development Policy
- Employee Grievance Policy
- HR Helpline
- Code of Conduct
- Protection against Harassment of Women against Harassment at the Workplace

Business Continuity Management

Faysal Bank believes there is no greater value than the one to place our stakeholders on priority who make our business successful. This includes our employees and associates, customers, vendors and shareholders. It is Faysal Bank's policy to maintain a BCM program and Business Continuity plans to ensure prompt and efficient recovery of critical operations of its products and services from any incident or physical disaster which the organisation may, from time to time, face. To ensure that the program fully meets the current and changing needs of Faysal Bank, all Business Continuity plans are regularly tested, reviewed and results are presented to Board of Directors.

Corporate Social Responsibility



5 GDIB 2021 Awards

Global Diversity & Inclusion Benchmark



Corporate Social Responsibility

Recognizing the strong need of giving back to the society, social responsibility has always been an integral element of Faysal Bank's set of operations. However, complementing its vision of becoming a full-fledged Islamic entity, Faysal Bank has further upgraded its Corporate Social Responsibility initiatives by putting together a comprehensive framework that is intertwined with Islamic principles and mirrors the bank's value system. In this regard, where Faysal Bank's CSR activities are primarily concentrated in areas where it operates, several outreach programs are also ensured nationwide in the areas of education and health, keeping the challenging times of the pandemic in mind.

On the whole, Faysal Bank's CSR practices, as guided by the Board, are concerned with assisting and/or collaborating with social welfare organizations or working directly in the communities for uplifting their educational, health, financial and social wellbeing while also setting up best social practices for the general wellbeing of the society at large.

Zeroing in on these focus areas, Faysal Bank unfolds its social mission by:

- i) Joining forces with schools and educational institutions and ensuring the right to education to students without discrimination.
- ii) Partnering with healthcare centers for establishing necessary medical facilities and ensuring access to quality healthcare to all.
- iii) Adopting policies that promote social strength, such as inclusion and women empowerment, while also collaborating with social organizations that work for the cause.

Catering to these basic social responsibilities, Faysal Bank donated a total of PKR 69,686,576 in 2020 through Waqf Faisal to play its part in the fields of education, health, environment, social equity, and for the advancement of any other general utility for both its internal and external stakeholders.

Education

Faysal Bank believes education is at the base of national development. Therefore, the bank's CSR activities are mainly rooted in the area of education with 9.34% of its total CSR spend disbursed across this sector to help underprivileged and deserving students in shaping their future.

In conformance to its Islamic values and in view of the growing global Islamic banking sector, Faysal Bank is in the process of partnering up with universities and institutes that offer Islamic courses and providing need-based scholarships for students, funding researches, and training scholars. Where such initiatives help in enhancing the skills and abilities of students who would otherwise not have enough resources to explore their potential and emerge as productive members of society, they also serve to make education accessible to all, bridging the gap between deserving students and quality education.

To take this mission forward, Faysal Bank joined hands with a number of educational institutes to support deserving students by sponsoring their educational expenses in their journey to excellence in a variety of fields of professional education, vocational training, and skills development. Following are the reputable institutions that Faysal Bank partnered with for this initiative:

- Professional Education Foundation – PEF
- Behbud Education Lahore for Nasirabad Higher School, Shahdra
- Hunar Ghar

Health

The importance of healthy communities and equitable access to quality and affordable healthcare is undeniable, and is therefore, one of the central pillars of Faysal Bank's CSR mission. However, in light of the current pandemic situation, overburdened healthcare system, and the resultant lack of access to many, accessible quality healthcare has become a paramount element of Faysal Bank's initiatives with 52.48% of its CSR spend going towards this goal.

Along with partnerships with not-for-profit health organizations and hospitals to set up innovative health facilities and providing free-of-cost services to deserving patients, Faysal Bank also extended its support to a variety of hospitals in setting up quarantine, testing, and treatment facilities for patients during the testing times of the pandemic. In addition to supporting patients from marginalized segments, Faysal Bank's CSR focus is also concentrated on training clinical and non-clinical staff about safety measures, providing them with the essential safety gears. Research is another important field of focus where Faysal Bank has collaborated with leading research facilities to play its part in containing the virus at the earliest.

To fulfill its healthcare mission, Faysal Bank worked with the following health organizations:

- Shaukat Khanum Cancer Hospital & Research Center
- Layton Rahmatullah Benevolent Trust – LRBT
- Indus Hospital
- Patient Behbud Society for Aga Khan University & Hospital
- National Institute of Child Health – NICH
- The Kidney Centre
- Patients Aid Foundation
- Institute of Public Health – IPH
- Akhuwat Corona Imdad Fund

Social Welfare

Acknowledging the fact that a business cannot flourish in its truest sense unless the society it operates in is flourished, Faysal Bank makes sure to regularly engage in initiatives that can uplift the wellbeing of its people and foster an environment of social sustainability. Keeping up with this mission, Faysal Bank allocated 17.51% of its CSR spend towards social welfare initiatives to play its part in setting up a society as per the Islamic principles.

This year, the focus of Faysal Bank's welfare work was concentrated towards, but not limited to, poverty alleviation, empowerment of marginalized and underserved communities, promotion of diversity and inclusion, and COVID-19 emergency relief – distributing ration packs, necessary hygiene kits, and extending financial assistance among underprivileged segments of the society, through collaboration with the following welfare organizations:

- Behbud Association Karachi
- Quran Shelves & Shoe Racks for Karachi Airport Masajids
- Karachi Relief Trust (KRT) rations packs distribution in pandemic
- Karachi Relief Trust (ration distribution in Jacobabad branch vicinity)
- Family Welfare Society
- Sports in Pakistan (cycle race)
- Behbood Association Lahore
- LABARD
- NOWPDP - Network of Organization working with People
- Pakistan Facilities Management Pvt Ltd. for Special Corona Hygiene Kits

Financial Assistance to Employees

Faysal Bank's employees are its most valuable assets, without whom, the bank's mission is unattainable. Therefore, Faysal Bank puts strong emphasis on maintaining a healthy and strong relationship with its internal stakeholders and treats their concerns as its own concerns. For this purpose, the bank makes sure to offer financial assistance to employees during their times of need extending all kinds of necessary support for their family's medical expenses, educational expenses, expenses incurred from unforeseen events, wedding expenses, etc.

This year, Faysal Bank contributed 11.79% of its total CSR spend on providing financial assistance to its staff.

Others Causes

In addition to its primary social mission, Faysal Bank also contributed 8.89% of its CSR spend towards the following cause:

Rations Packs distribution in Ramadan & Sehri/Iftari for staff.



Social and Environmental Responsibility Policy

The Bank has developed a comprehensive 'Green Banking Policy'. The objective of this policy is to inculcate environmental consciousness in the employees of the Bank and its client base. The Policy includes:

- Extending financing facilities to the customers based on Environmental Risk Management framework.
- Guidelines on adopting environment friendly policies and practices in the Bank.
- Raising awareness among the customers about importance of environment friendly practices.

Environmental Risk Management

In order to conduct risk categorization of our borrowing customers and gauge environmental impact of lending operations, Faysal Bank has developed Environmental Risk Management framework which includes the implementation of Environmental Risk Rating (ERR) model to assess the impact of borrowing relationships on the environment.

Environmental Consciousness

To inculcate environmental consciousness, a training module has been incorporated in the orientation pack of new employees which explains concept of Green Banking, key pillars of Faysal Bank's Green Banking policy, and also imparts awareness on the environmental issues. Regular trainings are conducted for the employees joining Faysal Bank. In addition to that, screensavers are deployed on periodic basis to reinforce the message of energy conservation and efficiency.

Building Design & Operations

Energy efficiency is kept at the core of decision making while shortlisting vendors/equipment and maintenance activities. All the new equipment being procured for branches are energy star compliant. The Bank is working on replacing conventional lighting with LED technology while air conditioners using conventional technology were replaced with inverters to improve energy consumption and efficiency. In addition to this, comprehensive plan is being adopted to certify all bank vehicles and generators for emission control which will contribute in reduction of carbon footprint.

Paperless Operations

Faysal Bank is pro-actively creating awareness about Green Banking Activities that include digital banking services and subscription to e-statements. Regular trainings of branch staff, contact center agents and other teams are being conducted to continuously encourage customers to switch to paperless transactions.

Performance and Position

Another milestone...

500
BRANCHES

500 Islamic Branches





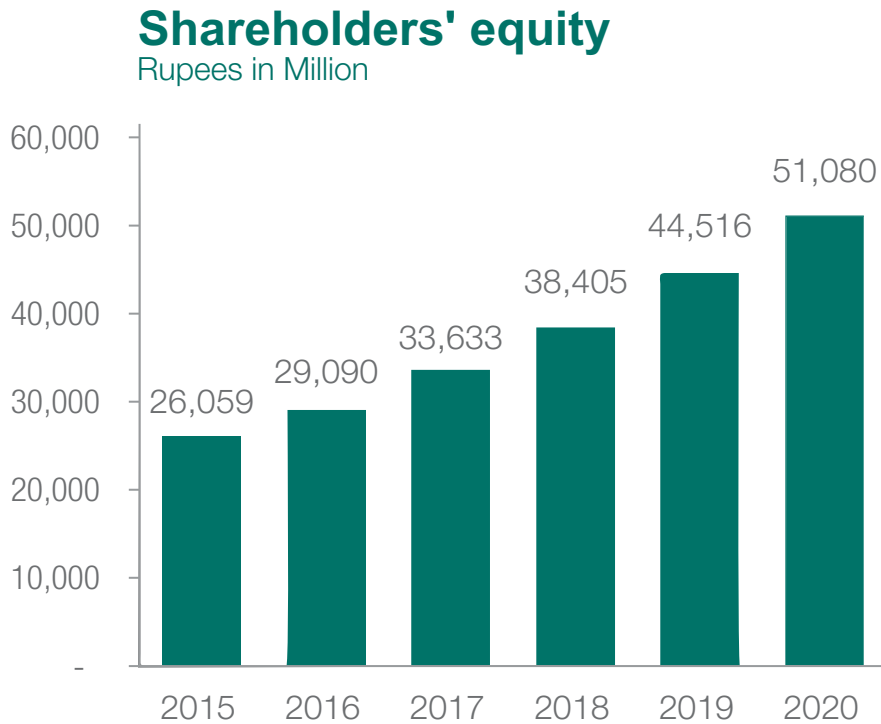
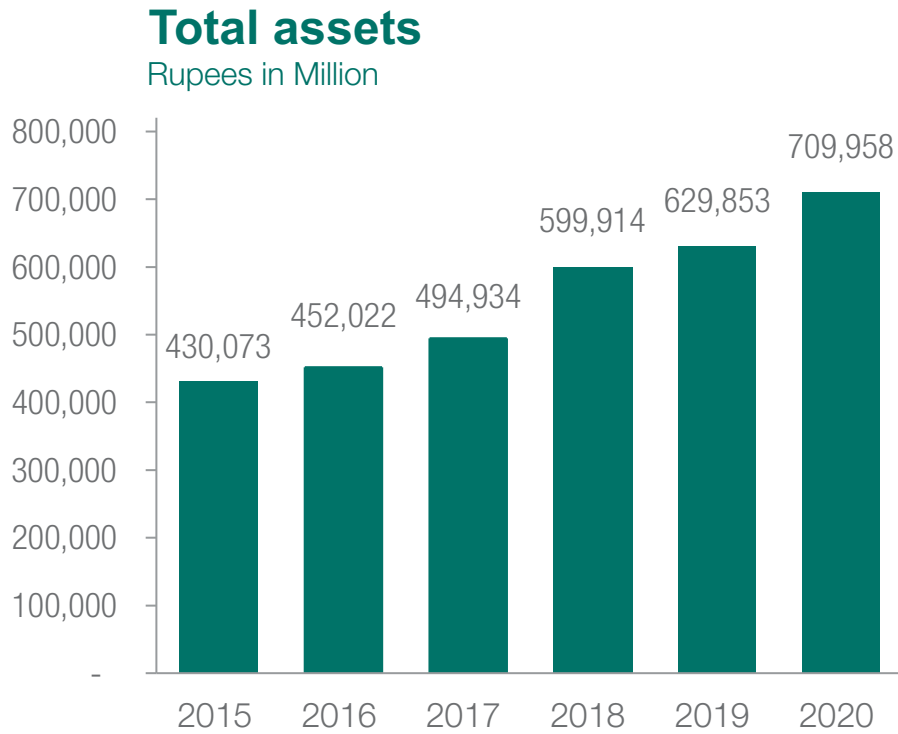
Six Year Financial Summary - Unconsolidated

		2020	2019	2018	2017	2016	2015
Operational Results		(Rupees in Million)					
Mark-up / return / interest earned		55,922	58,398	35,200	28,766	26,179	32,306
Mark-up / return / interest expensed		31,388	37,278	18,925	14,831	14,134	18,358
Fee, commission, brokerage, FX income, derivatives and other income		6,156	7,403	6,363	4,673	4,575	3,534
Dividend and capital gain / (loss)		2,075	(155)	221	967	2,380	2,030
Total income		32,765	28,367	22,859	19,574	18,999	19,512
Provisions / Write-offs		2,254	843	(422)	(492)	536	1,780
Operating expenses		19,401	17,068	14,816	12,608	11,661	10,591
Operating profit before tax and provision		13,025	11,035	7,780	6,800	7,194	8,700
Profit before taxation		10,770	10,192	8,202	7,292	6,659	6,920
Profit after taxation		6,511	6,041	4,837	4,530	4,302	4,222
Cash dividend	%	-	-	-	-	-	10
Bonus shares	%	-	-	-	15	10	-
Statement of financial position		(Rupees in Million)					
Shareholders' equity		51,080	44,516	38,405	33,633	29,090	26,059
Revaluation reserves		9,027	10,748	5,094	5,613	5,917	4,294
Deposits		540,636	457,789	409,384	371,624	339,633	291,945
Borrowings from financial institutions		58,447	72,747	98,352	54,789	52,806	90,565
Advances - net of provision		318,180	309,573	296,445	231,532	204,831	181,090
Investments - net of provision		276,930	204,069	214,186	179,728	170,209	195,516
Total assets		709,958	629,853	599,914	494,934	452,022	430,073
Cashflows		(Rupees in Million)					
Operating activities		101,539	6,568	43,545	(16,826)	(4,856)	67,214
Investing activities		(101,347)	13,124	(38,151)	19,956	19,065	(61,543)
Financing activities		(1,832)	(1,806)	(3)	(1,497)	(2,689)	(1)
Cash and cash equivalents at end of the year		61,127	62,765	44,880	39,489	37,856	26,336
Other key information							
Imports - local	Rs. Mln	24,339	31,825	44,879	32,979	23,364	23,611
Imports - foreign	USD. Mln	1,343	1,129	1,323	1,206	917	730
Exports - local	Rs. Mln	35,538	53,347	68,431	41,382	49,216	16,848
Exports - foreign	USD. Mln	370	373	364	345	301	353
Number of employees		6,803	6,938	6,141	3,977	3,611	3,141
Number of branches		576	555	455	405	355	280
Profitability ratios							
Profit before tax ratio	%	19.26	17.45	23.30	25.35	25.44	21.42
Gross spread ratio	%	43.87	36.17	46.24	48.44	46.01	43.17
Return on average equity (ROE)	%	13.62	14.57	13.43	14.44	15.60	17.63
Return on average assets (ROA)	%	0.97	0.98	0.88	0.96	0.98	1.03
Cost to income ratio	%	59.21	60.17	64.81	64.41	61.38	54.28
Gross yield on earning assets	%	9.35	11.37	6.85	6.84	6.89	8.57
Net interest income to total revenue	%	74.88	74.45	71.20	71.19	63.40	71.48
Income to expense ratio	Times	1.69	1.66	1.54	1.55	1.63	1.84

Six Year Financial Summary - Unconsolidated

		2020	2019	2018	2017	2016	2015
Asset quality & Liquidity ratios							
Current / Quick ratio	Times	0.94	0.99	0.87	0.96	0.70	0.69
CASA to total deposits	%	71.75	70.70	68.83	69.92	67.05	67.23
Gross advances to deposits ratio	%	62.84	72.92	78.23	68.84	67.67	70.43
Net advances to deposits ratio	%	58.85	67.62	72.41	62.30	60.31	62.03
Non-performing loans to gross advances ratio	%	7.72	9.11	8.33	10.68	13.07	14.82
Coverage ration (specific provision to non-performing loans)	%	78.74	77.20	86.69	86.84	81.67	79.10
Weighted average cost of deposits	%	5.30	6.83	3.82	3.35	3.55	4.27
Earning assets to total assets ratio	%	84.24	81.55	85.62	84.91	84.08	87.63
Liquidity coverage ratio	Times	1.42	1.42	1.45	2.12	-	-
Net stable funding ratio	%	135.60	135.60	130.67	166.48	-	-
Share information							
Price earning ratio	%	4.03	4.77	7.22	7.14	7.68	5.55
Earning per share (EPS)	Rs.	4.29	3.98	3.19	2.98	2.83	2.78
Market value per share	Rs.	17.28	19.00	23.00	21.30	21.78	15.43
High - during the year	Rs.	22.95	26.26	30.00	29.90	24.50	20.07
Low - during the year	Rs.	11.21	15.15	20.77	17.32	12.86	13.54
Book value per share (excl. surplus on revaluation of assets)	Rs.	33.66	29.33	25.30	22.16	19.17	17.17
Book value per share (Inc. surplus on revaluation of assets)	Rs.	39.60	36.41	28.66	25.86	23.07	20.00
Capital structure ratios							
Capital adequacy ratio	%	18.67	19.14	16.80	15.90	14.62	14.41
Tier 1 capital adequacy ratio	%	15.95	15.53	14.81	14.00	12.77	12.54
Leverage ratio	%	5.96	5.86	4.89	5.24	5.08	4.26
Total assets turnover ratio	%	4.62	4.50	3.81	3.95	4.20	4.54
Total assets to fixed assets turnover ratio	Times	29.53	26.05	51.66	43.25	43.03	45.56
Net assets per share	Rs.	39.60	36.41	28.66	25.86	23.07	20.00
DuoPont analysis							
Net operating margin	%	19.87	21.30	21.16	23.14	22.64	21.64
Asset utilization	%	4.89	4.61	4.18	4.13	4.31	4.77
Leverage ratio / Equity multiplier	Times	14.02	14.83	15.20	15.10	15.99	17.08
Net assets maturity wise (based on expected withdrawal pattern)						(Rupees in Million)	
Upto one month		(19,244)	34,478	13,364	60,106	(33,399)	(85,534)
Over one month to three months		90,164	49,393	72,161	34,959	23,162	53,767
Over three months to six months		12,636	9,434	13,875	6,643	48,146	5,606
Over six months to one year		19,777	10,450	17,776	2,899	22,701	88,378
Over one year to two years		3,236	9,811	16,038	7,432	16,221	16,103
Over two years to three years		12,090	7,916	4,512	5,328	8,667	(1,738)
Over three years to five years		20,982	(8,494)	(5,636)	(18,545)	11,597	14,891
Over five years to ten years		(19,673)	(11,405)	(55,121)	(60,181)	(63,074)	(66,060)
Over ten years		(59,861)	(46,319)	(33,470)	605	987	4,939
Total net assets		60,107	55,264	43,499	39,246	35,008	30,352

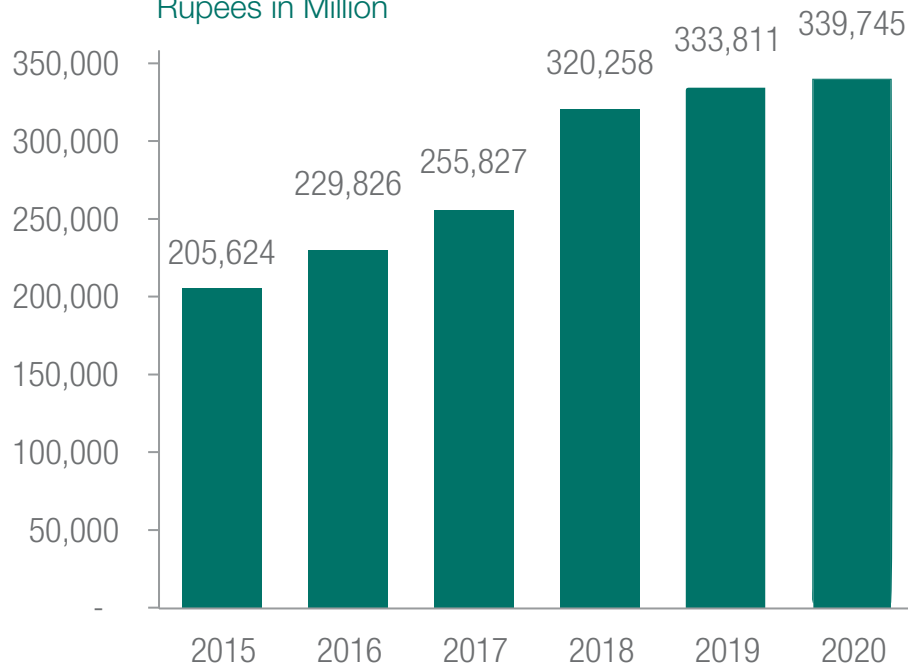
Total Assets and Shareholders' Equity



Gross Advances and Deposits

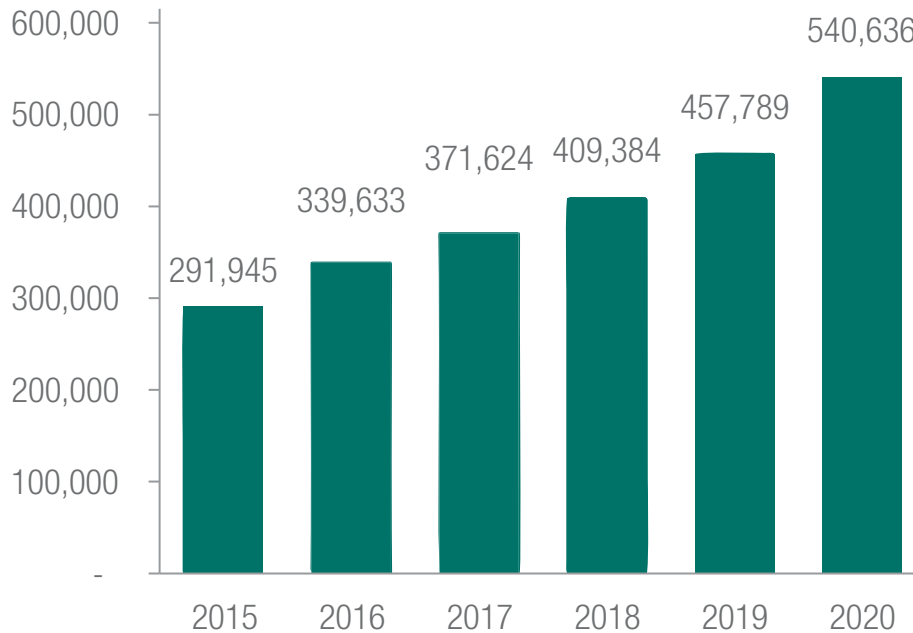
Gross Advances

Rupees in Million



Deposits

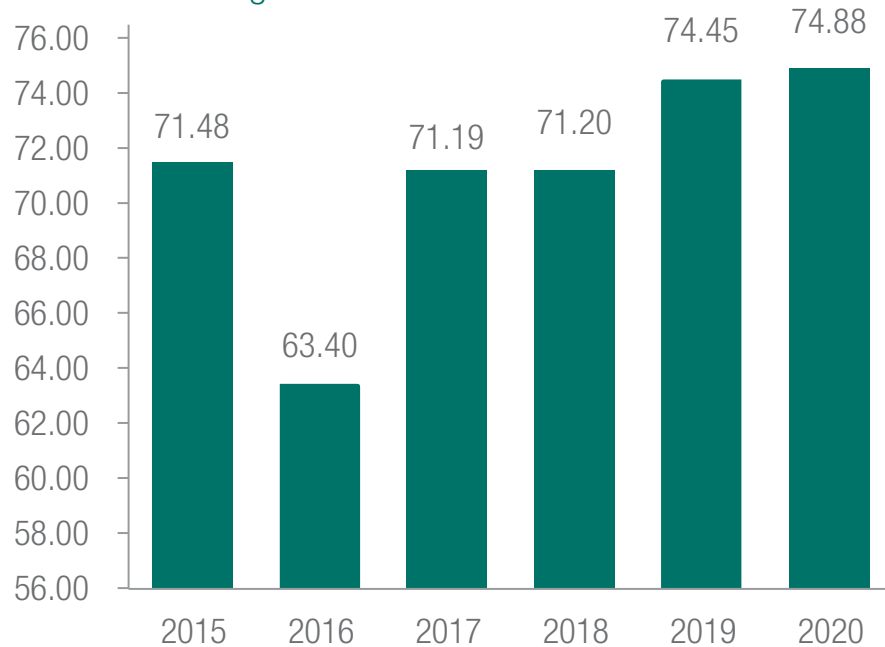
Rupees in Million



Key Profitability Ratios

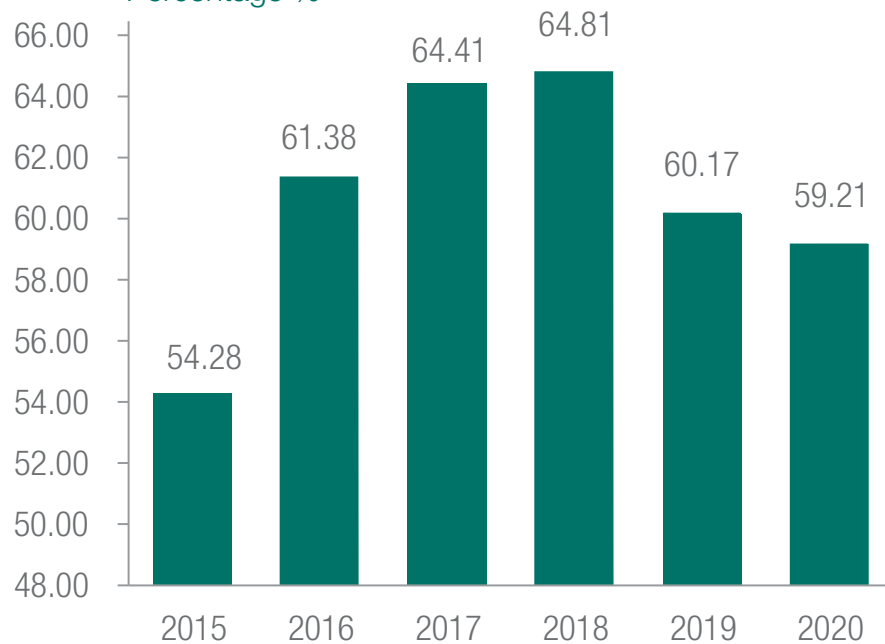
Net interest income to total revenue

Percentage %



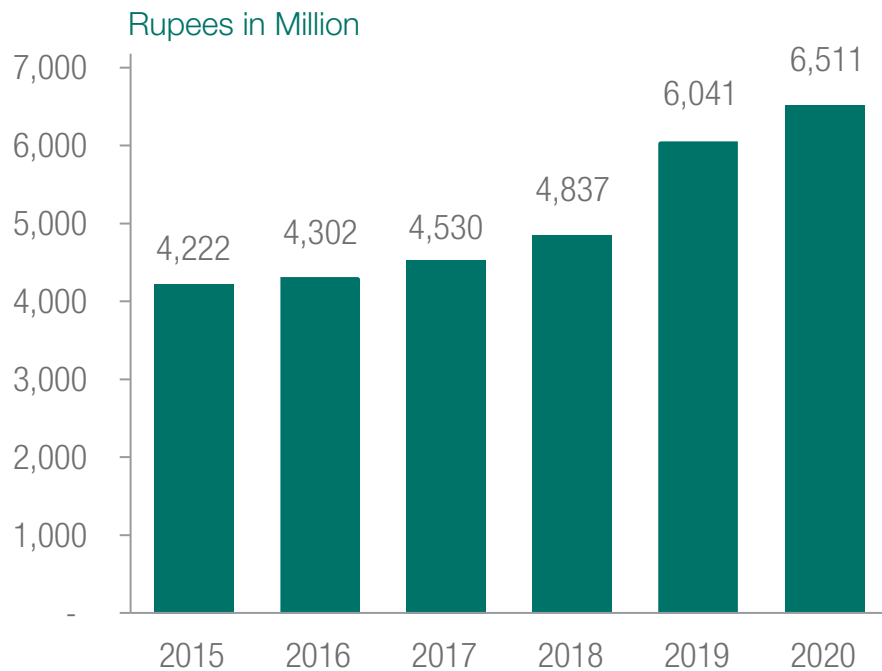
Cost to Income ratio

Percentage %

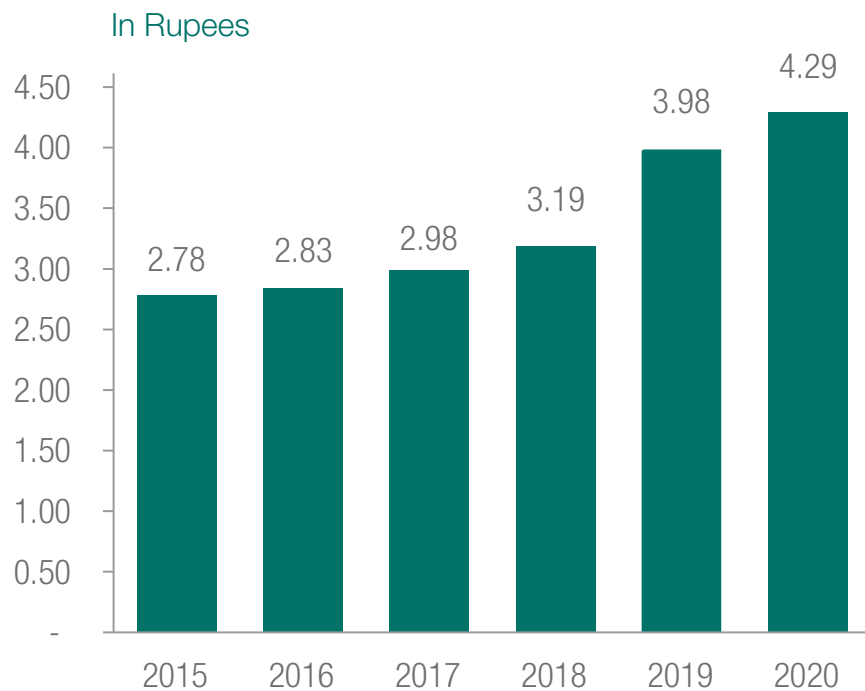


Profit after Tax and EPS

Profit after Tax



Earnings per share



Horizontal Analysis

Statement of Financial Position

	2020	2020 vs 2019	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
ASSETS												
Cash and balances with treasury banks	59,881	-1%	60,368	40%	43,174	14%	37,862	2%	37,239	43%	26,084	29%
Balances with other banks	2,879	2%	2,836	53%	1,848	-1%	1,873	64%	1,139	7%	1,068	-25%
Lendings to financial institutions	2,985	100%	-	-100%	2,997	-67%	9,010	80%	5,000	1900%	250	100%
Investments	276,930	36%	204,069	-5%	214,186	19%	179,728	6%	170,209	-13%	195,516	26%
Advances	318,180	3%	309,573	4%	296,445	28%	231,532	13%	204,831	13%	181,090	-1%
Fixed assets	24,039	-1%	24,183	108%	11,612	1%	11,444	9%	10,505	11%	9,440	2%
Intangible assets	1,541	4%	1,488	12%	1,332	-11%	1,496	-7%	1,607	-16%	1,903	-17%
Deferred tax assets	-	-	-	-100%	183	-89%	1,600	-29%	2,265	-27%	3,087	27%
Other assets	23,524	-14%	27,336	-3%	28,138	38%	20,389	6%	19,227	65%	11,635	-20%
	709,959	13%	629,853	5%	599,915	21%	494,934	9%	452,022	5%	430,073	11%
LIABILITIES												
Bills payable	13,543	62%	8,356	-65%	23,544	169%	8,761	32%	6,656	7%	6,194	11%
Borrowings	58,447	-20%	72,747	-26%	98,352	80%	54,789	4%	52,806	-42%	90,565	49%
Deposits and other accounts	540,636	18%	457,789	12%	409,384	10%	371,624	9%	339,633	16%	291,945	3%
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-100%	1,497	-50%	2,994	0%
Deferred tax liabilities	1,592	100%	2,764	100%	-	-	-	-	-	-	-	-
Other liabilities	35,634	8%	32,933	31%	25,136	23%	20,514	25%	16,423	105%	8,022	-13%
	649,852	13%	574,589	3%	556,416	22%	455,688	9%	417,015	4%	399,720	10%
	60,107	9%	55,264	27%	43,499	11%	39,246	12%	35,007	15%	30,353	15%
REPRESENTED BY												
Share capital	15,177	0%	15,177	0%	15,177	15%	13,197	10%	11,998	-	11,998	15%
Reserves	11,033	12%	9,831	12%	8,779	11%	7,936	11%	7,158	11%	6,423	13%
Surplus on revaluation of assets	9,027	-16%	10,748	111%	5,094	-9%	5,613	-5%	5,917	38%	4,294	-4%
Unappropriated profit	24,870	27%	19,508	35%	14,449	16%	12,500	26%	9,934	30%	7,638	34%
	60,107	9%	55,264	27%	43,499	11%	39,246	12%	35,007	15%	30,353	15%

Horizontal Analysis

Profit and Loss Account

	2020	2020 vs 2019	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Mark-up / return / interest earned	55,922	-4%	58,398	66%	35,200	22%	28,766	10%	26,179	-19%	32,306	-0%
Mark-up / return / interest expensed	31,388	-16%	37,278	97%	18,925	28%	14,831	5%	14,134	-23%	18,358	-1%
Net mark-up / interest income	24,534	16%	21,120	30%	16,275	17%	13,935	16%	12,045	-14%	13,948	1%
NON MARK-UP / INTEREST INCOME												
Fee and commission income	3,861	-6%	4,113	6%	3,871	25%	3,087	14%	2,715	18%	2,303	11%
Dividend income	378	-11%	424	149%	170	6%	160	-42%	276	-13%	319	75%
Foreign exchange income	2,094	-26%	2,833	44%	1,971	42%	1,385	1%	1,368	42%	965	-10%
Income / (loss) from derivatives	48	-73%	176	48%	119	-302%	(59)	-592%	12	100%	-	-100%
Gain / (loss) on securities	1,697	-393%	(579)	-1,235%	51	-94%	807	-62%	2,104	23%	1,711	248%
Other income	153	-46%	282	-30%	402	55%	260	-46%	480	80%	266	-12%
	8,231	14%	7,249	10%	6,584	17%	5,640	-19%	6,955	25%	5,564	27%
Total income	32,765	15%	28,369	24%	22,859	17%	19,575	3%	19,000	-3%	19,512	7%
NON MARK-UP / INTEREST EXPENSES												
Operating expenses	19,401	14%	17,068	15%	14,816	18%	12,608	8%	11,661	10%	10,591	-13%
Workers Welfare Fund	225	-3%	233	35%	173	12%	154	17%	132	-25%	177	79%
Other charges	114	245%	33	-63%	90	650%	12	-	12	-73%	44	-64%
Total non mark-up / interest expenses	19,740	14%	17,334	15%	15,079	18%	12,774	8%	11,805	9%	10,812	-13%
Profit before provisions	13,025	18%	11,035	42%	7,780	14%	6,801	-5%	7,195	-17%	8,700	49%
Provisions and write-offs - net	2,254	167%	843	-300%	(422)	-14%	(492)	-192%	536	-70%	1,780	-22%
Extra ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	10,771	6%	10,192	24%	8,202	12%	7,293	10%	6,659	-4%	6,920	95%
Taxation	4,260	3%	4,151	23%	3,365	22%	2,763	17%	2,357	-13%	2,698	151%
PROFIT AFTER TAXATION	6,511	8%	6,041	25%	4,837	7%	4,530	5%	4,302	2%	4,222	70%
Basic / diluted earnings per share	4.29	8%	3.98	25%	3.19	7%	2.98	5%	2.83	2%	2.78	70%

Vertical Analysis

Statement of Financial Position

	2020		2019		2018		2017		2016		2015	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
ASSETS												
Cash and balances with treasury banks	59,881	8.4%	60,368	9.6%	43,174	7.2%	37,862	7.6%	37,239	8.2%	26,084	6.1%
Balances with other banks	2,879	0.4%	2,836	0.5%	1,848	0.3%	1,873	0.4%	1,139	0.3%	1,068	0.2%
Lendings to financial institutions	2,985	0.4%	-	-	2,997	0.5%	9,010	1.8%	5,000	1.1%	250	0.1%
Investments	276,930	39.0%	204,069	32.4%	214,186	35.7%	179,728	36.3%	170,209	37.7%	195,516	45.5%
Advances	318,180	44.8%	309,573	49.2%	296,445	49.4%	231,532	46.8%	204,831	45.3%	181,090	42.1%
Fixed assets	24,039	3.4%	24,183	3.8%	11,612	1.9%	11,444	2.3%	10,505	2.3%	9,440	2.2%
Intangible assets	1,541	0.2%	1,488	0.2%	1,332	0.2%	1,496	0.3%	1,607	0.4%	1,903	0.4%
Deferred tax assets	-	-	-	-	183	0.0%	1,600	0.3%	2,265	0.5%	3,087	0.7%
Other assets	23,524	3.3%	27,336	4.3%	28,138	4.7%	20,389	4.1%	19,227	4.3%	11,635	2.7%
	709,959	100.0%	629,853	100.0%	599,915	100.0%	494,934	100.0%	452,022	100.0%	430,073	100.0%
LIABILITIES												
Bills payable	13,543	1.9%	8,356	1.3%	23,544	3.9%	8,761	1.8%	6,656	1.5%	6,194	1.4%
Borrowings	58,447	8.2%	72,747	11.5%	98,352	16.4%	54,789	11.1%	52,806	11.7%	90,565	21.1%
Deposits and other accounts	540,636	76.2%	457,789	72.7%	409,384	68.2%	371,624	75.1%	339,633	75.1%	291,945	67.9%
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	1,497	0.3%	2,994	0.7%
Deferred tax liabilities	1,592	0.2%	2,764	0.4%	-	-	-	-	-	-	-	-
Other liabilities	35,634	5.0%	32,933	5.2%	25,136	4.2%	20,514	4.1%	16,423	3.6%	8,022	1.9%
	649,852	91.5%	574,589	91.2%	556,416	92.7%	455,688	92.1%	417,015	92.3%	399,720	92.9%
	60,107	8.5%	55,264	8.8%	43,499	7.3%	39,246	7.9%	35,007	7.7%	30,353	7.1%
REPRESENTED BY												
Share capital	15,177	2.1%	15,177	2.4%	15,177	2.5%	13,197	2.7%	11,998	2.7%	11,998	2.8%
Reserves	11,033	1.6%	9,831	1.6%	8,779	1.5%	7,936	1.6%	7,158	1.6%	6,423	1.5%
Surplus on revaluation of assets	9,027	1.3%	10,748	1.7%	5,094	0.8%	5,613	1.1%	5,917	1.3%	4,294	1.0%
Unappropriated profit	24,870	3.5%	19,508	3.1%	14,449	2.4%	12,500	2.5%	9,934	2.2%	7,638	1.8%
	60,107	8.5%	55,264	8.8%	43,499	7.3%	39,246	7.9%	35,007	7.7%	30,353	7.1%

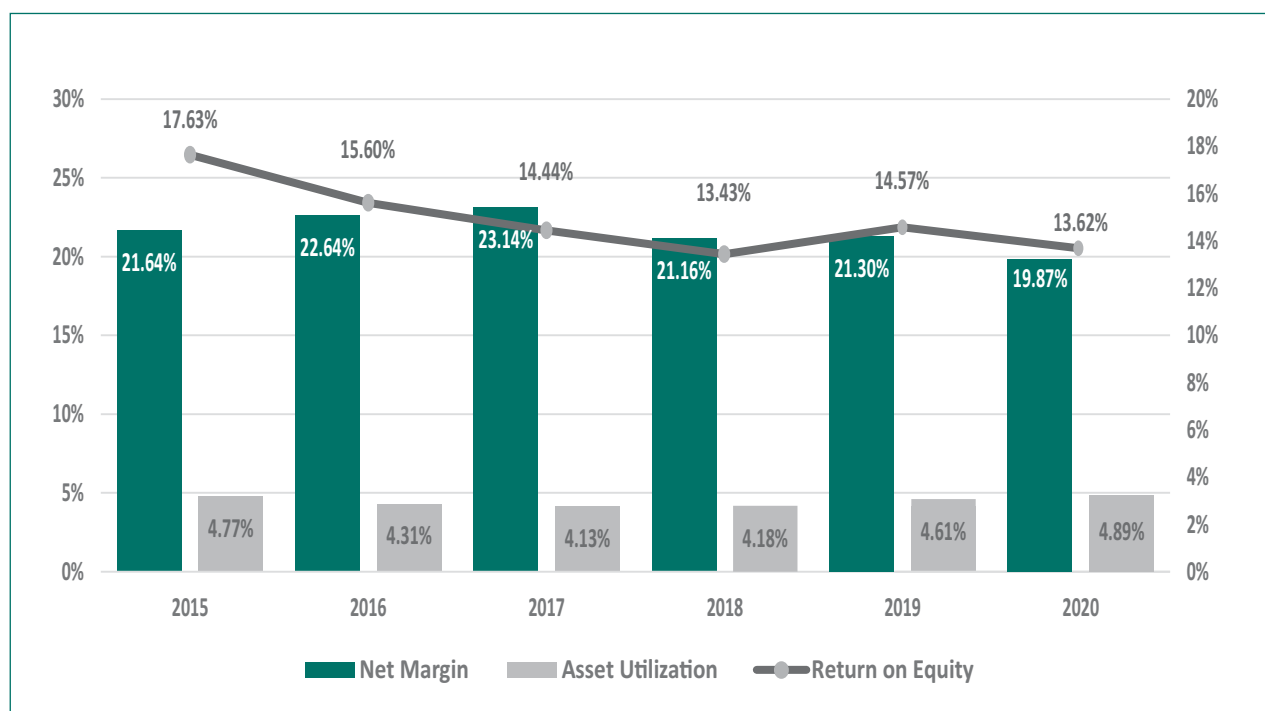
Vertical Analysis

Profit and Loss Account

	2020		2019		2018		2017		2016		2015	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Mark-up / return / interest earned	55,922	100.0%	58,398	100.0%	35,200	100.0%	28,766	100.0%	26,179	100.0%	32,306	100.0%
Mark-up / return / interest expensed	31,388	56.1%	37,278	63.8%	18,925	53.8%	14,831	51.6%	14,134	54.0%	18,358	56.8%
Net mark-up / interest income	24,534	43.9%	21,120	36.2%	16,275	46.2%	13,935	48.4%	12,045	46.0%	13,948	43.2%
NON MARK-UP / INTEREST INCOME												
Fee and commission income	3,861	6.9%	4,113	7.0%	3,871	11.0%	3,087	10.7%	2,715	10.4%	2,303	7.1%
Dividend income	378	0.7%	424	0.7%	170	0.5%	160	0.6%	276	1.1%	319	1.0%
Foreign exchange income	2,094	3.7%	2,833	4.9%	1,971	5.6%	1,385	4.8%	1,368	5.2%	965	3.0%
Income / (loss) from derivatives	48	0.1%	176	0.3%	119	0.3%	(59)	-0.2%	12	0.0%	-	0.0%
Gain on securities	1,697	3.0%	(579)	-1.0%	51	0.1%	807	2.8%	2,104	8.0%	1,711	5.3%
Other income	153	0.3%	282	0.5%	402	1.1%	260	0.9%	480	1.8%	266	0.8%
	8,231	14.7%	7,249	12.4%	6,584	18.7%	5,640	19.6%	6,955	26.6%	5,564	17.2%
Total income	32,765	58.6%	28,369	48.6%	22,859	64.9%	19,575	68.0%	19,000	72.6%	19,512	60.4%
NON MARK-UP / INTEREST EXPENSES												
Operating expenses	19,401	34.7%	17,068	29.2%	14,816	42.1%	12,608	43.8%	11,661	44.5%	10,591	32.8%
Workers welfare fund	225	0.4%	233	0.4%	173	0.5%	154	0.5%	132	0.5%	177	0.5%
Other charges	114	0.2%	33	0.1%	90	0.3%	12	0.0%	12	0.0%	44	0.14%
Total non-markup / interest expenses	19,740	35.3%	17,334	29.7%	15,079	42.8%	12,774	44.4%	11,805	45.1%	10,812	33.5%
Profit before provisions	13,025	23.3%	11,035	18.9%	7,780	22.1%	6,801	23.6%	7,195	27.5%	8,700	26.9%
Provisions and write-offs - net	2,254	4.0%	843	1.4%	(422)	-1.2%	(492)	-1.7%	536	2.0%	1,780	5.5%
Extra ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	10,771	19.3%	10,192	17.5%	8,202	23.3%	7,293	25.4%	6,659	25.4%	6,920	21.4%
Taxation	4,260	7.3%	4,151	7.1%	3,365	9.6%	2,763	9.6%	2,357	9.0%	2,698	8.4%
PROFIT AFTER TAXATION	6,511	12.0%	6,041	10.3%	4,837	13.7%	4,530	15.7%	4,302	16.4%	4,222	13.1%

DuPont Analysis

			2020	2019	2018	2017	2016	2015
1	Net Operating Margin	PAT / Net Revenue	A	19.87%	21.30%	21.16%	23.14%	21.64%
2	Asset Utilization	Net Revenue / Avg Assets	B	4.89%	4.61%	4.18%	4.13%	4.77%
	Return on Assets	C = A x B		0.97%	0.98%	0.88%	0.96%	1.03%
3	Leverage Ratio / Equity Multiplier	Avg Assets / Avg Equity	D	14.02	14.83	15.20	15.10	17.08
	Return on Equity	C x D		13.62%	14.57%	13.43%	14.44%	17.63%



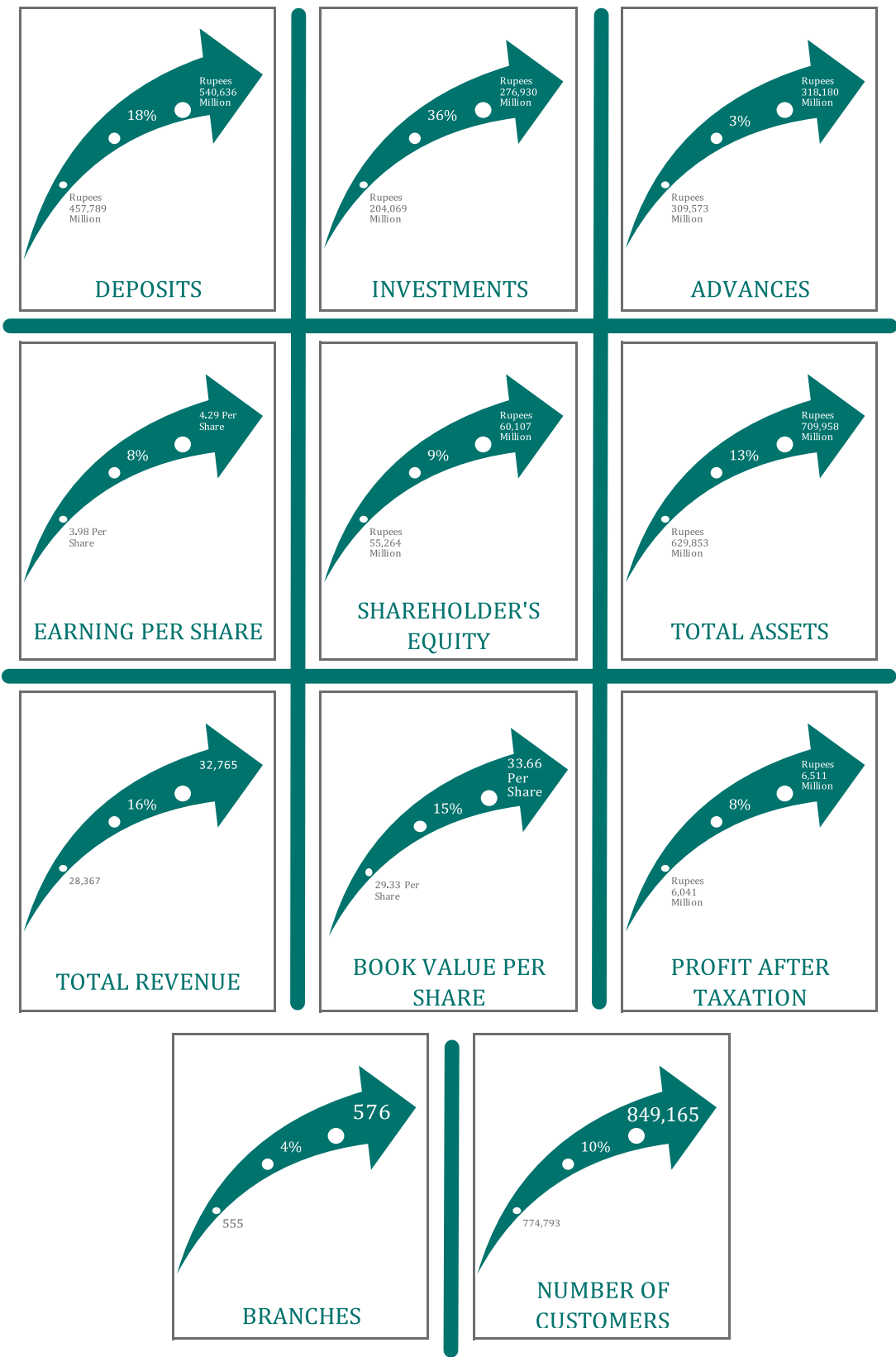
Quarterly Performance Review

STATEMENT OF FINANCIAL POSITION

	2020				2019			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
----- Rupees in Million -----								
ASSETS								
Cash and balances with treasury banks	59,881	57,209	54,270	44,532	60,368	45,126	67,920	41,517
Balances with other banks	2,879	8,442	4,297	1,615	2,836	2,551	2,480	1,930
Lendings to financial institutions	2,985	1,997	6,893	-	-	7,000	6,249	33,655
Investments	276,930	269,299	233,227	215,912	204,069	194,659	152,146	125,836
Advances	318,180	310,188	300,830	307,145	309,573	306,796	304,231	297,850
Fixed assets	24,039	23,908	24,199	24,174	24,183	20,366	19,885	18,026
Intangible assets	1,541	1,369	1,368	1,426	1,488	1,383	1,332	1,316
Deferred tax assets	-	-	-	-	-	416	486	169
Other assets	23,524	22,773	30,180	30,642	27,336	23,677	34,549	25,370
	709,959	695,185	655,264	625,446	629,853	601,974	589,278	545,669
LIABILITIES								
Bills payable	13,543	11,192	11,986	7,419	8,356	7,205	9,699	8,671
Borrowings	58,447	73,359	50,078	61,330	72,747	78,600	40,511	40,387
Deposits and other accounts	540,636	514,636	496,367	460,980	457,789	433,731	454,288	422,133
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,592	1,733	1,715	2,661	2,764	-	-	-
Other liabilities	35,634	34,761	37,088	35,816	32,933	34,597	38,409	29,208
	649,852	635,681	597,234	568,206	574,589	554,133	542,907	500,399
	60,107	59,504	58,030	57,240	55,264	47,841	46,371	45,270
REPRESENTED BY								
Share capital	15,177	15,177	15,177	15,177	15,177	15,177	15,177	15,177
Reserves	11,033	9,743	9,772	9,802	9,831	8,652	8,681	8,711
Surplus on revaluation of assets	9,027	9,475	9,705	10,654	10,748	5,079	5,003	5,303
Unappropriated profit	24,870	25,109	23,376	21,607	19,508	18,933	17,510	16,079
	60,107	59,504	58,030	57,240	55,264	47,841	46,371	45,270
PROFIT AND LOSS ACCOUNT								
Mark-up / return / interest earned	11,622	12,343	14,755	17,202	17,130	15,538	13,525	12,205
Mark-up / return / interest expensed	6,113	6,535	8,064	10,676	11,147	10,455	8,415	7,261
Net mark-up / interest income	5,509	5,808	6,691	6,526	5,983	5,083	5,110	4,944
Provisions and write-offs - net	172	617	1,245	220	115	57	878	(206)
Non mark-up / interest income	1,937	2,349	1,991	1,954	2,041	1,482	2,020	1,806
Non mark-up / interest expenses	5,573	4,795	4,559	4,813	5,192	4,272	4,010	3,960
Profit before taxation	1,701	2,745	2,878	3,447	2,717	2,236	2,242	2,997
Taxation	705	1,040	1,148	1,367	1,103	831	829	1,388
Profit after taxation	996	1,705	1,730	2,080	1,614	1,405	1,413	1,609

Highlights

At a Glance: 2019 to 2020



Sensitivity Analysis Due to Foreign Currency Fluctuations

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

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

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

For details about the Bank's foreign exchange risk refer note 44.2.2 to the accompanying unconsolidated financial statements for the year ended December 31, 2020.

No Defaults

There is no default by the Bank in payments of any debts during the year.

Methods and Assumptions used in Compiling the Indicators

The Bank uses Key Performance Indicators (KPIs) to measure success of initiatives as well as routine operational activities.

FBL identifies KPIs which effectively reflect the Bank's performance. The Bank analyses all traditional financial and profitability ratios together with an analysis of its market positioning, competitors and general market conditions. Financial ratios include growth in deposits and advances, non-performing loans ratio and provision coverage. While profitability ratios include net margin ratio, non-markup income to total income, cost to income ratio, return on assets, return on equity and earnings per share.

Share Price Sensitivity Analysis

Below is a list of some key factors that can influence the share price of Faysal Bank Limited. The list is not exhaustive and intends to cover the major areas:

- **Regulatory / Policy Changes**

Any regulatory or policy changes that directly impact the overall banking landscape along with cost and / or revenue drivers are likely to exert a significant influence on the Bank's stock price. For example, any change in monetary policy rate has a direct impact on yields of government securities, spreads made on advances and funding costs; and in turn materially impact profitability and the share price as well.

Similarly, any hike in the minimum rate of return on deposits will result in compression in net interest margins earned and can negatively impact the earning and correspondingly the share price of the scrip.

- **Investor and Market Sentiment**

Market sentiment is often subjective which makes it difficult to quantify but a change in sentiments due to the investment climate in general or the stock market in particular can have an impact on the Bank's share price as well. Such a sentiment driven impact on the share price can occur even in the absence of any fundamental development or change in the Bank's business case.

- **Change in Macro Environment**

Political stability and controlled law & order situation is a pre-requisite for any economic development. Any changes in the macro environment, including inflation and / or currency devaluation could see the stock price of the Bank move alongside as market preempts such developments and extrapolates their impact on policy / regulatory changes in the Bank's share price.

Share Price as of December 31, 2020

High Price

Low Price

Average volume

Trading days

Days traded

Rs. 17.28

Rs. 22.95

Rs. 11.21

1,152,625

251

251

Business Rationale for Major Capital Expenditure

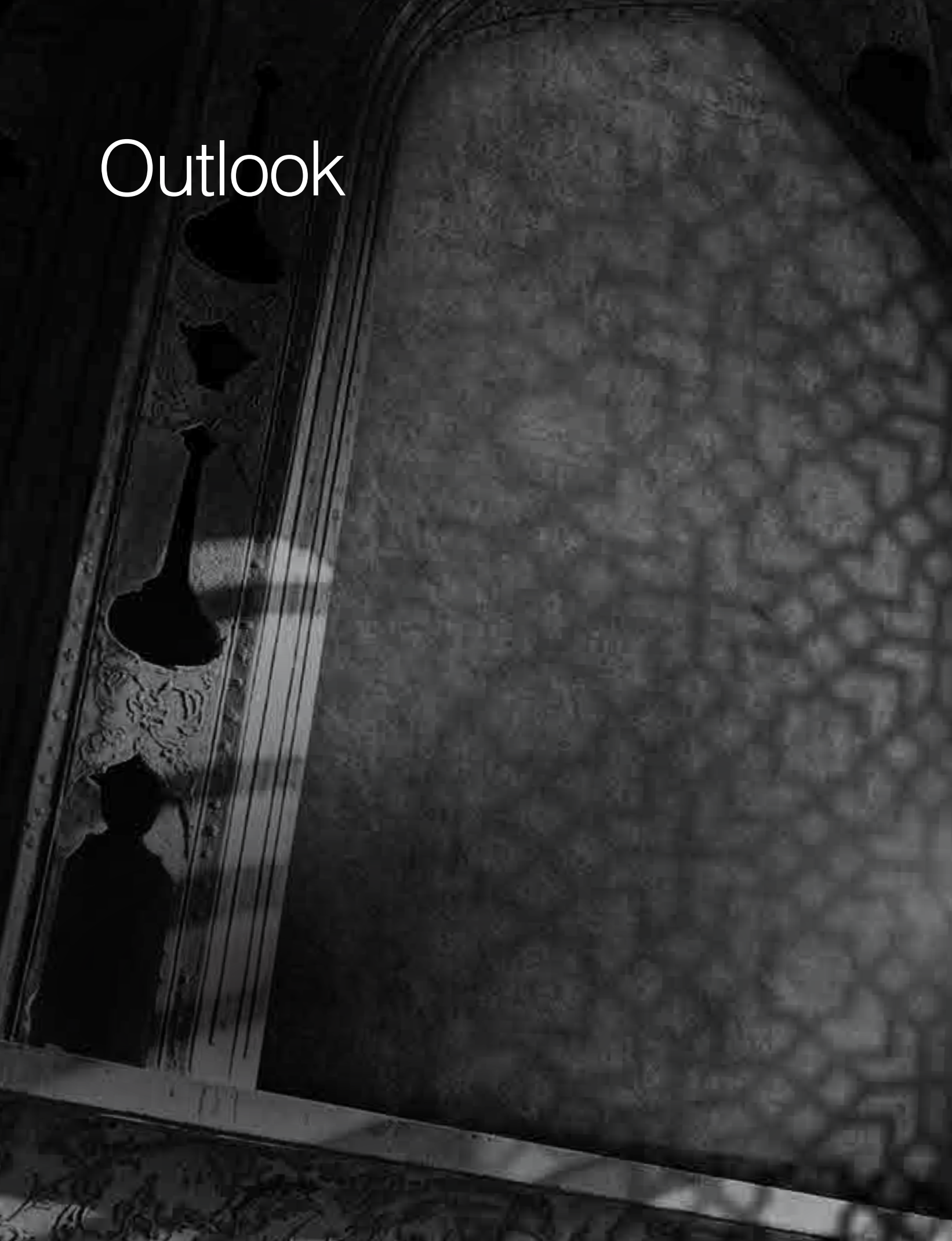
Faysal Bank realizes the importance of capital expenditure and in view of this has adopted in-depth evaluation procedures to assess all types of capital expenditure requirements before obtaining final endorsements from the Board.

During the year, the bank's capital expenditure amounted to over Rs. 2 billion and was primarily directed towards business expansion, renovation, improvement of digital frame and strengthening of IT infrastructure. A detailed disclosure of fixed asset is given in the financial statements.

Capital expenditures planned for next year

The Bank has budgeted capital expenditure of Rs. 4.1 billion for the next year. This would primarily be invested in expanding our branch network, continuous improvement in our IT platforms, safeguarding our existing infrastructure/ relationships from growing threats on cyber security front along with routine upgrades and replacements to ensure smooth operations.

Outlook



Faysal Islami – Noor
A First by Pakistan's Fastest
Growing Islamic Bank



Forward Looking Statement

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as “anticipate,” “target,” “expect,” “estimate,” “intend,” “plan,” “goal,” “believe,” or other words of similar meaning. Forward-looking statements provide Faysal Bank’s current expectations or forecasts of future events, circumstances, results or aspirations. All forward-looking statements are, by their nature, subject to risks and uncertainties, many of which are beyond the Bank’s control. FBL’s actual future results may differ materially from those set forth in its forward-looking statements. While there is no assurance that any list of risks and uncertainties or risk factors is complete, among many others below are certain factors which could cause actual results to differ from those in the forward-looking statements:

- Local, regional and global business, economic and political conditions and geopolitical events;
- Changes in laws and regulatory requirements, including capital and liquidity requirements affecting the Bank’s business, and the ability of the Bank to address those requirements;
- Changes in investor sentiment or consumer spending or savings behavior; and
- Occurrence of natural or man-made disasters or calamities, including health emergencies, the spread of infectious diseases, pandemics or outbreaks of hostilities, or the effects of climate change, and the Bank’s ability to deal effectively with disruptions caused by the foregoing.

Any forward-looking statements made by or on behalf of the Bank speak only as of the date they are made, and Faysal Bank does not undertake to update any forward-looking statements. The reader should, however, consult any further disclosures of a forward-looking nature the Bank may make in any subsequent Quarterly Reports, or other Briefings.

2020 was a year of historic firsts – Faysal Bank won the Best Emerging Bank award at the Pakistan Banking Awards 2020, as well as the Best Emerging Islamic Bank award at the GIFA Awards 2020.

These awards were a recognition of FBL’s solid and sustained financial performance as well as the Bank’s focus on customer satisfaction through improved service quality and technology.

2021 – A year of Growth and Conversion

Despite the many challenges facing the wider economy due to Covid related uncertainties, Faysal Bank is well placed to deliver sustainable growth for its shareholders. The focus of the Bank will remain on three core pillars:

- Complete Islamic Conversion;
- Customer Satisfaction – Driven by innovative products, technology and high levels of service
- Growth across all business segments – led by improved efficiencies in low-cost CASA deposit generation.

Islamic Conversion

With the vision to be a full-fledged Islamic Bank by 2023 the Bank aims to continue conversion steadfastly. The plan for 2021 includes the conversion of 66 conventional branches. The Bank estimates that 98% of the branch network will be Islamic by December 2021.

Customer Satisfaction

With a vision to promote and establish Faysal Bank as the bank of first choice, Faysal Bank is building a culture of service as a differentiator through enablement of staff via technology and process re-engineering as well as training and measurement.

Furthermore, building upon the success of the past few years which includes innovative products such as the Rehmat Account, in 2021 as well, the focus will remain on development of new products which create value for our customers. These include Islamic variants of conventional products for which there is significant pent-up demand such as an Islamic credit card.

Customers will also be facilitated through the enablement of digital distribution channels which will allow them to interact and avail products / services from the Bank in a manner which is convenient for them.

Bank believes that achievement of our strategic ambitions are not possible without our employees, hence, we will continue to invest in talent acquisition, staff training and support.

Growth

The Bank expects to continue the momentum gained in 2020 and register double digit growth in terms of profitability in 2021. The Bank aspires to increase its outreach through physical branch network (30 new branches) and digital solutions (ATMs, CDMs, enhanced facilities on internet and mobile banking etc.). To ensure sustainable achievement of strategic objectives, FBL aims to focus on deposit growth to beat market and grow market share, particularly through increased penetration in the SME segment. These growth aspirations will be complemented through continued investment in brand promotion and further enhancement in our service quality.

With the view to provide the Bank an edge over its competitors the first ever Tawaruq based Islamic Credit Card is scheduled to launch in first quarter of 2021. This covers a significant market gap, providing FBL the opportunity to target a large unserved customer base.

Sources of Information and Assumptions used for Projections and Forecasts

Major factors underlying these Forward Looking Statements include:

- **COVID-19:** Although COVID-19 cases are on a decline in Pakistan and world-wide on the back of vaccination drive, however any surge in cases due to new strain etc. may negatively affect the business activity.
- **Discount rate / Monetary Policy:** Based on different assessment parameters, the State Bank of Pakistan can change the monetary policy rate. Any decrease in the discount rate will result in lower net interest income and reduce the profitability of the Bank.
- **Inflation:** Inflation is considered as a key determinant of policy rate change. Any uptick in the inflation statistics will have a material impact on the monetary policy rate along with other drivers. With higher discount rates, the Banks will be able to invest in high yielding assets, thus resulting in increased profitability.
- **Political Stability & Law and order situation:** Political stability and controlled law & order situation is a pre-requisite for any economic development. This, in turn, reposes investor confidence in Pakistan. However, any act of terrorism or political instability can negatively impact the economy /equity market, thus resulting in decreased profitability.
- **Corporate Tax rate:** Any increase in corporate tax rate will adversely impact the profitability of the Bank.

How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise

The Bank keeps a track of the critical challenges that might influence its strategy and applies best judgment in implementing mitigants. The Bank's Risk Management performs stress testing against different pre-determined scenarios to identify, analyze and evaluate potential losses and to provide an active approach in dealing with factors that influence the financial standing of the Bank. The results of such tests have exhibited that the Bank has satisfactory capital, liquidity and profitability to bear such scenarios.

Strategy and Resource Allocation



Corporate Finance Deal of the Year

Islamic Finance News Award 2019



Strategy and Resource Allocation

FBL has a 5-year (2019-2023) corporate strategic plan in place which sets the direction of the Bank with respect to expansion, transformation into an Islamic Bank and digitization. FBL adopted a holistic approach for strategy formulation which covered mapping itself with the industry, operating environment, conduct SWOT and derive a strategy to capitalize on the opportunities presented and strengths identified.

Objectives

Strategic objectives, actions to achieve these objectives and Key Performance Indicators (KPIs) set to enhance the value of franchise are as follows. KPIs are used as a gauge to analyze current standing of the Bank and likely path the Bank would follow. FBL has identified KPIs that are critical to its business:

Mission Statement: Achieve leadership in providing Shariah compliant financial services, with customer care and employee focus at the heart of our business ethos together with innovation and technology being the pillars of our growth.

Strategies, Actions and KPIs

Strategic Objectives / Goals	Strategic Actions	KPIs
Strong Contender in Retail	<ul style="list-style-type: none">Enhance franchise value and market share through network growth and brandingGrow low-cost CASA deposits by focusing mass-affluent customer segment - differentiate through standardized processes, comprehensive product suite & improved customer serviceComplement growth through volume deposits from HNWI & affluent segments – maintain relationships and reduced value attrition	Network size Deposits growth Market Share CASA ratio

Strategic Objectives / Goals	Strategic Actions	KPIs
High Quality Lender	<ul style="list-style-type: none"> • Drive volume from large corporates • Drive new business growth from smaller corporates – differentiate relationships • Branch-focus on pushing higher margin SME financing, also capturing CA deposits • Branch-focus on generating high quality/ high margin consumer financing – full product suite and cross-sell propositions 	Lending growth & NPLs
Superior Customer Experience	<ul style="list-style-type: none"> • Optimize customer experience across all touch points through revamped service framework • Re-aligned service standards, creating visibility on service levels, identify & remediate service gaps and drive accountability to improve service levels 	Customer satisfaction surveys and Bank's internal service ladders
Digitization	<ul style="list-style-type: none"> • Differentiate through innovative ADC/ Digital propositions & functionalities • Manage branch traffic through diversion to ADC/ Digital Channels • Use Business Intelligence to leverage data to support sales, cross sale & loyalty programs 	Products & service offerings through digital channels Transactions conducted through Digital channels
Convert Responsibly	<ul style="list-style-type: none"> • Responsible asset conversion timed with liquidity • Minimize conversion related financial costs 	Islamic branches network Islamic Banking balance sheet composition

Strategic Objectives / Goals	Strategic Actions	KPIs
Increase Shareholder Value with Capital Stability	• Improve top-line (core income) & NFI in all segments	Profit after tax (PAT)
	• Better cost management	Return on equity (ROE)
	• Improve efficiencies in procurements and expenditure	Cost to Income Ratio (CIR)
	• Maintain healthy CAR levels to support business growth	Capital Adequacy Ratio (CAR)

Achievement Against the Strategic Objectives

The Bank is on-track in terms of implementation of the strategic plan and Alhamdulillah exceeded all the strategic plan KPIs for 2019 and 2020.

A dedicated BoD sub-committee i.e. Board Strategy Committee (BSC) which oversees the strategy implementation in the Bank on a quarterly basis. Strategy function monitors and coordinates with the relevant stakeholders / project owners for timely delivery of the key strategic milestones as per the strategic plan.

Significant Changes in Objectives and Strategies

FBL's objectives & strategies are well planned and are persistently implemented. No significant change occurred during the year to affect the strategic objectives.

Stakeholder Relationship and Engagement



Best Acquisition Financing Pakistan

Asset Asian Awards 2020



Stakeholders Engagement Process and Frequency

Stakeholder engagement is an integral part of developing an understanding of our stakeholders' needs, interests and expectations and assists the Bank with strategic and sustainable decision making.

Stakeholders	Customers	Employees	Institutional Investors/ Shareholders/Analysts
Effect & Value to FBL	Customer satisfaction is integral to achieve strategic objectives.	Our employees, ambassador to the customers, represent our biggest asset, implementing every strategic and operational decision.	The providers of capital allow FBL the means to achieve its vision; while the analysts endorse the trust the investors place in the bank.
Engagement Management	<ul style="list-style-type: none"> Professional staff for customer assistance at 575 branches across Pakistan. Interaction through our relationship managers, call centers, social media, and various advertising activities. 	<ul style="list-style-type: none"> Regular electronic newsletters Compliance letters Grievance reporting procedure. 	<ul style="list-style-type: none"> Quarter semi-annual and annual financial statements Annual General Meeting Participation in local and international road shows Press releases Investors' Grievance Portal.
Frequency	As & when customer need arises.	When the need arises.	Quarterly & annually.

Investor Relation Section on Corporate Website

Investor Relation Section on Corporate Website: www.faysalbank.com/investor-relations/

Service Providers	Regulators	Local Community	Media
Our growth is also attributable to engaging reputed and dependable suppliers as business partners.	We pride ourselves in being a responsible corporate citizen and abide by all laws and regulations.	To inculcate social and environmental consciousness and remain a conscientious member of the corporate community.	By availing this avenue of communication, effective awareness is created regarding the Bank and products and services it offers.
<ul style="list-style-type: none"> As per the policies and procedures laid down in the Bank's General Services Procedures. 	<ul style="list-style-type: none"> Submission of applicable statutory returns Responding / enquiring various queries / information 	The Bank actively participates in various social work initiatives as part of its corporate social responsibility.	Advertisements through print, electronic, social media, website, and interviews.
When the need arises.	<ul style="list-style-type: none"> As per regulatory timelines When the need arises. 	When the need arises.	When the need arises.

Steps to Encourage Minority Shareholders Participation in AGM

The Bank organises shareholders' meetings in order to have a proper communication with its shareholders, specially the minority shareholders. Each shareholder, irrespective of holding and voting power is important to the Bank. We value them, their concerns, their suggestions and grievances, if any. At each Annual General Meeting (AGM) or Extraordinary General Meeting (EGM), we ensure a two-way communication with the shareholders, particularly, the minority shareholders.

The notice of all general meetings is published in leading newspapers (in both Urdu and English languages) having circulation all over the Country, placed on the Bank's website and emailed to all shareholders well before the occurrence of the meeting.

All minority shareholders irrespective of their shareholding can appoint proxy, participate through video conference (VC) and vote through e-voting. They can suggest, propose, comment, record their reservations during the meeting, and enjoy full rights to propose and second any agenda item presented. Shareholders can also actively participate during general meetings in discussions on operations, objectives and future strategy of the Bank. They can always demand the draft minutes of meeting within stipulated time post the event and are privileged to object on any intended major investments, planned acquisitions, mergers and takeovers or any other corporate / capital restructuring.

The Bank always facilitates and ensures shareholders' presence while entertaining their requests if feasible and viable. It values and honors their inputs, records their concerns, prepositions, suggestions in minutes and keeps them abreast on the progress and subsequent actions.

Shareholders' Related Matters

The Board of Directors, President & CEO and Company Secretary ensure that all the material and price-sensitive information is disclosed in compliance with the regulatory requirements. Specifically including Financial Results, entitlement to corporate information, significant changes in financial conditions, current and expected business performance etc.

With respect to shareholders' related matters the Bank has appointed reputable and experienced share registrar services. In addition, contact details of the designated personnel of the Bank for assisting the shareholders and handling their requests and complaints are also prominently displayed in the relevant section of the Bank's website.

Summary of Analyst Briefing

Regular interactive sessions between the management of the Bank and the investor community are an excellent opportunity for the former to apprise the latter about the business environment of the country, discuss its financial performance, competitive landscape and future prospects.

The sessions are conducted with the objective of ensuring timely and equitable distribution of information to all concerned, and to give the right perspective of the business affairs of the Bank to the investors – existing and potential – to assist in investment decision-making.

The Bank held a CBS on November 17, 2020 based on September 30, 2020 results. The CFO presented a detailed analysis of Bank's performance along with future outlook. The session was followed by a Q & A session.

The presentation of the Corporate Briefing Session can be accessed in the Investor Relations section of the Bank's website.

Issues raised in the last AGM

With the onset of COVID-19 in Pakistan, the Twenty Fifth Annual General Meeting, scheduled for March 26, 2020, was postponed and held virtually on May 14, 2020 in compliance with Circular No. 5 of 2020 dated March 17, 2020 issued by Securities and Exchange Commission of Pakistan.

Synopsis of the decisions taken in last Annual General Meeting is given below:

Ordinary Business:

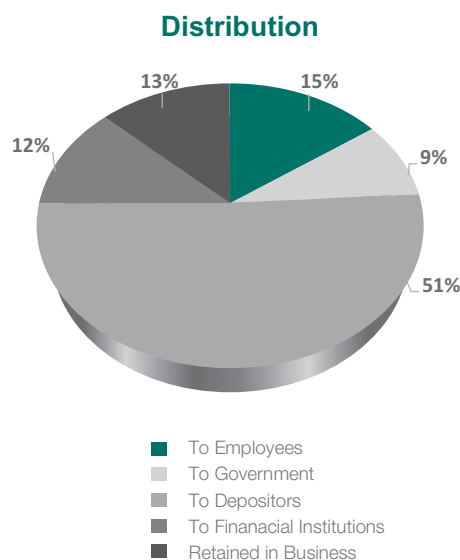
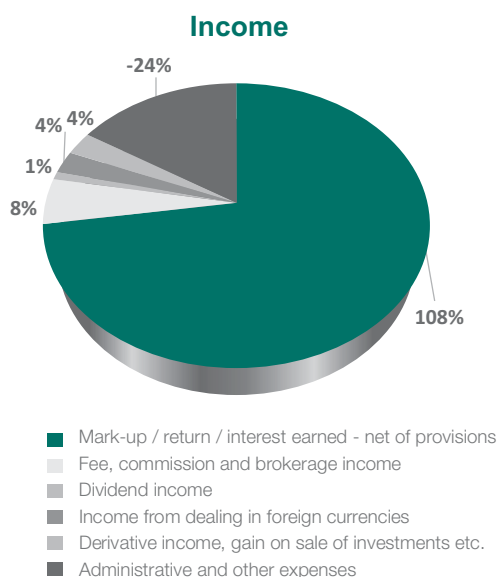
1. Confirmed the minutes of the 24th Annual General Meeting held on March 28, 2019
2. Confirmed the minutes of Extra Ordinary General Meeting held on October 24, 2019.
3. Approved the Unconsolidated & Consolidated Financial Statements and Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2019 together with the Directors' and Auditors' Reports thereon.
4. Election of the Board of Directors for the next three years' term.
5. Appointment of External Auditors for the ensuing financial year 2020.

Special Business:

1. Approved the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2019.
2. Approved the Directors Remuneration Policy for Non-Executive/Independent Directors of FBL for attending the Board and Sub-Committees Meetings.
3. Approved the revised Memorandum & Articles of Association of the Bank as per Companies Act, 2017 and Code of Corporate Governance 2019.

Statement of Value Added

	2020		2019	
	Rupees '000	%	Rupees '000	%
Mark-up / return / interest earned - net of provisions	53,667,709	108	57,555,248	106
Fee, commission and brokerage income	3,861,270	8	4,112,625	7
Dividend income	378,285	1	424,246	1
Income from dealing in foreign currencies	2,093,354	4	2,833,324	5
Derivative income, gain/(loss) on sale of investments etc.	1,898,134	3	(122,838)	-
	61,898,752	124	64,802,605	119
Administrative and other expenses	12,084,919	(24)	10,756,240	(20)
Value Added	49,813,833	100	54,046,365	100
Distributed as follows:				
To Employees As remuneration	7,578,108	15	6,507,211	12
To Government As income tax	4,259,852	9	4,151,058	8
To Depositors As profit on investments	25,347,575	51	28,843,947	53
To Financial Institutions As profit on borrowings	6,040,369	12	8,434,086	16
To Society As donations	77,424	-	69,431	-
Retained in Business As reserves and retained profits	6,510,505	13	6,040,632	11
	49,813,833	100	54,046,365	100



Corporate Governance

Best Quasi-Sovereign Sukuk Pakistan

Asset Asian Awards 2020



Report of the Board Audit and Corporate Governance Committee

The Board Audit and Corporate Governance Committee (BACGC) of Faysal Bank Ltd (FBL) comprises of four directors having vast experience and knowledge of Banking, Finance, Corporate Governance, Asset Management, Audit & Accounting. Out of four members, two are Independent Directors and two are Non-Executive Directors. The Chairman BACGC is an independent director. The BACGC in 2019 updated its Terms of Reference (TORs) in line with SECP's Code of Corporate Governance, SBP's Guidelines on Internal Audit Function and other guidelines issued by the Regulators and approved by the Board of Directors (BOD). In 2020 the TORs were also updated to incorporate new instructions and an addition of one Non-Executive Director making the total of the members of the BACGC to four.

The Committee focused on the effectiveness of the Internal Control, Compliance Risk Management, Operational Risk Management Framework and application of Regulatory & International Accounting Standards as well as compliance requirements of Corporate Governance best practices, Impact of IFRS 16, significant risk areas of Provisions, Risk of fraud in revenue recognition & its practices due to high degree of automation in FBL. BACGC also focused on the impact of the Covid-19 pandemic situation on the Bank and the operational steps and security measures taken by the management in this regard. Committee also supervised & monitored the status of IFRS 9 implementation in the Bank. Committee not only approved the Internal Audit plan for 2020, revised Internal Audit Manual/ Charter but also approved Internal Shariah Audit Manual and Compliance Plan 2020 as per requirements of SECP's Code of Corporate Governance (COCG), SBP's Guidelines on Internal Audit Function and Compliance Risk Management Framework. The provision of all kind of resources was ensured to both Internal Audit Function and to the Compliance Function to successfully implement their annual plans and other activities. Head of Internal Audit was given free access to approach BACGC to ensure proper reporting in all sensitive matters / issues of FBL relating to his subject. The Committee convened 4 mandatories and two additional meeting during the year 2020.

Major activities undertaken by the BACGC to improve the overall performance of FBL during 2020 are as follows:

- BACGC reviewed/examined the unconsolidated and consolidated quarterly, half yearly for the year 2020, and annual financial statements for the year 2019 along with director's review reports of FBL which were approved by the Board on its recommendation. BACGC reviewed related party transactions with assurance from management that all transactions were undertaken at arm's length and reported the same for Board's approval.
- BACGC also held detailed discussions with external auditors on audit scoping for the year 2020 as well as major observations made in their management letters and reviewed the management's response thereto. The appointment of external auditors for the year 2020 and their fee was recommended to the Board and approved by the AGM held in May 2020 on its recommendation. BACGC also reviewed the new format for the financial statements to be adopted for the annual accounts with the external auditors keeping in view changes made in accounting procedure to be incorporated in the Financial Statements as well as identified the reporting requirements as per Companies Act 2017 (as amended in 2020) and Code of Corporate Governance 2019. BACGC also reviewed the Long Form Report on Shariah Compliance Environment as of December 31, 2019 issued by the external auditors.
- BACGC also reviewed the external auditor's independence in accordance with the applicable laws/ regulations.
- Internal Audit Department (IAD)'s high risk observations were reviewed with the management's assurance that their monitoring and implementation are in accordance with targeted dates. The BACGC also reviewed adequacy and quality of IAD resources and monitored the status/ progress of implementation of the SBP's Guidelines on Internal Audit Function and noted with satisfaction that the implementation is on track.

- BACGC reviewed and monitored the implementation of the Annual Compliance Plan for the year 2020 on quarterly basis. Updated itself on AML/CFT procedures as per SBP regulations and Financial Action Task Force (FATF) recommendations along with quarterly review of the Foreign Account Tax Compliance Act (FATCA) and Whistle Blow Committee (WBC) cases & internal investigation findings and timely actions taken by the management.
- BACGC reviewed quarterly, annual update and three years' comparison of Fraud and Forgery cases & major findings of internal investigations in the area and noted with satisfaction the measures taken by the management in this regard.
- BACGC not only reviewed the Institutional Risk Assessment Framework (IRAF) – Self Assessment Questionnaire but also the implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank. An assurance was also given to BACGC that Policies adopted by the Bank are sufficient & appropriate and information provided by the management is reliable.
- The BACGC also reviewed the Conduct Assessment Framework of the Bank as of December 31, 2019.
- BACGC reviewed the quarterly Compliance of the SBP inspection report and SBP's thematic review reports along with monitoring the compliance status of these reports. The Committee also reviewed statement on internal control system which was endorsed by the Board.
- BACGC reviewed the measures taken by management to mitigate the cyber security threats and relevant training of employees.
- BACGC conducted self-assessment of its performance for the year to comply with its TORs as per SECP Code of Corporate Governance and presented it to the Board. The Board appreciated the performance of the BACGC in their evaluation for that year.



Mian Muhammad Younis
Chairman - BACGC



Independent Auditor's Review Report

To the members of Faysal Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Faysal Bank Limited (the Bank) for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2020.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Date: March 2, 2021

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Faysal Bank Limited
Year ended: December 31, 2020

The Bank has complied with the requirements of the Regulation in the following manner

1. The total number of directors are eleven as per the following:

Gender	Number
Male	10
Female	01

2. The composition of Board is as follows:

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

3. The aforementioned directors were elected in the 25th Annual General Meeting of the Bank held on May 14, 2020.
4. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
5. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Bank;
7. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations;
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

9. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
10. Presently out of Eleven (11) newly elected Directors, the following Ten (10) Directors are Certified and have Completed the Directors' Training Program:

1. Mr. Farooq Rahmatullah Khan
2. Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
3. Mr. Yousaf Hussain
4. Mian Muhammad Younis
5. Mr. Ali Munir
6. Mr. Juma Hasan Ali Abul
7. Mr. Abdulelah Ebrahim Mohamed AlQasimi
8. Mr. Abdulla Abdulaziz Ali Taleb
9. Ms. Fatima Asad Khan
10. Mr. Mohsin Tariq

Mr. Imtiaz Ahmad Pervez has attended the Directors' Training Program, however his final test is pending.

The Bank had also arranged the following trainings for the newly elected Board of Directors in the year 2020:

- a. Directors Orientation Workshop through Pakistan Institute of Corporate Governance on June 30, 2020.
 - b. Training on Islamic Products in Compliance with Shariah Governance Framework by the Chairman of Sharia Board of Faysal Bank Limited on June 30, 2020.
 - c. Why Islamic Banking by Mufti Muhammad Najib Khan on August 20, 2020.
 - d. Islamic dress code by Mufti Muhammad Najib Khan on October 22, 2020.
 - e. Workplace Culture of Faysal Bank Ltd by Dr. Irum Saba, Asst. Prof. Head of CEIF Academics IBA Karachi on December 14, 2020
11. The Board has approved the appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
 12. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
 13. The Board has formed committees comprising of members given below:

<ol style="list-style-type: none"> a) Board Audit and Corporate Governance Committee Mian Muhammad Younis Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery Mr. Juma Hasan Ali Abul Mr. Ali Munir 	Chairman / Independent Director Member / Non-Executive Director Member / Non-Executive Director Member / Independent Director
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- | | | |
|----|--|---|
| b) | Board Risk Management Committee
Mr. Imtiaz Ahmad Pervez
Mr. Abdulelah Ebrahim Mohamed AlQasimi
Mr. Abdulla Abdulaziz Ali Taleb
Mr. Yousaf Hussain | Chairman / Non-Executive Director
Member / Non-Executive Director
Member / Non-Executive Director
Member / President and CEO |
| c) | Recruitment Nomination and Remuneration Committee
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Juma Hasan Ali Abul
Mian Muhammad Younis
Mr. Ali Munir
Ms. Fatima Asad Khan | Chairman / Non-Executive Director
Member / Non-Executive Director
Member / Independent Director
Member / Independent Director
Member / Independent Director |
| d) | Board Strategy Committee
Mr. Farooq Rahmatullah Khan
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Juma Hasan Ali Abul
Ms. Fatima Asad Khan
Mr. Mohsin Tariq
Mr. Yousaf Hussain | Chairman / Non-Executive Director
Member / Non-Executive Director
Member / Non-Executive Director
Member / Independent Director
Member / Independent Director
Member / President and CEO |
| e) | Board IT Committee
Mr. Ali Munir
Mr. Abdulelah Ebrahim Mohamed AlQasimi
Mr. Abdulla Abdulaziz Ali Taleb
Mr. Mohsin Tariq
Mr. Yousaf Hussain | Chairman / Independent Director
Member / Non-Executive Director
Member / Non-Executive Director
Member / Independent Director
Member / President and CEO |

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

15. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

- | | | |
|----|---|--------------------|
| a) | Board Audit & Corporate Governance Committee | Quarterly meetings |
| b) | Board Risk Management Committee | Quarterly meetings |
| c) | Recruitment Nomination and Remuneration Committee | Quarterly meetings |
| d) | Board Strategy Committee | Quarterly meetings |
| e) | Board IT Committee | Quarterly meetings |

16. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;

17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
19. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with; and
20. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:
 - The Code requires that the chairman of the human resource and remuneration committee is to be an independent director. The composition of the Bank's Recruitment Nomination and Remuneration Committee (RNRC) is in line with the Revised Guidelines on Remuneration Practices 2017 issued by the State Bank of Pakistan which allows a non-executive director to be the Chairman in case the majority members of the committee are independent directors. Following the guidelines majority members of RNRC are independent directors, however, the Chairman of the RNRC is not an independent director.



Farooq Rehmatullah Khan
Chairman

Karachi
Dated: February 18, 2021

Report of Shariah Board

For the year ended December 31, 2020

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين والصلوة والسلام على خاتم الانبياء والمرسلين محمد المصطفى الصادق الامين وعلى اله واصحابه اجمعين -

الحمد لله Faysal Bank Limited has completed another year of successful operations of its Islamic Banking. During the year, the Shariah Board held four meetings to review various existing and new products, policies, standard operating procedures, transactions, agreements, processes and their Shariah compliance. As required under Shariah Governance Framework, the Shariah Board also met with Board of Directors twice this year to have a detailed briefing on Shariah compliance environment.

Shariah Board appreciates the commitment of Board of Directors and Management to transform Bank's entire operations into Islamic Banking as reflective in the efforts towards conversion.

Following developments were made during the year 2020:

Conversion of Bank's portfolio

During the year, FBL opened 21 new Islamic branches and converted 65 branches, including 5 major branches across the country, from Conventional to Islamic banking, elevating the total number of Islamic branch network to 500 branches.

Likewise, around PKR 39Bn worth of conventional financing portfolio with approximately more than 400 customers was converted from conventional to Islamic financing. These facilities were converted as per Shariah approved process flows based on Islamic modes of financing e.g. Diminishing Musharakah, Running Musharakah, Salam, Istisna, Murabaha, Tijarah etc.

Product Development and Management

Under the guidance of Shariah Board, Product Development has worked for the enhancement of existing products as well as development of new products along with their related documentations and agreements. During the year, Faysal Bank Islamic further enhanced its asset and retail side product menu through offering Currency Salam and Musawammah Financing for consumer durable to the customers. In addition to that, Faysal Bank Islamic strengthened its liability product side by launching "Roshan Digital Accounts" in eight different currencies. Furthermore, Islamic Life Plus savings account was also revamped to support country's senior citizens, Islamic Tez Tareen Asaan Remittance Account is offered. For the conversion of conventional TDRs into Islamic, Muntazim – BIC was also introduced.

In addition, due to Coronavirus Disease (CoViD-19), the Bank facilitated its customer through extending various financing schemes in collaboration with SBP to stimulate the country's economy including special Islamic Refinance facility for Health sector, Islamic Temporary Economic Refinance Facility to attract investment, Islamic Rozgar Scheme to finance wages and salaries of employees besides restructuring arrangements etc. Shariah Board approved respective arrangements as reflected in respective process flows.

Structuring of Investment Banking Transactions

Shariah Board reviewed and approved 10 Islamic syndicated transactions based on Shirkat-ul-Milk (Diminishing Musharakah) and Shirkat-ul-Aqd (Running Musharakah) to achieve various purposes e.g. capital expenditure, project finance, power generation, etc.

Shariah Compliance Department

During the year, SCD under the guidance of SB / RSBM reviewed Corporate, SME & Commercial, Consumer financing including Collection and Recovery units / departments as well as Islamic Branch network across different regions of the bank. Furthermore, SCD also reviewed the Pool management & Profit distribution mechanism and calculations on monthly basis to ensure the mechanism is being strictly followed as per the regulatory and SB's guidelines.

During the year, SCD obtained Shariah approvals approximately for more than 600 customer specific process flows which include multiple Islamic financing structures comprising Murabaha, Istisna, Tijarah, Running Musharakah, Salam including Currency Salam, Bai Muajjal, Islamic Export Re-Finance (Both Part-I & Part-II), Islamic Financing Facility for Renewable Energy

(IFRE), Islamic Long Term Financing Facility (ILTFF), Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP) and Diminishing Musharakah etc.

During this period Bank-wide policies and procedures (both existing and new) were reviewed by SCD and subsequently approved by the SB / RSBM.

RSBM and SCD also played a pivotal role in the capacity building of the staff wherein they facilitated through improvement of training material as well as conducted various training sessions.

Shariah Audits

Internal & External Shariah Audit were undertaken as per the requirement of Shariah Governance Framework. Internal Shariah Audit Unit is an integral part toward strengthening of overall Shariah Compliance environment of the Bank. The Internal Shariah Audit Unit carried out Shariah Audits during the period for following products and segments i.e. Corporate finance, Trade and Business Service including Export Re-financing, SME and Commercial Branch Banking, Investment Banking, Financial Institution Group, Treasury, Retail Banking which includes Consumer financing Charity Accumulation and Disbursement and on quarterly basis Profit distribution and Pool Management calculations. Moreover, ISAU also conducted integrated audit with the management audit in this regard encompassing Special Asset Management, and Call Centre departments. Further, external Shariah audit was also carried out covering all relevant functions of Islamic Banking.

Charity

The opening balance of the charity funds was PKR 13.567 Mn and during the year an amount of PKR 33.907Mn was recovered from the customers in lieu of delayed payments, as the charity funds are kept under Mudarabah based accounts at the Bank, therefore, Mudarabah profit of PKR 0.841Mn was also accordingly credited to the charity fund's account. Additionally, during the Internal Shariah reviews conducted by SCD, an amount of PKR 0.755Mn was credited to Charity Fund due to Shariah non-compliance issues as declared by the SB.

During this period an amount of PKR 23.00 Mn was distributed to various charitable organizations with the approval of SB. Details are available on note 4 of Annexure 2.

Capacity building and Awareness Sessions

To strengthen the Islamic banking industry and its practices, the trained human capital is the key of the success. Shariah Board appreciates the efforts of Management and Learning and Development to arrange various Islamic banking training programs and awareness sessions particularly "Banking the Islamic Way, Islamic Transformation Journey".

FBL along with Chairman Shariah Board and renowned Shariah Scholars conducted various Islamic finance awareness sessions for its customers across the country. During the year, Learning and Development organized more than 72 training sessions across the country to train the staff on Islamic banking wherein approximately more than 6400 employees were trained under various online and classroom training programs. RSBM, SCD and IBD teams were actively engaged with Learning and Development to facilitate the same. Besides in-house training programs, L&D also nominated staff for external trainings offered by NIBAF (SBP) Capacity Building of Shariah Scholar, Advance Certificate in AAOIFI Shariah Standard offer by IBA-CEIF and etc.

Promotion and Marketing of Islamic banking products & services

Bank is in progress of transforming its corporate identity brand and during this period, various marketing promotional materials including printed and electronic brochures, TVCs were reviewed and approved by the SB.

Opinion of Shariah Board

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

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

Based on above, we are of the view that:


1. The Islamic Banking Division of the Bank by and large complied with the Shariah rules and principles in the light of resolutions / Fatawa, rulings and guidelines issued by the SB.
2. During review, matters requiring corrective measure have been noted and were resolved by the Management or ensured to be rectified in future. Subject to the foregoing, in our opinion, the affairs of the Islamic Banking Division have been carried out in accordance with the directives, regulations, instructions and guidelines related to Shariah compliance issued by the SBP.
3. The Bank has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.
4. Bank has a well-defined system in place in the form of Shariah Compliance Review and Internal Shariah Audit to ensure that the earnings realized from sources or means prohibited by Shariah are credited to charity account and properly utilized for charitable purposes.
5. The allocation of funds, profit and loss distribution and pool management is in accordance with Shariah Rules & Principles and Pool Management guidelines of SBP.
6. Learning and development unit of the Bank is actively pursuing the training and development of human capital on Islamic Banking & Finance through various training programs to enhance the awareness of staff, Management and BOD for the products and processes of the Bank and importance of Shariah compliance.
7. Shariah Board provided unhindered access of all required information along with adequate resources, enabling it to discharge its duties effectively.

Recommendations from Shariah Board

Based on the above, we recommend that:

1. The efforts of Management and other support functions toward conversion are appreciated. However, to ensure smooth conversion process, non-convertible financing portfolio should be identified and exit strategy should be devised for the purpose.
2. Although pool management and profit distribution has been automated to a certain extent, the system needs to be upgraded further to avoid errors due to human intervention.
3. Efforts should be enhanced towards the conversion of Agriculture finance.

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



Mufti Muhammad Mohib ul Haq Siddiqui
Chairman Shariah Board



Dr. Mufti Khalil Ahmad Aazami
Shariah Board Member



Mufti Muhammad Abdullah
Resident Shariah Board Member

Dated: February 18, 2021 | 05 Rajab, 1442 A.H.

اسلامک بینکنگ ڈویژن کے امور کو شریعت کے اصول و ضوابط، شریعہ کمپلائنس سے متعلق اسٹیٹ بینک پاکستان کی طرف سے جاری کردہ قراردادوں، اصولوں، احکامات و ہدایات کے مطابق انجام دیا گیا ہے۔

3. بینک، تمام ترامور میں شریعہ کمپلائنس کو یقینی بنانے کے وسیع نظام کا حامل ہے۔
4. بینک انٹرنل شریعہ آڈٹ اور شریعہ کمپلائنس ڈپارٹمنٹ کی صورت میں اس بات کو یقینی بنانے کے لئے ایک مربوط اور جامع نظام رکھتا ہے کہ غیر شرعی ذرائع اور طریقوں سے حاصل شدہ آمدنی کو چھپائی اکاؤنٹ میں منتقل کرے اور صحیح طور سے خیراتی مقاصد میں خرچ کیا جائے۔
5. فیڈرل تعین، نفع و نقصان کی تقسیم اور پول منجمنٹ، شریعت کے اصول و ضوابط اور SBP کی پول منجمنٹ سے متعلق ہدایات کے مطابق ہوئی ہیں۔
6. بینک کارٹنگ اینڈ یو پلینٹ یونٹ متعدد تربیتی پروگرامز کے ذریعہ اسلامی بینکاری و مالیات پر انسانی سرمایہ کی تربیت اور ترقی کے لئے سرگرم عمل ہے تاکہ بینک کی پروڈکٹس و طریقہ کار اور شریعہ کمپلائنس کی اہمیت پر عمل، منجمنٹ اور BOD کی آگاہی میں اضافہ کیا جاسکے۔
7. شریعہ بورڈ کو اپنی ذمہ داریوں سے بخوبی عہدہ برآں ہونے کے قابل بنانے کے لئے تمام مطلوبہ معلومات تک بلا رکاوٹ رسائی کے مناسب وسائل مہیا کیے گئے ہیں۔

شریعیہ بورڈ کی تجاویز

مندرجہ بالا تفصیلات کی بنیاد پر ہماری سفارشات درج ذیل ہیں:-

- (1) کنورژن سے متعلق منجمنٹ اور دیگر معاون شعبہ جات کی کوششیں قابل ستائش ہیں۔ تاہم کنورژن کے پائیدار عمل کو یقینی بنانے کے لئے ناقابل منتحلی پورٹ فولیو کی نشاندہی ہونی چاہیے اور اس مقصد کے حصول کے لئے اس سے خلاصی کی حکمت عملی وضع کی جانی چاہیے۔
- (2) اگرچہ پول منجمنٹ اور منافع کی تقسیم کا عمل ایک حد تک خود کار ہو چکا ہے، تاہم انسانی عمل دخل کی وجہ سے ہونے والی کسی غلطی سے بچنے کے لئے اس نظام میں مزید بہتری کی ضرورت ہے۔
- (3) زرعی فنانس کی کنورژن کی کوششوں میں اضافہ مطلوب ہے۔

واللہ اعلم بالصواب

ف

مفتی محمد محبت الحق صدیقی

سربراہ شریعیہ بورڈ

ف

ڈاکٹر مفتی خلیل احمد اعظمی

شریعیہ بورڈ ممبر

محمد عبد اللہ

مفتی محمد عبد اللہ

ریزیڈنٹ شریعیہ بورڈ ممبر

18 فروری 2021ء، 5 رجب 1442ھ

اس دورانیہ میں SB کی منظوری سے 23.00 ملین روپے متعدد خیراتی اداروں میں تقسیم کئے گئے۔

چیریٹی کی تفصیلات ضمیمہ 2 کے نوٹ 4 میں دستیاب ہیں۔

استعداد کا ارتقاء اور آگاہی کے اجلاس

اسلامی بینکاری کی صنعت اور اس کے طریقہ کار کے استحکام کے لئے، تربیت یافتہ انسانی سرمایہ کامیابی کی کلید ہے۔ شریعہ بورڈ، بینکاری کے مختلف تربیتی پروگرامز اور آگاہی کی نشستوں بالخصوص ”Banking the Islamic Way“ اور ”Islamic Transformation Journey“ کے انعقاد پر انتظامیہ اور لرننگ وڈیوپلنٹ کی کوششوں کو سراہتا ہے۔

FBL نے ملک گیر سطح پر اپنے کسٹمرز کے لئے شریعہ بورڈ کے سربراہ اور معروف علمائے کرام کے ہمراہ اسلامی تمویل سے آگاہی کی مختلف نشستوں کا انعقاد کیا۔ دوران سال لرننگ وڈیوپلنٹ نے ملک بھر میں اسلامی بینکاری سے متعلق اپنے عملہ کی تربیت کے لئے 72 سے زائد تربیتی نشستوں کا انعقاد کیا جس میں تقریباً 6400 ملازمین کو متعدد آن لائن اور کلاس روم تربیتی پروگرامز کے ذریعہ تربیت فراہم کی گئی۔ اس مقصد میں معاونت کے لئے لرننگ وڈیوپلنٹ کے ساتھ SCD، RSBM اور IBD کی ٹیمیں بھی سرگرم عمل رہیں۔

اندرون خانہ تربیتی پروگرامز کے علاوہ L&D نے NIBAF (SBP) کے پیش کردہ ”شرعیہ اسکالرز کی استعداد کاری“ IBA-CEIF کی طرف سے فراہم کردہ ”AAOIFI شریعہ اسٹینڈرڈ کے ایڈوانس سرٹیفکیٹ“ کی بیرونی تربیتوں کے لئے بھی عملہ کو تیار کیا۔

اسلامی بینکاری کی پروڈکٹس و خدمات کا فروغ اور تشہیر

بینک اپنے کارپوریٹ شناختی برانڈ کو تہدیل کرنے کے مراحل میں ہے اور اس دورانیہ میں متعدد تعارفی مواد کا جائزہ لیا گیا، جس میں مطبوعات اور الیکٹرونک تعارفی کتابچے اور TVCs شامل ہیں اور جن پر SB سے منظوری حاصل کی گئی۔

شریعیہ بورڈ کی رائے

چونکہ بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ مکمل طور سے اس امر کو یقینی بنانے کے ذمہ دار ہیں کہ فیصل بینک لمیٹڈ اسلامک بینکنگ کے امور کی انجام دہی اس طرح کی جائے جو ہمہ وقت شریعت کے اصولوں سے ہم آہنگ ہوں، اس لئے ہم سے فیصل بینک لمیٹڈ، اسلامک بینکنگ کے مجموعی ماحول کے شریعت سے ہم آہنگ ہونے پر ایک رپورٹ پیش کرنے کا تقاضہ کیا جاتا ہے۔

جیسا کہ اس رپورٹ سے واضح ہے، ہماری رائے یہ کہ بینک کے شعبہ شریعہ کمپلائنس نے نمونہ جاتی بنیاد پر ہر طرح کے معاملات، متعلقہ دستاویزات اور عملدرآمد کے طریقہ کار کا جائزہ لیا ہے۔ مزید یہ کہ ہم داغی شریعہ آڈٹ اور خارجی شریعہ آڈٹ کی رپورٹس کا تجزیہ کر چکے ہیں۔

مندرجہ بالا بنیاد پر ہمارا نقطہ نظر یہ ہے کہ:-

1. اسلامک بینکنگ ڈویژن کے جملہ امور کو شریعہ بورڈ کی طرف سے جاری کردہ فتاویٰ، جات / قرارداد، ہدایات و احکامات کی روشنی میں شریعت کے اصول و ضوابط کے مطابق انجام دیا گیا ہے۔

2. جائزہ کے دوران کسی بھی قابل تصحیح مسئلہ کو نوٹ کیا گیا اور بذریعہ مینجمنٹ اس کو حل کیا گیا یا مستقبل میں اس کی تصحیح کی یقینی دہائی کرائی گئی۔ باقیل سے مربوط ہماری رائے میں

انویسٹمنٹ بینکنگ کے عقود کا اسٹرکچر - سرمایہ کاری سے متعلق بینکاری کے معاملات کی تشکیل

شریعہ بورڈ نے 10 اسلامی سنڈیکیٹ کی ٹرانزیکشنز کا جائزہ لیا اور منظوری دی جس کی بنیاد مختلف مقاصد کے حصول کے لئے شرکت الملک (شرکت متناقصہ) اور شرکت العقد (رنگ مشارکہ) پر ہے۔ مثلاً سرمایہ جاتی اخراجات، پروجیکٹ فنانس، بجلی کی پیداوار وغیرہ

شعبہ شریعہ کمپلائنس

دوران سال SCD نے SB/RSBM (شریعہ بورڈ / ریزیڈنٹ شریعہ بورڈ ممبر) کی ہدایات کے تحت کارپوریٹ، SME و کمرشل، ریکوری اور کلیکشن پونٹ اور کنزیومر فنانسنگ کے ساتھ ساتھ مختلف علاقوں میں اسلامک برانچ نیٹ ورک کا جائزہ لیا۔ مزید برآں SCD نے ماہانہ بنیادوں پر پول منجمنٹ و منافع کی تقسیم کے طریقہ کار اور حسابات کا جائزہ لیا تاکہ ریگولیٹری اور شریعہ بورڈ کی ہدایات کے مطابق طریقہ کار پر عملدرآمد کو یقینی بنایا جائے۔

دوران سال SCD نے تقریباً 600 سے زائد ”کسٹمر مختص پراسس فلو“ کی منظوری حاصل کی جو کہ متعدد اسلامی طریقہ ہائے تمويل جیسے مراہجہ، اسھنا ع، تجارت، رنگ مشارکہ، سلم بشمول کرنسی سلم، بیع مغل، اسلامک ایکسپورٹ ری فنانس (پارٹ-1 اور پارٹ-2) قابل تجدید توانائی کے لئے اسلامک فنانس کی سہولت (IFRE) اسلامی طویل مدتی فنانسنگ کی سہولت (ILTF) زرعی پیداوار کی ذخیرہ اندوزی کے لئے اسلامک فنانس کی سہولت (IFFSAP) اور شرکت متناقصہ وغیرہ پر مشتمل ہے۔

اس دوران SCD نے بینک کی تمام تر پالیسیز اور طریقہ ہائے عمل (موجودہ اور جدید) کا جائزہ لیا اور بعد ازاں اس کو SB/RSBM نے منظور کیا۔

RSBM اور SCD نے عملہ کی کارکردگی میں اضافہ کے لئے بھی اہم کردار ادا کیا، جس میں انہوں نے تربیتی مواد میں بہتری کے ساتھ ساتھ متعدد تربیتی نشستوں کے ذریعہ ان کو معاونت فراہم کی۔

شریعہ آڈٹ

شریعہ گورننس فریم ورک کے تقاضوں کے مطابق داخلی و خارجی آڈٹ کو انجام دیا گیا۔ انٹرنل شریعہ آڈٹ بینک کے مجموعی ماحول کو شریعت کے مطابق ڈھالنے کا ایک لازمی حصہ ہے۔ انٹرنل شریعہ آڈٹ پونٹ نے اس عرصہ میں مندرجہ ذیل پروڈکٹس اور شعبوں کے شریعہ آڈٹ کو انجام دیا، کارپوریٹ فنانس، تجارتی اور کاروباری خدمت جو ایکسپورٹ ری فنانس، SME کمرشل برانچ بینکنگ، انویسٹمنٹ بینکنگ، فنانسئل انسٹیٹیوٹ گروپ، ٹریڈری، ریشیل بینکنگ جو کنزیومر فنانسنگ چیرٹی کی وصولی و تقسیم اور سہ ماہی بنیادوں پر منافع کی تقسیم و پول منجمنٹ کے حسابات کو شامل ہے۔ مزید برآں ISAU نے اسٹیشنل ایسٹ منجمنٹ اور کال سینٹر کے شعبہ جات کا، منجمنٹ آڈٹ سے مربوط آڈٹ بھی کیا۔ مزید برآں اسلامک بینکنگ کے تمام تر متعلقہ امور پر مشتمل بیرونی شریعہ آڈٹ بھی کیا گیا۔

چیرینی

چیرینی فنڈ کی ابتدائی رقم 13.567 ملین روپے تھی اور دوران سال کسٹمرز سے ادائیگی میں تاخیر کی وجہ سے 33.907 ملین روپے کی رقم وصول کی گئی، کیونکہ چیرینی فنڈ کو مضاربہ چیرینی اکاؤنٹس میں رکھا جاتا ہے، اس لئے مضاربہ کے نفع کی 0.81 ملین روپے کی رقم بھی چیرینی فنڈ کے اکاؤنٹ میں منتقل کی گئی ہے۔ مزید یہ کہ SB کی وضاحت کے بعد شریعت کے اصولوں کی عدم مطابقت کی وجہ سے SCD کی طرف سے انجام دیئے گئے داخلی شریعہ جائزوں میں 0.755 ملین روپے چیرینی فنڈ میں منتقل کئے گئے۔

شریعہ بورڈ رپورٹ

شریعہ بورڈ کی رپورٹ برائے اختتام پزیر سال 31 دسمبر 2020

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد لله رب العالمین والصلوة والسلام علی خاتم الانبیاء والمرسلین محمد المصطفیٰ الصادق الامین علی الواسعہ جامعین۔

الحمد لله! فیصل بینک لمیٹڈ نے اپنی اسلامی بینکاری کا ایک اور سال کامیابی سے مکمل کر لیا ہے۔ اس سال کے دوران شریعہ بورڈ نے مختلف موجودہ اور نئی مصنوعات، پالیسیز، عملدرآمد کے معیار، معاملات، معاہدات، طریقہ کار اور ان کی شریعت کے ساتھ مطابقت کا جائزہ لینے کے لئے چار اجلاس منعقد کئے۔ شریعہ گورننس فریم ورک کے تقاضوں کے مطابق شریعہ بورڈ نے رواں سال میں دو دفعہ بورڈ آف ڈائریکٹرز سے بھی ملاقات کی، جس میں شریعت کے مطابق ماحول کے بارے میں تفصیل سے آگاہ کیا گیا۔

شریعہ بورڈ، بینک کے تمام تر معاملات کو اسلامی بینکاری کی طرف منتقل کرنے سے متعلق بورڈ آف ڈائریکٹرز اور انتظامیہ کے عزم کو سراہتا ہے جیسا کہ اسلام کی طرف منتقلی کی کوششوں سے واضح ہے۔

سال 2020 کے دوران مندرجہ ذیل پیش رفت کی گئی:

بینک کے پورٹ فولیو کی منتقلی

اس سال کے دوران ملک بھر میں FBL نے 21 نئی اسلامک برانچز کا افتتاح کیا اور 65 برانچز کو روایتی بینکاری سے اسلامی بینکاری کی طرف منتقل کیا، جس میں 5 بڑی برانچز شامل ہیں، جس سے اسلامک برانچز کی مجموعی تعداد 500 ہو گئی ہیں۔

اسی طرح 39 بلین روپے مالیت کے روایتی فنانسنگ پورٹ فولیو کو تقریباً 400 سے زائد کسٹمرز کے ساتھ روایتی بینکاری سے اسلامک فنانسنگ کی طرف منتقل کیا گیا۔ ان سہولیات کی شریعت سے منظور شدہ طریقہ کار کے مطابق اسلامی طریقوں کی طرف منتقلی مثلاً شرکت متناقصہ، رنگ مشارکہ، سلم، اسصناع، مراحہ، تجارتہ وغیرہ اسلامی طریقہ کار کے مطابق عمل میں آئی ہے۔

پروڈکٹ ڈیولپمنٹ و مینجمنٹ (مصنوعات کا ارتقاء و انتظام)

شریعہ بورڈ کی رہنمائی میں پروڈکٹ ڈیولپمنٹ نے موجودہ پروڈکٹس میں اضافہ کے ساتھ نئی پروڈکٹس کی تیاری کے لئے ان سے متعلقہ دستاویزات و معاہدات سے متعلق پیش رفت کی ہے۔ دوران سال فیصل بینک اسلامک نے کسٹمرز کے لئے اپنی ایسٹ اور ریشیل سائڈ پروڈکٹ کی فہرست میں صارف کے فائدے کی غرض سے کرنسی سلم اور مساومہ فنانسنگ کی پیشکش کا اضافہ کیا ہے۔

اس میں اضافہ کرتے ہوئے فیصل بینک اسلامک نے آٹھ مختلف کرنسیوں میں ”روشن ڈیجیٹل اکاؤنٹس“ کا آغاز کر کے اپنی لائسنسڈ پروڈکٹ سائڈ کو مستحکم کیا ہے۔ مزید برآں، ملک کے عمر رسیدہ شہریوں کی معاونت کے لئے اسلامک پلس سیویس اکاؤنٹ کو بہتر کیا گیا اور اسلامک تیز ترین آسان ترسیلات زر اکاؤنٹ کی پیشکش کی ہے۔ روایتی TDRs کو اسلامک میں تبدیل کر کے ”مستحکم BIC“ کو بھی متعارف کروایا گیا ہے۔

مزید یہ کہ کرونا وائرس کی بیماری (CoViD-19) کی وجہ سے بینک نے SBP کے تعاون سے ملک کی اکاؤنٹی کو متحرک رکھنے کے لئے متعدد فنانسنگ اسکیموں کے ذریعہ اپنے کسٹمرز کو سہولیات فراہم کی جو کہ تعمیر نو کے انتظامات کے علاوہ صحت کے شعبہ کو ”اسلامک ری فنانس فیملی“، سرمایہ کاری کو متوجہ کرنے کے لئے ”اسلامک ٹیمپری اکاؤنٹ ری فنانس فیملی“ ملازمین کی تنخواہوں اور واجبات کی فنانس کے لئے ”اسلامک روزگار اسکیم“ پر مشتمل ہیں۔ شریعہ بورڈ نے متعلقہ انتظامات کی منظوری دی جیسا کہ متعلقہ طریقہ کار سے واضح ہے۔

Statement on Internal Controls

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

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

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

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

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

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

Additionally, the Bank has completed all stages of the ICFR roadmap issued by State Bank of Pakistan (SBP) vide BSD Circular No. 05 dated February 24, 2009. The Bank has adopted the “COSO Internal Control Integrated Framework” in relation to its internal control program in order to ensure consistency in the process of compliance with SBP’s Internal Control Guidelines involving documentation, risk assessment, gap analysis, controls testing and control weaknesses remediation. In the year 2017 State Bank of Pakistan granted exemption to the bank from submission of Long Form Report through External Auditors. Furthermore, as per the instructions of State Bank of Pakistan on the subject, Audit Committee of the Board will submit the annual assessment report on efficacy of the ICFR to OSED for the year ended December 31, 2020 within regulatory timeline.

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

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



Yousaf Hussain
President & CEO

Karachi
Dated: February 18, 2021

Authorization of Financial Statements by the Board of Directors

The financial statements for the year ended December 31, 2020 were authorised for issuance by the Board of Directors of the Bank on February 18, 2021.

Unconsolidated Financial Statements

Directors' Report

Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited ("FBL" or "the Bank") along with Audited Financial Statements and the Auditors' Report thereon for the year ended December 31, 2020.

Company Profile

FBL was incorporated in Pakistan on 3rd October 1994 as a public limited company and its shares are listed on the Pakistan Stock Exchange. FBL offers a wide range of banking services to all customer segments, i.e. Retail, Small & Medium Sized Enterprises, Commercial, Agri-based and Corporate.

The Bank's footprint now spreads over 207 cities across the country with 576 branches. In line with FBL's strategy of transforming itself into a full-fledged Islamic bank, 87% of its branches are now offering dedicated sharia-compliant banking services.

Economic Update

The COVID-19 pandemic has led to a global crisis of unprecedented reach and proportion. While the global economic growth contracted after almost 76 years, Pakistan suffered a similar fate with the real Gross Domestic Product (GDP) declining by 0.38% in FY20. Pakistan has since taken timely measures to mitigate the negative impact of pandemic. Despite considerable recovery seen in domestic economic activity, Large Scale Manufacturing (LSM) in particular, which increased by 5.5% during July-October FY 21, recent upsurge in infections and hospitalizations have once again created downside risks to the outlook. As a result, in the latest edition of monetary policy meeting, the MPC decided to maintain the Policy rate at 7%. Even though SBP maintains a GDP growth forecast between 1.5 - 2.5% for FY21, the World Bank has forecasted Pakistan's economic growth rate at 0.5%. With a persistently loose monetary policy, relaxation in lockdowns and multiple vaccine developments, the KSE 100 Index has continued its bullish trend from 40,571 in the beginning of October 2020 to 43,755 by 31st December 2020.

On the external front, the current account deficit of USD 2.97 billion was posted during FY20. Since then the current account has posted a surplus (USD 447 million) for five consecutive months. During July-November FY2021, as a result of increase in remittances and exports by 28.4% and 8.3% respectively, the current account stood at a surplus of USD 1.6 billion (1.4% of GDP), against a deficit of USD 1.7 billion (-1.6% of GDP) in the same period last year.

To help offset the financial headwinds sparked by the coronavirus pandemic, Pakistan was also able to secure a USD 1.7 billion debt relief agreement with 21 creditor countries under Debt Service Suspension Initiative (DSSI). Pakistan's international reserves climbed to USD 20.2 billion by the end of 2020 from USD 17.9 billion a year before. As per November '20 import data, these reserves provided 2.9 months of imports coverage, which is slightly below the IMF's minimum 3 months threshold. After the return of USD loan from a friendly country and future expected repayments, increasing external buffers remains a challenging task.

While the overall fiscal deficit during July-October FY2021 stood at 1.7% of GDP (PKR 753 billion) against 1.4% of GDP (PKR 564 billion) in the comparable period last year, the primary balance posted a surplus of PKR 178 billion (0.4% of GDP) during July-October FY2021 against the surplus of PKR 130 billion (0.3% of GDP) in the same period last year. The FBR tax collection surpassed the target of PKR 1,669 billion by PKR 19 billion during the first five months of current fiscal year – a growth of 4% YoY.

The most pressing concern for Pakistan remains the energy sector, which has been in a vulnerable state for years. The circular debt stood at PKR 2.2 trillion as of June'20. The Government of Pakistan has recently offered to offload net dues of PKR 450 billion to Independent Power Producers (IPP's) by paying one-third of the portion in cash and two-third in 10-year floating rate PIB's in three tranches.

While the world remains engulfed in weathering the pandemic, outbreak of the virus in Pakistan remains relatively under control with only 0.22% of the total population being infected. Despite the onset of second wave, the daily infection rate remains at half the rate witnessed during the peak of first wave. Moreover, the eventual vaccine deployment (targeted 2QCY21) is expected to keep the economic downside limited. Although Consumer Price Index (CPI) started its ascent from

June 20 onwards, core inflation measured by Non-Food Non-Energy has remained moderately stable at an average of 5.5% during 6MFY21 compared with an average CPI of 8.6% during the same period. The SBP has on multiple occasions stated that supply shocks which are causing inflationary readings to go up are temporary and transitory and thereby do not influence monetary policy deliberations. Consequently, if the COVID-19 situation were to remain under control, higher inflationary readings owing to rising aggregate demand can lead to monetary tightening cycle resuming once again.

Bank's Performance

Awards & Recognition

Alhamdulillah the efforts put in by the Bank in improving customer experience and outreach over the years was recognized at national and international level during 2020. Faysal Bank was awarded "Best Emerging Islamic Bank 2020" and "Excellence Award for Transformation & Market Strategy" by Global Islamic Finance Awards (GIFA). These most coveted Global awards recognize Islamic banks for their contribution and excellence in Islamic finance. FBL was also awarded the 'Best Emerging Bank 2020' by the Pakistan Banking Awards, which are the definitive benchmark for banking excellence in the country.

Conversion to Islamic

Despite challenges posed by COVID-19, focus on growth of Islamic business and transformation of existing portfolio to Islamic has, Alhamdulillah, remained steady, in line with the Bank's strategy of conversion in a financially prudent manner. Following its roadmap of Islamic network growth, the Bank opened 21 new Islamic branches and converted 65 branches including 5 of its flagship branches. Faysal Bank, Masha'Allah, now has 500 Islamic branches comprising 87% of the Bank's network.

Development and training of human resources specialized in Islamic Banking has been another focus area. In this regard, the Bank has engaged a leading academic institution for certification of its entire population, sponsored awards for Islamic banking courses, introduced the 'Agahi' (Awareness) digital campaign for propagation of Islamic banking and engaged renowned Shari'ah scholars for webinars to develop better understanding of Islamic banking practices amongst its customers and staff.

Advertising campaigns focused on FBL's brand transformation to Islamic continued to build the image of the Bank as a progressive and forward-looking trusted partner in Shari'ah compliant banking.

Insha'Allah, Faysal Bank during 2021 will continue its aggressive conversion to Islamic, building on the foundation of yesteryears and leveraging on new developments, ensuring optimal balance between conversion and business growth momentum for maximization of stakeholders' value.

Project Financing & Syndication

Some of the significant project financing and syndication deals closed during the year are listed below:

- FBL acted as the Shariah Advisor of a bridge finance facility of PKR 28,310 million for the engineering, procurement, construction, installation and commissioning of a 900 MW RLNG power plant being set up by the only vertically integrated utility company in Pakistan.
- FBL acted as the Rupee Facility Agent in Syndicated Facility of ~PKR 19,559 million for setting up of 330MW Coal based power project in Thar Sindh.
- As the Mandated Lead Advisor & Arranger, successfully advised and restructured the financing facilities and re-profiling of debt amounting to PKR 8,067 million under SBP COVID-19 relief scheme for one of the largest dairy sector companies in the country.

- FBL acted as the Mandated Lead Advisor for the arrangement of Syndicated SBLC Facility of PKR 2,100 million to partially cover 2 months coal price payments to supplier for one of the power projects under China Pakistan Economic Corridor (CPEC).
- As the Mandated Lead Advisor and Arranger in the Syndicated Term Finance Facility of PKR 2,000 million in a combination of Islamic and Conventional mode (under Temporary Economic Refinance Facility) of financing for its requirements related to Balancing, Modernization and Replacement (“BMR”) related activities of a paper and board manufacturing company.
- As the Mandated Lead Advisor & Arranger in the Syndicated Term Finance Facility of PKR 1,500 million in a combination of Islamic and Conventional mode (under TERF) of financing for setting up of fruit processing plant in Pakistan’s best citrus fruit producing area.
- FBL acted as the Mandated Lead Advisor and Arranger in the Islamic Financing Facility of PKR 1,500 million for the construction, installation and commissioning of various vehicle assembly lines for one of the largest Chinese automobile manufacturers operating in Pakistan.
- FBL acted as Mandated Lead Arranger and Shariah Advisor for the arrangement of working capital facilities of PKR 850 million each in a combination of Islamic and Conventional modes of finance for two 50MW wind power projects being setup in Jhimpir, Thatta.
- FBL acted as the Mandated Lead Advisor in the Islamic Financing Facility of PKR 650 million for the construction, procurement, installation and commissioning of 4MW solar project for one of the largest steel producers in Pakistan.

Retail Banking

- With a view to offering continued services and innovative products to our customers, Retail Banking launched various initiatives during the year. Some of these are given below:

Liability Products

- FBL is one of the banks selected by SBP to launch Overseas Pakistani Savings Schemes. Overseas Pakistanis can digitally open and operate a Non-resident Rupee Accounts and Foreign Currency (FCY) accounts from abroad. This facility is available through DigiBank Internet and Mobile Banking Application.

Consumer Finance

- FBL introduced various innovative solutions for its consumer finance customers to facilitate them during the pandemic. These included early repricing of term facilities to pass on the benefit of reduced KIBOR, first year payment holiday, free life takaful coverage on auto financing for doctors and paramedics, higher credit card rewards on grocery and utility bills, offering attractive discounts on dining and lifestyle spending and facilitating conversion of transactions on installment plans etc.
- Faysal Taber was launched under low cost housing scheme supported by the Government of Pakistan and the State Bank of Pakistan offering Housing Finance facility at affordable rates to meet customer residential needs.
- Faysal Bank has entered in a strategic alliance with Zameen.com, Pakistan’s largest real estate online portal to provide free real estate advisory to Faysal Home Finance and low-cost housing customers ensuring smooth processing and a complete home finance solution.

Digital Banking Initiatives

Digital Banking Group is actively working to offer innovative solutions to its customers to digitize their everyday banking needs. To this effect, a Mobile App and a new Internet banking platform under the brand name 'DigiBank' were launched in 2020. In addition to this, existing digital channels such as SMS alerts, ATMs and E-Statements were consolidated within a single structure evolving it into a complete business unit.

FBL Digital Banking also enjoys a lead position in the market with respect to offering customized solutions for the growing Fintech and Digital Startup ecosystem in the country. Capitalizing on FBL's existing expertise of digital settlement for 1Link, Mastercard, Visa and others; customized solutions for the SBP licensed Electronic Money Issuers (EMIs) were also introduced, making FBL the lead bank to provide banking services to them.

Human Resource

Faysal Bank believes that committed employees are the key to success in building a sustainable, progressive and productive organization. The Bank provides a culture of leadership excellence, innovation and customer centricity with equal opportunity for learning, inculcating of corporate values and promoting diversity & inclusion in the workplace, while maintaining sustainability and service excellence.

During 2020 a significant milestone was implementation of a new Human Resource Management System resulting in optimization of HR processes and a one-stop solution for all employees' HR needs.

Diversity and Inclusion

Faysal Bank is committed to fostering and preserving a culture of diversity and inclusion. D&I is one of the most imminent and impactful strategic long-term objectives and adherence to equal opportunity, non-discrimination and anti-harassment are integral components of the Bank's HR Policy.

The Bank inducted two batches of visually impaired individuals at its Contact Centre. Through this initiative, Faysal Bank has been able to double its hiring of differently abled people in 2020. Faysal Bank has exceeded female participation ratio in all financial sessions, as part of our financial inclusion initiative under 'National Financial Literacy Program' in collaboration with SBP, which makes us one of the few banks achieving this target. The Bank has also launched an in-house platform, 'Faysal Women Connect (Internal Lean in Circle)', offering support to female employees from senior role models in the Bank.

Environmental Stewardship

The Bank has developed a comprehensive 'Green Banking Policy'. The objective of this policy is to inculcate environmental consciousness in the employees of the Bank and its client base. The Policy includes:

- Extending financing facilities to the customers based on Environmental Risk Management framework.
- Guidelines on adopting environment friendly policies and practices in the Bank.
- Raising awareness among the customers about importance of environment friendly practices.

In order to conduct risk categorization of its borrowing customers and gauge environmental impact of lending operations, the Bank has implemented Environmental Risk Rating (ERR) model. To inculcate environmental consciousness, a training module has been incorporated in the orientation pack of new employees which explains concept of Green Banking, key pillars of Faysal Bank's Green Banking Policy and imparts awareness on the environmental issues. Regular virtual trainings are conducted for the new employees. In addition, screensavers are deployed on periodic basis to reinforce importance of energy conservation & efficiency.

Faysal Bank is working to promote paperless environment by introducing an array of Digital Banking Services which will continue to help the Bank in reducing paper consumption and improved energy conservation. The Bank is actively promoting the subscription of e-statements, online banking transactions through utilization of Faysal DigiBank - Internet Banking, Mobile Application and Virtual Card to execute transactions.

Energy efficiency is kept at the core of decision making while shortlisting vendors/equipment and maintenance activities. All the new equipment being procured for branches are energy star compliant. The Bank is working on replacing conventional lighting with LED technology while air conditioners using conventional technology were replaced with inverters to improve energy consumption and efficiency. In addition to this, comprehensive plan is being adopted to certify all bank vehicles and generators for emission control which will contribute in reduction of carbon footprint.

Corporate Social Responsibility (“CSR”)

Health, diversity and social inclusion are at the heart of Faysal Bank’s corporate social responsibility mission. FBL makes regular donations to Waqf Faisal – a registered Non-Profit Organization (NPO) – to take the lead in ensuring timely care for the less fortunate and overall well-being of the society. Waqf Faisal reaches out to well reputed NPOs engaged in education, social welfare and health care sectors to play a part in developing a more inclusive and equitable society. Faysal Bank was the lead sponsor of the ‘5th Special Olympics Pakistan Unified Marathon 2020’ and ‘Cycling Competition for Differently Abled People’.

Financial Highlights:

	(Rs in million)		
Key Balance Sheet Numbers	December ‘20	December ‘19	Growth%
Investment	276,930	204,069	35.7%
Financing	318,180	309,573	2.8%
Total Assets	709,958	629,853	12.7%
Deposits	540,636	457,789	18.1%
Profit & Loss Account			
Total Revenue	32,765	28,291	15.8%
Non Mark-up Expenses	19,740	17,333	13.9%
Profit before tax and provisions	13,025	10,958	18.9%
Net Provisions	2,254	766	194.3%
Profit before taxation	10,770	10,192	5.7%
Taxation	4,260	4,151	2.6%
Profit after taxation	6,511	6,041	7.8%
Earnings per share (Rupees)	4.29	3.98	0.31

Total revenue of the Bank for the year ended December 31, 2020 has shown strong growth of 15.8% over the previous year. This growth was achieved in the face of far reaching adverse economic impact that the Country has experienced due to COVID-19. The growth is attributable mainly to increase in net mark-up income due to low cost deposit mobilization strategy and higher non mark-up income. Despite sharp policy rate cut of 625 bps, Bank’s net mark-up income increased by 16.2% during the year.

The general slowdown in economy owing to the country-wide lock down during the second quarter ‘20 led to a decline of 6.1% in fee and commission revenue. Further foreign exchange income was also lower by PKR 663 million or 24.1% due to the relative USD/PKR parity stability during 2020. However, higher gains on government and equity securities of Rs. 2,276 million led to increase in total non mark-up income by PKR 1,061 million or 14.8% over 2019.

As a result of full year cost impact of 100 branches opened during 2019 and 21 branches added during 2020 alongwith inflation and COVID-19 related costs, operating expenses have increased by 13.7%.

Net provisions for the year under review reflected charge of PKR 2,254 million as compared to PKR 766 million previous year. The additional charge reflects prudent approach of the Bank in managing credit risk through these difficult times. Non-Performing Advances (NPA) ratio has improved to 7.7% as compared to 9.1% in December '19.

Despite very challenging economic and business environment during the year, the Bank was able to generate growth of 7.8% in profit after tax over the previous year. Earnings per share improved to Rs. 4.29 per share from 3.98 per share.

On the balance sheet side, deposits grew by 18.1% to PKR 541 billion. The Bank focused on reducing cost of deposit during the year and saw significant growth in current and low-cost savings deposits. As a result, current deposit ratio in total deposits increased from 32.9% to 35.3%. The Bank has a reasonable Advances to Deposit Ratio (ADR) and keeping in view current economic uncertainties remained cautious on lending side. As a result, the advances of the Bank showed modest growth of 2.8% to PKR 318 billion as compared to December '19. The liquidity generated from deposits was invested in government securities, resulting in healthy growth of 35.7% in investments. Total assets increased to PKR 710 billion translating in growth of 12.7% as compared to December '19.

Appropriations

The directors in their meeting held on February 18, 2021 have proposed cash dividend of Nil% (2019: Nil%) and bonus share @ Nil% i.e. Nil million shares (bonus share 2019: Nil%), in respect of year ended December 31, 2020.

Outlook

The rise in number of people testing positive for COVID-19 during the second wave has largely remained under control in the Country. The Drug Regulatory Authority of Pakistan has already approved emergency use of three different vaccines and administration of these vaccines is expected to start soon. This augurs well for further expansion of economic activities. While the current level of interest rate will support revival of economic activities, the Bank's net markup income is likely to be affected, going forward. The Bank will continue to focus on low cost deposit mobilization and retention to safeguard margins. Further, focus on cost control measures will continue in order to preserve and improve profitability.

The next couple of quarters are important in terms of monitoring asset quality. As mentioned above, Risk Management teams are actively engaged with the respective businesses to identify and manage risks in this regard. Prudent capital management has enabled your Bank to maintain a strong Capital Adequacy Ratio of 18.67% which is well above the regulatory requirement of 11.5%. This will hold the Bank in good stead in effectively managing operations, going forward. FBL will continue to invest in network expansion and work towards improving efficiencies to enhance deposit growth and customer service quality. Alongside investment in branch infrastructure, the Bank is focused on providing innovative digital services and will continue to invest in new technologies to improve FBL's digital offerings.

Alhamdulillah, FBL is creating history by undertaking one of the largest global conversions of a Conventional Bank into an Islamic Bank. By the end of 2021, FBL is targeting over 95% of its branch network to be Islamic.

Corporate Governance

The Bank is fully compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (hereinafter called 'the Code'). As per requirement of Regulation 36, a Statement of Compliance with the Code along with the auditor's review report thereon forms part of this Annual Report.

The Board of Directors

Bank's Board comprises of a mix of individuals representing shareholding institution, independent directors and President & CEO of the Bank. All the directors of the Board meet the eligibility criteria laid down under the Companies Act, 2017, the

Code and the Prudential Regulations issued by the State Bank of Pakistan. Directors are elected for a period of three years, upon expiry of which elections are held to appoint a new Board in accordance with the law. Any causal vacancy is filled in as per a well-defined procedure approved by the Board in accordance with the Law.

The total number of the Directors are eleven as per the following details.

Gender	Number
Male	10
Female	01

The Board of Directors comprises of the following Members:

Category	Name
Independent Directors	Mian Muhammad Younis
	Mr. Ali Munir
	Ms. Fatima Asad Khan
	Mr. Mohsin Tariq
Non-Executive Directors	Mr. Farooq Rahmatullah Khan (Chairman)
	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery (Vice Chairman)
	Mr. Juma Hasan Ali Abul
	Mr. Imtiaz Ahmad Pervez
	Mr. Abdulelah Ebrahim Mohamed AlQasimi
	Mr. Abdulla Abdulaziz Ali Taleb
Executive Director	Mr. Yousaf Hussain (President & CEO)

Committees of the Board:

The details of the Board Committee and the names of their members are given below:

Audit and Corporate Governance Committee

Board Audit and Corporate Governance Committee comprises of four members having extensive financial management experience. The Chairman of the committee is an independent director. The Committee comprises of the following Board members:

S. No.	Name	Status
1	Mian Muhammad Younis	Chairman
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member
3	Mr. Juma Hasan Ali Abul	Member
4	Mr. Ali Munir	Member

Risk Management Committee

Board Risk Management Committee is responsible to ensure that all the risks and uncertainties are adequately managed by the Bank. The Committee comprises of four members having rich experience in banking and risk management. The Chairman of the committee is a non-executive director. The Committee comprises of the following Board members:

S. No.	Name	Status
1	Mr. Imtiaz Ahmad Pervez	Chairman
2	Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
3	Mr. Abdulla Abdulaziz Ali Taleb	Member
4	Mr. Yousaf Hussain	Member

Recruitment, Nomination and Remuneration Committee

Board's Recruitment, Nomination and Remuneration Committee reviews the human resource structure of the Bank and ensures that the human resource strategy is aligned with overall strategy of the Bank. The committee comprises of five members having diversified experience. The Chairman of the Committee is a Non-Executive Director. The Committee comprises of the following Board members:

S. No.	Name	Status
1	Mr. Ahmed Abulrahim Mohamed Abulla Bucheery	Chairman
2	Mr. Juma Hasan Ali Abul	Member
3	Mian Muhammad Younis	Member
4	Mr. Ali Munir	Member
5	Ms. Fatima Asad Khan	Member

Strategy Committee

The Board's Strategy Committee helps the Board and the management in setting up the strategic direction of the Bank and monitors the implementation of the Board's approved strategies. The Committee comprises of six members and is chaired by a Non-Executive Director who is also the Chairman of the Board. The Committee comprises of the following Board members:

S. No.	Name	Status
1	Mr. Farooq Rahmatullah Khan	Chairman
2	Mr. Ahmed Abulrahim Mohamed Abulla Bucheery	Member
3	Mr. Juma Hasan Ali Abul	Member
4	Ms. Fatima Asad Khan	Member
5	Mr. Mohsin Tariq	Member
6	Mr. Yousaf Hussain	Member

IT Committee

The Board's IT Committee is responsible to ensure that the Bank has a reliable, efficient and secure IT infrastructure to service its customers and efficiently carry out its operations. The Committee has five members and its chairman is an independent director. The Committee comprises of the following Board members:

S. No.	Name	Status
1	Mr. Ali Munir	Chairman
2	Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
3	Mr. Abdulla Abdulaziz Ali Taleb	Member
4	Mr. Mohsin Tariq	Member
4	Mr. Yousaf Hussain	Member

Performance Evaluation of Board of Directors

In line with the best practices of the corporate governance, FBL's Board since 2012 has conducted self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG), as an external facilitator, which is the lead on Corporate Governance and has a team of consultants to conduct board evaluations for companies and banks. SBP

Guidelines on Performance Evaluation of Board of Directors were implemented in August 2016 and subsequently, FBL's Board in compliance thereof has conducted its self-evaluation every year including for the year 2020 by engaging PICG. The evaluation covered various aspects of the performance of the Board including but not limited to: Board's role, Committees' performance, Training, Strategy, Risk Management, and Board Meetings. The evaluation covered:

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

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

Remuneration Policy

Disclosures relating to Remuneration Policy as required under BPRD Circular 1 of 2017 dated January 25, 2017 are included separately in this Annual Report.

Risk Management Framework

Risk Management Group (RMG) is organized under the Chief Risk Officer ("CRO"). CRO has been authorized by the Board of Directors (BoD) to implement a Risk Management Framework across the Bank. Risk Management Framework covering major risks and uncertainties faced by the Bank and how these are managed is elaborated in Note 45 of the Financial Statements.

Statement of Internal Control

The Board of Directors fully recognize its responsibility to ensure that a system of sound internal controls is established, which is fully implemented and maintained at all levels within the Bank. The Board is pleased to endorse the statement made by the management relating to internal controls. The system of internal controls is sound in design and has been effectively implemented and monitored. The management's statement on internal controls is included in this Annual Report.

Pattern of Shareholding

The pattern of shareholding and categories of shareholders of the Bank as at December 31, 2020 is separately presented in this Annual Report.

Credit Rating:

VIS Credit Rating Company Limited (VIS) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings:

Long-Term	AA
Short-Term	A1

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

Definitions of VIS for the assigned ratings are reproduced below:

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

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

Definitions of PACRA for the assigned ratings are reproduced below:

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

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

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% (2019: 66.78%) of the shareholding in the Bank. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar Holding B.S.C. and is the ultimate parent of the Bank. DMIT was formed by indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

Auditors

The present auditors, A F Ferguson & Co., Chartered Accountants, will retire on the date of next Annual General Meeting and are eligible for re-appointment. The Board's Audit and Corporate Governance Committee in its meeting held on February 17, 2021 has recommended appointment of A. F. Ferguson & Co, Chartered Accountants, as the auditor of the Bank for the year 2021. The Board of Directors endorses the recommendation of the Audit Committee and recommends to the shareholders the appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2021.

Subsequent Events

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

Acknowledgement

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on February 18, 2021 and signed by the Chief Executive Officer and a Director.



President & CEO

Karachi

Dated: February 18, 2021



Chairman / Director

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئیندہ سالانہ اجلاس عام کی تاریخ پر سبکدوش ہو جائیں گے اور دوبارہ تقرری کے لیے اہل ہیں۔ بورڈ کی آڈٹ اینڈ کارپوریٹ گورننس کمیٹی نے 17 فروری، 2021 کو منعقدہ اپنے اجلاس میں اے۔ ایف۔ فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو بطور بینک آڈیٹرز برائے سال 2021 مقرر کرنے کی سفارش کی ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش کی توثیق کی ہے اور شیئر ہولڈرز کو سفارش کی ہے کہ اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو مالی سال 2021 کے لیے بطور بینک آڈیٹرز مقرر کیا جائے۔

بعد ازاں رپورٹنگ کے واقعات

مالی سال کے اختتام سے لیکر اس رپورٹ کی تاریخ کے دوران بینک کی مالی پوزیشن کو خاطر خواہ طور پر متاثر کرنے والی کوئی تبدیلی یا معاہدہ نہیں ہوا ہے۔

توثیقی بیان:

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

منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 18 فروری 2021 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۔

چیئرمین ڈائریکٹرز

صدر اور سی ای او

کراچی

تاریخ: 18 فروری، 2021

شیر ہولڈنگ کا طریقہ کار

31 دسمبر، 2020 کے مطابق شیر ہولڈنگ کا طریقہ کار اور بینک کے حصص مالکان کی درجہ بندی اس سالانہ رپورٹ میں علیحدہ سے پیش کی جا رہی ہے۔

کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے درج ذیل درجہ بندی کی توثیق کی ہے:

طویل المیعاد: AA

قلیل المیعاد: A1+

مذکورہ بالا دونوں کریڈٹ ریٹنگ ایجنسیز نے ”مستحکم“ آؤٹ لک کی درجہ بندی تفویض کی ہے۔

VIS کی جانب سے تفویض کردہ درجہ بندیوں کی تعریفات درج ذیل ہیں:

”AA اعلیٰ قرضاتی میعاد۔ حفاظتی عوامل مضبوط ہیں۔ خطرات معمولی ہیں لیکن اقتصادی حالات کے باعث بسا اوقات کچھ خطرات رونما ہو سکتے ہیں۔

A1+: بروقت ادائیگی کے لیے بڑی یقین دہانی۔ قلیل المیعاد فنڈز کے متبادل ذرائع تک رسائی موجود ہے۔ درجہ بندی حکومت پاکستان کی قلیل المیعاد قرضوں کی درجہ بندی سے ذرا سی نیچے ہے۔“

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے تفویض کردہ درجہ بندیوں کی تعریفات درج ذیل ہیں:

”AA: بہت اعلیٰ قرضاتی میعاد۔ AA درجہ بندی سے مراد قرضوں کے خطرات کی بہت ہی کم امید ہے۔ یعنی مالیاتی معاہدوں پر بروقت ادائیگی کی بہترین صلاحیت موجود ہے اور مستقبل کے اندیشوں سے محفوظ ہے۔

A1+: بروقت ادائیگی کے لیے بڑی یقین دہانی موجود 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 (2019 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 سرانجام دیئے جائیں۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

کارپوریٹ گورننس کی بہترین روایات کے مطابق فیصل بینک لمیٹڈ کے بورڈ میں 2012 سے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے ذریعے سالانہ جائزے کی روایت برقرار ہے جو کہ کارپوریٹ گورننس میں مثالی ہے اور اس کے پاس کمپنیوں کے بورڈ کا جائزہ لینے کے لیے کنسلٹنٹ حضرات کی ایک ٹیم کام کرتی ہے۔ بورڈ آف ڈائریکٹرز کی کارکردگی کی جانچ پڑتال سے متعلق اسٹیٹ بینک کی ہدایات اگست 2016 میں نافذ کی گئی تھیں اور اس کے بعد فیصل بینک لمیٹڈ کے بورڈ نے PICG کو شامل کر کے اس کی تعمیل میں ہر سال بشمول 2020 اپنی جانچ پڑتال کو یقینی بنایا ہے۔ جائزے میں بورڈ کی کارکردگی کے مختلف پہلوؤں کو شامل کیا گیا، جن میں بورڈ کا کردار، کمیشیاں، تربیت، حکمت عملی، رسک مینجمنٹ، اور بورڈ کے اجلاس شامل ہیں۔ اس جائزے میں درج ذیل پر بھی نظر ثانی کی جاتی ہے:

- بورڈ مجموعی طور پر
- انفرادی طور پر ڈائریکٹر (آزاد، نان۔ ایگزیکٹو اور سی ای او)
- بورڈ کی کمیشیاں

جائزہ کے لیے تعداد کے طریقہ کار پر عمل کیا جاتا ہے، جو کہ مقاصد کی جانچ پڑتال پر مبنی ہوتا ہے، اور اس کے بینک دولت پاکستان کی جانب سے بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزے پر رہنما اصولوں کے مطابق کنسلٹنٹ حضرات ایک سوالنامہ تیار کرتے ہیں۔ تعداد کی تکنیک سے خاص مقصد اور کارکردگی کے وزن کا اندازہ کیا جاسکتا ہے۔ فیصل بینک کے بورڈ کا جائزہ لیتے ہوئے پیمانے کے لیے ایک اسکیل استعمال کیا جاتا ہے، بورڈ کے ارکان کو اس اسکیل پر دیے گئے بیان کے سامنے 1 سے 10 تک نمبر دے کر ان کی کارکردگی کا اندازہ لگایا جاتا ہے۔ اس طریقہ کار کے استعمال سے قابل پیمائش ڈیٹا مل جاتا ہے جو کہ بعد میں بھی قابل استعمال رہتا ہے۔

ڈائریکٹرز کے لیے مشاہرہ کی پالیسی

25 جنوری، 2017 کو BPRD سرکلر 1 کے تحت مشاہرے کی پالیسی کی تفصیلات اس سالانہ رپورٹ میں الگ سے شامل ہیں۔

رسک مینجمنٹ فریم ورک

چیف رسک آفیسر (CRO) کے تحت رسک مینجمنٹ گروپ (RMG) قائم کیا گیا ہے۔ سی آر او کو بورڈ آف ڈائریکٹرز کی جانب سے پورے بینک میں رسک مینجمنٹ فریم ورک لاگو کرنے کا اختیار ہے۔ رسک مینجمنٹ فریم ورک کی مالیاتی گوشواروں کے نوٹ 44 میں وضاحت کی گئی ہے۔

انٹرنل کنٹرول کا اسٹیٹمنٹ

بورڈ آف ڈائریکٹرز مکمل طور پر اپنی ذمہ داری کا احساس رکھتا ہے کہ اس بات کو یقینی بنایا جائے کہ انٹرنل کنٹرولز کا نظام مضبوط ہے جس پر بینک کے اندر ہر سطح پر عمل درآمد ہوتا ہے اور اسے بحال رکھا جاتا ہے۔ بورڈ آف ڈائریکٹرز انٹرنل کنٹرولز سے متعلق انتظامیہ کے تیار کردہ اسٹیٹمنٹ کی تصدیق کرتے ہوئے خوشی محسوس کرتا ہے۔ انٹرنل کنٹرول کا نظام تشکیل کے اعتبار سے بہتر ہے اور اس پر مضبوط طریقہ سے عمل اور باقاعدہ نگرانی کی جاتی ہے۔ انٹرنل کنٹرول سے متعلق اسٹیٹمنٹ اس سالانہ رپورٹ میں شامل ہے۔

نمبر شمار	نام	عہدہ
1	جناب احمد عبدالرحیم محمد عبداللہ بخیری	چیئر مین
2	جناب جمعہ حسن علی اہل	ممبر
3	میاں محمد یونس	ممبر
4	جناب علی منیر	ممبر
5	محترمہ فاطمہ اسد خان	ممبر

اسٹریٹیجی کمیٹی

اسٹریٹیجی کمیٹی بورڈ کو بینک کی منصوبہ بندی کا انتظام کرنے میں معاونت فراہم کرتی ہے اور بورڈ کی منظور شدہ اسٹریٹیجی پر عمل درآمد کی نگرانی کرتی ہے۔ یہ کمیٹی چھ ممبران پر مشتمل ہے۔ کمیٹی کا چیئر مین نان ایگزیکٹو ڈائریکٹر ہے، جو بورڈ کا چیئر مین بھی ہے۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

نمبر شمار	نام	عہدہ
1	جناب فاروق رحمت اللہ خان	چیئر مین
2	جناب احمد عبدالرحیم محمد عبداللہ بخیری	ممبر
3	جناب جمعہ حسن علی اہل	ممبر
4	محترمہ فاطمہ اسد خان	ممبر
5	جناب محسن طارق	ممبر
6	جناب یوسف حسین	ممبر

آئی ٹی کمیٹی

بورڈ کی آئی ٹی کمیٹی اس بات کو یقینی بنانے کی پابند ہے کہ بینک اپنے صارفین کو شاندار خدمات کی فراہمی اور اپنے آپریٹنگز موثر انداز میں چلانے کے لیے ایک موثر اور محفوظ آئی ٹی نظام رکھتا ہے۔ یہ کمیٹی پانچ ممبران پر مشتمل ہے، کمیٹی کا چیئر مین آزاد ڈائریکٹر ہے۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

نمبر شمار	نام	عہدہ
1	جناب علی منیر	چیئر مین
2	جناب عبداللہ ابراہیم محمد القاسمی	ممبر
3	جناب عبدالعزیز علی طالب	ممبر
4	جناب محسن طارق	ممبر
5	جناب یوسف حسین	ممبر

بورڈ کمیٹیاں

بورڈ کمیٹیوں اور ان کے ممبران کی تفصیل درج ذیل ہے:

آڈٹ اور کارپوریٹ گورننس کمیٹی

بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی چار ممبران پر مشتمل ہے جو مالیاتی انتظام کا وسیع تجربہ رکھتے ہیں۔ کمیٹی کا چیئرمین آزاد ڈائریکٹر ہے۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

نمبر شمار	نام	عہدہ
1	جناب میاں محمد یونس	چیئرمین
2	جناب احمد عبدالرحیم محمد عبداللہ بخیری	ممبر
3	جناب جمعہ حسن علی اہل	ممبر
4	جناب علی منیر	ممبر

رسک مینجمنٹ کمیٹی

بورڈ کی رسک مینجمنٹ کمیٹی اس بات کو یقینی بنانے کی پابند ہے کہ بینک تمام خطرات اور غیر یقینیوں کی مناسب انداز میں نگرانی کرے اور ان پر قابو پانے کا مؤثر انتظام کرے۔ اس کمیٹی میں چار ممبران شامل ہیں جو بینکاری اور رسک مینجمنٹ کا وسیع تجربہ رکھتے ہیں۔ کمیٹی کا چیئرمین نان ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

نمبر شمار	نام	عہدہ
1	جناب امتیاز احمد پرویز	چیئرمین
2	جناب عبداللہ ابراہیم محمد القاسمی	ممبر
3	جناب عبداللہ عبدالعزیز علی طالب	ممبر
4	جناب یوسف حسین	ممبر

ریکروٹمنٹ، نامینشن اور ریموونریشن کمیٹی

بورڈ کی ریکروٹمنٹ، نامینشن اور ریموونریشن کمیٹی بینک کی ہیومن ریسورسز ڈھانچے کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ ہیومن ریسورسز کی منصوبہ بندی بینک کی مجموعی منصوبہ بندی کے مطابق ہے۔ یہ کمیٹی پانچ ممبران پر مشتمل ہے جو اس شعبے کا وسیع تجربہ رکھتے ہیں۔ کمیٹی کا چیئرمین نان ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

کارپوریٹ گورننس

بینک نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (دی کوڈ) کی تمام شرائط پر عملدرآمد کیا ہے۔ ریگولیشن 36 کی شرائط کے مطابق کوڈ کے ساتھ کمپلائنس کا اسٹیٹمنٹ بشمول آڈیٹرز کی رپورٹ اس سالانہ رپورٹ کا حصہ ہے۔

بورڈ آف ڈائریکٹرز

بینک کا بورڈ شیئر ہولڈنگ ادارے کے نمائندے، آزاد ڈائریکٹرز اور بینک کے صدر و چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ بورڈ کے تمام ڈائریکٹرز، کمپنیز ایکٹ 2017، دی کوڈ اور اسٹیٹ بینک آف پاکستان کے جاری کردہ پروڈنشل ریگولیشنز کے تحت متعین کردہ اہلیت رکھتے ہیں۔ قانون کے مطابق ڈائریکٹرز کا انتخاب تین سال کے لیے ہوتا ہے اور مدت کی تکمیل پر نئے انتخابات کے ذریعے بورڈ کی تشکیل ہوتی ہے۔ دوران مدت خالی ہونے والی جگہ کو بھی قانون کے مطابق متعین کردہ طریقہ کار کے تحت پر کیا جاتا ہے۔

ڈائریکٹرز کی کل تعداد گیارہ ہے جس کی تفصیل درج ذیل ہے:

جنس	تعداد
مرد	10
خواتین	01

ڈائریکٹرز کا بورڈ درج ذیل ممبران پر مشتمل ہے:

درجہ	نام
آزاد ڈائریکٹرز	میاں محمد یونس جناب علی منیر محترمہ فاطمہ اسد خان جناب محسن طارق
ٹان ایگزیکٹو ڈائریکٹرز	جناب فاروق رحمت اللہ خان (چیئر مین) جناب احمد عبدالرحیم محمد عبداللہ بھیری (وائس چیئر مین) جناب جمعہ حسن علی اہل جناب امتیاز احمد پرویز جناب عبداللہ ابراہیم محمد القاسمی جناب عبداللہ عبدالعزیز علی طالب
ایگزیکٹو ڈائریکٹر	جناب یوسف حسین (صدر اور سی ای او)

زیر جائزہ سال کے لیے نیٹ پروویژن چارج 2,254 ملین روپے رہی جو کہ گزشتہ سال کے دوران 766 ملین روپے تھی۔ اضافی چارج ان مشکل حالات میں کریڈٹ رسک سے متعلق بینک کے بہتر انتظام کا واضح ثبوت ہے۔ نان پرفارمنگ ایڈوانسز (NPA) کا تناسب بہتر ہو کر 7.7 فیصد ہو گیا جو دسمبر 19 میں 9.1 فیصد تھا۔

دوران سال مشکل معاشی اور کاروباری حالات کے باوجود، بینک کا بعد از ٹیکس منافع گزشتہ سال کے مقابلے میں 7.8 فیصد زیادہ رہا اور فی حصص منافع 3.98 روپے سے بڑھ کر 4.29 ہو گیا۔

نیلنس شیٹ کے حوالے سے، ڈپازٹس 18.1 فیصد اضافے کے ساتھ 541 ملین روپے رہے۔ دوران سال بینک کی طرف سے ڈپازٹس کے اخراجات کم کرنے پر توجہ سے کرنٹ اور کم لاگت ڈپازٹس میں واضح ترقی دیکھی گئی۔ نتیجتاً نوٹل ڈپازٹس میں کرنٹ ڈپازٹ کا تناسب 32.9 فیصد سے بڑھ کر 35.3 فیصد ہو گیا۔ بینک مناسب ایڈوانسز نوٹل ڈپازٹ ریشو (ADR) کا حامل ہے اور موجودہ غیر یقینی معاشی حالات کے پیش نظر لینڈنگ سائیز کے حوالے سے بہت محتاط ہے۔ اسی کے پیش نظر، بینک کے ایڈوانسز دسمبر 2019 کے مقابلے میں صرف 2.8 فیصد اضافے کے ساتھ 318 ملین روپے رہے۔ ڈپازٹس سے حاصل ہونے والی لیکوئڈٹی کو حکومتی سیکورٹیز میں لگایا گیا، ان سرمایہ کاریوں سے 5.7 فیصد کی حوصلہ افزا ترقی حاصل ہوئی۔ مجموعی اثاثہ جات دسمبر 2019 کے مقابلے میں 12.7 فیصد ترقی کے ساتھ 710 ملین روپے رہے۔

تخصیصات (Appropriations)

ڈائریکٹرز نے 18 فروری 2021 کو منعقدہ BoD کے اجلاس میں 31 دسمبر، 2020 کو ختم شدہ سال کے لیے Nil نقد منافع (2019: کچھ نہیں) اور بونس شیئرز Nil کے حساب سے دینے کی تجویز دی ہے یعنی صفر ملین شیئرز (بونس شیئرز برائے 2019: کچھ نہیں)۔

مستقبل پر نظر

ملک میں Covid-19 کی دوسری لہر کے دوران وائرس سے متاثر افراد کی تعداد میں اضافہ بڑی حد تک کنٹرول میں رہا۔ ڈرگ ریگولیٹری اتھارٹی آف پاکستان نے تین مختلف ویکسین کے ہنگامی استعمال کی منظوری دیدی ہے اور ان ویکسینز کا استعمال بہت جلد شروع ہونے کی توقع ہے۔ اس سے معاشی سرگرمیوں میں بہتری آنے کے امکانات ہیں۔ دوسری جانب مارک اپ کی موجودہ شرح سے بھی معاشی سرگرمیوں کی بحالی میں مدد حاصل ہوگی۔ تاہم بینک کی خالص مارک اپ آمدنی پر اثرات مرتب ہوں گے۔ اس ضمن میں بینک کم لاگت ڈپازٹ کو متحرک اور جاری رکھنے پر توجہ برقرار رکھے گا تاکہ منافع محفوظ رہے۔ مزید برآں، اخراجات پر قابو پانے کی کوششیں جاری رہیں گی تاکہ منافع میں استحکام اور بہتری لائی جائے۔

آنے والی دوسرے ماہیاں ایسٹ کو الٹی کی نگرانی کے حوالے سے بہت اہم ہیں۔ جیسا پہلے ذکر کیا گیا، اس حوالے سے متعلقہ رسک منجمنٹ ٹیمیں خطرات کی نشاندہی اور ان پر قابو پانے کے لیے موثر انداز میں سرگرم عمل ہیں۔ سرمایہ کے محتاط منجمنٹ سے آپ کا بینک 18.67 فیصد کا زبردست کیپٹل ایڈیکوئسی ریشو (CAR) برقرار رکھے ہوئے ہے جو کہ 11.5 فیصد کی ریگولیٹری ضروریات سے کافی اوپر ہے۔ اس کی بدولت بینک اپنے آپریشنز کو موثر انداز میں چلانے کے لیے بہترین پوزیشن میں ہے۔ فیصل بینک لمیٹڈ اپنا نیٹ ورک بڑھانے اور ڈپازٹ کی ترقی اور کسٹمر سروس کے معیار کو بہتر بنانے کے لیے متحرک طریقے سے کام کرنے پر سرمایہ کاری جاری رکھے گا۔ اس کے علاوہ براؤنچ انفراسٹرکچر میں سرمایہ کاری کے ساتھ بینک جدید ڈیجیٹل سروسز فراہم کرنے کے لیے پرعزم ہے اور اپنی ڈیجیٹل پیش کش کو مزید بہتر کرنے کے لیے جدید ترین ٹیکنالوجی میں سرمایہ کاری جاری رکھے گا۔

الحمد للہ، فیصل بینک لمیٹڈ نے ایک روایتی بینک سے اسلامی بینک میں خود کو تبدیل کر کے عالمی سطح پر تاریخ رقم کر دی ہے۔ سال 2021 کے آخر تک فیصل بینک لمیٹڈ اپنی شاخوں کو 95 فیصد تک اسلامی میں تبدیل کرنے کا عزم رکھتا ہے۔

مالیاتی جھلکیاں:

نمو	2019	2020	بیلنس شیٹ
35.7%	204,069	276,930	سرمایہ کاری
2.8%	309,573	318,180	فنانسنگ
12.7%	629,853	709,958	کل اثاثہ جات
18.1%	457,789	540,636	ڈپازٹس
			نفع و نقصان اکاؤنٹ
15.8%	28,291	32,765	کل آمدنی
13.9%	17,333	19,740	مارک اپ کے علاوہ اخراجات
18.9%	10,958	13,025	منافع قبل از ٹیکس اور پروویژن
194.3%	766	2,254	نیٹ پروویژن
5.7%	10,192	10,770	منافع قبل از ٹیکس
2.6%	4,151	4,260	ٹیکسز
7.8%	6,041	6,511	منافع بعد از ٹیکس
0.31	3.98	4.29	فی حصص آمدن (روپے)

Covid-19 کے باعث ملکی معیشت پر منفی اثرات کے باوجود 31 دسمبر 2020 کو ختم ہونے والے سال میں بینک کی کل آمدنی گزشتہ سال کے مقابلے میں 15.8 فیصد زیادہ رہی۔ یہ ترقی غیر سودی آمدنی میں اضافے اور کم لاگت والے ڈپازٹ کی موبلائزیشن، اسٹریٹیجی کی وجہ سے خالص مارک اپ آمدنی میں اضافے کی بدولت حاصل ہوئی۔ دوران سال پالیسی ریٹ میں 625 bps کی بڑی کٹوتی کے باوجود بینک کی خالص مارک اپ آمدنی میں 16.2 فیصد اضافہ ہوا۔

سال 2020 کی دوسری سہ ماہی کے دوران ملک بھر میں لاک ڈاؤن کے نتیجے میں معیشت کی عمومی ست روی سے فیس اور کمیشن کی آمدنی میں 6.1 فیصد کمی ہوئی۔ اس کے ساتھ سال 2020 کے دوران امریکی ڈالر اوروپے کی بیٹرٹی میں استحکام کی بدولت فارن ایکسچینج آمدنی بھی 663 ملین روپے یعنی 24.1 فیصد کم رہی۔ تاہم حکومتی اور ایکوٹی سیکورٹیز میں 2,276 ملین روپے کے شاندار منافع سے مجموعی غیر مارک اپ آمدنی 2019 کے مقابلے میں 1,061 ملین روپے یعنی 14.8 فیصد زیادہ رہی۔

سال 2019 کے دوران کھلنے والی 100 شاخوں اور 2020 کے دوران مزید 21 شاخوں کے اضافے کے اخراجات کے ساتھ مہنگائی کے اثرات اور Covid-19 سے متعلقہ اخراجات کی بدولت، آپریشنل اخراجات میں 13.7 فیصد اضافہ ہوا۔

ماحولیاتی تحفظ

بینک نے جامع ”گرین بینکنگ پالیسی“ تشکیل دی ہے۔ اس پالیسی کا مقصد بینک کے ملازمین اور صارفین میں ماحولیاتی شعور اجاگر کرنا ہے۔ اس پالیسی میں درج ذیل فریم ورک شامل ہے:

- ماحولیاتی خطرات پر قابو پانے والے فریم ورک کی بنیاد پر صارفین کو مالیاتی سہولیات فراہم کرنا

- بینک میں ماحول دوست پالیسیوں اور تجربات کو فروغ دینے سے متعلق ہدایات فراہم کرنا

- بینک کے صارفین میں ماحول دوست طریقوں کی اہمیت سے متعلق آگاہی فراہم کرنا

اس سلسلے میں قرضہ حاصل کرنے والے صارفین کے ماحولیاتی خطرے کی کیٹگری اور ان کے آپریشنز کی وجہ سے ماحول پر منفی اثر کا اندازہ لگانے کے لیے بینک نے انوائزمنٹل رسک ریٹنگ (ERR) پر مبنی ماڈل رائج کیا ہے۔ مزید برآں، ماحولیاتی مسائل پر آگاہی بیدار کرنے کے لیے، بینک کے نئے ملازمین کے اورینٹیشن بینک میں ایک نئے ٹریننگ ماڈیول کو شامل کیا گیا ہے تاکہ گرین بینکنگ کی سوچ، گرین بینکنگ پالیسی کے اہم مندرجات اور ماحولیاتی مسائل پر آگاہی فراہم کی جائے۔ اس کے ساتھ ملازمین کے لیے مستقل بنیادوں پر تربیتی پروگرام منعقد کیے جاتے ہیں۔ مزید برآں، مرحلہ وار بنیادوں پر توانائی کے استعمال اور اہمیت کو اجاگر کرنے کے لیے اسکرین سیورز لگائے گئے ہیں۔

فیصل بینک ڈیجیٹل بینکاری خدمات کی وسیع پیمانے پر پیش کش سے پیپر لیس ماحول کے لیے کوشاں ہے جس سے پیپر کے استعمال میں کمی اور توانائی کے موثر استعمال میں مدد ملے گی۔ بینک ڈیجیٹل بینک، انٹرنیٹ بینکنگ، موبائل ایپلی کیشن اور ورچوئل کارڈ کے استعمال کے ذریعے ای۔ اسٹیمنٹ کی سبسکرپشن اور آن لائن بینکنگ ٹرانزیکشن کو فعال طریقے سے فروغ دے رہا ہے۔

بینک کی فیصلہ سازی میں توانائی کے موثر استعمال پر توجہ دی جاتی ہے اور اسی کے پیش نظر ویڈیوز / ایکویپمنٹ اور مرمتی امور کے فیصلے کیے جاتے ہیں۔ برانچوں کے لیے خریدے جانے والے تمام نئے آلات کا اسی بنیاد پر انتخاب کیا جاتا ہے۔ بینک روایتی لائٹنگ کو LED ٹیکنالوجی سے بدلنے پر کام کر رہا ہے جبکہ روایتی استعمال والے ایئر کنڈیشنرز کو انورٹرز سے تبدیل کیا جا رہا ہے تاکہ توانائی کے استعمال میں بہتری لائی جائے۔ اس کے علاوہ بینک کی تمام گاڑیوں اور جزیٹرز کی کاربن کے اخراج سے متعلق تصدیق کا پلان مرتب کیا جا رہا ہے تاکہ دھوئیں کے اخراج میں یقینی کمی ممکن ہو۔

ادارے کی سماجی ذمہ داری

فیصل بینک لمیٹڈ سماجی بھلائی کے لیے اپنا حصہ شامل کرنے کی ذمہ داری سے بخوبی واقف ہے۔ فیصل بینک مستقل بنیادوں پر وقف فیصل کو عطیات دیتا ہے، یہ ایک نان پرافٹ آرگنائزیشن (NPO) ہے، جو سماجی بھلائی کے لیے امدادی کام کرتی ہے۔ وقف فیصل نے تعلیم، سماجی بھلائی اور صحت کے شعبوں میں ترقی اور معاشرے کے محروم افراد کی ترقی کے لیے بہترین کردار ادا کر کے خود کو اچھی ساکھ والی NPOs میں شامل کرا لیا ہے۔ فیصل بینک ”پانچویں اسٹیج اویکس پاکستان یونیٹڈ میرا تھون 2020“ اور ”معدور افراد کے سائنیکل مقابلے“ کا لیڈ اسپانسر بھی تھا۔

ڈیجیٹل بینکنگ کے اقدامات

ڈیجیٹل بینکنگ گروپ اپنے صارفین کی روزمرہ کی بینکاری ضروریات کو ڈیجیٹائز کرنے کے لیے موثر اور جدید سہولیات پیش کرنے کے لیے کوشاں ہے۔ اس ضمن میں، سال 2020 کے دوران ”ڈیجیٹل بینک“ کے برانڈ نام کے ساتھ ایک نیا انٹرنیٹ بینکنگ پلیٹ فارم شروع کیا گیا۔ اس کے ساتھ موجودہ ڈیجیٹل چینل مثلاً ایس ایم ایس الرٹس، اے ٹی ایم، اور ای اسٹینٹ کو بھی ایک مکمل برنس یونٹ کے طور پر یکجا کیا گیا ہے۔

فیصل بینک لمیٹڈ کی ڈیجیٹل بینکنگ ملک میں بڑھتے ہوئے فن ٹیک اور ڈیجیٹل اشارت اپ ایکوسسٹم کے لیے زبردست سلوشن پیش کرنے کے حوالے سے مارکیٹ میں ایک رہنما کی حیثیت کی حامل ہے۔ بینک کے 1 لک، ماسٹر کارڈ، ویزا اور دیگر کے لیے ڈیجیٹل سیلنٹ کے موجودہ تجربے کو بروئے کار لاتے ہوئے اسٹیٹ بینک آف پاکستان کے لائسنس یافتہ الیکٹرانک اسٹورز (EMIs) کے لیے بھی مربوط سلوشن متعارف کرائے گئے ہیں جس سے فیصل بینک انہیں مذکورہ بینکاری خدمات فراہم کرنے میں اولین حیثیت حاصل کرنے میں کامیاب رہا ہے۔

ہیومن ریسورس

فیصل بینک لمیٹڈ اس بات پر یقین رکھتا ہے کہ کسی بھی ادارے کی پائیدار ترقی اور پیداواری صلاحیت میں بہتری کے لیے وفادار ملازمین کا اہم کردار ہوتا ہے۔ بینک روشن رہنمائی، جدت اور صارفین پر توجہ دینے کے ساتھ ساتھ تربیت کے مساوی مواقع دینے، کارپوریٹ اقدار کی ترویج اور کام کے ماحول میں تنوع اور شمولیت بڑھانے پر توجہ دیتا ہے تاکہ کاروباری استحکام اور خدمات کی مہارت کو برقرار رکھا جائے۔

سال 2020 کے دوران بینک نے نئے ہیومن ریسورس مینجمنٹ سسٹم نافذ کر کے ایک سنگ میل عبور کیا جس کے نتیجے میں تمام ملازمین کی ایچ آر سے متعلق ضروریات اور امور کو ایک ہی جگہ پر پورا کیا جائے گا۔

تنوع اور شمولیت

فیصل بینک تنوع اور شمولیت کی روایت کو محفوظ رکھنے اور ترویج دینے کے لیے پرعزم ہے۔ تنوع اور شمولیت بینک کے طویل مدتی مقاصد میں سے ایک ہے۔ مساوی مواقع، غیر متعصبانہ رویے اور ہر انسانی سے پاک ماحول بینک کی ایچ آر پالیسی کے لازمی امور ہیں۔

بینک نے اپنے کنٹیکٹ سینٹر میں بصارت کی کمزوری کے شکار افراد پر مشتمل دو بیچ شامل کئے ہیں۔ اس قدم سے فیصل بینک نے 2020 میں معذور افراد کی بھرتی کی شرح گزشتہ سال کے مقابلے میں دوہری کر دی ہے۔ فیصل بینک نے اسٹیٹ بینک کے ساتھ ”غیشٹل فنانشل لٹریری پروگرام“ کے تحت شراکت دار کے طور پر تمام مالی شعبہ جات میں خواتین کی شمولیت کو بڑھایا ہے، اس ضمن میں ہم ہدف پورا کرنے والے چند بینکوں میں شامل ہیں۔ بینک نے ”فیصل وومن کنیکٹ (انٹرنل لین ان سرکل)“ کے نام سے اپنا ان ہاؤس پلیٹ فارم شروع کیا ہے جس کے تحت بینک میں سینئر رول ماڈلز سے خواتین ملازمین کو معاونت دی جا رہی ہے۔

- فیصل بینک لمیٹڈ نے اسلامک فنانسنگ کے تحت 1,500 ملین روپے کی فیسٹیٹی میں مینڈیٹ لیڈر ایڈوائزر اور انجنیر کے طور پر شرکت کی تاکہ پاکستان میں سب سے بڑے چینی آٹوموبائل مینوفیکچررز میں سے ایک کے لیے مختلف گاڑیوں کی اسمبلی لائنز کی تعمیر، تنصیب اور قیام کی ضروریات پوری ہوں۔
- فیصل بینک لمیٹڈ نے جھمپور، بھٹنہ میں 50 میگا واٹ کے دو ونڈ پاور پراجیکٹس قائم کرنے کے لئے اسلامی اور روایتی طریقہ کار میں دونوں کے لیے 850 ملین روپے کی ورکنگ کیپٹل فیسٹیٹی میں مینڈیٹ لیڈر انجنیر اور شرعی ایڈوائزر کے طور پر شرکت کی۔
- فیصل بینک لمیٹڈ نے ملک کے سب سے بڑے اسٹیل پروڈیوسرز میں سے ایک کے 4 میگا واٹ سولر پروجیکٹ کی تعمیر، پروکیورمنٹ، تنصیب اور قیام کے لیے 650 ملین روپے کی اسلامک فنانسنگ فیسٹیٹی میں مینڈیٹ لیڈر ایڈوائزر کے طور پر حصہ لیا۔

ریشیل بینکنگ

صارفین کو جدید پروڈکٹس اور شاندار خدمات پیش کرنے کے عزم کے ساتھ ریشیل بینکنگ نے رواں سال مختلف اقدامات کا آغاز کیا، ان میں سے چند کی تفصیلات درج ذیل ہے:

لائسنس پروڈکٹس

- فیصل بینک لمیٹڈ اور سیز پاکستانیز کے لیے سیونگ اسکیمیں شروع کرنے کے لیے اسٹیٹ بینک آف پاکستان کی جانب سے منتخب کردہ بینکنگ میں سے ایک ہے۔ بیرون ملک رہنے والے پاکستانی ڈیجیٹل طریقہ کار کے تحت نان ریزیڈنٹ روپی اکاؤنٹس اور فارن کرنسی اکاؤنٹ کھول اور استعمال کر سکتے ہیں۔ یہ سہولت ڈیجیٹل بینک انٹرنیٹ اور موبائل بینکنگ ایپلی کیشن کے ذریعے فراہم کی جا رہی ہے۔

کنزیومر فنانس

- فیصل بینک لمیٹڈ نے اس عالمی وباء کے دوران اپنے کنزیومر فنانس کسٹمرز کو سہولت فراہم کرنے کے لیے مختلف جدید سہولیات متعارف کرائیں۔ ان میں KIBOR کے کم ہونے کا فائدہ منتقل کرنے کے لیے ٹرم فیسلیٹی کی فوری ری پرائسنگ، پہلے سال میں ادائیگی کی مٹھوٹ، ڈاکٹرز اور طبی عملہ کے لیے آٹو فنانسنگ پر مفت لائف ٹکافل کوریج، گروسری اور پوٹیلٹی بلز پر شاندار کریڈٹ کارڈ پوائنٹس، کھانے پینے اور لائف اسٹائل سے متعلق خریداری پر پرکشش ڈسکاؤنٹس اور ادائیگیوں کو اقساط میں منتقل کرنے پر سہولیات کی فراہمی شامل ہے۔
- حکومت پاکستان کی جانب سے کم لاگت ہاؤسنگ اسکیم میں معاونت اور اسٹیٹ بینک آف پاکستان کی طرف سے صارفین کی رہائشی ضروریات کو پورا کرنے کے پیش نظر ہاؤسنگ فنانس فیسٹیٹی کی پیش کش کے تحت فیصل تعمیر کا آغاز کیا گیا۔
- فیصل بینک لمیٹڈ نے پاکستان کے سب سے بڑے رینل اسٹیٹ آن لائن پورٹل زمین ڈاٹ کام کے ساتھ کاروباری شراکت داری کا معاہدہ کیا ہے تاکہ فیصل ہوم فنانس اور کم لاگت ہاؤسنگ صارفین کے لیے مفت رینل اسٹیٹ ایڈوائزری فراہم کی جائے جس سے بہتر پروسیڈنگ کے ساتھ مکمل ہوم فنانس سلوشن بھی یقینی ہو۔

ملازمین کی اسلامی بینکاری میں مہارت، ترقی اور تربیت پر توجہ ایک اور اہم قدم ہے، اس سلسلے میں بینک اپنے تمام ملازمین کی سرٹیفیکیشن کے لیے ایک مایہ ناز تعلیمی ادارے کے ساتھ مصروف عمل ہونے کے ساتھ اسلامی بینکاری کورسز کے لیے ایوارڈز اسپانسر کرنے، اسلامی بینکاری کی تشہیر کے لیے آگاہی ڈیجیٹل کمپین متعارف کرانے اور اپنے کسٹمرز اور اسٹاف میں اسلامی بینکاری سے متعلق بہتر سمجھ بوجھ اور سوچ پیدا کرنے کے لیے کوشاں ہے۔

منوثر اشتہاری مہم کے ذریعے فیصل بینک کی اسلامی بینک کے طور پر برانڈنگ کے ساتھ ساتھ موجودہ پروڈکٹس کی اسلامی خدوخال میں منتقلی پر بھی توجہ دی جا رہی ہے تاکہ بینک کو شریعت کے عین مطابق بینکاری میں ایک پر عزم، با اعتماد پارٹنر کے طور پر شہرت ملے۔

انشاء اللہ فیصل بینک 2021 کے دوران اور اس کے بعد اپنی حکمت عملی کو ذمے داری سے نبھاتے ہوئے، ترقی کے نئے اقدامات، کاروباری پیش رفت اور تبدیلی میں توازن کی بدولت اپنے اسٹیک ہولڈرز کے اقدار کا تحفظ کرتے ہوئے ترقی کی راہ پر گامزن رہے گا۔

پروجیکٹ فناننگ اور سنڈیکیشن

پروجیکٹ فناننگ اور سنڈیکیشن سے متعلق رواں سال کے دوران کچھ اہم معاہدوں کی تفصیلات درج ذیل ہے:

- فیصل بینک لمیٹڈ نے پاکستان کی واحد ورٹیکل انٹی گریٹڈ یوٹیلیٹی کمپنی کی جانب سے 900 میگا واٹ کے حامل آرائل این جی پاور پروجیکٹ کی انجینئرنگ، پروکیورمنٹ، تعمیر اور تنصیب اور قیام کے لئے 28,310 ملین روپے کے برج فنانس فیسلٹی کے شریعہ ایڈوائزر کے طور پر شرکت کی ہے۔
- فیصل بینک لمیٹڈ نے قمر، سندھ میں کوئلے پر چلنے والے 330 میگا واٹ پاور پروجیکٹ کے قیام کے لیے 19,559 ملین روپے کی سینڈیکیٹڈ فیسلٹی میں روپی فیسلٹی ایجنٹ کے طور پر حصہ لیا۔
- فیصل بینک لمیٹڈ نے مینڈیٹڈ ایڈوائزر اور رینجر کے طور پر ملک کی ایک بڑی ڈیری کمپنی کے لئے اسٹیٹ بینک آف پاکستان کے Covid-19 ریلیف اسکیم کے تحت کامیابی سے 8,067 ملین روپے کے قرضے کی ری پروفاٹنگ کی ہے۔
- فیصل بینک لمیٹڈ نے 2,100 ملین روپے کی سینڈیکیٹڈ ایس بی ایل سی فیسلٹی کے انتظام میں مینڈیٹڈ ایڈوائزر کے طور پر حصہ لیا تاکہ پاک چین معاشی راہداری (CPEC) میں شامل ایک پاور پروجیکٹ کے لیے دو ماہ کی کولے کی قیمت سپلائی کو ادا کر سکے۔
- فیصل بینک لمیٹڈ نے اسلامی اور روایتی طریقہ کار میں (عارضی اکنامک ری فنانس فیسلٹی کے تحت) 2,000 ملین روپے کی سینڈیکیٹڈ فرم فنانس فیسلٹی میں مینڈیٹڈ ایڈوائزر اور رینجر کے طور پر شرکت کی تاکہ ایک پیپر اور بورڈ میٹو فیکچرنگ کمپنی کے ہیڈکوارٹر، ماڈرنائزیشن اور ری پلیمینٹ (BMR) سے متعلق امور کی ضروریات پوری ہوں۔
- فیصل بینک لمیٹڈ نے اسلامی اور روایتی طریقہ کار میں (TERF کے تحت) 1,500 ملین روپے کی سینڈیکیٹڈ فرم فنانس فیسلٹی میں مینڈیٹڈ ایڈوائزر اور رینجر کے طور پر شرکت کی تاکہ پاکستان میں بہترین کیونٹو پیدا کرنے والے علاقے میں فروٹ پروسیسنگ پلانٹ قائم ہو۔

مالی سال 2021 میں جولائی واکتوبر کے دوران مجموعی مالی خسارہ جی ڈی پی کا 1.7 فیصد (753 بلین روپے) رہا جو گزشتہ سال کی اسی مدت کے دوران جی ڈی پی کا 1.4 فیصد (564 بلین روپے) تھا، اسی مدت کے دوران پرائمری بیلنس 178 بلین روپے (جی ڈی پی کا 0.4 فیصد) سرپلس رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 130 بلین روپے (جی ڈی پی کا 0.3 فیصد) تھا۔ رواں مالی سال کے پہلے پانچ ماہ کے دوران ایف بی آر نے ٹیکس وصولی کے 1,669 بلین روپے کے ٹارگٹ کو عبور کرتے ہوئے 19 بلین روپے زیادہ وصول کیے؛ یہ سال گزشتہ سے 4 فیصد زیادہ ہے۔

توانائی کا شعبہ پاکستان کے لیے سب سے زیادہ پریشان کن ثابت ہو رہا ہے کیونکہ یہ سالوں سے ابتر صورتحال سے دوچار ہے۔ جون 2020 کے مطابق سرکلر ڈیٹ 2.2 ٹریلین روپے پر برقرار ہے۔ حکومت پاکستان نے انڈیپنڈنٹ پاور پروڈیوسرز (IPPs) کو 450 بلین روپے کے ہتھیار جات کو آف لوڈ کرنے کی پیش کش کی ہے جس میں ایک تہائی رقم نقد اور دو تہائی تین قسطوں میں 10 سالہ فلوئنگ ریٹ کے PIBs کی صورت میں واجب الادا ہوگی۔

اگرچہ دنیا عالمی وباء کا شکار ہے، پاکستان میں اس وائرس کے پھیلاؤ پر نسبتاً قابو رہا اور آبادی کا صرف 0.22 فیصد متاثر ہوا۔ کرونا کی دوسری لہر کے باوجود روزانہ کی بنیاد پر متاثر ہونے کی شرح پہلی لہر کی اونچی سطح سے آدھا فیصد رہی۔ البتہ سال 2021 کی دوسری سہ ماہی میں ویکسین لگانے کی مہم کے آغاز سے معاشی گراؤت میں ٹھہراؤ کی توقع ہے۔ جبکہ کنزیومر پرائس انڈیکس (CPI) جون 2020 سے بڑھ رہا ہے، نان فوڈ، نان انرجی کی جانب سے مجموعی مہنگائی کی صورتحال معتدل طور پر مستحکم رہی جس کی اوسط مالی سال 2021 کی ششماہی کے دوران 5.5 فیصد رہی جو کہ گزشتہ سال کی اسی مدت کے دوران اوسط کنزیومر پرائس انڈیکس کا 8.6 فیصد تھی۔ اسٹیٹ بینک آف پاکستان نے مختلف مواقع پر یہ بات کی ہے کہ فراہمی متاثر ہونے سے مہنگائی میں عبوری مدت کے لیے عارضی طور پر اضافہ ہوا ہے اور مانیٹری پالیسی پراس کے اثرات مرتب نہیں ہوں گے۔ نتیجتاً، اگر Covid-19 کی صورتحال کنٹرول میں رہی تو بڑھتی ہوئی مجموعی طلب کے نتیجے میں مہنگائی میں اضافہ ایک بار پھر مانیٹری پالیسی میں سختی کا باعث بنے گا۔

بینک کی کارکردگی:

ایوارڈ اور ریکگنیشن

الحمد للہ، 2020 کے دوران بینک کی جانب سے اپنے کسٹمرز کی خدمات میں بہتری اور رسائی میں وسعت کی کاوشوں کو ملکی اور عالمی سطح پر سراہا گیا۔ اس سلسلے میں فیصل بینک کو گلوبل اسلامک فنانس ایوارڈز (GIFA) کی جانب سے ”میٹ ایمرجنگ اسلامک بینک 2020“ اور ”ایکسی لینس ایوارڈ فار انٹرنیشنل اینڈ مارکیٹ اسٹریٹیجی“ ایوارڈ سے نوازا گیا۔ یہ عالمی ایوارڈز اسلامی بینکوں کی اسلامی فنانس میں تعاون اور مہارت کی حوصلہ افزائی کرتے ہیں۔ فیصل بینک لمیٹڈ کو پاکستان بینکنگ ایوارڈز کی جانب سے بھی ”میٹ ایمرجنگ بینک 2020“ ایوارڈ سے نوازا گیا، جو ملک میں بینکاری نظام کے لیے حتمی معیار کی حیثیت رکھتے ہیں۔

اسلامی بینکاری میں منتقلی

Covid-19 کے باعث مشکلات کے باوجود، اسلامی کاروبار کی ترقی اور موجودہ پورٹ فولیو کی منتقلی الحمد للہ بینک کی مجموعی حکمت عملی کے مطابق ہے۔ اسی روش پر 2020 میں فیصل بینک کی 21 نئی اسلامی شاخوں کا افتتاح ہوا اور 65 روایتی شاخوں کو اسلامی شاخوں میں تبدیل کیا گیا، جس میں 15 ہم شاخیں بھی شامل ہیں۔ ماشاء اللہ، فیصل بینک کا اب 87 فیصد (500 شاخیں) نیٹ ورک اسلامی ہے۔

ڈائریکٹرز کا جائزہ

ان کنسولڈیٹڈ مالیاتی گوشوارے برائے سال 2020

بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے فیصل بینک لمیٹڈ ("ایف بی ایل" یا "دی بینک") کی ڈائریکٹرز رپورٹ، آڈٹ شدہ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پر فائل

فیصل بینک لمیٹڈ (FBL) 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۔ فیصل بینک لمیٹڈ اپنے تمام شعبہ جات یعنی ریشل، سہل اینڈ میڈیم سائز ڈائنر پرائیز، کمرشل، ایگری میڈ اور کارپوریٹ کے صارفین کے لیے جدید بینکاری کی وسیع ترین خدمات فراہم کرتا ہے۔

فیصل بینک کی ملک بھر کے 207 سے زائد شعبروں میں 576 شاخیں ہیں۔ فیصل بینک لمیٹڈ کو مکمل اسلامی بینک میں تبدیل کرنے کی حکمت عملی کے تحت ان میں سے 87 فیصد شاخیں شرعی اصولوں کے عین مطابق خدمات فراہم کر رہی ہیں۔

اقتصادی اپ ڈیٹ

Covid-19 وباء نے دنیا بھر کو بڑے پیمانے پر مسائل سے دوچار کر دیا ہے۔ نتیجے میں تقریباً 76 برس بعد عالمی معیشت کی ترقی سبک دہ گئی ہے۔ پاکستان بھی اسی صورتحال سے دوچار رہا ہے اور مالی سال 2020 میں ملکی جی ڈی پی 0.38 فیصد گر چکی ہے۔ پاکستان نے اس وباء کے منفی اثرات کو کم کرنے کے بروقت اقدامات اٹھائے ہیں۔ مالی سال 2021 میں جولائی اور اکتوبر کے دوران لارج اسکیل مینوفیکچرنگ (LSM) میں 5.5 فیصد اضافہ دیکھنے میں آیا اور دیگر معاشی سرگرمیوں میں قابل ذکر بحالی کے باوجود کورونا کی دوسری لہر نے ہنسلتی ہوئی صورتحال پر منفی اثرات مرتب کیے ہیں۔ نتیجتاً مانیٹری پالیسی مینٹنگ کے تازہ ترین ایڈیشن میں MPC نے پالیسی ریٹ 7 فیصد ہی برقرار رکھنے کا فیصلہ کیا ہے۔ اگرچہ اسٹیٹ بینک آف پاکستان کی جانب سے مالی سال 2021 کے لیے جی ڈی پی ترقی 1.5 سے 2.5 فیصد برقرار رکھنے کی پیش گوئی کی ہے، عالمی بینک نے پاکستان کی معاشی ترقی کی شرح 0.5 فیصد رہنے کی پیش گوئی کی ہے۔ مددگار مانیٹری پالیسی اور لاک ڈاؤنز میں نرمی اور مختلف ویکسین کی تیاریوں کے نتیجے میں کے ایس ای 100 انڈیکس میں اکتوبر 2020 سے 31 دسمبر 2020 کے دوران مسلسل تیزی کا رجحان دیکھا گیا۔

بیرونی محاذ پر، مالی سال 2020 کے دوران کرنٹ اکاؤنٹ خسارہ 2.97 بلین امریکی ڈالر رہا۔ اس کے بعد لگاتار پانچ ماہ سے کرنٹ اکاؤنٹ سرپلس (447 بلین امریکی ڈالر) جاری رہا ہے۔ مالی سال 2021 میں جولائی سے نومبر کے دوران ترسیلات زر اور برآمدات میں پالز تیب 28.4 فیصد اور 8.3 فیصد اضافے کے نتیجے میں کرنٹ اکاؤنٹ 1.6 بلین امریکی ڈالر سرپلس (جی ڈی پی کا 1.4 فیصد) رہا جبکہ اس کے برعکس گزشتہ سال اسی عرصے کے دوران 1.7 بلین امریکی ڈالر (جی ڈی پی کا 1.6 فیصد) خسارہ تھا۔

کورونا وائرس کے نتیجے میں معاشی بدحالی پر قابو پانے میں معاونت کے سلسلے میں ڈیٹ سرویس سپنشن (DSSI) کے تحت، پاکستان بھی 21 مقروض ممالک کے ساتھ 1.7 بلین ڈیٹ ریلیف ایگریمنٹ حاصل کرنے میں کامیاب رہا۔ پاکستان کے عالمی ذخائر 2020 کے اختتام تک 17.9 سے 20.2 بلین امریکی ڈالر تک پہنچ گئے۔ نومبر 2020 کی برآمدات کے ڈینا کے مطابق، ان ذخائر سے 2.9 ماہ کی امپورٹس کو ترجیح حاصل ہوئی، جو کہ آئی ایم ایف کی تین ماہ کی حد کے تقریباً برابر ہے۔ دوست ملک کو امریکی ڈالر میں قرض کی واپسی کے بعد اور مستقبل میں متوقع قرضہ جات کی واپسی، بیرونی تحفظات میں اضافے کا خدشہ پیدا کر رہی ہے۔



Independent Auditor's Report

To the members of Faysal Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Faysal Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2020, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 40 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2020 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Provision against advances: (Refer notes 6.5 & 11.4 to the unconsolidated financial statements).	

S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The Bank makes provision against advances on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>Further, during the year, several borrowers have availed the SBP enabled deferment, restructuring and rescheduling relief given as a result of COVID-19 pandemic. The Bank expects that the repayment capacity of several borrowers could be impacted due to the pandemic and has accordingly recognised an additional general provision against the funded performing credit portfolio. The provision has been recognised based on the management's best estimate.</p> <p>The Bank has recognised a net provision against advances amounting to Rs. 2,278.629 million in the unconsolidated profit and loss account in the current year. As at December 31, 2020, the Bank holds a provision of Rs. 21,565.408 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> controls over correct classification of non-performing advances on time-based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; controls over accurate computation and recording of provisions; and controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> checked repayments of loans / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation, discussions with the management and the management's consideration of the impact of COVID-19 on the borrower. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs. We also checked that the general provision made against performing advances due to the pandemic is in accordance with the criteria defined by the Bank.</p>



Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the



disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Noman Abbas Sheikh**.

A. F. Ferguson & Co.

Chartered Accountants

Karachi


Dated: March 2, 2021

Unconsolidated Statement of Financial Position

As at December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
ASSETS			
Cash and balances with treasury banks	7	59,881,289	60,368,417
Balances with other banks	8	2,878,547	2,835,570
Lendings to financial institutions	9	2,985,000	-
Investments	10	276,929,792	204,068,952
Advances	11	318,179,878	309,573,002
Fixed assets	12	24,038,885	24,183,424
Intangible assets	13	1,540,779	1,487,541
Deferred tax assets	18	-	-
Other assets	14	23,523,784	27,335,751
		709,957,954	629,852,657
LIABILITIES			
Bills payable	15	13,543,270	8,356,460
Borrowings	16	58,446,516	72,746,795
Deposits and other accounts	17	540,635,833	457,789,109
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	18	1,591,769	2,763,998
Other liabilities	19	35,633,134	32,932,422
		649,850,522	574,588,784
		60,107,432	55,263,873
NET ASSETS			
REPRESENTED BY			
Share capital	20	15,176,965	15,176,965
Reserves		11,032,647	9,830,958
Surplus on revaluation of assets - net	21	9,027,473	10,748,080
Unappropriated profit		24,870,347	19,507,870
		60,107,432	55,263,873
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.






				
President & CEO	Chief Financial Officer	Chairman	Director	Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2020

	Note	2020 -----Rupees '000-----	2019 -----Rupees '000-----
Mark-up / return / interest earned	24	55,922,010	58,398,138
Mark-up / return / interest expensed	25	31,387,944	37,278,033
Net mark-up / interest income		24,534,066	21,120,105
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	3,861,270	4,112,625
Dividend income		378,285	424,246
Foreign exchange income		2,093,354	2,756,432
Income from derivatives		48,201	175,652
Gain / (loss) on securities	27	1,697,044	(579,429)
Other income	28	152,889	280,939
Total non mark-up / interest income		8,231,043	7,170,465
Total income		32,765,109	28,290,570
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	19,401,299	17,067,653
Workers Welfare Fund		225,182	232,722
Other charges	30	113,970	32,507
Total non mark-up / interest expenses		19,740,451	17,332,882
Profit before provisions		13,024,658	10,957,688
Provisions and write-offs - net	31	2,254,301	765,998
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		10,770,357	10,191,690
Taxation	32	4,259,852	4,151,058
PROFIT AFTER TAXATION		6,510,505	6,040,632
Basic / diluted earnings per share			
	33	4.29	3.98

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.






				
President & CEO	Chief Financial Officer	Chairman	Director	Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2020

	2020	2019
	-----Rupees '000-----	
Profit after taxation for the year	6,510,505	6,040,632
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus on revaluation of investments - net of tax	(1,605,190)	3,819,861
Items that will not be reclassified to the profit and loss account in subsequent periods:		
- Remeasurement gain on defined benefit obligations - net of tax	38,656	56,094
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	1,708,993
- Movement in surplus on revaluation of non-banking assets - net of tax	-	295,854
	38,656	2,060,941
Total comprehensive income	4,943,971	11,921,434

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.

				
President & CEO	Chief Financial Officer	Chairman	Director	Director

For the year ended December 31, 2020

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2020

	Note	2020	2019
-----Rupees '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		10,770,357	10,191,690
Less: dividend income		(378,285)	(424,246)
		10,392,072	9,767,444
Adjustments:			
Depreciation on owned fixed assets	12.2	1,306,017	1,019,367
Amortisation of intangible assets	13.2	187,399	142,147
Depreciation on right-of-use assets	12.2	1,451,404	1,404,771
Depreciation on non-banking assets	14.1.1	5,890	11,707
Workers Welfare Fund		225,182	232,722
Provision against loans and advances - net	31	2,278,629	568,451
(Reversal of provision) / provision for diminution in value of investments - net	31	(71,993)	307,614
Provision / (reversal of provision) against other assets	31	73,741	(5,388)
Provision / (reversal of provision) against off balance sheet obligations	31	13,893	(11,562)
Unrealised loss / (gain) on securities - held for trading - net	27	584	(12,069)
Gain on sale of fixed assets - net	28	(21,181)	(9,749)
Gain on sale of non-banking assets - net	28	-	(10,716)
Charge for defined benefit plan	29.2	210,122	177,503
Income from derivative contracts - net		(48,201)	(175,652)
Mark-up / return / interest expensed - lease liability against right-of-use assets	25	862,115	977,129
Bad debts written off directly	31	19,231	12,430
Gain on lease modifications	28	(26,271)	-
		6,466,561	4,628,705
		16,858,633	14,396,149
Decrease / (increase) in operating assets			
Lendings to financial institutions		(2,985,000)	2,997,486
Held-for-trading securities		24,539,763	568,730
Advances		(10,904,736)	(13,746,022)
Others assets (excluding advance taxation)		1,205,376	(939,610)
		11,855,403	(11,119,416)
Increase / (decrease) in operating liabilities			
Bills Payable		5,186,810	(15,187,065)
Borrowings from financial institutions		(15,494,888)	(25,902,222)
Deposits		82,846,724	48,405,307
Other liabilities (excluding current taxation)		2,536,834	(560,113)
		75,075,480	6,755,907
Income tax paid		(1,920,266)	(3,380,364)
Contribution to gratuity fund	36.6	(329,771)	(84,583)
Net generated from operating activities		101,539,479	6,567,693
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (investment) / divestment in available for sale securities		(101,345,231)	12,851,593
Investment in associates		(200,000)	-
Investment in subsidiary		(500,000)	-
Net divestment in held to maturity securities		2,084,578	2,630,928
Dividends received		369,001	424,246
Investment in operating fixed assets		(1,392,702)	(2,496,777)
Investment in intangible assets		(405,247)	(490,060)
Proceeds from sale of fixed assets		43,008	12,962
Proceeds from sale of non-banking assets		-	191,073
Net cash (used in) / generated from investing activities		(101,346,593)	13,123,965
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(1,830,867)	(1,806,111)
Dividend paid		(779)	(244)
Net cash used in financing activities		(1,831,646)	(1,806,355)
(Decrease) / increase in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year	34	62,765,265	44,879,962
Cash and cash equivalents at the end of the year	34	61,126,505	62,765,265

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

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 repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 575 branches (December 31, 2019: 554 branches) and 1 sub-branch (December 31, 2019: 1). Out of these, 500 (December 31, 2019: 414) are Islamic banking branches and 76 (December 31, 2019: 141) are conventional.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (2019: 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** 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, 2019: 'AA') and the short term rating as 'A1+' (December 31, 2019: 'A1+') on June 26, 2020 and June 29, 2020 respectively.

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 unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.
- 2.2** The financial results of the Islamic banking branches have been consolidated in these unconsolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all Islamic banking branches are disclosed in Annexure II to these 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 financial statements represent the unconsolidated results of the Bank and a separate set of consolidated financial statements are also being presented by the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS) 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).

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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 IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 3.2** 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 identified as a result of such acquisition. Accordingly, during the year ended December 31, 2020, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 100.412 million (2019: Rs.156.076 million) from the NCR.
- 3.3** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' 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 unconsolidated financial statements.
- 3.4** The SBP has deferred the applicability of 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 unconsolidated financial statements.
- 3.5** The SECP has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these unconsolidated financial statements.
- 3.6 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:**
- 3.6.1** There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.
- 3.7 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:**
- 3.7.1** 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 16 - 'Leases' - COVID-19 related rent concessions	January 1, 2021
- IFRS 9 - 'Financial instruments'	January 1, 2021*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2022
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 3 - 'Business combinations' (amendments)	January 1, 2022

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

* The SBP vide its BPRD Circular No. 04 dated October 23, 2019 has notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2021. IFRS 9, 'Financial instruments' has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has an impact on all the assets of the Bank which are exposed to credit risk. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and the implementation guidelines are awaited.

3.7.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

4 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for certain fixed assets and non-banking assets acquired in satisfaction of claims which have been carried at revalued amounts, certain investments and derivative contracts which have been marked to market and are carried at fair value, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right-of-use assets which are initially measured at an amount equal to the corresponding lease liabilities (adjusted for any lease payments and costs as disclosed in details in note 6.23 to these unconsolidated financial statements) and depreciated over the respective lease terms.

4.1 Critical accounting estimates and judgments

The preparation of the unconsolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- i) Business combinations (note 6.1);
- ii) Classification and provisioning against investments (notes 6.4 and 10);
- iii) Income taxes (notes 6.8, 14, 18 and 32);
- iv) Classification and provisioning against advances (notes 6.5 and 11);
- v) Depreciation / amortisation of fixed assets / intangibles / revaluations (notes 6.6, 12 and 13);
- vi) Accounting for non-banking assets acquired in satisfaction of claims (notes 6.9 and 14);
- vii) Accounting for defined benefit plan (notes 6.11 and 36);
- viii) Impairment of assets (note 6.7);
- ix) Provisions and contingent assets and liabilities (notes 6.10 and 22);
- x) Lease liability and right-of-use assets (notes 6.23, 12.2, 19, 25 and 28); and
- xi) Fair value of derivatives (note 6.24).

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5 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed as at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The excess of the consideration transferred over the fair value of the Bank's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the unconsolidated profit and loss account. However, as more fully described in note 13.3 to these unconsolidated financial statements, the gain on bargain purchase arising on an acquisition made in 2010 has been recognised directly in equity as per the directives of the SBP.

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

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

6.2 Cash and cash equivalents

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

6.3 Lendings to / borrowings from financial institutions

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

(a) Sale of securities under repurchase agreements

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

(b) Purchase of securities under repurchase agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in the unconsolidated financial

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statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued over the period of the contract and recorded as income.

(c) Musharaka / Modaraba placements

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

(d) Bai Muajjal

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

6.4 Investments

6.4.1 Classification

The Bank classifies its investments as follows:

(a) Held for trading

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

(b) Held to maturity

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

(c) Available for sale

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

(d) Associates

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

(e) Subsidiaries

Subsidiaries are all entities over which the Bank has control.

6.4.2 Initial recognition and measurement

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

Investments other than those classified as held for trading are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as 'held for trading' are initially recognised at

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fair value and transaction costs associated with the transactions are expensed in the unconsolidated profit and loss account.

6.4.3 Subsequent measurement:

Held for trading

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

Held to maturity

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

Available for sale

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

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

6.4.4 Impairment

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

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

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

6.4.5 Investment in associates and subsidiaries

Investment in associates and subsidiaries are recorded at cost less accumulated impairment, if any.

The carrying amount of associates and subsidiaries are tested for impairment in accordance with the policy described in note 6.7 to these unconsolidated financial statements.

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6.5 Advances

6.5.1 Advances are stated net of specific and general provisions. Specific provision for advances is made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP which is based on the time based criteria and subjective evaluation of the credit worthiness of the borrowers. The amount of provision is charged to the unconsolidated profit and loss account. The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 11.4.1 to these unconsolidated financial statements. Advances are written off when there is no realistic prospect of recovery. In addition to conventional products, the Bank also offers various Islamic financing products the details of which are as follows:

(a) Murabaha

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

(b) Diminishing Musharaka

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

(c) Running Musharaka

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

(d) Ijarah

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

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

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

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

(e) Istisna

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

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The funds disbursed under Istisna are recorded as 'Advance against Istisna'. On execution of goods receiving note and receipt of manufactured goods, the same are recorded in the unconsolidated statement of financial position as inventories of the Bank at cost price and after sale of goods by customer to its ultimate buyers, Istisna financing is booked.

(f) Musawamah

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

(g) Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

The funds disbursed under Salam are recorded as advances against Salam. On execution of goods receiving note and receipt of Salam goods, the same will be recorded in the unconsolidated statement of financial position as inventories of the Bank at cost price and after the sale of goods by customer to its ultimate buyers, Salam financing will be booked.

(h) Tijarah

Tijarah is a financing mode under which the Bank purchases finished goods from customer / seller against spot payment and delivery. Thereafter, the Bank appoints customer as an agent to sell the Tijarah goods in the market.

The funds disbursed under Tijarah are recorded as advances against Tijarah. On execution of goods receiving note and receipt of Tijarah goods, the same will be recorded in the unconsolidated statement of financial position as inventories of the Bank at cost price and after the sale of goods by customer to its ultimate buyers, Tijarah financing will be booked.

6.5.2 Net investment in finance lease

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

6.6 Fixed assets and depreciation

(a) Tangible assets

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

Depreciation on operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 12.2 to these unconsolidated financial statements after taking into account residual value, if significant. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

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

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

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

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

(b) Capital work-in-progress

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

(c) Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The intangible assets include directly attributable costs that are capitalised as part of the intangible asset. Amortisation, except for customer relationship, is charged applying the straight-line method over the useful lives of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at rates specified in note 13 to these unconsolidated financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The intangible asset comprising customer relationship is being amortised over the life expectancy of the deposits. The residual values and useful lives of intangible assets are reviewed and adjusted, if appropriate, at each reporting date.

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

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

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

6.7 Impairment

The carrying amounts of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount, except in the case of an intangible asset with an indefinite useful life or an intangible asset not yet available for use and goodwill acquired in a business combination for which impairment is tested annually irrespective of whether there is any indication of impairment. The resulting impairment loss is taken to the unconsolidated profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of asset.

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

6.8 Taxation

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

Current

Provision for current taxation is based on taxable income for the year. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Prior

The charge / reversals for prior years represent adjustments to the tax charge / reversals for prior years, arising from assessments, changes in estimates, and retrospectively applied changes to the law, made during the current year.

Deferred

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

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

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

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

6.9 Assets acquired in satisfaction of claims

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

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6.10 Provisions and contingent assets and liabilities

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

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

6.11 Staff retirement benefits

a) Defined contribution plan

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

b) Defined benefit scheme

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

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the differences between the actual investment returns and the return implied by the net interest cost are recognised in the unconsolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

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

6.12 Borrowings / deposits and their costs

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

6.13 Subordinated loans

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

6.14 Revenue recognition and other items

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

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

6.15 Proposed dividend and transfer between reserves

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

6.16 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date. Foreign bills purchased and forward foreign exchange contracts are

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

valued at rates determined with reference to their respective maturities. Forward purchase contracts with the SBP relating to foreign currency deposits are valued at the spot rate prevailing on the reporting date. The forward cover fee, if any, payable on contracts with the SBP is amortised over the term of the contract.

(b) Translation gains and losses

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

6.17 Commitments

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

6.18 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in these unconsolidated statement of financial position both as assets and liabilities.

6.19 Financial instruments

Financial assets and financial liabilities

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

Derivative financial instruments

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

Offsetting

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

6.20 Earnings per share

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

6.21 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating decision maker. The Chief Executive Officer (CEO) has been identified as the Bank's Chief Operating decision maker.

(a) Business Segments

(i) Retail banking

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

(ii) Corporate and investment banking

This includes strategic partnership with corporate entities to provide working capital financing, trade financing, cash management services, project finance, export finance, leasing, guarantees, bills of exchange, deposits and other short term and long term finance. Further, this includes investment banking activities such as mergers and acquisitions, underwriting, privatisation, securitisation, Initial Public Offerings (IPOs), secondary private placements, etc.

(iii) Treasury and equity capital market (ECM)

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

(iv) Special asset management (SAM)

This includes recoveries from borrowers' accounts which became delinquent or have defaulted in their loan repayment obligations.

(b) Geographical segment

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

6.22 Provision of claims under guarantees

A provision for claim under guarantees is recognised when intimated and reasonable certainty exists that the Bank will settle the obligation. The charge to the unconsolidated profit and loss account is stated net of expected recoveries as the obligation is recognised in other liabilities.

6.23 Bank's leasing arrangements

6.23.1 Lease liability and right-of-use assets

The Bank leases various branches, ATM placement spaces and warehouses. Rental contracts are typically for a fixed period of 11 months to 29 years and may have extension options as described below. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Bank under residual value guarantees, the exercise price of a purchase option if the Bank is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects that the lessee will exercise that option. The extension and termination options are incorporated in determination of lease term only when the Bank is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Bank reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in unconsolidated profit and loss account if the carrying amount of right-of-use assets has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use assets.

The right-of-use assets is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use assets is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

6.24 Derivative financial instruments

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

6.25 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		13,650,095	10,322,390
- foreign currencies		6,147,826	3,601,723
		19,797,921	13,924,113
With State Bank of Pakistan in			
- local currency current accounts	7.1	25,323,730	32,960,190
- foreign currency current accounts	7.2	2,121,802	1,873,656
- foreign currency deposit accounts	7.3	3,860,816	5,325,652
		31,306,348	40,159,498
With National Bank of Pakistan in			
- local currency current account		8,202,707	5,574,470
Prize bonds		574,313	710,336
		59,881,289	60,368,417
7.1	These represent local currency current accounts maintained with the SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with the SBP at a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.		
7.2	These represent cash reserve of 5% maintained with the SBP in US dollars current accounts on deposits held under the New Foreign Currency Accounts (FE-25 deposits) as per BSD Circular No. 14 and 15 dated June 21, 2008.		
7.3	These represent special cash reserve of 10% maintained with the SBP in US dollars deposit account on deposits held under the new foreign currency accounts (FE-25 deposits) as per DMMD Circular No.8 dated April 17, 2020, local US dollars clearing account maintained with the SBP to facilitate US dollars clearing and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking Branches under the requirements of BSD Circular No. 15 dated June 21, 2008. Profit rate on these balances is Nil (2019: 0.70%) per annum which is notified on monthly basis by the SBP.		
8 BALANCES WITH OTHER BANKS	Note	2020	2019
		-----Rupees '000-----	
In Pakistan			
- in current account		645,262	1,426,975
Outside Pakistan			
- in current account		2,233,285	1,352,850
- in deposit account		-	55,745
		2,878,547	2,835,570
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (reverse repo)	9.2	2,985,000	-
9.1 Particulars of lending			
- local currency		2,985,000	-
9.2	This represents lending to a non-banking finance company which carries mark-up at the rate of 7.05% per annum (2019: Nil) and is due to mature on January 4, 2021.		

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

9.3 Securities held as collateral against lendings to financial institutions

2020			2019		
Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
Rupees '000					
2,985,000	-	2,985,000	-	-	-

Pakistan Investment Bonds

10 INVESTMENTS

10.1 Investments by type:

Held-for-trading securities

Federal Government securities

Available-for-sale securities

Federal Government securities

Shares

Non Government debt securities

Held-to-maturity securities

Federal Government securities

Non Government debt securities

Associates *

Faysal Income & Growth Fund

Faysal Islamic Stock Fund

Faysal Saving Growth Fund

Subsidiary *

Faysal Asset Management Limited

Total Investments

* related parties

Note	2020				2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees '000								
	6,534,053	-	418	6,534,471	31,073,816	-	1,002	31,074,818
	195,466,018	-	15,838	195,481,856	104,109,013	-	115,329	104,224,342
	8,421,544	1,688,885	376,325	7,108,984	7,360,710	1,745,897	878,857	6,493,670
	51,638,835	559,787	2,523,780	53,602,828	42,711,443	559,787	4,553,216	46,704,872
	255,526,397	2,248,672	2,915,943	256,193,668	154,181,166	2,305,684	5,547,402	157,422,884
	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	11,831,456	1,528,616	-	10,302,840	13,916,034	1,543,597	-	12,372,437
	13,428,504	1,528,616	-	11,899,888	15,513,082	1,543,597	-	13,969,485
10.5	268,625	-	-	268,625	268,625	-	-	268,625
	200,000	-	-	200,000	-	-	-	-
	693,247	-	-	693,247	693,247	-	-	693,247
	1,161,872	-	-	1,161,872	961,872	-	-	961,872
10.5	1,139,893	-	-	1,139,893	639,893	-	-	639,893
	277,790,719	3,777,288	2,916,361	276,929,792	202,369,829	3,849,281	5,548,404	204,068,952

10.2 Investments by segments

Federal Government securities

- Market Treasury Bills

- Pakistan Investment Bonds

- Ijarah Sukuks

- Bai Muajjal

- Other Federal Government securities

Shares

- Listed companies

- Unlisted companies

Non Government debt securities

- Listed

- Unlisted

Associates *

Faysal Income & Growth Fund

Faysal Islamic Stock Fund

Faysal Saving Growth Fund

Subsidiary *

Faysal Asset Management Limited

Total Investments

* related parties

Note	2020				2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees '000								
10.2.1	133,796,844	-	212,826	134,009,670	118,699,887	-	7,040	118,706,927
10.2.2	33,182,545	-	(168,598)	33,013,947	10,482,942	-	169,291	10,652,233
10.2.3	34,554,247	-	(27,972)	34,526,275	6,000,000	-	(60,000)	5,940,000
10.2.4	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
10.2.5	466,435	-	-	466,435	-	-	-	-
	203,597,119	-	16,256	203,613,375	136,779,877	-	116,331	136,896,208
	7,677,628	1,039,219	345,980	6,984,389	6,661,044	1,096,231	848,512	6,413,325
	743,916	649,666	30,345	124,595	699,666	649,666	30,345	80,345
	8,421,544	1,688,885	376,325	7,108,984	7,360,710	1,745,897	878,857	6,493,670
10.2.6	45,380,509	51,476	2,512,243	47,841,276	35,770,632	51,476	4,555,178	40,274,334
	18,089,782	2,036,927	11,537	16,064,392	20,856,845	2,051,908	(1,962)	18,802,975
	63,470,291	2,088,403	2,523,780	63,905,668	56,627,477	2,103,384	4,553,216	59,077,309
10.5	268,625	-	-	268,625	268,625	-	-	268,625
	200,000	-	-	200,000	-	-	-	-
	693,247	-	-	693,247	693,247	-	-	693,247
	1,161,872	-	-	1,161,872	961,872	-	-	961,872
10.5	1,139,893	-	-	1,139,893	639,893	-	-	639,893
	277,790,719	3,777,288	2,916,361	276,929,792	202,369,829	3,849,281	5,548,404	204,068,952

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

10.2.1 Market Treasury Bills have tenures of 3 months to 1 year. The Bank's return on these instruments ranges from 7% to 13.29% per annum (2019: 12.79% to 13.84% per annum) with maturities up to December 2021.

10.2.2 Pakistan Investment Bonds have tenures of 3 to 10 years. The Bank's return on these instruments ranges from 7.08% to 12% per annum (2019: 6.64% to 14.59% per annum) with maturities from August 2021 to June 2030.

10.2.3 GoP Ijara Sukuk bonds have tenure of 5 years. The Bank's return on these instruments ranges from 6.27% to 8.37% per annum (2019: 5.24% per annum) with maturities from July 2025 to December 2025.

	2020	2019
	-----Rupees '000-----	
10.2.4 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(194,895)	(400,462)
Less: profit receivable shown in other assets	(420,682)	(215,115)
Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

This represents Bai Muajjal with Government of Pakistan carrying profit at the rate of 12.84% per annum (2019: 12.84%) maturing in December, 2021.

10.2.5 During the current year, the Bank has invested in PKR and USD denominated Mudarabah based pools maintained by the Islamic Naya Pakistan Certificate Company Limited (INPCCL), a special purpose vehicle formed by the Government of Pakistan. As at December 31, 2020, the Bank's investment in these PKR and USD denominated pools amounted to Rs. 342.284 million and Rs. 124.151 million (USD 0.777 million) respectively. The actual profit rates on these pools are calculated in line with the Islamic principle of Mudarabah and communicated to the Bank at the end of each month. The profit earned by the Bank on these investment pools during the year ranges between 8.24% to 8.26% for PKR denominated pool and 2.99% to 3.04% for USD denominated pool. These investments are perpetual in nature and have no fixed maturity.

10.2.6 These include Sukuks having tenures ranging from 5 to 15 years. The Bank's return on these instruments ranges from 7.25% to 10.25% per annum (2019: 13.99% to 16.85% per annum) with maturities up to May 2032.

	2020	2019
	-----Rupees '000-----	
10.3 Investments given as collateral		
- Market treasury bills	<u>-</u>	<u>21,747,989</u>
10.4 Provision for diminution in value of investments		
10.4.1 Opening balance	3,849,281	3,541,667
Charge / (reversals)		
Charge for the year	379,785	366,100
Reversals for the year	(14,982)	(9,160)
Reversals on disposals	(436,796)	(49,326)
	(71,993)	307,614
Closing Balance	<u>3,777,288</u>	<u>3,849,281</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

10.4.2 Particulars of provision against debt securities

Category of classification	2020		2019	
	Non-performing investments	Provision	Non-performing investments	Provision
----- Rupees '000 -----				
Domestic				
- Loss	2,088,403	2,088,403	2,103,384	2,103,384

10.5 Investment in subsidiary and associates

Note	As at December 31, 2020				For the year ended December 31, 2020			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income	
----- Rupees '000 -----								
Associates								
Faysal Income & Growth Fund	Pakistan	40.67%	672,056	15,337	88,464	71,121	71,121	
Faysal Islamic Stock Fund	Pakistan	37.64%	646,596	17,356	131,890	116,977	116,977	
Faysal Saving Growth Fund	Pakistan	21.54%	3,232,073	44,947	229,493	183,192	183,192	
Subsidiary								
Faysal Asset Management Limited	10.5.1	Pakistan	99.99%	1,062,615	133,622	289,530	140,303	139,303
----- Rupees '000 -----								
As at December 31, 2019				For the year ended December 31, 2019				
Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit / (Loss)	Total comprehensive income		
----- Rupees '000 -----								
Associates								
Faysal Income & Growth Fund	Pakistan	47.90%	575,121	11,584	73,249	58,651	58,651	
Faysal Islamic Stock Fund	Pakistan	-	-	-	-	-	-	
Faysal Saving Growth Fund	Pakistan	42.79%	1,674,212	39,046	204,289	165,225	165,225	
Subsidiary								
Faysal Asset Management Limited *	Pakistan	99.99%	390,402	100,713	80,497	(13,167)	7,127	

* The figures of revenue, loss and total comprehensive income pertain to the period from July 01, 2019 to December 31, 2019.

10.5.1 Faysal Asset Management Limited (the Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

During the current year, the Bank has made a further investment in Faysal Asset Management Limited (FAML) amounting to Rs. 500 million by subscribing to the right shares issued by FAML.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

10.6 Quality of available for sale securities

Details regarding quality of available for sale (AFS) securities are as follows:

Federal Government securities - Government guaranteed

Market Treasury Bills
Pakistan Investment Bonds
Ijarah Sukuks
Other Federal Government securities

2020	2019
Cost	
-----Rupees '000-----	
127,262,791	87,671,805
33,182,545	10,437,208
34,554,247	6,000,000
466,435	-
195,466,018	104,109,013

Shares

Listed companies

Cement
Chemical
Commercial banks
Engineering
Fertilizer
Glass and ceramics
Investment banks / investment companies / securities
Oil and gas exploration company
Oil and gas marketing company
Open - end mutual funds
Paper and board
Pharmaceuticals
Power generation and distribution
Real estate
Refinery
Textile composite
Textile spinning
Textile weaving
Transport
Vanaspati and allied industries
Miscellaneous

2020	2019
Cost	
-----Rupees '000-----	
933,165	291,028
578,402	578,402
1,640,099	1,677,348
73,688	72,489
705,657	629,798
38	38
12,528	12,528
1,101,913	903,551
401,251	381,012
1,342,649	1,089,971
62,319	84,019
-	55,589
631,976	687,796
16,372	16,372
-	19,033
120,870	98,204
4,362	4,362
1,271	1,271
50,809	57,974
243	243
16	16
7,677,628	6,661,044

Note

2020		2019	
Cost	Breakup value	Cost	Breakup value
----- Rupees '000 -----			

Unlisted companies

1Link (Private) Limited
Al Hamra Avenue (Private) Limited *
Al Hamra Hills (Private) Limited *
DHA Cogen (Private) Limited *
Himont Chemical *
Pace Barka Properties Limited *
Pakistan Export Finance Guarantee *
Naymat Collateral Management
Pakistan Corporate Restructuring
Company Limited

10.6.1

50,000	202,032	50,000	202,032
265,938	357,675	265,938	357,675
5	5	5	5
325,000	1,853,509	325,000	1,853,509
1,037	N/A	1,037	N/A
52,000	90,168	52,000	90,168
5,686	N/A	5,686	N/A
25,000	22,090	-	-
19,250	N/A	-	-
743,916	2,525,479	699,666	2,503,389

* These investments are fully provided.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

Non Government debt securities

Listed

- AA+, AA, AA-
- Unrated *

Unlisted

- AA+, AA, AA-
- A+, A, A- *
- Unrated *

2020	2019
Cost	
-----Rupees '000-----	
329,033	719,157
45,051,476	35,051,476
45,380,509	35,770,633
500,000	2,402,000
1,839,479	95,000
3,918,847	4,443,810
6,258,326	6,940,810

* These include government guaranteed securities amounting to Rs. 48,413 million (2019: 38,935 million)

10.6.1 Pakistan Corporate Restructuring Company (PCRC) is a public limited company formed under the provisions of Corporate Restructuring Companies Act, 2016, with an initial paid up capital of Rs 500 million. During the current year, the Bank has signed a shareholder agreement with PCRC, along with 9 other banks, subscribing 1.925 million shares at a cost of Rs 10 per share. However, these shares have not yet been issued by PCRC as at December 31, 2020.

10.7 Particulars relating to held to maturity securities are as follows:

Federal Government securities - Government guaranteed

Other Federal Government securities

Non Government debt securities

Unlisted

- AAA
- A+, A, A-
- CCC and below *
- Unrated

2020	2019
Cost	
-----Rupees '000-----	
1,597,048	1,597,048
6,510,713	7,583,928
55,841	181,981
1,499,110	1,499,110
3,765,792	4,651,015
11,831,456	13,916,034

* These investments are fully provided.

10.7.1 The market value of securities classified as held-to-maturity as at December 31, 2020 amounted to Rs. 10,029.170 million (December 31, 2019: Rs. 12,564.225 million).

11 ADVANCES

Note	Performing		Non-performing		Total	
	2020	2019	2020	2019	2020	2019
-----Rupees '000-----						
Loans, cash credits, running finances, etc.	119,418,082	182,560,477	24,454,468	28,777,157	143,872,550	211,337,634
Islamic financing and related assets	189,951,257	114,980,031	1,247,029	1,096,671	191,198,286	116,076,702
Bills discounted and purchased	4,150,522	5,860,886	523,928	535,455	4,674,450	6,396,341
Advances - gross	313,519,861	303,401,394	26,225,425	30,409,283	339,745,286	333,810,677
Provision against advances	11.4					
- specific	-	-	(20,649,632)	(23,475,724)	(20,649,632)	(23,475,724)
- general	(915,776)	(761,951)	-	-	(915,776)	(761,951)
	(915,776)	(761,951)	(20,649,632)	(23,475,724)	(21,565,408)	(24,237,675)
Advances - net of provision	312,604,085	302,639,443	5,575,793	6,933,559	318,179,878	309,573,002

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

11.1 Particulars of advances (gross)

- in local currency
- in foreign currencies

	2020	2019
	-----Rupees '000-----	
	339,106,568	331,186,964
	638,718	2,623,713
	<u>339,745,286</u>	<u>333,810,677</u>

11.2 Includes net investment in finance lease as disclosed below:

	2020				2019			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	-----Rupees '000-----							
Lease rentals receivable	640,175	642,651	-	1,282,826	813,547	2,041,266	-	2,854,813
Residual value	342,143	67,986	-	410,129	446,191	480,015	-	926,206
Minimum lease payments	982,318	710,637	-	1,692,955	1,259,738	2,521,281	-	3,781,019
Financial charges for future periods	(13,058)	(6,858)	-	(19,916)	(86,118)	(19,577)	-	(105,695)
Present value of minimum lease payments	969,260	703,779	-	1,673,039	1,173,620	2,501,704	-	3,675,324

11.3 Advances include Rs. 26,225 million (2019: Rs. 30,409 million) which have been placed under non-performing status as detailed below:-

Category of classification	2020		2019	
	Non-performing loans	Provision	Non-performing loans	Provision
	-----Rupees '000-----			
Domestic				
- other assets especially mentioned	204,782	-	1,483,618	10
- substandard	2,727,006	541,529	1,528,058	262,576
- doubtful	900,979	237,209	4,305,081	1,164,514
- loss	22,392,658	19,870,894	23,092,526	22,048,624
Total	<u>26,225,425</u>	<u>20,649,632</u>	<u>30,409,283</u>	<u>23,475,724</u>

11.4 Particulars of provision against advances

Note	2020			2019		
	Specific	General	Total	Specific	General	Total
	-----Rupees '000-----					
Opening balance	23,475,724	761,951	24,237,675	23,135,261	678,187	23,813,448
Exchange adjustment	25,095	-	25,095	76,892	-	76,892
Charge for the year	3,610,762	250,000	3,860,762	2,297,435	83,764	2,381,199
Reversals during the year	(1,485,958)	(96,175)	(1,582,133)	(1,812,748)	-	(1,812,748)
	2,124,804	153,825	2,278,629	484,687	83,764	568,451
Amounts written off	(4,975,991)	-	(4,975,991)	(220,887)	-	(220,887)
Amounts charged off - agriculture financing	-	-	-	(229)	-	(229)
Closing balance	<u>20,649,632</u>	<u>915,776</u>	<u>21,565,408</u>	<u>23,475,724</u>	<u>761,951</u>	<u>24,237,675</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

11.4.1 General provision represents provision maintained against fully secured performing portfolio of consumer finance and unsecured performing portfolio of consumer and small enterprise finance, as required by the Prudential Regulations issued by the SBP.

In addition to the requirements of the Prudential Regulations, the management has exercised prudence and recognised a general provision upto 1% of performing consumer portfolio amounting to Rs. 250 million keeping in view the impacts of COVID-19.

11.4.2 Particulars of provision against advances

	2020			2019		
	Specific	General	Total	Specific	General	Total
	Rupees '000					
In local currency	19,902,966	915,776	20,818,742	22,726,762	761,951	23,488,713
In foreign currencies	746,666	-	746,666	748,962	-	748,962
	<u>20,649,632</u>	<u>915,776</u>	<u>21,565,408</u>	<u>23,475,724</u>	<u>761,951</u>	<u>24,237,675</u>

11.4.3 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,632.364 million (December 31, 2019: Rs 1,996.336 million) relating to advances while determining the provisioning requirement against non-performing financing as at December 31, 2020. The additional profit arising from availing the FSV benefit (net of tax) as at December 31, 2020 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,605.742 million (December 31, 2019: Rs 1,217.765 million).

	Note	2020	2019
		-----Rupees '000-----	
11.5 Particulars of write-offs			
11.5.1 Against provisions	11.4	4,975,991	221,116
Directly charged to profit and loss account		<u>19,231</u>	<u>12,430</u>
		<u>4,995,222</u>	<u>233,546</u>
11.5.2 Write-offs of Rs. 500,000 and above			
- domestic	11.6	4,963,966	211,520
- overseas		<u>-</u>	<u>-</u>
Write-offs of below Rs. 500,000		<u>31,256</u>	<u>22,026</u>
		<u>4,995,222</u>	<u>233,546</u>

11.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2020 is given in Annexure - I to these unconsolidated financial statements.

	Note	2020	2019
		-----Rupees '000-----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	833,461	1,158,140
Property and equipment	12.2	<u>23,205,424</u>	<u>23,025,284</u>
		<u>24,038,885</u>	<u>24,183,424</u>
12.1 Capital work-in-progress			
Civil works		225,737	393,327
Equipment		561,044	657,714
Furniture and fixture		18,838	44,591
Vehicles		42	62,508
Land and building		<u>27,800</u>	<u>-</u>
		<u>833,461</u>	<u>1,158,140</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

12.2 Property and equipment

At January 1, 2020

Cost / revalued amount
Accumulated depreciation
Net book value

Year ended December 31, 2020

Opening net book value
Additions
Lease modification (note 12.2.6)
Transfer from non-banking assets (note 12.2.2)
Disposals
Depreciation charge
Other adjustments / transfers
Closing net book value

At December 31, 2020

Cost / revalued amount
Accumulated depreciation
Net book value

Rate of depreciation (%) / useful life

2020									
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets-land and building	Total
Rupees '000									
2,214,316	3,551,147	417,706	5,142,586	1,180,954	6,780,773	229,389	3,052,489	9,777,473	32,346,833
-	-	-	-	889,751	5,033,859	130,894	1,862,274	1,404,771	9,321,549
2,214,316	3,551,147	417,706	5,142,586	291,203	1,746,914	98,495	1,190,215	8,372,702	23,025,284
2,214,316	3,551,147	417,706	5,142,586	291,203	1,746,914	98,495	1,190,215	8,372,702	23,025,284
-	-	136,358	-	121,596	706,718	129,564	623,145	1,255,446	2,972,827
-	-	-	-	-	-	-	-	(49,514)	(49,514)
-	-	36,075	-	-	-	-	-	-	36,075
-	-	-	-	(659)	(1,803)	(12,461)	(6,904)	-	(21,827)
-	-	(39,246)	(199,882)	(53,545)	(732,723)	(28,086)	(252,535)	(1,451,404)	(2,757,421)
-	-	(52)	52	104	(359)	(4)	259	-	-
2,214,316	3,551,147	550,841	4,942,756	358,699	1,718,747	187,508	1,554,180	8,127,230	23,205,424
2,214,316	3,551,147	591,064	5,142,586	1,294,613	7,316,680	321,744	3,664,851	10,983,405	35,080,406
-	-	40,223	199,830	935,914	5,597,933	134,236	2,110,671	2,856,175	11,874,982
2,214,316	3,551,147	550,841	4,942,756	358,699	1,718,747	187,508	1,554,180	8,127,230	23,205,424
-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-20%	11 months - 29 years	

At January 1, 2019

Cost / revalued amount
Accumulated depreciation
Net book value

Year ended December 31, 2019

Opening net book value
Initial application of IFRS 16
Additions
Transfer from non-banking assets (note 12.2.2)
Movement in surplus on assets revalued during the year
Disposals
Depreciation charge
Other adjustments / transfers
Closing net book value

At December 31, 2019

Cost / revalued amount
Accumulated depreciation
Net book value

Rate of depreciation (%) / useful life

2019									
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets-land and building	Total
Rupees '000									
1,110,502	3,059,916	176,048	4,598,821	1,059,826	5,670,601	214,700	2,600,234	7,531,556	26,022,204
-	-	9,559	161,014	849,423	4,564,771	121,576	1,647,396	-	7,353,739
1,110,502	3,059,916	166,489	4,437,807	210,403	1,105,830	93,124	952,838	7,531,556	18,668,465
1,110,502	3,059,916	166,489	4,437,807	210,403	1,105,830	93,124	952,838	-	11,136,909
-	-	-	-	-	-	-	-	7,531,556	7,531,556
-	-	-	-	121,397	1,213,071	27,013	452,254	2,245,917	4,059,652
703,649	-	123,409	-	-	-	-	-	-	827,058
400,165	491,230	139,963	866,102	-	-	-	-	-	1,897,460
-	-	-	-	(3)	(281)	(2,929)	-	-	(3,213)
-	-	(12,153)	(161,319)	(40,585)	(571,710)	(18,712)	(214,888)	(1,404,771)	(2,424,138)
-	1	(2)	(4)	(9)	4	(1)	11	-	-
2,214,316	3,551,147	417,706	5,142,586	291,203	1,746,914	98,495	1,190,215	8,372,702	23,025,284
2,214,316	3,551,147	417,706	5,142,586	1,180,954	6,780,773	229,389	3,052,489	9,777,473	32,346,833
-	-	-	-	889,751	5,033,859	130,894	1,862,274	1,404,771	9,321,549
2,214,316	3,551,147	417,706	5,142,586	291,203	1,746,914	98,495	1,190,215	8,372,702	23,025,284
-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-33%	11 months - 29 years	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2020	2019
	-----Rupees '000-----	
12.2.1 The cost of fully depreciated fixed assets that are still in the Bank's use is as follows:		
Furniture and fixture	574,695	581,458
Electrical, office and computer equipment	4,042,455	3,983,744
Vehicles	108,544	119,603
Leasehold property and improvement	934,337	933,759
	<u>5,660,031</u>	<u>5,618,564</u>

12.2.2 During the year, the Bank has transferred a property to fixed assets from non-banking assets having book value of Rs 36.075 million (2019: Rs 827.058 million).

12.2.3 The Bank's freehold / leasehold land and buildings on freehold / leasehold land were last revalued by Iqbal A. Nanjee Co. (Private) Limited on December 31, 2019 on the basis of professional assessments of the market value.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2020 would have been Rs 3,847.74 million (2019: Rs 3,725.29 million).

	2020	2019
	-----Rupees '000-----	
12.2.4 Allocation of depreciation expense for the year is as follows:		
Property expense		
- owned assets	491,662	388,360
- right-of-use assets	1,451,404	1,404,771
	<u>1,943,066</u>	<u>1,793,131</u>
Information technology expense	372,528	319,040
Other operating expenses	441,827	311,967
	<u>2,757,421</u>	<u>2,424,138</u>

12.2.5 Change in accounting estimate

During the year, the management of the Bank has revised its estimate of the useful life of 'fascia' category under 'leasehold improvements'. Previously, assets under the above category were depreciated over 3 years and now these are being depreciated over a revised useful life of 5 years.

The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of these assets not been made, the depreciation expense for the year would have been higher by Rs 31.18 million and consequently profit before tax would have been lower by the same amount.

12.2.6 Lease modifications

During the current year, the Bank has renegotiated a number of existing lease agreements resulting in a modification of these lease agreements under IFRS 16, 'Leases'. These lease modifications pertain to:

- a change in consideration of the lease(s);
- an increase in the scope of the lease(s) due to an extension in the contractual lease terms; or
- termination of existing lease(s) due to relocation of the branches to new premises.

In case of (i) and (ii) above, the Bank has remeasured the lease liabilities by discounting the revised lease payments using the revised discount rates and making a corresponding adjustment to the right-of-use assets.

In case of (iii) above, the Bank has decreased the carrying amount of the right-of-use assets and the corresponding lease liabilities to reflect the full termination of the lease, taking any resultant gain or loss on such termination to the unconsolidated profit and loss account.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

12.2.7 Details of disposals of fixed assets

The information relating to disposal of fixed assets to related parties is as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
-----Rupees '000-----						
Vehicles						
Toyota Prado	19,512	15,610	3,902	3,902	Bank's policy	Yousaf Hussain (President & CEO)
Mercedes E200	13,700	6,211	7,489	7,489	Bank's policy	Yousaf Hussain (President & CEO)
	33,212	21,821	11,391	11,391		
Electrical equipment						
Cellular phone	55	55	0	11	Bank's policy	Mian Salman Ali (key management personnel)
Cellular phone	55	41	14	14	Bank's policy	Aneeq Malik (key management personnel)
Cellular phone	55	41	14	14	Bank's policy	Abadullah (key management personnel)
	165	137	28	39		
Total	33,377	21,958	11,419	11,430		

13 INTANGIBLE ASSETS

Capital work-in-progress
Intangibles

Note 2020 2019
-----Rupees '000-----

13.1 Capital work-in-progress

Computer software

13.1	567,658	412,380
13.2	973,121	1,075,161
	<u>1,540,779</u>	<u>1,487,541</u>
	<u>567,658</u>	<u>412,380</u>

13.2 Intangibles

At January 1, 2020

Cost
Accumulated amortisation
Net book value

Year ended December 31, 2020

Opening net book value
Additions - directly purchased
Amortisation charge
Closing net book value

At December 31, 2020

Cost
Accumulated amortisation
Net book value

Rate of amortisation (percentage)

Useful life

2020		
Computer software	Customer relationship (note 13.2.2)	Total
-----Rupees '000-----		
2,387,453	2,557,167	4,944,620
2,092,507	1,776,952	3,869,459
<u>294,946</u>	<u>780,215</u>	<u>1,075,161</u>
294,946	780,215	1,075,161
249,969	-	249,969
(187,399)	(164,610)	(352,009)
<u>357,516</u>	<u>615,605</u>	<u>973,121</u>
2,637,422	2,557,167	5,194,589
2,279,906	1,941,562	4,221,468
<u>357,516</u>	<u>615,605</u>	<u>973,121</u>
17%-33%	5%-10%	
3-6 years	10-19 years	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2019		
	Computer software	Customer relationship (note 13.2.2)	Total
	----- Rupees '000 -----		
At January 1, 2019			
Cost	2,085,282	2,557,167	4,642,449
Accumulated amortisation	1,950,361	1,584,849	3,535,210
Net book value	134,921	972,318	1,107,239
Year ended December 31, 2019			
Opening net book value	134,921	972,318	1,107,239
Additions - directly purchased	302,172	-	302,172
Amortisation charge	(142,147)	(192,103)	(334,250)
Closing net book value	294,946	780,215	1,075,161
At December 31, 2019			
Cost	2,387,453	2,557,167	4,944,620
Accumulated amortisation	2,092,507	1,776,952	3,869,459
Net book value	294,946	780,215	1,075,161
Rate of amortisation (percentage)	17%-33%	5%-10%	
Useful life	3-6 years	10-19 years	

	2020	2019
	----- Rupees '000 -----	

13.2.1 The cost of fully amortised intangible assets that are still in the Bank's use is as follows:

Computer software	1,980,861	1,947,364
Customer relationship	1,099,722	-
	3,080,583	1,947,364

13.2.2 This represents an intangible asset (customer relationship) which comprises of core deposits which were recognised at the time of acquisition of ex-RBS Pakistan. These core deposits represent the funding benefit that would be available to the Bank on account of availability of funding through deposit customers rather than from the wholesale or interbank market. This benefit also considers the fact that the economic life time of these deposits is longer than their contractual life. Based on this assumption, this intangible asset had been valued using certain valuation techniques and is being amortised over the life expectancy of these deposits. As more fully explained in note 13.3 to these unconsolidated financial statements, the SBP allowed the Bank to adjust the amortisation charge arising on this intangible asset against non-distributable capital reserve. The remaining amortisation period of this intangible asset is ranging from 4 to 9 years.

13.3 Non-distributable capital reserve - gain on bargain purchase

As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as non-distributable capital reserve (NCR). The SBP allowed the Bank to adjust the amortisation of the intangible asset against the portion of reserve which arose on account of such asset. Accordingly, the Bank has adjusted amortisation of intangible asset amounting to Rs 100.412 million (2019: Rs. 156.076 million) (net of tax) from the non-distributable capital reserve.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
14 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		7,291,340	9,599,120
Income / mark-up accrued in foreign currencies - net of provision		1,314	82,615
Advances, deposits, advance rent and other prepayments		788,518	891,027
Advance taxation (payments less provisions)		-	2,612,575
Non-banking assets acquired in satisfaction of claims	14.1	1,229,421	1,271,386
Mark to market gain on forward foreign exchange contracts		649,361	859,265
Fair value of derivative contracts		190,130	90,937
Acceptances	19	10,726,305	9,142,924
Credit cards and other products fee receivable		369,968	574,288
Receivable from brokers against sale of shares		20,241	183,606
Dividend receivable		84,632	75,348
Receivable from 1Link (Private) Limited		515,944	363,052
Rent and amenities receivable		33,159	45,008
Rebate receivable - net		87,632	54,505
Defined benefit plan asset	36	64,205	-
Others		343,660	288,485
		<u>22,395,830</u>	<u>26,134,141</u>
Less: provision held against other assets	14.2	<u>(325,832)</u>	<u>(252,176)</u>
Other assets - net of provision		22,069,998	25,881,965
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	1,453,786	1,453,786
Other assets - total		<u>23,523,784</u>	<u>27,335,751</u>
14.1 Market value of non-banking assets acquired in satisfaction of claims		<u>2,683,207</u>	<u>2,725,172</u>

The non-banking assets acquired in satisfaction of claims by the Bank have been revalued by an independent professional valuer as at December 31, 2020. The revaluation was carried out by Iqbal A. Nanjee Company (Private) Limited on the basis of professional assessment of present market values. The above market values are based on desktop valuations. The SBP's Regulations for Debt Property Swap require the Bank to carry out a full scope valuation of non-banking assets after every three years.

	Note	2020	2019
		-----Rupees '000-----	
14.1.1 Non-banking assets acquired in satisfaction of claims			
Opening Balance		2,725,172	3,068,520
Additions		-	37,000
Revaluation		-	638,774
Disposals		-	(180,357)
Transferred to fixed assets	12.2	(36,075)	(827,058)
Depreciation	29	(5,890)	(11,707)
Closing Balance		<u>2,683,207</u>	<u>2,725,172</u>
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		-	191,073
Less: carrying value		-	180,357
Gain		<u>-</u>	<u>10,716</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
14.2 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		51,050	51,135
Fraud forgery theft and account receivable		20,867	21,662
Security deposits		22,994	22,994
Others		155,573	81,037
		<u>325,832</u>	<u>252,176</u>
14.2.1 Movement in provision held against other assets			
Opening balance		252,176	257,564
Charge for the year		74,536	7,860
Reversals during the year		(795)	(13,248)
		73,741	(5,388)
Amounts written off		(85)	-
Closing balance		<u>325,832</u>	<u>252,176</u>
15 BILLS PAYABLE			
In Pakistan		<u>13,543,270</u>	<u>8,356,460</u>
16 BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan (SBP)			
- under export refinance scheme - part I and II	16.1	8,623,400	10,598,970
- under long term financing facility	16.2	1,246,164	2,426,974
- under long term financing facility for renewable power energy (RPE)	16.3	809,662	896,508
- under scheme of financing facility for storage of agricultural produce	16.4	53,129	86,316
- under Islamic export refinance scheme	16.5	19,400,601	8,087,560
- under refinance scheme for payment of wages and salaries	16.6	12,932,302	-
- under Islamic financing for renewable energy	16.7	1,400,274	-
- under Islamic long term financing facility	16.8	3,599,252	-
- under Islamic temporary economic refinance scheme	16.9	3,807,141	-
- under Islamic refinance facility for combating COVID-19	16.10	35,400	-
		51,907,325	22,096,328
Repurchase agreement borrowings	16.11	-	21,721,810
Borrowing from other financial institution	16.12	500,000	-
Total secured		<u>52,407,325</u>	<u>43,818,138</u>
Unsecured			
Call borrowings	16.13	-	1,783,448
Overdrawn nostro accounts		1,633,331	438,722
Musharaka acceptances	16.14	410,000	18,020,000
Other borrowings	16.15	3,995,860	8,686,487
Total unsecured		<u>6,039,191</u>	<u>28,928,657</u>
		<u>58,446,516</u>	<u>72,746,795</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

- 16.1** In accordance with the export refinance scheme (ERF), the Bank has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. Borrowings from the SBP under the export refinance scheme are secured by the Bank's cash and security balances held by the SBP. The mark-up rate on this facility ranges from 1% to 2% per annum (2019: 1% to 2% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.
- 16.2** These represent borrowings from the SBP under scheme for long term financing facility (LTFF). The mark-up rates on these facilities are ranging from 2% to 3.5% per annum (2019: 3% to 4.5% per annum) payable on quarterly basis, with maturities upto February 2027. As per the terms of the agreements, the Bank has granted the SBP a right to recover the outstanding amounts from the Bank at the respective date of maturity of finances by directly debiting the current account of the Bank maintained with the SBP.
- 16.3** These represent borrowings from the SBP under scheme for long term financing facility for renewable power energy (RPE). The mark-up rates on these facilities ranges from 2% to 3% per annum (2019: 2% to 3% per annum), payable on quarterly basis, with maturities upto December 2028. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.
- 16.4** These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. The mark-up rates on these facilities are ranging from 2.5% to 3.5% per annum (2019: 2.5% to 3.5%) payable on quarterly basis with maturities upto April 2024. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.5** In accordance with the Islamic export refinance scheme (IERS), the Bank has entered into musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rate on this facility ranges from 1% to 2% (2019: 1% to 2%) payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.6** In accordance with the Islamic refinance scheme for payment of wages and salaries to the workers and employees of business concerns, the Bank has entered into mudarabah agreements for financing with the SBP for extending salary finance to the customers. The average profit rate on this facility ranges from 0% to 2% payable on quarterly basis with maturities upto March 2023. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.7** In accordance with the Islamic financing facility for renewable energy, the Bank has entered into mudarabah agreements for financing with the SBP for extending renewable energy finance to customers. The average profit rate on this facility ranges from 2% to 3% payable on quarterly basis with maturities upto July 2032. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.8** In accordance with the Islamic long term financing facility for plant and machinery, the Bank has entered into mudarabah agreements for financing with the SBP for extending islamic long term finance to the customers. The average profit rate on this facility ranges from 2% to 3.5% payable on quarterly basis with maturities upto December 2030. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.9** In accordance with the Islamic temporary economic refinance facility (ITERF), the Bank has entered into mudarabah agreements for financing with the SBP for extending long term finance to the customers. The average profit rate on this facility is 1% payable on quarterly basis with maturities upto December 2030. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

- 16.10** In accordance with the Islamic refinance facility for combating COVID-19, the Bank has entered into mudarabah agreements for financing with the SBP for extending medical equipment finances to the customers. The average profit rate on this facility is 0% payable on quarterly basis with maturities upto November 2025. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.11** These represent collateralised borrowings against market treasury bills. There are no such borrowings outstanding as at December 31, 2020. The mark-up rates on these borrowings as at December 31, 2019 were ranging from 13.10% to 13.32% per annum.
- 16.12** This represents borrowing from Pakistan Mortgage Refinance Company (PMRC). The mark-up rate on this borrowing is 8.75% per annum (2019: Nil) having maturity in December 2025.
- 16.13** These borrowings are from financial institutions. There are no such borrowings outstanding as at December 31, 2020. The mark-up rate on these borrowings as at December 31, 2019 was 12.80%.
- 16.14** These Musharaka acceptances are on profit and loss sharing basis. The expected rate on these deals is 6.9% per annum (2019: 8% to 12.15% per annum). These deals have maturities upto January 2021.
- 16.15** This represents borrowing from a foreign financial institution. The mark-up rate on this borrowing is 1.75% per annum (2019: 3.32% to 3.43%) having maturity in January 2021.
- 16.16** Details and nature of securities pledged as collateral against borrowings are given in note 10.3 to these unconsolidated financial statements.

	2020	2019
	-----Rupees '000-----	
16.17 Particulars of borrowings with respect to currencies		
- in local currency	54,450,656	64,060,308
- in foreign currencies	3,995,860	8,686,487
	<u>58,446,516</u>	<u>72,746,795</u>

17 DEPOSITS AND OTHER ACCOUNTS

	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000 -----					
Customers						
Current deposits	144,344,241	20,813,651	165,157,892	117,835,756	16,723,542	134,559,298
Savings deposits	184,980,930	17,643,501	202,624,431	149,857,017	15,672,852	165,529,869
Term deposits	143,287,216	3,141,533	146,428,749	122,761,268	4,921,337	127,682,605
Margin deposits	3,341,663	15,132	3,356,795	2,715,024	19,177	2,734,201
	<u>475,954,050</u>	<u>41,613,817</u>	<u>517,567,867</u>	<u>393,169,065</u>	<u>37,336,908</u>	<u>430,505,973</u>
Financial institutions						
Current deposits	813,493	49,245	862,738	957,845	55,570	1,013,415
Savings deposits	15,880,218	-	15,880,218	19,800,921	-	19,800,921
Term deposits	6,325,010	-	6,325,010	6,468,800	-	6,468,800
	<u>23,018,721</u>	<u>49,245</u>	<u>23,067,966</u>	<u>27,227,566</u>	<u>55,570</u>	<u>27,283,136</u>
	<u>498,972,771</u>	<u>41,663,062</u>	<u>540,635,833</u>	<u>420,396,631</u>	<u>37,392,478</u>	<u>457,789,109</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
17.1 Composition of deposits			
- individuals		129,367,134	128,075,914
- government (Federal and Provincial)		19,873,100	24,230,323
- public sector entities		11,058,521	22,531,784
- banking companies		4,757,627	2,830,392
- non-banking financial institutions		18,310,340	24,452,744
- private sector		357,269,111	255,667,952
	17.1.1	<u>540,635,833</u>	<u>457,789,109</u>

17.1.1 These include deposits eligible to be covered under insurance arrangements amounting to Rs 325.147 billion (2019: Rs 244.160 billion).

18 DEFERRED TAX (LIABILITIES) / ASSETS

Deductible temporary differences on

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

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

2020			
At January 1, 2020	Recognised in P&L	Recognised in OCI	At December 31, 2020
-----Rupees '000-----			
182,987	(27,850)	-	155,137
1,307,267	(91,644)	-	1,215,623
99,703	28,759	-	128,462
(2,163,487)	-	1,026,269	(1,137,218)
(573,530)	(90,735)	1,026,269	362,004
(1,676,037)	73,791	-	(1,602,246)
(14,113)	-	-	(14,113)
(304,285)	-	64,198	(240,087)
(196,033)	98,706	-	(97,327)
(2,190,468)	172,497	64,198	(1,953,773)
(2,763,998)	81,762	1,090,467	(1,591,769)

Deductible temporary differences on

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

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

2019			
At January 1, 2019	Recognised in P&L	Recognised in OCI	At December 31, 2019
-----Rupees '000-----			
95,977	87,010	-	182,987
1,427,294	(120,027)	-	1,307,267
94,017	5,686	-	99,703
234,738	-	(2,398,225)	(2,163,487)
1,852,026	(27,331)	(2,398,225)	(573,530)
(1,184,279)	48,893	(540,651)	(1,676,037)
(23,377)	-	9,264	(14,113)
(340,314)	-	36,029	(304,285)
(120,850)	(75,183)	-	(196,033)
(1,668,820)	(26,290)	(495,358)	(2,190,468)
183,206	(53,621)	(2,893,583)	(2,763,998)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
19 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,792,193	3,729,656
Mark-up / return / interest payable in foreign currencies		6,344	27,021
Unearned commission and income on bills discounted		968,302	725,288
Accrued expenses		2,484,143	2,374,642
Acceptances	14	10,726,305	9,142,924
Unclaimed dividends		45,038	45,817
Mark to market loss on forward foreign exchange contracts		1,907,030	2,228,384
Current taxation (provision less payments)		58,669	-
Charity fund balance		1,070	2,278
Provision against off-balance sheet obligations	19.1	127,569	113,676
Security deposits against leases		586,301	1,201,214
Withholding tax payable		165,433	180,845
Federal excise duty payable		67,402	58,494
Payable to brokers against purchase of shares		35,001	77,747
Fair value of derivative contracts		964,671	1,032,154
Payable related to credit cards and other products		1,146,914	1,119,464
Lease liability against right-of-use assets		8,530,893	8,319,984
Advance against disposal of assets		459,467	565,357
Funds held as security		242,227	232,572
Payable to 1Link		154,308	125,263
Insurance payable		115,600	144,552
Clearing and settlement accounts		2,706,765	1,172,824
Provision for gratuity	36	-	118,814
Others		341,489	193,452
		<u>35,633,134</u>	<u>32,932,422</u>

19.1 Provision against off-balance sheet obligations

Opening balance	113,676	125,238
Charge for the year	25,132	-
Reversals during the year	(11,239)	(11,562)
	13,893	(11,562)
Closing balance	<u>127,569</u>	<u>113,676</u>

20 SHARE CAPITAL

20.1 Authorised capital

2020	2019		2020	2019
			-----Rupees '000-----	
2,200,000,000	2,200,000,000	Ordinary shares of Rs.10 each	22,000,000	22,000,000

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

20.2 Issued, subscribed and paid up

2020	2019		2020	2019
----- Number of shares -----			-----Rupees '000-----	
		Ordinary shares		
201,451,420	201,451,420	Fully paid in cash	2,014,514	2,014,514
1,298,772,879	1,298,772,879	Issued as bonus shares	12,987,729	12,987,729
17,472,226	17,472,226	Issued for consideration other than cash	174,722	174,722
<u>1,517,696,525</u>	<u>1,517,696,525</u>		<u>15,176,965</u>	<u>15,176,965</u>

20.2.1 As at December 31, 2020, Ithmaar Bank B.S.C. (closed) (the holding company of the Bank) directly and indirectly holds 1,013,473,712 ordinary shares of Rs. 10 each (2019: 1,013,473,712 ordinary shares). These include 11,186,268 (2019: 11,186,268) shares in respect of withholding tax on bonus shares issued by the Bank. These shares were not released by the Bank to the Government Treasury based on a stay order issued by the Honorable High Court of Sindh. During the year ended December 31, 2018, the above stay order had been vacated. However, the Bank has subsequently filed a constitutional petition with the Honorable High Court of Sindh in respect of this matter.

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

- available for sale securities	10.1	2,915,943	5,547,402
- fixed assets	21.1	7,411,321	7,600,529
- non-banking assets acquired in satisfaction of claims	21.2	1,453,786	1,453,786
		11,781,050	14,601,717

Deferred tax on surplus on revaluation of:

- available for sale securities		(1,137,218)	(2,163,487)
- fixed assets	21.1	(1,602,246)	(1,676,037)
- non-banking assets acquired in satisfaction of claims	21.2	(14,113)	(14,113)
		(2,753,577)	(3,853,637)
		<u>9,027,473</u>	<u>10,748,080</u>

21.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 1

Recognised during the year

Transferred from surplus on revaluation of non-banking assets

Transferred to unappropriated profit in respect of incremental depreciation charged during the year

Surplus on revaluation of fixed assets as at December 31

Less: related deferred tax liability on:

- revaluation as at January 1		7,600,529	5,476,251
- revaluation recognised during the year		-	1,897,460
- transferred from surplus on revaluation of non-banking assets		-	352,184
- incremental depreciation charged during the year		(189,208)	(125,366)
		7,411,321	7,600,529
- revaluation as at January 1		(1,676,037)	(1,184,279)
- revaluation recognised during the year		-	(527,712)
- transferred from surplus on revaluation of non-banking assets		-	(12,939)
- incremental depreciation charged during the year		73,791	48,893
		(1,602,246)	(1,676,037)
		<u>5,809,075</u>	<u>5,924,492</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		1,453,786	1,261,018
Recognised during the year		-	638,774
Transferred to surplus on revaluation of fixed assets		-	(352,184)
Surplus realised on disposal during the year		-	(93,822)
Surplus on revaluation as at December 31		1,453,786	1,453,786
Less: related deferred tax liability on:			
- revaluation as at January 1		(14,113)	(23,377)
- revaluation recognised during the year		-	(3,675)
- transferred to surplus on revaluation of fixed assets		-	12,939
		(14,113)	(14,113)
		1,439,673	1,439,673
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	29,202,222	24,074,333
Commitments	22.2	183,850,529	208,211,812
Other contingent liabilities	22.3	4,122,244	4,293,244
		217,174,995	236,579,389
22.1 Guarantees:			
Financial guarantees		7,810,863	7,099,400
Performance guarantees		5,662,415	4,870,710
Other guarantees		15,728,944	12,104,223
		29,202,222	24,074,333
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		50,571,999	30,343,743
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	93,025,986	126,281,305
- forward government securities transactions	22.2.2	2,989,036	21,760,786
- derivatives - cross currency and interest rate swaps (notional principal)	22.2.3	8,272,187	9,244,773
- extending credit (irrevocable)	22.5	28,859,840	20,281,111
Commitments for acquisition of:			
- operating fixed assets		49,303	185,919
- intangible assets		82,178	114,175
		183,850,529	208,211,812
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		66,134,904	84,264,725
Sale		26,891,082	42,016,580
		93,025,986	126,281,305

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		-	21,760,786
Sale		2,989,036	-
		<u>2,989,036</u>	<u>21,760,786</u>
22.2.3 Commitments in respect of derivatives			
Sale	23	<u>8,272,187</u>	<u>9,244,773</u>
22.3 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 Bank's legal advisors are confident that the Bank has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Cantonment tax Karachi Cantonment Board (KCB)	22.3.1	-	171,000
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	22.3.2	1,154,701	1,154,701
		<u>4,122,244</u>	<u>4,293,244</u>

22.3.1 The Executive Officer, Karachi Cantonment Board (KCB), vide its notice CBR No. 1 dated March 08, 2017 had proposed revised rates for assessment of shops and flats "A" category in which a fresh sub-category "Banks (self-occupied)" was introduced for the purpose of cantonment tax in the limit of KCB. This resulted in an additional demand of Rs 171 million by KCB which included demand on reassessment for the years 2016-2017 and 2017-2018. On the basis of legal grounds agreed in consultation with legal counsel, the Bank had filed a suit in the Honorable High Court of Sindh against such levy of tax. A stay order was granted by the Honorable High Court of Sindh in respect of payment of this additional demand and no such payment in this respect had been made till December 31, 2019.

In February 2020, KCB communicated to the Bank that the board resolution passed by KCB in 2017 regarding the special category of 'Bank (self-occupied)' has been annulled and the properties of the Bank shall be treated like any other commercial property. Following this communication, KCB submitted the revised demand and the Bank has paid Rs 59.104 million being the house and conservancy tax for the periods from 2016-2017 to 2019-2020 on March 16, 2020 as a full and final settlement of the levy under consideration. Accordingly, the suit filed by the Bank in the Honorable High Court of Sindh will be withdrawn in due course.

22.3.2 Income tax assessments of the Bank have been finalised upto the tax year 2019 (accounting year 2018).

The department and the Bank has disagreement 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, 2019: Rs. 1,154.701 million). 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 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 unconsolidated financial statements in respect of this matter.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

22.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 31,374 million (December 31, 2019: Rs 34,194 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 the 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, 2019: 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, the 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 unconsolidated financial statements.

22.5 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 facilities are unilaterally withdrawn except for Rs. 28,860 million (2019: Rs. 20,281 million) which are irrevocable in nature.

23 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

Interest rate swap (notional principal)

	2020	2019
	-----Rupees '000-----	
	7,792,684	8,780,230
	479,503	464,543

Derivative instruments, such as forward rate agreements, interest rate swaps, cross currency swaps and FX options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All derivative transactions are governed by "The Financial Derivatives Business Regulations" (FDBR) issued by the SBP.

23.1 Product analysis

Counterparties	2020			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain
----- Rupees '000 -----				
With banks for				
Hedging	-	-	-	-
Market making	3,218,043	62,289	479,503	7,048
With other entities for				
Hedging	-	-	-	-
Market making	4,574,641	(843,878)	-	-
Total				
Hedging	-	-	-	-
Market making	7,792,684	(781,589)	479,503	7,048

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

Counterparties	2019			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	----- Rupees '000 -----			
With banks for				
Hedging	-	-	-	-
Market making	4,273,153	(569,222)	464,543	(31)
With other entities for				
Hedging	-	-	-	-
Market making	4,507,077	(371,964)	-	-
Total				
Hedging	-	-	-	-
Market making	8,780,230	(941,186)	464,543	(31)

23.2 Maturity analysis

Remaining maturity	No. of contracts	2020			
		Notional principal	Mark to market		
			Negative	Positive	Net
			----- Rupees '000 -----		
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	1	266,391	(270,158)	179,273	(90,885)
6 months to 1 year	-	-	-	-	-
1 to 2 years	2	959,006	(1,016,477)	1,029,432	12,955
2 to 3 years	-	-	-	-	-
3 to 5 years	6	2,763,964	(2,780,829)	2,228,139	(552,690)
5 to 10 years	4	4,282,826	(5,008,510)	4,864,589	(143,921)
Above 10 years	-	-	-	-	-
Total		8,272,187	(9,075,974)	8,301,433	(774,541)

Remaining maturity	No. of contracts	2019			
		Notional principal	Mark to market		
			Negative	Positive	Net
			----- Rupees '000 -----		
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	1	464,543	(490,984)	349,528	(141,456)
1 to 2 years	1	774,238	(798,458)	561,856	(236,602)
2 to 3 years	2	929,086	(1,027,845)	1,067,672	39,827
3 to 5 years	-	-	-	-	-
5 to 10 years	10	7,076,906	(7,981,510)	7,378,524	(602,986)
Above 10 years	-	-	-	-	-
Total		9,244,773	(10,298,797)	9,357,580	(941,217)

23.3 Risk management policies related to derivatives are discussed in note 44.5 to these unconsolidated financial statements.

24 MARK-UP / RETURN / INTEREST EARNED

On:

Loans and advances

Investments

Lendings to financial institutions

Balances with banks

Securities purchased under resale agreements

	2020	2019
	----- Rupees '000 -----	
	32,393,229	38,936,257
	22,447,486	17,344,535
	70,498	55,441
	15,603	83,616
	995,194	1,978,289
	<u>55,922,010</u>	<u>58,398,138</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
25 MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		25,347,575	28,843,947
Securities sold under repurchase agreements		245,778	1,574,001
Other short term borrowings		35,934	94,641
SBP borrowings		624,885	372,661
Short sale of Pakistan Investment Bonds		42,219	340,548
Bai Muajjal		178,419	91,828
Musharaka acceptances		660,508	1,044,484
Lease liability against right-of-use assets		862,115	977,129
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,390,511	3,938,794
		<u>31,387,944</u>	<u>37,278,033</u>
26 FEE AND COMMISSION INCOME			
Branch banking customer fees		549,501	710,137
Consumer finance related fees		323,127	366,770
Card related fees (debit and credit cards)		1,570,918	1,675,923
Credit related fees		43,843	99,368
Investment banking fees		248,040	237,557
Commission on trade		275,644	275,716
Commission on guarantees		103,551	126,867
Commission on cash management		69,678	59,183
Commission on remittances including home remittances		216,972	119,313
Commission on bancassurance		405,220	412,433
Others		54,776	29,358
		<u>3,861,270</u>	<u>4,112,625</u>
27 GAIN / (LOSS) ON SECURITIES			
Realised - net	27.1	1,697,628	(591,498)
Unrealised - held for trading - net		(584)	12,069
		<u>1,697,044</u>	<u>(579,429)</u>
27.1 Realised gain / (loss) on:			
Federal Government securities		1,176,657	4,313
Shares		484,579	(616,277)
Open end mutual funds		36,392	20,466
		<u>1,697,628</u>	<u>(591,498)</u>
28 OTHER INCOME			
Rent on property		188,425	186,635
Gain on sale of fixed assets - net		21,181	9,749
Gain on sale of non-banking assets - net		-	10,716
(Loss) / gain on short sale of Pakistan Investment Bonds (PIBs)		(88,139)	66,919
Notice pay		2,932	3,876
Scrap income		1,574	1,456
Gain on lease modifications	12.2.6	26,271	-
Others		645	1,588
		<u>152,889</u>	<u>280,939</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
29 OPERATING EXPENSES			
Total compensation expense	29.2	7,578,108	6,507,211
Property expense			
Rent and taxes		276,954	176,227
Insurance		61,255	47,098
Utilities cost		767,337	670,109
Security (including guards)		754,283	692,131
Repair and maintenance (including janitorial charges)		553,287	457,313
Depreciation on owned fixed assets	12.2.4	491,662	388,360
Depreciation on non-banking assets	14.1.1	5,890	11,707
Depreciation on right-of-use assets	12.2.4	1,451,404	1,404,771
Others		88,690	92,464
		4,450,762	3,940,180
Information technology expenses			
Software maintenance		1,604,787	1,442,086
Hardware maintenance		273,136	310,875
Depreciation	12.2.4	372,528	319,040
Amortisation		187,399	142,148
Network charges		252,772	216,563
Others		1,951	1,792
		2,692,573	2,432,504
Other operating expenses			
Directors' fees and allowances	38.2	150,293	102,595
Legal and professional charges		95,667	107,941
Outsourced services costs - staff	35.1	394,700	364,348
Travelling and conveyance		77,578	138,540
NIFT clearing charges		50,586	46,054
Depreciation	12.2.4	441,827	311,967
Training and development		36,570	72,352
Postage and courier charges		176,102	122,095
Communication		149,880	137,287
Marketing, advertisement and publicity		530,470	500,400
Donations	29.3	77,424	69,431
Auditors remuneration	29.4	44,717	43,863
Insurance		872,684	633,644
Stationery and printing		382,176	324,443
Bank fees and charges		133,480	112,553
Brokerage and commission		76,666	55,337
Deposit protection premium		390,656	350,507
Credit card bonus points redemption		183,074	232,603
Others		415,306	461,798
		4,679,856	4,187,758
		19,401,299	17,067,653

29.1 Cost of outsourced activities is Rs. 388.401 million (2019: Rs.464.543 million). Out of this cost, Rs. 233.500 million (2019: Rs. 204.687 million) represent payments made to companies incorporated in Pakistan and Rs. 154.901 million (2019: Rs. 259.856 million) pertains to payments made to a company incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is Rs. Nil. Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. Material outsourcing done by the Bank are listed below:

S.No	Name of outsourced agency	Nature of service	Estimated cost (Rupees '000)
1	Euronet Pakistan Private Limited	Credit cards, debit cards, prepaid cards and ATMs switch system host	191,267
2	E-Services (Singapore) Private Limited	Credit card hosting and processing system	154,901

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

29.2 Total compensation expense

Managerial Remuneration
i) Fixed
ii) Variable
of which;
a) Cash bonus / awards, etc.
b) Commission incentives
Charge for defined benefit plan
Contribution to defined contribution plan
Rent & house maintenance
Utilities
Medical
Conveyance
Others
Sub-total
Sign-on Bonus *
Grand Total

* Sign on bonus was provided to 11 employees (2019: 5 employees).

29.3 Donations made during the year were as follows:

Donee

Waqf Faisal (Trust)

2020	2019
-----Rupees '000-----	
3,513,433	3,041,134
788,541	618,797
550,400	508,425
210,122	177,503
232,063	190,548
1,093,122	932,530
266,744	229,020
218,218	189,392
679,561	611,068
944	394
7,553,148	6,498,811
24,960	8,400
7,578,108	6,507,211
77,424	69,431

29.3.1 The President and Chief Executive Officer of the Bank is acting as trustee of Waqf Faisal (Trust). No other interest of any of the directors or their spouses exists.

29.4 Auditors' remuneration

Statutory audit fee
Fee for the consolidated financial statements
Fee for other statutory certifications
Fee for the quarterly and the annual group reportings
Fee for the review of the half yearly financial statements
Fee for the audit of employee funds
Special certifications and sundry advisory services
Tax services
Out-of-pocket expenses

2020	2019
-----Rupees '000-----	
4,752	3,465
1,728	1,500
5,076	5,533
14,464	12,068
1,080	945
173	160
6,264	10,192
9,180	8,000
2,000	2,000
44,717	43,863
113,970	32,507

30 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

31 PROVISIONS AND WRITE-OFFS - NET	Note	2020	2019
		-----Rupees '000-----	
(Reversal of provision) / provision for diminution in value of investments	10.4	(71,993)	307,614
Provision against loans and advances	11.4	2,278,629	568,451
Provision / (reversal of provision) against other assets	14.2.1	73,741	(5,388)
Bad debts written off directly	11.5	19,231	12,430
Recoveries of written off / charged off bad debts		(59,200)	(105,547)
Provision / (reversal of provision) against off balance sheet obligations	19.1	13,893	(11,562)
		<u>2,254,301</u>	<u>765,998</u>
32 TAXATION			
Current		4,336,629	4,456,618
Prior years		4,985	(359,181)
Deferred	18	<u>(81,762)</u>	<u>53,621</u>
		<u>4,259,852</u>	<u>4,151,058</u>
32.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>10,770,357</u>	<u>10,191,690</u>
Tax calculated at the rate of 39% (2019: 39%)		4,200,439	3,974,759
Effect of:			
- permanent differences		44,448	12,678
- prior year charge		4,985	80,528
- super tax		-	258,934
- impact of change in tax rate		-	(171,021)
- others		9,980	(4,820)
Tax charge for the year		<u>4,259,852</u>	<u>4,151,058</u>
33 BASIC / DILUTED EARNINGS PER SHARE			
Profit for the year		<u>6,510,505</u>	<u>6,040,632</u>
Number of shares in thousands			
Weighted average number of ordinary shares		<u>1,517,697</u>	<u>1,517,697</u>
-----Rupees -----			
Basic earnings per share		<u>4.29</u>	<u>3.98</u>
33.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at December 31, 2020 and December 31, 2019 which would have any effect on the earnings per share if the option to convert is exercised.			
34 CASH AND CASH EQUIVALENTS	Note	2020	2019
		-----Rupees '000-----	
Cash and balance with treasury banks	7	59,881,289	60,368,417
Balance with other banks	8	2,878,547	2,835,570
Overdrawn nostros	16	<u>(1,633,331)</u>	<u>(438,722)</u>
		<u>61,126,505</u>	<u>62,765,265</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

35 STAFF STRENGTH

Permanent
On bank contract
Bank's own staff strength at the end of the year

2020	2019
----- Number of employees -----	
6,767	6,916
36	22
<u>6,803</u>	<u>6,938</u>

35.1 In addition to the above, 1,016 (2019: 968) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

The Bank operates an approved funded gratuity scheme for all its permanent employees and employees who are on contractual service in non-management cadre. In 2017, the Bank had bifurcated the approved funded gratuity scheme into 2 sub-funds namely conventional and Islamic within a single scheme. The benefits under the gratuity schemes are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefits are equal to one month's last drawn basic salary for each year of eligible service or part thereof. The minimum qualifying eligible service for gratuity is 1 year for employees who became members of the Funds before November 12, 2002. In the case of other members of the Funds the minimum qualifying eligible service is 5 years. The minimum qualifying eligible service for contractual employees not employed under the management cadre is 6 months. The latest actuarial valuation of the Bank's defined benefit plan, based on the projected unit credit actuarial cost method, was carried out as at December 31, 2020.

36.2 Number of employees under the scheme

The number of employees covered under the following defined benefit scheme are:

- Gratuity fund

2020	2019
----- Number of employees -----	
<u>6,803</u>	<u>6,938</u>

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2020 using the following significant assumptions:

	2020		2019	
	Conventional	Islamic	Conventional	Islamic
	----- % per annum -----			
Discount rate	10.25	10.25	11.75	11.75
Expected rate of return on plan assets	10.25	10.25	11.75	11.75
Expected rate of salary increase	10.25	10.25	11.75	11.75

36.4 Reconciliation of payable to defined benefit plan

Present value of obligations
Fair value of plan assets

Note	2020			2019		
	Conventional	Islamic	Total	Conventional	Islamic	Total
	----- Rupees '000 -----					
36.5	593,243	449,250	1,042,493	460,216	390,984	851,200
36.6	(678,599)	(428,099)	(1,106,698)	(372,980)	(359,406)	(732,386)
	<u>(85,356)</u>	<u>21,151</u>	<u>(64,205)</u>	<u>87,236</u>	<u>31,578</u>	<u>118,814</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

36.5	Movement in defined benefit obligations	Note	2020			2019		
			Conventional	Islamic	Total	Conventional	Islamic	Total
Rupees '000								
	Obligations at the beginning of the year		460,216	390,984	851,200	373,113	337,534	710,647
	Current service cost		140,083	55,076	195,159	110,147	51,751	161,898
	Interest cost		92,638	16,397	109,035	57,537	48,729	106,266
	Benefits paid by the Bank		(17,318)	(16,870)	(34,188)	(74,353)	(3,754)	(78,107)
	Re-measurement (gain) / loss		(82,376)	3,663	(78,713)	(6,228)	(43,276)	(49,504)
	Obligations at the end of the year		593,243	449,250	1,042,493	460,216	390,984	851,200
36.6	Movement in fair value of plan assets							
	Fair value at the beginning of the year		(372,980)	(359,406)	(732,386)	(314,357)	(278,438)	(592,795)
	Interest income on plan assets		(50,508)	(43,564)	(94,072)	(49,962)	(40,699)	(90,661)
	Contribution by the Bank - net		(276,416)	(53,355)	(329,771)	(44,550)	(40,033)	(84,583)
	Benefits paid by the Bank		17,318	16,870	34,188	74,353	3,754	78,107
	Re-measurements loss / (gain); Net return on plan assets over interest income	36.8.2	3,987	11,356	15,343	(38,464)	(3,990)	(42,454)
	Fair value at the end of the year		(678,599)	(428,099)	(1,106,698)	(372,980)	(359,406)	(732,386)
36.7	Movement in (receivable) / payable under defined benefit scheme							
	Opening balance		87,236	31,578	118,814	58,756	59,096	117,852
	Charge for the year		182,213	27,909	210,122	117,722	59,781	177,503
	Contribution by the Bank - net		(276,416)	(53,355)	(329,771)	(44,550)	(40,033)	(84,583)
	Re-measurement (gain) / loss recognised in OCI during the year	36.8.2	(78,389)	15,019	(63,370)	(44,692)	(47,266)	(91,958)
	Closing balance		(85,356)	21,151	(64,205)	87,236	31,578	118,814
36.8	Charge for defined benefit plans							
36.8.1	Cost recognised in profit and loss							
	Current service cost		140,083	55,076	195,159	110,147	51,751	161,898
	Net interest on defined benefit asset / liability		42,130	(27,167)	14,963	7,575	8,030	15,605
			182,213	27,909	210,122	117,722	59,781	177,503
36.8.2	Re-measurements recognised in OCI during the year							
	(Gain) / loss on obligation		-	-	-	-	-	-
	- demographic assumptions		(1,473)	(2,056)	(3,529)	(3,272)	(512)	(3,784)
	- financial assumptions		(80,903)	5,719	(75,184)	(2,956)	(42,764)	(45,720)
	- experience adjustment							
	Return on plan assets over interest income		3,987	11,356	15,343	(38,464)	(3,990)	(42,454)
	Total re-measurements recognised in OCI		(78,389)	15,019	(63,370)	(44,692)	(47,266)	(91,958)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

36.9 Components of plan assets

	2020	2019	2018	2017	2016
	Rupees '000				
Cash and cash equivalents - net	100,718	194,143	294,861	266,388	143,171
Government securities	577,601	-	577,601	106,312	-
Shares / mutual funds	280	233,956	234,236	280	216,235
	<u>678,599</u>	<u>428,099</u>	<u>1,106,698</u>	<u>372,980</u>	<u>732,386</u>

The funds are primarily invested in Government securities (Market Treasury Bills, Pakistan Investment Bonds, Special Savings Certificates, etc) and mutual funds and accordingly do not carry any credit risk. These are subject to interest rate risk. Cash and cash equivalents includes balances maintained with the Bank which are subject to credit risk. Equity securities are subject to price risk which is being regularly monitored by the Trustees of the employee fund.

36.10 Historical information

	2020	2019	2018	2017	2016
	Rupees '000				
Present value of defined benefit obligation	(1,042,493)	(851,200)	(710,647)	(650,039)	(592,711)
Fair value of plan assets	1,106,698	732,386	592,795	689,933	644,985
Surplus / (deficit)	<u>64,205</u>	<u>(118,814)</u>	<u>(117,852)</u>	<u>39,894</u>	<u>52,274</u>
Remeasurement of plan liabilities	78,713	49,504	8,344	53,248	7,332
Remeasurement of plan assets	<u>(15,343)</u>	<u>42,454</u>	<u>(42,468)</u>	<u>(14,209)</u>	<u>18,390</u>

36.11 Sensitivity analysis

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

	2020		2019	
	Conventional	Islamic	Conventional	Islamic
	Rupees '000			
1% increase in discount rate	(199,928)	99,907	205,329	(286,847)
1% decrease in discount rate	(108,732)	226,541	358,903	(263,116)
1% increase in expected rate of salary increase	(108,119)	227,399	359,931	(262,956)
1% decrease in expected rate of salary increase	(201,175)	98,167	203,247	(287,170)
1 year increase in expected life / withdrawal rate	(173,991)	143,828	252,270	(278,691)
1 year decrease in expected life / withdrawal rate	(142,925)	170,806	298,208	(273,583)

36.12 Expected maturity analysis of undiscounted obligation

Less than a year	29,842	31,200	32,701	4,551
Between 1-2 years	69,133	112,511	132,611	33,987
Between 2-5 years	177,618	277,572	314,816	80,396
Over 5 years	9,584,595	20,124,949	26,927,067	13,215,456
Total	<u>9,861,188</u>	<u>20,546,232</u>	<u>27,407,195</u>	<u>13,334,390</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

2020	
Conventional	Islamic
-----Rupees '000-----	
36.13 Expected contributions to be paid to the scheme in the next financial year	48,098 162,759
36.14 Expected charge for the next financial year	48,098 162,759

36.15 Maturity profile

The weighted average duration of the defined benefit obligation is 9.62 years and 10.36 years for conventional and Islamic sub-funds respectively.

36.16 Funding policy

The policy followed by the Bank for funding the staff retirement benefit schemes is disclosed in note 6.11 of these unconsolidated financial statements.

36.17 The gratuity scheme exposes the Bank to the following risks:

Asset volatility

The defined benefit gratuity conventional fund is largely invested in government bonds with mostly fixed income bonds. The fund has invested 45.2% and 39.9% of the total investments (Rs. 306.986 million and 270.615 million) in Pakistan Investment Bonds and Market Treasury Bills respectively. This gives rise to significant reinvestment risk. The asset class is volatile with reference to the yield on this class. This risk should be viewed together with change in the bond yield risk. On the other hand, the Islamic fund has investment in mutual funds. This investment is almost 54.65%. Islamic fund has no investment in any Government bonds, equity or corporate bonds.

Changes in bond yields

There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the gratuity liability is discounted with reference to these bond yields. Any increase in bond yields will lower the gratuity liability and vice versa, but, it will also lower the asset values.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Bank.

Life expectancy / withdrawal rate

The gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post-retirement benefit been given by the Bank like monthly pension, post-retirement medical, etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

Other risks

Though, not imminent and observable, over long term there are some risks that may crystallise. These include:

- retention risk – the risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.

Notes to and forming part of the Unconsolidated Financial Statements

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- final salary risk – the risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- model risk – the defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.
- operational risk related to a separate entity - retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.
- compliance risk – the risk that retirement benefits offered by the Bank does not comply with minimum statutory requirements.
- legal / political risk – the risk that the legal / political environment changes and the Bank is required to offer additional or different retirement benefits than what the Bank has projected.

37 DEFINED CONTRIBUTION PLAN

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

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Particulars	2020			
	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
----- Rupees '000 -----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	10,719	53,694	176,587	252,648
ii) Total variable	3,050	51,660	113,782	143,532
of which				
a) Cash bonus / awards - paid	2,425	38,745	85,336	116,397
b) Cash bonus / awards - deferred	625	12,915	28,446	27,135
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	987	4,469	9,393	13,600
Contribution to defined contribution plan	-	5,362	7,928	16,320
Rent & house maintenance	2,621	4,800	53,070	77,913
Utilities	655	858	12,606	16,956
Medical	168	-	1,393	5,313
Conveyance	-	-	47,762	79,274
Signing in bonus	-	-	-	3,000
Others	34	31	1,500	6,140
Total	18,234	120,874	424,021	614,696
Number of persons	3	1	16	66

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

Particulars	2019			
	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
----- Rupees '000 -----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	9,331	39,224	152,779	271,829
ii) Total variable	1,500	43,000	90,203	108,401
of which				
a) Cash bonus / awards - paid	1,500	43,000	90,203	108,401
b) Cash bonus / awards - deferred	-	-	-	-
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	719	3,269	8,469	12,370
Contribution to defined contribution plan	-	3,922	8,083	14,022
Rent & house maintenance	2,251	5,630	47,272	66,990
Utilities	563	-	10,110	14,844
Medical	168	-	1,358	5,233
Conveyance	3	-	3,886	25,403
Signing in bonus	-	-	-	603
Others	-	-	145	177
Total	14,535	95,045	322,305	519,872
Number of persons	3	1	17	66

38.1 The President & CEO is provided with the Bank's maintained cars in accordance with the terms of employment.

38.2 Remuneration paid to directors for participation in board and committee meetings

S.No.	Name of director	2020							
		Board meetings	Meeting fees and allowances paid						Total
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee	Independent directors meeting	
----- Rupees '000 -----									
1	Mr. Farooq Rahmatullah Khan	12,951	-	2,679	-	-	-	-	15,630
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	9,318	3,986	2,704	1,400	-	-	-	17,408
3	Mian Muhammad Younis	8,241	3,961	-	4,661	-	-	700	17,563
4	Mr. Imtiaz Ahmad Pervez	7,961	-	-	-	-	2,679	-	10,640
5	Mr. Ali Munir	8,380	3,961	-	4,661	4,661	-	700	22,363
6	Mr. Juma Hasan Ali Abul	6,781	3,986	2,704	3,986	-	-	-	17,457
7	Mr. Abdullelah Ebrahim Mohamed AlQasimi	6,781	-	-	-	3,986	2,704	-	13,471
8	Mr. Abdulla Abdulaziz Ali Taleb	6,781	-	-	-	3,986	2,704	-	13,471
9	Mr. Fuad Azim Hashimi *	4,340	2,561	1,279	-	-	-	-	8,180
10	Ms. Fatima Asad *	3,205	1,400	1,400	-	-	-	700	6,705
11	Mr. Mohsin Tariq *	3,205	-	1,400	-	2,100	-	700	7,405
	Total amount paid	77,944	19,855	12,166	14,708	14,733	8,087	2,800	150,293

* The Board of Directors of the Bank was reconstituted in the 25th annual general meeting of the Bank held on May 14, 2020. Ms. Fatima Asad and Mr. Mohsin Tariq were new appointments to the Board while Mr. Fuad Azim Hashimi retired from the Board.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

S.No.	Name of director	Board meetings	2019						Total
			Meeting fees and allowances paid						
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee	Independent directors meeting	
----- Rupees '000 -----									
1	Mr. Farooq Rahmatullah Khan	13,805	-	2,827	-	-	-	-	16,632
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	9,563	2,888	2,300	-	-	-	-	14,751
3	Mian Muhammad Younis	4,601	2,230	-	2,230	-	-	586	9,647
4	Mr. Imtiaz Ahmad Pervez	4,601	-	-	-	-	2,230	-	6,831
5	Mr. Ali Munir	4,601	2,230	-	2,230	2,751	-	586	12,398
6	Mr. Juma Hasan Ali Abul	4,786	2,888	2,300	2,300	-	-	-	12,274
7	Mr. Abdulalah Ebrahim Mohamed AlQasimi	4,786	-	-	-	2,823	2,300	-	9,909
8	Mr. Abdulla Abdulaziz Ali Taleb	4,786	-	-	-	2,823	2,300	-	9,909
9	Mr. Fuad Azim Hashimi	4,601	2,827	2,230	-	-	-	586	10,244
Total amount paid		56,130	13,063	9,657	6,760	8,397	6,830	1,758	102,595

38.3 Remuneration paid to shariah board members

Description	2020			2019		
	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
Rupees '000						
Meeting fees and allowances	8,175	3,348	2,640	8,173	3,000	2,640
Others	2,534	550	-	-	3	-
	10,709	3,898	2,640	8,173	3,003	2,640
Number of persons	1	1	1	1	1	1

39 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.

39.1 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 asset 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 Unconsolidated Financial Statements

For the year ended December 31, 2020

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:

2020				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	202,016,327	-	202,016,327
Shares	5,631,735	1,477,249	-	7,108,984
Non-Government debt securities	47,510,000	6,092,828	-	53,602,828
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	10,029,170	-	10,029,170
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,259,060	11,259,060
Non-banking assets acquired in satisfaction of claims	-	-	2,683,207	2,683,207
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	64,514,335	-	64,514,335
Forward sale of foreign exchange	-	26,528,182	-	26,528,182
Derivatives sales	-	8,272,187	-	8,272,187
2019				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	135,299,160	-	135,299,160
Shares	4,344,431	2,149,239	-	6,493,670
Non-Government debt securities	39,550,000	7,154,872	-	46,704,872
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	12,564,225	-	12,564,225
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,325,755	11,325,755
Non-banking assets acquired in satisfaction of claims	-	-	2,725,172	2,725,172
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	81,296,151	-	81,296,151
Forward sale of foreign exchange	-	41,387,194	-	41,387,194
Derivatives sales	-	9,244,773	-	9,244,773

Notes to and forming part of the Unconsolidated Financial Statements

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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.

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 Ijara 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 the 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.

Item	Valuation approach and input used
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency 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.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and buildings)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in note 6.6.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in note 6.9.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Bank which are also on the panel of the Pakistan Banks' Association (PBA). 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 unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

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40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2020					
	Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000						
Profit and loss account						
Net mark-up / return / profit	(15,617,681)	22,654,079	16,993,528	197,069	307,071	24,534,066
Inter segment revenue - net	31,775,739	(19,720,694)	(17,083,127)	(108,948)	5,137,030	-
Non mark-up / return / interest income	3,811,737	1,161,124	3,876,876	(18,266)	(600,428)	8,231,043
Total income	19,969,795	4,094,509	3,787,277	69,855	4,843,673	32,765,109
Segment direct expenses	11,168,715	553,989	346,768	140,146	7,530,833	19,740,451
Inter segment expense allocation	6,378,043	658,669	140,470	122,626	(7,299,808)	-
Total expenses	17,546,758	1,212,658	487,238	262,772	231,025	19,740,451
Provisions	771,696	1,746,171	(61,841)	(484,881)	283,156	2,254,301
Profit before tax	1,651,341	1,135,680	3,361,880	291,964	4,329,492	10,770,357
Statement of financial position						
Cash and bank balances	29,219,828	-	33,540,008	-	-	62,759,836
Lendings to financial institutions	-	-	2,985,000	-	-	2,985,000
Investments	-	16,430,902	259,865,978	3,298,820	1,111,380	280,707,080
- Investment provision	-	-	(1,688,885)	(2,088,403)	-	(3,777,288)
Net inter segment lending	412,879,111	-	-	-	(412,879,111)	-
Advances - performing	64,171,608	245,899,442	-	-	3,448,811	313,519,861
Advances - non-performing	6,647,456	3,489,249	-	16,049,685	39,035	26,225,425
- Advances - provisions	(5,245,632)	(2,755,805)	-	(13,299,212)	(264,759)	(21,565,408)
Others	10,290,418	3,793,772	4,945,294	(1,881,285)	31,955,249	49,103,448
Total assets	517,962,789	266,857,560	299,647,395	2,079,605	(376,589,395)	709,957,954
Borrowings	5,488,813	46,412,012	6,545,691	-	-	58,446,516
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	494,881,273	44,326,035	-	201,771	1,226,754	540,635,833
Net inter segment borrowing	-	175,499,595	289,997,780	1,871,334	(467,368,709)	-
Others	17,592,703	619,918	331,518	6,500	32,217,534	50,768,173
Total liabilities	517,962,789	266,857,560	299,647,395	2,079,605	(433,924,421)	649,850,522
Equity	-	-	2,772,406	-	57,335,026	60,107,432
Total equity and liabilities	517,962,789	266,857,560	299,647,395	2,079,605	(376,589,395)	709,957,954
Contingencies and commitments	14,672,741	64,309,145	-	1,249,878	-	80,231,764
2019						
	Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000						
Profit and loss account						
Net mark-up / return / profit	(18,300,251)	29,332,925	9,635,849	334,820	116,762	21,120,105
Inter segment revenue - net	31,581,159	(27,033,908)	(8,066,023)	(307,598)	3,826,370	-
Non mark-up / return / interest income	4,191,552	1,069,511	2,478,230	(68,493)	(500,335)	7,170,465
Total income	17,472,460	3,368,528	4,048,056	(41,271)	3,442,797	28,290,570
Segment direct expenses	11,468,213	507,192	310,658	134,028	4,912,791	17,332,882
Inter segment expense allocation	4,169,128	529,603	108,916	105,144	(4,912,791)	-
Total expenses	15,637,341	1,036,795	419,574	239,172	-	17,332,882
Provisions	507,879	654,996	279,221	(674,287)	(1,811)	765,998
Profit before tax	1,327,240	1,676,737	3,349,261	393,844	3,444,608	10,191,690
Statement of financial position						
Cash and bank balances	22,325,104	-	40,878,883	-	-	63,203,987
Lendings to financial institutions	-	-	-	-	-	-
Investments	-	19,516,432	184,463,090	3,298,820	639,891	207,918,233
- Investment provision	-	-	(883,015)	(2,966,266)	-	(3,849,281)
Net inter segment lending	348,653,144	-	-	-	(348,653,144)	-
Advances - performing	62,582,195	237,193,175	-	-	3,626,024	303,401,394
Advances - non-performing	6,266,681	3,807,114	-	20,289,645	45,843	30,409,283
- Advances - provisions	(4,503,653)	(1,033,307)	-	(18,697,708)	(3,007)	(24,237,675)
Others	10,416,842	13,994,465	1,352,471	243,892	26,999,046	53,006,716
Total assets	445,740,313	273,477,879	225,811,429	2,168,383	(317,345,347)	629,852,657
Borrowings	1,931,729	20,088,523	50,726,543	-	-	72,746,795
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	428,360,629	27,972,150	-	115,674	1,340,656	457,789,109
Net inter segment borrowing	-	216,745,546	170,558,318	1,985,797	(389,289,661)	-
Others	15,447,955	8,671,660	1,142,652	66,912	18,723,701	44,052,880
Total liabilities	445,740,313	273,477,879	222,427,513	2,168,383	(369,225,304)	574,588,784
Equity	-	-	3,383,916	-	51,879,957	55,263,873
Total equity and liabilities	445,740,313	273,477,879	225,811,429	2,168,383	(317,345,347)	629,852,657
Contingencies and commitments	8,944,978	44,725,691	-	1,204,950	-	54,875,619

Notes to and forming part of the Unconsolidated Financial Statements

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40.2 Segment details with respect to geographical locations

Segment details with respect to geographical locations are not presented in these unconsolidated financial statements as geographically the Bank is concentrated in Pakistan only.

41 TRUST ACTIVITIES

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

2020						
Category	No. of IPS accounts	Securities held (face value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
----- Rupees '000 -----						
Corporate	51	3,898,430	456,200	-	-	4,354,630
Insurance companies	3	-	-	-	-	-
Asset management companies	50	326,000	65,000	-	-	391,000
Employees funds	168	4,495,770	12,399,700	60,000	-	16,955,470
Charitable institution / NGOs	22	995,750	1,036,500	-	-	2,032,250
Individuals	4,403	1,942,640	977,300	19,300	1,947,071	4,886,311
Related parties	8	881,590	421,100	-	-	1,302,690
Others	5	-	-	-	-	-
	4,710	12,540,180	15,355,800	79,300	1,947,071	29,922,351

2019						
Category	No. of IPS accounts	Securities held (face value)				
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	Total
----- Rupees '000 -----						
Corporate	46	10,030,920	516,600	-	-	10,547,520
Insurance companies	3	-	29,000	-	-	29,000
Asset management companies	49	101,100	-	-	-	101,100
Employees funds	165	3,673,305	6,373,000	-	-	10,046,305
Charitable institution / NGOs	22	638,100	527,500	-	-	1,165,600
Individuals	1,917	1,917,615	1,044,700	-	-	2,962,315
Related parties	8	222,800	106,200	-	-	329,000
Others	5	-	-	-	-	-
	2,215	16,583,840	8,597,000	-	-	25,180,840

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

42 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 transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2020					2019						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
Investments												
Opening balance	-	-	-	639,893	961,872	3,614,956	-	-	-	639,893	-	5,183,885
Investment made during the year	-	-	-	500,000	200,000	21,245,000	-	-	-	-	961,872	13,165,056
Investment redeemed / sold during the year	-	-	-	-	-	(21,364,798)	-	-	-	-	-	(14,733,985)
Closing balance	-	-	-	1,139,893	1,161,872	3,495,158	-	-	-	639,893	961,872	3,614,956
Provision for diminution in value of investments	-	-	-	-	-	2,041,899	-	-	-	-	-	2,364,199
Advances												
Opening balance	-	-	226,887	-	-	9,441,893	-	-	176,873	-	-	5,002,325
Addition during the year	-	-	78,407	-	-	6,496	-	-	90,859	-	-	5,579,340
Repaid during the year	-	-	(49,522)	-	-	(5,296,772)	-	-	(40,845)	-	-	(1,139,772)
Written off during the year	-	-	-	-	-	(2,351,936)	-	-	-	-	-	-
Closing balance	-	-	255,772	-	-	1,799,681	-	-	226,887	-	-	9,441,893
Provision held against advances	-	-	-	-	-	511,816	-	-	-	-	-	2,925,840
Fixed assets - right-of-use assets												
Opening balance	-	-	-	12,750	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	14,806	-	-
Depreciation for the year	-	-	-	(4,936)	-	-	-	-	-	(2,056)	-	-
Closing balance	-	-	-	7,814	-	-	-	-	-	12,750	-	-
Accumulated depreciation	-	-	-	-	6,992	-	-	-	-	-	2,056	-

Notes to and forming part of the Unconsolidated Financial Statements

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	2020					2019						
Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	
Rupees '000												
Other assets												
Interest / mark-up accrued	-	345	-	-	58,469	-	-	189	-	-	1,900,806	
Commission income receivable	-	-	-	72	36,391	-	-	-	-	-	11,279	
Defined benefit plan asset	-	-	-	-	64,205	-	-	-	-	-	-	
Maintenance receivable	-	-	1,751	-	-	-	-	-	1,502	-	-	
Rent receivable	-	-	6,467	-	-	-	-	-	5,544	-	-	
Sale load receivable	-	-	-	-	-	-	-	-	8	-	-	
Acceptances	-	-	-	-	-	-	-	-	-	-	2,004,043	
Dividend receivable	-	-	-	-	1,398	-	-	-	-	-	-	
Others	-	-	-	-	515,944	-	-	-	1,200	-	363,052	
	-	345	8,218	72	676,407	-	-	189	8,254	-	4,279,180	
Deposits and other accounts												
Opening balance	182	37,985	156,482	5,469	-	3,074,185	182	26,496	159,986	2,734	-	3,416,265
Received during the year	-	46,969	1,723,877	33,796,467	1,178,039	235,409,751	-	58,204	1,415,830	13,478,138	-	84,679,688
Withdrawn during the year	-	(40,498)	(1,740,545)	(63,797,692)	(1,163,129)	(227,974,202)	-	(46,715)	(1,419,334)	(13,475,403)	-	(85,021,768)
Closing balance	182	44,456	139,814	4,244	14,910	10,509,734	182	37,985	156,482	5,469	-	3,074,185
Other liabilities												
Interest / mark-up payable	-	129	217	-	11	38,703	-	196	28	-	-	9,970
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	118,814
Lease liability against right-of-use asset	-	-	-	5,640	-	-	-	-	-	10,132	-	-
Acceptances	-	-	-	-	-	-	-	-	-	-	-	2,004,043
Other liabilities	-	-	-	-	-	154,308	-	-	-	-	-	125,263
	-	129	217	5,640	11	193,011	-	196	28	10,132	-	2,258,090
Contingencies and commitments												
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	4,397	-	-	-	-	-	29,397
Trade related commitments	-	-	-	-	-	90,506	-	-	-	-	-	407,541
	-	-	-	-	-	94,903	-	-	-	-	-	436,938

* represents outstanding guarantee

42.1

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

Notes to and forming part of the Unconsolidated Financial Statements

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42.2 Details of outstanding investments in the subsidiary company and donations made during the year relating to related parties are given in notes 10 and 29.3 to these unconsolidated financial statements. Contributions to and accruals in respect of retirement benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer notes 36 and 37 to these unconsolidated financial statements for the details of the plans). Remuneration of the President and Chief Executive Officer, directors' fee, and certain related information are disclosed in note 38 to these unconsolidated financial statements. Such remuneration is determined in accordance with the terms of their employment. Details of shares held by the holding company are disclosed in note 20.2.1 to these unconsolidated financial statements. Details of assets held under trust arrangement on behalf of the related parties are given in note 41 to these unconsolidated financial statements.

42.3 The Bank has entered into a lease arrangement with the subsidiary company. The office premises leased is used for training purposes. The term for the said lease is of 3 years which is further extendable by 3 years.

RELATED PARTY TRANSACTIONS

	2020					2019						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
Income												
Mark-up / return / interest earned	-	-	12,730	-	-	131,553	-	-	10,727	-	-	394,686
Fee and commission income	-	48	171	43	-	111,654	-	22	132	3,072	-	111,272
Dividend income	-	-	-	-	109,991	40,289	-	-	-	-	68,800	20,237
Net gain / (loss) on sale of securities	-	-	43	11	-	44,581	-	-	-	-	-	(35,136)
Maintenance income	-	-	-	6,780	-	-	-	-	-	6,006	-	-
Occupancy and conservancy income	-	-	-	25,032	-	-	-	-	-	22,176	-	-
Other income	-	-	-	1,744	-	-	-	-	-	1,200	-	-
Expense												
Mark-up / return / interest paid	-	2,096	6,354	2,671	1,319	631,051	-	2,279	14,110	2,235	-	250,576
Interest expense on lease liability	-	-	-	1,168	-	-	-	-	-	568	-	-
Director's fee and other expenses	-	150,293	-	-	-	-	-	102,595	-	-	-	-
Remuneration	-	-	531,033	-	-	1,668	-	-	457,637	-	-	-
Consultancy fee	-	-	-	-	-	4,306	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	210,122	-	-	-	-	-	177,503
Contribution to defined contribution plan	-	-	-	-	-	232,063	-	-	-	-	-	190,548
Others												
Shares / units purchased during the year	-	-	-	500,000	200,000	21,245,000	-	-	-	-	961,872	13,165,056
Shares / units sold during the year	-	-	-	-	-	21,328,714	-	-	-	-	-	14,698,849
Government securities purchased during the year	-	-	627,067	1,092,728	219,761	6,792,088	-	-	650,434	-	-	3,248,638
Government securities sold during the year	-	-	645,099	1,089,048	-	10,331,647	-	-	657,890	-	-	9,161,054
Contribution to defined benefit plan	-	-	-	-	-	329,771	-	-	-	-	-	84,583
Lease rentals during the year	-	-	-	5,661	-	-	-	-	-	5,242	-	-

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43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum capital requirement (MCR):

Paid-up capital (net of losses)

Capital adequacy ratio (CAR):

Eligible common equity tier 1 (CET 1) capital

Eligible additional tier 1 (ADT 1) capital

Total eligible tier 1 capital

Eligible tier 2 capital

Total eligible capital (tier 1 + tier 2)

Risk weighted assets (RWAs):

Credit risk

Market risk

Operational risk

Total

Common equity tier 1 capital adequacy ratio (in %)

Tier 1 Capital adequacy ratio (in %)

Total Capital adequacy ratio (in %)

	2020	2019
	-----Rupees '000-----	
Paid-up capital (net of losses)	15,176,965	15,176,965
Eligible common equity tier 1 (CET 1) capital	49,714,043	43,235,482
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	49,714,043	43,235,482
Eligible tier 2 capital	8,503,577	10,070,358
Total eligible capital (tier 1 + tier 2)	58,217,620	53,305,840
Credit risk	238,337,872	216,126,150
Market risk	21,979,018	18,811,120
Operational risk	51,445,036	43,523,481
Total	311,761,926	278,460,751
Common equity tier 1 capital adequacy ratio (in %)	15.95%	15.53%
Tier 1 Capital adequacy ratio (in %)	15.95%	15.53%
Total Capital adequacy ratio (in %)	18.67%	19.14%

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

As at December 31, 2020, the SBP requires each bank or banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10% and (c) maintain common equity tier I (CET1) ratio and tier 1 ratio of 6% and 7.5% respectively.

With effect from December 31, 2020, an additional Capital Conservation Buffer (CCB) of 2.5% (to be met from CET1) has to be maintained over and above the minimum required level. In order to dampen the effects of COVID-19, the State Bank of Pakistan has given a regulatory relief and reduced the Capital Conservation Buffer (CCB) for the time being, from its existing level of 2.5% to 1.5%, till further instructions.

The paid-up capital of the Bank for the year ended December 31, 2020, stood at Rs 15.177 billion (2019: Rs 15.177 billion). As at December 31, 2020, the Bank's CAR stood at 18.67% (December 31, 2019: 19.14%) whereas CET1 and Tier 1 ratios both stood at 15.95% (December 31, 2019: 15.53%).

The Bank is also in compliance with the Capital Conservation Buffer requirements.

Leverage ratio (LR):

Eligible tier-1 capital

Total exposures

Leverage ratio (in %)

Liquidity coverage ratio (LCR):

Total high quality liquid assets

Total net cash outflow

Liquidity coverage ratio (Ratio)

Net stable funding ratio (NSFR):

Total available stable funding

Total required stable funding

Net stable funding ratio (in %)

	2020	2019
	-----Rupees '000-----	
Eligible tier-1 capital	49,714,043	43,235,482
Total exposures	833,578,134	738,294,782
Leverage ratio (in %)	5.96%	5.86%
Total high quality liquid assets	265,715,345	174,038,704
Total net cash outflow	125,951,241	122,919,223
Liquidity coverage ratio (Ratio)	2.110	1.416
Total available stable funding	493,425,675	406,300,952
Total required stable funding	291,491,198	299,630,986
Net stable funding ratio (in %)	169.28%	135.60%

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43.1 The link to the full disclosure is available at <https://www.faysalbank.com/en/capital-adequacy-ratio-car/>

44 RISK MANAGEMENT

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

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

The 'risk management framework' at the Bank encompasses:

- scope of risks to be managed;
- process, systems and procedures to manage risk; and
- roles and responsibilities of individuals involved in risk management.

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

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

- clearly defined risk management policies;
- well constituted organisational structure; and
- mechanism for ongoing review of all policies and procedures and risk exposures.

The 'risk management framework' is built on the following elements:

- comprehensive risk governance; and
- effective risk processes.

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

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

- active board / senior management strategic direction and centralised RMG oversight;
- sufficient policies, procedures and limits;
- adequate risk measurement, monitoring and management information systems; and
- comprehensive internal controls.

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

In order to have an effective and efficient risk assessment, and to closely align its functions with business, RMG has separate risk management functions for credit risk management, based on the specialised skill sets and required specific experience in various business segments. These functions comprise of corporate risk, CBSME, agri and retail risk management.

The common responsibilities of all credit risk management functions include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with compliance department of the Bank to ensure conformity to the relevant Government regulations, the SBP PRs as well as internal policies.
- work with relationship teams to structure exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure adequate risk coverage.

The risk management architecture is further fostered by enterprise risk management, credit administration, risk policy and portfolio management and information security functions.

The enterprise risk management function is responsible for managing and controlling market, operational and liquidity risks at an enterprise level and monitoring regulatory capital requirements of the Bank.

Credit administration department looks after the security, loan documentation, disbursement and post disbursement monitoring aspects of the credit portfolio.

Risk policy and analytics department serves as an independent check in the risk management function. It performs periodic review of all credit related portfolios (corporate, CBSME, retail, agri, SAM) and analyses portfolio compositions, risk rating distributions, emerging trends of NPLs, renewal status of RAs as per policy and other policy related matters. It also formulates / updates credit policies (along with various limits prescribed therein) in line with regulatory environment, business strategy, the BoD approvals and the best practices.

The information security risk function is responsible for information security risk identification, monitoring and reporting.

44.1 Credit risk

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

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

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

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

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

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

44.1.1 Segment by class of business

Credit Risk Management (CRM) Framework (non-retail / non-individual portfolio) covers three business segments: corporate risk management, commercial banking and SME (including agri) risk management and retail risk management. Based on overall guidance provided by a recognised and established external consultant, in line with the global best practices while ensuring regulatory compliance and alleviation of any (perceived) conflict of interest, credit management process has been segregated into two distinct categories:

- independent risk advice by risk management function.
- credit approvals by credit committee(s), while taking into consideration the business unit recommendations / approvals and independent risk advice.

With this segregation, the role of risk management function in credit approval process is focused to provide risk advice only, based on key risk parameters; whereas relevant credit committees are responsible for providing credit related approvals.

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

44.1.2 Credit risk: general disclosures Basel specific

The Bank has adopted the standardised approach under Basel. According to the regulatory statement submitted under the standardised approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 63.74% (2019: 58.88%) of the total credit risk weighted assets, 1.88% (2019: 2.41%) represents claims on PSEs and 15.73% (2019: 16.23%) exposure pertains to claims categorised as retail portfolio.

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44.1.3 Credit risk: disclosures for portfolio subject to standardised approach

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

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

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

Long term rating grades mapping

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

Short term rating grades mapping

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

Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

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44.1.4 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees '000					
Public / Government	2,985,000	-	-	-	-	-
Private	-	-	-	-	-	-
	2,985,000	-	-	-	-	-

44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees '000					
Textile	51,476	51,476	51,476	51,476	51,476	51,476
Chemical and pharmaceuticals	1,914,648	2,296,663	1,528,616	1,543,597	1,528,616	1,543,597
Cement	500,000	500,000	500,000	500,000	500,000	500,000
Sugar	8,311	8,311	8,311	8,311	8,311	8,311
Power (electricity), gas, water, sanitary	58,686,826	51,252,852	-	-	-	-
Financial	528,571	618,234	-	-	-	-
Others	1,780,459	1,899,941	-	-	-	-
	63,470,291	56,627,477	2,088,403	2,103,384	2,088,403	2,103,384

Credit risk by public / private sector

	Gross investments		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees '000					
Public / Government	58,659,556	51,128,014	-	-	-	-
Private	4,810,735	5,499,463	2,088,403	2,103,384	2,088,403	2,103,384
	63,470,291	56,627,477	2,088,403	2,103,384	2,088,403	2,103,384

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44.1.6 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees '000					
Agriculture, forestry, hunting and fishing	13,223,912	37,671,466	1,285,467	1,393,828	952,068	932,071
Mining and quarrying	9,825,281	10,643,302	3,451	3,451	3,451	3,451
Textile	48,192,672	33,179,852	6,970,425	8,694,000	6,774,726	8,427,536
Chemical and pharmaceuticals	10,160,529	10,065,770	722,784	718,432	539,710	611,552
Cement	8,348,611	6,257,485	41,608	41,608	39,108	39,108
Sugar	8,469,446	10,580,956	722,146	1,292,131	653,799	484,798
Footwear and leather garments	1,959,600	1,565,492	388,849	425,235	274,304	295,433
Automobile and transportation equipment	3,987,402	8,626,943	180,226	357,936	164,957	335,866
Electronics and electrical appliances	6,436,741	6,152,026	796,963	1,096,112	613,140	1,027,788
Construction	3,912,232	2,075,729	402,609	319,235	373,029	310,284
Power (electricity), gas, water, sanitary	69,630,945	57,535,304	1,912,627	4,690,628	1,463,827	3,143,913
Wholesale and retail trade	9,896,465	11,633,590	2,376,685	2,553,567	1,778,353	1,734,079
Transport, storage and communication	30,713,246	4,030,862	219,883	251,613	183,314	145,996
Financial	2,496,069	3,900,437	50,853	50,853	50,309	50,309
Insurance	465	1,064	-	-	-	-
Services	20,607,480	15,069,623	385,817	474,018	321,972	392,480
Individuals	39,498,032	36,199,917	3,195,164	2,861,246	2,706,894	2,380,111
Others	52,386,158	78,620,859	6,569,868	5,185,390	3,756,671	3,160,949
	339,745,286	333,810,677	26,225,425	30,409,283	20,649,632	23,475,724
Credit risk by public / private sector						
Public / Government	66,100,620	75,934,491	-	-	-	-
Private	273,644,666	257,876,186	26,225,425	30,409,283	20,649,632	23,475,724
	339,745,286	333,810,677	26,225,425	30,409,283	20,649,632	23,475,724

44.1.7 Contingencies and Commitments

Credit risk by industry sector

	2020	2019
	Rupees '000	
Agriculture, forestry, hunting and fishing	129,715	24,664
Mining and quarrying	643,156	401,842
Textile	16,819,192	12,314,035
Chemical and pharmaceuticals	4,612,636	2,178,731
Cement	1,889,995	1,180,988
Sugar	141,910	180,375
Footwear and leather garments	971,716	165,732
Automobile and transportation equipment	7,898,310	226,689
Electronics and electrical appliances	1,062,536	350,193
Construction	701,276	582,688
Power (electricity), gas, water, sanitary	8,343,448	3,733,267
Wholesale and retail trade	6,650,570	5,017,410
Exports / imports	121,662	95,358
Transport, storage and communication	1,470,443	1,768,837
Financial	1,576,753	35,547
Services	2,962,296	7,806,189
Individuals	1,266,835	1,099,705
Others	22,969,315	17,713,369
	80,231,764	54,875,619
Credit risk by public / private sector		
Public / Government	27,213,201	1,857,056
Private	53,018,563	53,018,563
	80,231,764	54,875,619

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44.1.8 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 143,318 million (2019: Rs 137,403 million) are as following:

	2020	2019
	-----Rupees '000-----	
Funded	127,981,622	123,725,214
Non-funded	15,336,103	13,678,125
Total exposure	<u>143,317,725</u>	<u>137,403,339</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 178,938 million (2019: Rs 166,366 million).

There are no classified exposures under this category of advances.

44.1.9 Advances - province / region-wise disbursement and utilisation

Province / region	2020						
	Disburse-ments	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		----- Rupees '000 -----					
Punjab	349,302,391	337,527,252	11,039,826	273,004	3,108	456,575	2,626
Sindh	462,384,651	29,676,967	432,479,153	23,096	142,926	60,611	1,898
KPK including FATA	1,399,307	-	-	1,399,307	-	-	-
Balochistan	4,134	-	-	-	4,134	-	-
Islamabad	21,520,373	3,384,997	487,909	705,436	124	16,771,842	170,065
AJK including Gilgit-Baltistan	68,512	842	-	-	-	-	67,670
Total	<u>834,679,368</u>	<u>370,590,058</u>	<u>444,006,888</u>	<u>2,400,843</u>	<u>150,292</u>	<u>17,289,028</u>	<u>242,259</u>

Province / region	2019						
	Disburse-ments	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		----- Rupees '000 -----					
Punjab	398,535,206	391,090,500	7,057,562	135,711	4,100	239,444	7,889
Sindh	491,689,892	17,685,596	471,355,695	572,428	2,043,897	27,102	5,174
KPK including FATA	1,656,726	21,064	-	1,635,662	-	-	-
Balochistan	1,570	-	-	-	1,570	-	-
Islamabad	32,855,422	1,558,245	260,872	496,785	3,880	30,502,761	32,879
AJK including Gilgit-Baltistan	1,239,835	171,980	-	10,596	-	-	1,057,259
Total	<u>925,978,651</u>	<u>410,527,385</u>	<u>478,674,129</u>	<u>2,851,182</u>	<u>2,053,447</u>	<u>30,769,307</u>	<u>1,103,201</u>

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44.2 Market Risk

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

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

44.2.1 Unconsolidated statement of financial position split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees '000						
Cash and balances with treasury banks	59,881,289	-	59,881,289	60,368,417	-	60,368,417
Balances with other banks	2,878,547	-	2,878,547	2,835,570	-	2,835,570
Lendings to financial institutions	2,985,000	-	2,985,000	-	-	-
Investments	19,727,736	257,202,056	276,929,792	27,830,930	176,238,022	204,068,952
Advances	318,179,878	-	318,179,878	309,573,002	-	309,573,002
Fixed assets	24,038,885	-	24,038,885	24,183,424	-	24,183,424
Intangible assets	1,540,779	-	1,540,779	1,487,541	-	1,487,541
Deferred tax assets	-	-	-	-	-	-
Other assets	23,523,784	-	23,523,784	27,335,751	-	27,335,751
	<u>452,755,898</u>	<u>257,202,056</u>	<u>709,957,954</u>	<u>453,614,635</u>	<u>176,238,022</u>	<u>629,852,657</u>

44.2.2 Foreign Exchange Risk

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

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

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

Notes to and forming part of the Unconsolidated Financial Statements

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	2020				2019			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	Rupees '000							
Pakistan Rupee	694,278,646	596,182,242	(37,252,513)	60,843,891	614,326,820	520,288,044	(40,234,738)	53,804,038
United States Dollar	11,685,918	46,504,509	34,045,900	(772,691)	12,834,688	48,355,127	36,977,410	1,456,971
Great Britain Pound Sterling	2,576,085	4,666,666	2,101,525	10,944	1,752,207	3,901,237	2,155,516	6,486
Euro	1,372,956	2,475,788	1,105,389	2,557	910,522	2,041,078	1,129,859	(697)
Japanese Yen	247	3,212	2,945	(20)	227	1,861	2,138	504
Other currencies	44,102	18,105	(3,246)	22,751	28,193	1,437	(30,185)	(3,429)
	<u>709,957,954</u>	<u>649,850,522</u>	<u>-</u>	<u>60,107,432</u>	<u>629,852,657</u>	<u>574,588,784</u>	<u>-</u>	<u>55,263,873</u>

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 1% change in foreign exchange rates on				
- profit and loss account	-	(7,365)	-	14,598
- other comprehensive income	-	-	-	-

44.2.3 Equity position Risk

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

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

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 5% change in equity prices on				
- profit and loss account	-	-	-	-
- other comprehensive income	2,699	404,612	2,235	366,525

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44.2.4 Yield / interest rate risk in the banking book (IRRBB)-Basel II specific

2020		2019	
Banking book	Trading book	Banking book	Trading book

Rupees '000

Impact of 1% change in interest rates on
 - profit and loss account
 - other comprehensive income

(1,057,450)	2,342,798	(88,712)	1,574,839
-	(576,601)	-	(495,718)

44.2.5 Mismatch of interest rate sensitive assets and liabilities

2020											
Exposed to yield / interest risk											
Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
(%)											
Rupees '000											

On-balance sheet financial instruments

Rupees '000

Assets												
Cash and balances with treasury banks	59,881,289	-	-	-	-	-	-	-	-	-	-	59,881,289
Balances with other banks	2,878,547	-	-	-	-	-	-	-	-	-	-	2,878,547
Lending to financial institutions	2,985,000	2,985,000	-	-	-	-	-	-	-	-	-	-
Investments	274,628,027	46,664,716	124,139,218	88,550,788	1,626,951	-	-	6,537,375	-	-	-	7,108,979
Advances	318,179,878	118,949,314	98,567,808	47,224,534	39,548,418	2,493,905	1,620,332	724,037	673,740	2,901,997	-	5,575,793
Other assets	19,987,854	-	-	-	-	-	-	-	-	-	-	19,987,854
	678,540,595	168,499,030	222,707,026	135,775,322	41,175,369	2,493,905	1,620,332	7,261,412	673,740	2,901,997	-	95,432,462
Liabilities												
Bills payable	13,543,270	-	-	-	-	-	-	-	-	-	-	13,543,270
Borrowings	58,446,516	6,986,956	20,223,318	5,624,611	9,076	13,040,638	132,136	1,713,088	8,099,555	983,806	-	1,633,332
Deposits and other accounts	540,635,833	303,517,995	30,133,139	15,133,747	19,749,212	1,696,738	540,972	156,678	5,000	-	-	169,702,352
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	25,255,399	-	-	-	-	-	-	-	-	-	-	25,255,399
	637,881,018	310,504,951	50,356,457	20,758,358	19,758,288	14,737,376	673,108	1,869,766	8,104,555	983,806	-	210,134,353
	40,659,577	(142,005,921)	172,350,569	115,016,964	21,417,081	(12,243,471)	947,224	5,391,646	(7,430,815)	1,918,191	(114,701,891)	
On-balance sheet gap												
	19,447,855											
Net non-financial assets												
	60,107,432											
Total net assets												
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts (lending)	66,134,904	26,625,106	25,218,433	14,194,019	97,346	-	-	-	-	-	-	-
- forward foreign exchange contracts (borrowing)	26,891,081	11,481,046	3,871,980	11,418,946	119,129	-	-	-	-	-	-	-
- forward government securities transactions (lending)	2,989,036	2,989,036	-	-	-	-	-	-	-	-	-	-
- forward government securities transactions (borrowing)	-	-	-	-	-	-	-	-	-	-	-	-
- cross currency and interest rate swaps	8,272,187	4,282,827	2,763,963	1,225,397	-	-	-	-	-	-	-	-
- forward lending	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap												
	33,960,672	13,860,269	18,582,510	1,549,676	(21,783)	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap												
	(128,155,652)	190,933,079	116,566,640	21,395,298	(12,243,471)	947,224	5,391,646	(7,430,815)	1,918,191			
Cumulative yield / interest risk sensitivity gap												
	(128,155,652)	62,777,427	179,344,067	200,739,365	188,495,894	189,443,118	194,834,764	187,403,949	189,322,140			

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2019

		Exposed to yield / interest risk									
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Non-interest bearing financial instruments
Effective yield / interest rate	(%)										
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks		60,368,417	-	-	-	-	-	-	-	-	60,368,417
Balances with other banks		2,835,570	-	-	-	-	-	-	-	-	2,835,570
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-
Investments	10.9	203,429,065	48,714,042	112,592,317	22,561,684	10,428,428	1,676,915	-	-	143	7,455,536
Advances	12	309,573,002	115,374,935	79,172,287	66,819,608	38,611,338	365,005	271,793	595,966	210,113	6,941,457
Other assets		20,553,475	-	-	-	-	-	-	-	-	20,553,475
		596,759,529	164,088,977	191,764,604	89,381,292	49,039,766	2,041,920	271,793	595,966	210,256	98,154,455
Liabilities											
Bills payable		8,356,460	-	-	-	-	-	-	-	-	8,356,460
Borrowings	11.8	72,746,795	37,968,472	26,031,698	4,660,820	306,150	233,816	141,236	933,160	2,032,721	438,722
Deposits and other accounts	6.8	457,789,109	221,984,801	31,196,195	24,324,525	37,167,145	2,476,672	1,714,652	456,047	-	138,469,072
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-
Other liabilities		21,158,391	-	-	-	-	-	-	-	-	21,158,391
		560,050,755	259,953,273	57,227,893	28,985,345	37,473,295	2,710,488	1,855,888	1,389,207	2,032,721	168,422,645
		36,708,774	(95,864,296)	134,536,711	60,395,947	11,568,471	(668,568)	(1,584,095)	(793,241)	(1,822,465)	(70,268,190)
On-balance sheet gap		18,555,099									
Net non-financial assets		55,263,873									
Total net assets											
Off-balance sheet financial instruments											
Commitments in respect of:											
- forward foreign exchange contracts (lending)		84,264,725	29,003,488	32,935,391	20,824,098	1,501,748	-	-	-	-	-
- forward foreign exchange contracts (borrowing)		42,016,580	17,725,948	15,333,915	8,102,083	854,634	-	-	-	-	-
- forward government securities transactions (lending)		-	-	-	-	-	-	-	-	-	-
- forward government securities transactions (borrowing)		21,760,786	21,760,786	-	-	-	-	-	-	-	-
- cross currency and interest rate swaps		9,244,773	3,956,978	3,584,472	1,703,323	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		11,242,586	(14,440,224)	14,017,004	11,018,692	647,114	-	-	-	-	-
Total yield / interest risk sensitivity gap		(110,304,520)	149,553,715	(668,568)	(1,584,095)	12,213,585	(793,241)	(1,822,465)	(793,241)	(1,822,465)	1,210,500
Cumulative yield / interest risk sensitivity gap		(110,304,520)	38,249,195	121,208,851	119,624,756	118,831,515	117,009,050	116,187,585	115,374,935	114,542,422	113,708,981

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

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

Major sources of Interest rate risk are;

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

44.3 Operational risk

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

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

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

Operational risk-disclosures Basel II specific

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank is currently using basic indicator approach for calculating operational risk capital charge.

Under basic indicator approach the capital charge for operational risk is a fixed percentage (denoted alpha) of average positive annual gross income of the Bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

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44.4 Liquidity risk

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

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

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

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

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

The market and liquidity risk under enterprise risk management function overseas liquidity risk. The Bank's Asset and Liability Committee manages the liquidity position on a continuous basis.

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

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like liquid assets to liquid liabilities, liquid assets to total deposits, large volume deposits to total deposits, advances to deposit, liquid assets to volatile funding; on a regular basis against defined limits. Further, liquidity gaps over different time bands, are also monitored through maturity profiling of assets and liabilities. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, the Bank has also implemented the SBP's Basel III liquidity standards for ensuring compliance with the requirements of LCR, NSFR and other monitoring tools.

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

Contingency funding plan (CFP) is a part of liquidity risk management policy of the Bank. CFP provides a set of several early warning indicators of a possible liquidity shortfall situation; describes the actions to be taken to manage it and identifies the roles and responsibilities of ALCO, CFP team or other relevant authorities.

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44.4.1 Maturities of assets and liabilities - based on contractual maturities

2020

	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets														
Cash and balances with treasury banks	59,881,289	59,881,289	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,878,547	2,878,547	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	2,985,000	-	2,985,000	-	-	-	-	-	-	-	-	-	-	-
Investments	276,929,792	27,269	-	3,953,850	21,335,559	97,353,224	13,760,385	3,945,688	2,419,486	4,988,833	2,701,654	10,536,085	46,735,340	68,172,409
Advances	318,479,878	26,374,505	20,942,180	14,698,389	31,055,315	23,589,224	16,651,206	25,398,011	9,289,704	11,876,941	38,879,202	29,769,101	36,006,026	33,639,074
Fixed assets	24,038,885	26,991	41,673	48,619	111,498	209,769	210,139	221,161	52,137	508,710	539,156	685,083	2,325,624	19,057,325
Intangible assets	1,540,779	4,730	28,383	33,113	75,688	141,915	142,533	143,964	2,051	39,092	66,604	42,463	204,637	615,606
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	23,529,794	2,612,278	950,731	732,796	3,811,627	2,747,662	2,525,991	7,425,885	1,128,893	888,647	502,696	198,578	-	-
	709,957,954	91,805,609	24,947,967	19,466,767	56,390,687	124,051,794	33,290,254	37,134,719	12,892,271	18,302,223	42,689,312	41,229,310	85,272,627	122,484,414
Liabilities														
Bills payable	13,549,270	13,549,270	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	58,446,516	2,620,689	4,420,860	440,131	1,138,627	10,352,569	9,870,750	5,624,611	2,613	6,463	13,040,638	132,136	1,713,088	9,083,361
Deposits and other accounts	540,635,833	388,083,397	17,185,368	8,753,325	29,008,713	22,420,249	24,714,548	21,182,940	7,995,372	18,504,669	1,794,768	563,491	424,293	5,000
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,591,769	-	-	-	-	-	-	-	-	-	-	-	-	1,591,769
Other liabilities *	35,633,134	171,327	996,836	681,528	3,924,313	2,659,426	4,002,089	5,678,429	2,088,964	4,648,162	2,288,831	590,545	967,106	7,045,578
	649,850,522	404,418,663	22,513,064	9,874,984	34,071,653	35,432,244	38,587,387	32,485,980	10,066,949	23,159,294	17,124,237	1,285,872	3,104,487	17,725,708
Net assets	60,107,432	(312,613,054)	2,434,903	9,591,783	22,319,034	88,619,550	(5,297,133)	4,646,739	2,825,322	(4,857,071)	25,565,075	39,943,438	82,168,140	104,758,706
Share capital	15,176,965													
Reserves	11,032,647													
Surplus on revaluation of assets - net	9,027,473													
Unappropriated profit	24,870,347													
	60,107,432													

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

2020

	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Liabilities														
Lease liabilities	8,530,893	-	-	-	-	964	-	-	3,133	25,347	211,350	280,093	964,496	7,045,510

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2019

	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Rupees '000														
Assets														
Cash and balances with treasury banks	60,368,417	60,368,417	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,835,570	2,835,570	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	204,068,952	34,780,609	-	-	13,848,971	52,929,114	19,268,864	2,868,124	8,307,528	3,285,270	5,114,720	2,701,606	4,814,400	56,151,746
Advances	309,573,002	37,839,493	31,850,951	17,845,641	42,583,626	12,012,495	15,947,950	22,779,588	7,727,806	7,029,147	24,711,355	27,775,680	33,289,496	28,179,794
Fixed assets	24,183,424	12,811	76,824	88,628	204,863	384,708	381,581	571,182	275,617	283,174	1,161,454	1,267,714	1,947,832	17,520,036
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	1,487,541	4,271	25,628	29,900	68,342	128,141	128,088	177,846	74,422	57,071	177,744	126,559	190,281	299,248
Other assets	27,335,751	2,699,865	873,610	1,426,486	3,186,336	3,490,655	3,873,545	6,113,596	376,151	350,195	1,823,906	96,689	2,787,707	37,000
	629,862,657	138,741,036	32,827,013	19,391,655	59,892,138	68,945,113	39,598,028	32,516,316	16,761,524	11,004,857	32,989,179	31,968,258	43,029,716	102,187,824
Liabilities														
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	8,356,460	8,356,460	25,736,610	2,330,500	9,901,163	8,407,148	17,624,550	4,660,820	245,505	60,645	233,816	141,236	933,160	2,032,720
Deposits and other accounts	72,746,795	438,722	12,480,638	8,664,266	15,389,943	15,575,868	15,620,327	24,324,525	8,599,408	28,567,737	2,476,672	1,714,652	456,047	-
Liabilities against assets subject to finance lease	457,789,109	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	2,763,998	-	-	-	-	-	-	-	-	-	-	-	-	2,763,998
Other liabilities *	32,932,422	458,498	640,768	1,154,767	2,879,586	2,925,236	4,962,124	3,384,855	1,166,808	3,128,656	3,433,962	1,085,889	854,288	6,856,975
	574,588,784	333,172,706	38,858,216	12,149,533	28,170,692	28,908,252	38,207,001	32,370,200	10,011,721	31,757,038	6,144,450	2,941,787	2,243,495	11,653,693
Net assets	55,263,873	(194,431,670)	(6,031,203)	7,242,122	31,721,446	42,036,861	1,391,027	146,116	6,749,803	(20,752,181)	26,844,729	29,026,471	40,786,221	90,534,131
Share capital	15,176,965	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	9,830,958	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	10,748,080	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	19,507,870	-	-	-	-	-	-	-	-	-	-	-	-	-
	55,263,873	-	-	-	-	-	-	-	-	-	-	-	-	-
* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:														
2019														
Rupees '000														
Liabilities														
Lease liabilities	8,319,984	-	-	-	-	896	-	698	-	-	136,856	473,956	850,603	6,856,975

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

In line with the SBP BSD Circular Letter No. 02 and 03 of 2011 on "Maturity and interest rate sensitivity gap reporting", deposit withdrawal pattern analysis on current and saving accounts (CASA) is conducted on ten years weekly data. The outliers (seasonal variations) are adjusted from data using fourth spread statistical methodology. The moving average methodology is used to estimated deposits withdrawal pattern of both current and saving deposits. This methodology is in line with industry best practices and regulatory guidelines.

2020										
		Rupees '000								
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets										

* These contain maturity analysis of lease liabilities based on expected maturities which is shown below:

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		2019						
		Rupees '000						
	Total	Over 1 to 3 months		Over 3 to 6 months		Over 6 months to 1 year		Over 1 to 10 years
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	
Assets								
Cash and balances with treasury banks	60,368,417	286,040	573,891	1,149,688	2,306,279	4,623,849	5,692,965	20,017,304
Balances with other banks	2,835,570	13,436	26,956	54,002	108,328	217,187	267,405	940,235
Lending to financial institutions	-	-	-	-	-	-	-	-
Investments	204,068,952	48,629,580	72,195,978	2,868,121	11,592,804	5,114,720	2,701,606	54,925,918
Advances	309,573,002	66,885,101	36,394,116	37,009,765	49,014,819	27,530,221	31,269,691	22,924,207
Fixed assets	24,183,424	384,125	766,289	577,182	558,791	1,161,454	1,267,714	6,871,265
Intangible assets	1,487,541	128,141	256,229	177,846	131,493	177,744	126,559	299,248
Deferred tax assets	-	-	-	-	-	-	-	-
Other assets	27,335,751	8,386,298	7,364,199	6,113,596	726,346	1,823,906	96,699	37,000
	629,852,657	124,712,721	117,577,658	47,950,200	64,438,860	40,649,081	41,422,639	106,015,177
								32,225,380
Liabilities								
Bills payable	8,356,460	8,356,460	-	-	-	-	-	-
Borrowings	72,746,795	38,407,194	26,031,698	4,660,820	306,150	233,816	141,236	2,032,721
Deposits and other accounts	457,789,109	38,337,027	34,247,349	30,439,377	49,430,391	27,169,720	32,286,233	107,140,505
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-
Deferred tax liabilities	2,763,998	-	-	-	-	-	-	2,763,998
Other liabilities *	32,932,422	5,133,618	7,905,754	3,416,427	4,252,019	3,434,055	1,079,287	5,483,349
	574,588,784	90,234,299	68,184,801	38,516,624	53,988,560	30,837,591	33,506,756	117,420,573
	55,263,873	34,478,422	49,392,857	9,433,576	10,450,300	9,811,490	7,915,883	(8,493,910)
								(11,405,396)
								(46,319,349)
Net assets								
Share capital	15,176,965							
Reserves	9,830,958							
Surplus on revaluation of assets - net	10,748,080							
Unappropriated profit	19,507,870							
	55,263,873							
* These contain maturity analysis of lease liabilities based on expected maturities which is shown below:								
		2019						
		Rupees '000						
	Total	Over 1 to 3 months		Over 3 to 6 months		Over 6 months to 1 year		Over 1 to 10 years
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	
Liabilities								
Lease liabilities	8,319,984	-	896	698	-	136,855	473,956	5,483,349
								1,373,625

44.5 Derivative risk management

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

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

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

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

Market risk

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

Credit risk

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

Liquidity risk

Liquidity risk is managed as part of the overall liquidity risk of the Bank. The risk management policies related to liquidity risk are explained in note 44.4 to these unconsolidated financial statements.

44.6 COVID-19 RISK MANAGEMENT

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a number of measures on both the fiscal and economic fronts. The risk management policies continue to remain robust and the Bank is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

The SBP has also responded to the crisis by cutting the Policy Rate by 625 basis points since the beginning of the year, to 7% till December 31, 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- reduction in the capital conservation buffer by 100 basis points to 1.5%;
- increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- relaxing the debt burden ratio for consumer loans from 50% to 60%;
- The timeline for classification of 'trade bills' as non-performing has been extended from 180 days overdue to 365 days overdue;

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

- The financing facilities of obligors who have requested for deferment or rescheduling / restructuring are not required to be classified unless the payment obligations are past due by 180 days;
- allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

COVID-19 has impacted banks in Pakistan on a number of fronts including increase in credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as certain Bank's staff members are working from home and an ever increasing number of customers are being encouraged to use digital channels. Major aspects of COVID-19 on the Bank's risk management policies are given below:

Credit risk management

The risk management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its credit review procedures in light of COVID-19 and the Bank is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from COVID-19 outbreak.

The management has exercised prudence and recognised a general provision of Rs 250 million as disclosed in note 11.4.1 to these unconsolidated financial statements.

Liquidity risk management

In view of the relaxation granted by the SBP for deferral of principal and mark-up and rescheduling of loans there will be an impact on the maturity profile of the Bank. The asset and liability committee (ALCO) of the Bank is continuously monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater any adverse movement in cash flow maturity profile.

Equity risk management

The carrying value of the Bank's investment in listed equity securities classified as available-for-sale, amounts to Rs 6,984.389 million as at December 31, 2020. The Bank has recorded an impairment of Rs 379.785 million in these unconsolidated financial statements. The index of Pakistan Stock Exchange has revived from March 2020 and there is no major loss on equity securities as at December 31, 2020 due to COVID-19.

Operational risk management

The Bank is closely monitoring the situation and has invoked required actions to ensure the safety and security of the its staff and uninterrupted service to customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business Continuity Plans (BCP) for respective areas are in place and tested. The Bank has significantly enhanced monitoring of cybersecurity risk during these times. Remote work capabilities were enabled for staff, where required, and related risk and control measures were taken to ensure that the Bank's information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored and the Bank continues to meet the expectations of its employees and customers.

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Capital adequacy ratio

Under the current scenario, the Banks are under pressure to extend further credit to their borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Banks from Capital Adequacy Ratio (CAR) perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the Banks to 1.5%, resulting in an overall CAR requirement of 11.5%. The reduced CCB has also provided an additional limit to the Bank for its tier 2 capital. Further, the regulatory limit for retail loans has also been increased by the SBP to 180 million, which will result in reduced Risk Weighted Assets (RWA) for some of its loans. In addition to the measures by SBP, the senior management of the Bank is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Bank also believes that with its CAR at 18.67% it has sufficient buffer to meet any adverse movements in credit, market or operational risk.

45 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on February 18, 2021 by the Board of Directors of the Bank.

46 GENERAL

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

47 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 18, 2021 has proposed a stock dividend of Nil% amounting to Rs Nil (2019: Nil). The Board of Directors have also proposed the transfer of Rs Nil to "Reserve for Bonus issue" from "Unappropriated Profit".



President & CEO



Chief Financial Officer



Chairman



Director



Director

Annexure I to and forming part of the Unconsolidated Financial Statements

Statement showing written off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2020 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
1	Muhammad Sohail Farooq	Al-Morishan Sult No. 502, Block 39, Defence Garden, DHA Phase I, Near UBL.	Muhammad Sohail Farooq	42201-0602651-9	Muhammad Farooq	490	681	5	1,176	-	685	8	693
2	Dil Nawaz Ahmed	H.No. NA/12- D/2, 7th Road, New Malpur, Mouza Pindora, Rawalpindi.	Dil Nawaz Ahmed	37405-0375125-9	Ghulam Rasool	1,384	520	-	1,904	-	520	100	620
3	Syed Ali Azhar Kazmi	H.No. 8-B, Block G, Gulberg II, Lahore.	Syed Ali Azhar Kazmi	35202-2566614-9	Syed Ali Sattar Kazmi	15,430	11,295	-	26,725	-	11,296	98	11,394
4	Atif Maqbool	H.No. 46/1 Block F, Phase V, DHA Lahore.	Atif Maqbool	35202-8390381-3	Sh Maqbool Ahmad	13,812	12,674	-	26,486	-	12,934	100	13,034
5	Zain Ul Abidin	Banglow No. 2 Site, Staff Colony, Near Jama Bnoria, Karachi.	Zain Ul Abidin	42401-9621306-7	Ghulam Sarwar Khan Jagira	292	569	18	879	-	550	25	575
6	Ghulam Abbas	P-156-C, Shahbaz Town, Near Bhatti Chowk, Jung Road, Faisalabad.	Ghulam Abbas	33301-2780446-7	Muhammad Ramzan	570	12	-	582	570	23	-	593
7	Sana Saider	H.No. 193-G, Phase IV, DHA Housing Society Cantt. Lahore.	Sana Saider	35201-3894199-8	Saifdar Ali	447	226	-	673	-	867	-	867
8	Mirza Mazhar Saeed	H.No. 106, St.No. 5, Jalal Colony, Harbhanspura, Lahore.	Mirza Mazhar Saeed	35201-9378404-1	Mirza Saeed Ahmad	354	37	-	391	-	810	-	810
9	Shahmawaz Bhali	H.No. 413 Block B, Canal Co-operative Housing Society, Lahore.	Shahmawaz Bhali	34603-7923067-7	Ch Asad Ullan Khan Bhali	12,294	17,156	-	29,450	-	17,418	100	17,518
10	Muhammad Raur Butt	Butt Brother Crockery & Electronic Centre, Shop No. 12, Bara Bazar, Al Paza Market, Rawalpindi.	Muhammad Raur Butt	37405-5398474-1	Zahoor Din Butt	349	639	18	1,006	-	652	18	670
11	Adrian Khurram	Iqbal Hotel, Shop No.31, Hasrat Mohani Road, Near HBL Plaza II Chundrigar Road, Karachi.	Adrian Khurram	42301-4623616-3	Sheikh Muhammad Iqbal	469	728	29	1,226	-	739	29	768
12	Mian Humayun Asghar	H.No. 2, Gulshan Canal Housing Scheme, Canal Road, Lahore.	Mian Humayun Asghar	35201-1549715-5	Mian Muhammad Asghar Naveed	510	77	-	587	-	674	-	674
13	Adel Malik/ Anika Zahir	H.No. 613 Block D, Canal View Co-operative Housing Society, Canal Road, Lahore.	Adel Malik/ Anika Zahir	35202-2725534-5	Muhammad Siddique Malik	7,755	8,708	-	16,463	-	9,042	100	9,142
14	Mirza Waseem Baig	H.No. 261 G, Johar Town, Lahore.	Mirza Waseem Baig	35202-4764174-7	Mirza Akram Baig	3,574	974	-	4,548	-	940	-	940
15	Imran Hafeez	80- Abik Block Garden Town, Lahore.	Imran Hafeez	35201-7604637-3	Abdul Hafeez	14,438	18,350	-	32,788	-	15,572	100	15,672
16	Muhammad Jamshed	Flat No. A 1/1002, Bldg-2 10th Floor, Shannin Sky Tower, Yaseerabad, FB Area Block 9, Karachi.	Muhammad Jamshed	44103-3544173-7	Imam-Ul-Haq	459	-	-	459	452	60	-	512
17	Muhammad Adeel	Intra Can 9 Km, Sheekhupura Road, Karachi.	Muhammad Adeel	35202-2989250-9	Abdul Hakeem	476	1,078	26	1,580	-	1,085	26	1,111
18	Syed Sabtain Ali	H.No. 71 Block A, DHA Phase I, Karachi.	Syed Sabtain Ali	33201-4246514-9	Syed Ghulam Hussain	398	441	12	851	-	505	12	517
19	Nisar Muhammad Khan	H.No. B-08-01 St. No. 1, Kohsar Housing Scheme Society, Ph-01 Behind Smart School, Hyderabad.	Nisar Muhammad Khan	41303-9027982-3	Nazeer Muhammad Khan	705	19	-	724	681	87	-	768
20	Shahid Munir Sattar	H.No. 5, Meado Lane Off Raja Ashraf Road, Bari Galla.	Shahid Munir Sattar	61101-4325623-9	Dr. Abdus Sattar	328	565	20	913	-	619	20	639
21	Kram Hussain Abbasi	H.No. 656 St. No 07, Sec I-10/2, Islamabad.	Ikram Hussain Abbasi	61101-1872451-3	M Hanif Abbasi	3,468	1,348	-	4,816	-	1,575	100	1,675

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S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total
1	2	3	4	5		Principal	Interest / Mark-up	Others	Total (6+7+8)	10	11	12	13
22	Unar Javed	Dukes & Dukes Super Store 195, Air Line Housing Society Near Shokat Khanam.	Unar Javed	35202-8434639-5	Javaid Iqbal	350	539	8	897	-	594	8	602
23	Shahina Abbas	H.No. 653 St No 43, Phase-4 A, Near Kalma Chowk Ghouri Town, Islamabad.	Shahina Abbas	61101-1481829-8	Syed Jarar Haider Shah	481	-	-	481	471	52	-	523
24	Imtiaz Hussain	Ground Floor Plot A- 88, Block VI, Saadi Town Scheme No 33 Gulzar-e-Hijri, Karachi.	Imtiaz Hussain	42201-0710624-1	Abdul Majeed Siddiqui	2,091	-	-	2,091	-	2,114	-	2,114
25	Syed Mohsin Raza	H.No. 35 Street 1 Eastridge Society, High Court Road, Rawalpindi.	Syed Mohsin Raza	37405-7317731-9	Syed Murtiaz Hussain Shah	5,654	176	-	5,830	-	470	34	504
26	Sheikh Muzafar Riaz	H.No. 22, Kaghan Road, F- 8/ 4 Islamabad.	Sheikh Muzafar Riaz	61101-5741335-5	Sheikh Riaz Ahmed	5,059	708	-	5,767	-	454	100	554
27	Sheikh Muzafar Riaz	H.No. 22, Kaghan Road F- 8/ 4 Islamabad.	Sheikh Muzafar Riaz	61101-5741335-5	Sheikh Riaz Ahmed	4,836	539	-	5,375	-	452	100	552
28	Muhammad Jamil Arshad	H.No.1036 St No 22, Ground Floor Sector G-11/1, Islamabad.	Muhammad Jamil Arshad	61101-9784013-5	Abdul Majid Arif	487	36	5	528	454	110	10	574
29	Mehmood Badshah	Badshah Petroleum Service Off 17 1st Floor, City Arcade 1-8 Markaz, Near UBL Bank, Islamabad.	Mehmood Badshah	42301-2111563-1	Garan Badshah	470	889	37	1,396	-	1,001	37	1,038
30	Mairaj Ahmed	3E Block-1 House 3 Landhi No. 3, Babar Market, Near Rehmania Mosque, Karachi.	Mairaj Ahmed	42201-1769686-9	Siraj Ahmed	806	-	-	806	760	53	-	813
31	Muhammad Jamil Bhatti	Fazi Juice, H.No. 10, St No. 6, Jahangir Park, Shadra Town Opp Chowki Walee Gale, Lahore.	Muhammad Jamil Bhatti	35202-2832209-7	Muhammad Rafique Bhatti	467	-	-	467	450	62	-	512
32	Ibrahim Khan	35-A-1 Punjab Housing Society Near College Road, Township, Lahore.	Ibrahim Khan	35202-7183951-3	Inayatullah Khan	334	745	21	1,100	-	811	21	832
33	Tariq Ahmed Memon	Xen Tubewell Division Irrigation Dept Region-II Civil Line, Near MP Checkpost, Hyderabad.	Tariq Ahmed Memon	41306-9303665-5	Noor Muhammad	497	-	-	497	469	37	-	506
34	Shahzad Ali	Shahzad Trade, Imtiaz Plaza No. 85, 2nd Floor Room No. 12, Mall Road, Opp Alfalah Building, Lahore.	Shahzad Ali	35202-2571923-1	Asghar Ali	933	405	-	1,338	133	593	-	726
35	Hamid Mahmood	H.No. 433 St No. 20 Javaid Colony Rashid Pura Baghbanpura, Near Lal Din General Store, Lahore.	Hamid Mahmood	35201-1838763-5	Shoukat Ali	494	847	24	1,365	-	899	24	923
36	Adil Ikram Faridi	Flat No. 702 10th Floor, Aqeela Corner Plot 12/ 25 Block-3 KMCHS Alamgir Road, Karachi.	Adil Ikram Faridi	42101-3432957-3	Ikram Bin Hesham Faridi	15,398	3,251	-	18,649	-	1,264	-	1,264
37	Syed Baber Burhan	Khasra No. 213 Lower Chattr Ward No. 2 Younis Shah Colony Muzaffarabad Jammu & Kashmir	Syed Baber Burhan	82203-7879559-3	Syed Nazir Hussain	5,729	1,449	-	7,178	-	1,592	-	1,592
38	Mansoor Ahmed	H.No. B- 5 Overseas Bungalows Block No. 16- A, Scheme 36 Gulistan-e-Johar, Karachi.	Mansoor Ahmed	42201-1095346-3	Raja Ali	5,897	8,224	-	14,121	-	8,840	100	8,940
39	Muhammad Asif Khan.	Sandail Road, Ward No. 14, Gujar Khan.	Muhammad Asif	37401-8029185-3	Rehmat Hussain	-	4,310	-	4,310	-	4,310	-	4,310
40	A & R Exports	Satia Road, Toll Tax Kamoka Chowk, Faisalabad.	Abdul Sattar Shahid	35303-6748636-9	Bashir Ahmed Bhatti	-	3,016	-	3,016	-	3,016	-	3,016
41	Muhammad Hussain Contractor	30-A, Near Millet College, Satellite Town, University Road, Bahawalpur.	Muhammad Hussain	31304-8320478-9	Muhammad Sharif	1,797	1,219	-	3,016	-	1,036	-	1,036
42	Muhammad Khalid Qureshi	Mohallah Hafiz Abad, Ward No. 5, Gujar Khan.	Muhammad Khalid Qureshi	37401-2467403-5	Bashir Hussain	262	1,006	-	1,268	-	771	-	771
43	Shahbaz Textile (Pvt) Ltd.	13/A-1, Main Peco Road, Township, Lahore.	1. Fazeelat Alamgir 2. Zahoor Hussain	1. 35202-0135722-6 2. 35302-1503836-6	1. Shahzada Alamgir Shah 2. Hussain	-	39,458	-	39,458	-	39,458	-	39,458

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S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Rupess '000				
1	2	3	4		5	6	7	8	9	10	11	12	13	
44	S. Alamgir Shah	13-A/1, Main Peco Road, Township, Lahore.	Shahzada Alamgir Shah	35200-1535632-9	Syed Muhammad Shah	-	31,674	-	31,674	-	31,674	-	31,674	
45	Marium Store	463/2, Aziz Abad, Federal B Area, Karachi.	Mohammad Yaseen	42201-2762271-7	Abdul Rehman	1,588	3,138	-	4,736	-	2,773	-	2,773	
46	Khalid Engineering Services Company	37/C, S.I.E. Gujranwala.	Khalid Javaid	34101-5515410-5	Muhammad Riaz	-	13,306	-	13,306	-	10,306	-	10,306	
47	Kissan Trade Links	Sham Din Wahgra, PO Depalpur, Okara.	Ahmad Yar	35301-1941834-1	Dost Muhammad	1,669	10,042	-	11,711	-	8,206	-	8,206	
48	Fahim Hamid Brothers	Hammad Centre, Montigo Mery Bazar, Faisalabad.	1. Syed Hammad Mahmood Shah 2. Syed Faeem Mahmood Shah	1. 33100-0978275-5 2. 33100-0978368-3	1. Syed Mahmood Alam Shah 2. Syed Mahmood Alam Shah	-	31,579	-	31,579	-	31,579	-	31,579	
49	China Textile	H.No.8, Street No.6, Toheed Park, Mughalpura, Lahore	1. Muhammad Shafiq 2. Shahid Bashir 3. Asif Bashir Chhina	1. 35201-0274250-7 2. 35201-3083810-3 3. 35201-3615867-1	1-Bashir Ahmed 2-Bashir Ahmed 3-Bashir Ahmed	1,000	8,594	-	9,594	-	6,113	-	6,113	
50	Power Electronics of Pakistan (Pvt) Ltd.	112/6, S.I.E. Kot Lakhtpat, Township, Lahore.	1-Mrs Nuzhat Waseem 2-Waseem Ahmed 3-Malik Mubarak Ahmed	1. 35202-3289800-8 2. 35202-8765316-1 3. 35202-8625079-3	1-Malik Waseem Ahmed 2-Muhammad Ahmed 3-Muhammad Ahmed	24,370	54,189	-	78,559	-	40,415	-	40,415	
51	Onar Anwar	H.No. 12, Masjid Road, Islamabad.	Onar Anwar	61101-7951958-9	Mohammad Anwar	2,217	2,541	-	4,758	-	2,118	-	2,118	
52	Taj Textile Mills Ltd.	31-C-1, Gulberg III, Lahore.	1. Tanvir Elahi 2. Alamgir Elahi 3. Jahangir Elahi 4. Ahmad Jahangir 5. Nadir Ali Awan 6. Amir Jahangir	1. 270-55-009898 2. 270-88-158235 3. 272-90-521153 4. 272-92-508976 5. 272-92-508977 6. 272-94-508977	1. Jahangir Elahi 2. Ehsan Elahi 3. Jahangir Elahi 4. Ehsan Elahi 5. Muzaffer Ali 6. Ehsan Elahi	3,854	31,322	-	35,176	3,364	31,666	-	35,030	
53	DHA Cogen Ltd.	DSL - 1, Coastal Avenue, Phase VIII, DHA Karachi.	1. Brig Hafeez Ullah Khan 2. Col. (Retd) Asad Nauman 3. Col. Rashid Javed Butt 4. Col. (Retd) Mubarak Ali Mazhar 5. Col. (Retd) Arshad Qadeer Sheikh 6. Muhammad Taha Hamdani 7. Khuram Noor	1. 17201-9503417-9 2. 42501-7319209-9 3. 17201-2296690-5 4. 35202-2458512-7 5. 42101-1643040-3 6. 42301-3538796-9 7. 42101-1583659-7	1. Nasrullah Khan 2. Saeed Ur Rehman Qureshi 3. Mohammad Jahangir 4. Mohammad Sharif 5. Abdul Qadeer 6. Sadiq Ali Hamdani 7. Noor Ul Hasan	800,735	1,127,858	-	1,928,593	739,674	1,189,378	-	1,929,052	
54	Tanveer Gas Company	23 - Abdullah Pur, Cal Road Faisalabad.	Farukh Jamal Malik	33100-5842951-1	Malik Tanveer Hussain	1,811	3,142	-	4,953	-	2,632	-	2,632	
55	Nash OFC	46-A, White House Lane No 2, Sunder Das Road, Lahore.	1. Sher Afghani Khan 2. Najmi Naseem	1. 35200-1432760-5 2. 35200-1448303-6	1. Sher Baz Khan 2. Muhammad Naseem Khan	-	20,000	-	20,000	-	16,500	-	16,500	
56	RHZ Traders	224-G, Johar Town, Lahore	Muhammad Sharique Butt	35202-8780071-9	Muhammad Sharif Butt	-	1,087	-	1,087	-	1,087	-	1,087	
57	Styl International Plastic Industry	Cinax Abad, G.T. Road, Gujranwala.	1. Raees Ahmad 2. Muhammad Imran Saeed	1. 34101-2429213-1 2. 34101-2634901-3	1. Ikrees Ahmed 2. Saeed Ahmed	-	9,181	-	9,181	-	9,181	-	9,181	
58	Hyeworth Renault Peterson Pakistan (Pvt) Ltd.	40 G/1, Block No.6, P.E.C.H.S., Karachi.	1. Meham B. Asaf 2. Abdul Hye Asaf 3. Nabila B. Asaf	1. 42301-8386241-8 2. 42301-8631585-1 3. 42401-7658422-2	1. Shaki Ahmed 2. M. Moinuddin Asaf 3. M. Moinuddin Asaf	62,054	4,733	-	66,787	-	5,478	-	5,478	
59	Al-Abid Silk Mills Ltd.	A-39, Manghopur Road, S.I.T.E., Karachi.	1. Syed Raza Abbas Jaffari 2. Mst. Adia Naseem 3. Mrs. Asra Amir 4. Mrs. Zarina Naseem 5. Mrs. Reena Azim 6. Mr. Naseem A. Sattar 7. Mrs. Sadaf Nadeem 8. Mr. Azim Ahmed	1. 42201-0215685-1 2. 42301-0783384-4 3. 42301-0785813-2 4. 42301-0829619-0 5. 42301-0831483-6 6. 42301-0840043-1 7. 42301-0878896-8 8. 42301-0912143-9	1. Syed Shabhat Hussain 2. Mr. Naseem A. Sattar 3. Mr. Amir Naseem 4. Mr. Naseem A. Sattar 5. Mr. Azim Ahmed 6. Mr. Sheikh Abdul Sattar 7. Mr. Naseem A. Sattar 8. Mr. Naseem A. Sattar	88,375	106,333	833	195,541	-	114,585	833	115,418	
60	Bawany Air Products Ltd.	Kisar No. 52/53 R.C.D. Highway, Mouza Pathra Tehsil Hub, Lasbella District, Karachi.	1. Danish Amin 2. Hanif Y Bawany 3. Mohammad Ashraf 4. Momtaz Kapadia 5. Wali M. M. Yahya 6. Wazir Ahmed Jogezeai 7. Zakaria A Ghaffar	1. 515-77-175818 2. 517-55-361524 3. 517-89-081459 4. 517-89-380459 5. 601-39-163906 6. 517-47-084323	1. Mohammad Amin Adamjee 2. Yahya A. Bawany 3. Yahya A. Bawany 4. Muhammad Yousuf Kapadia 5. Yahya A. Bawany 6. M Usman Jogezeai 7. A Ghaffar	8,836	2,921	-	11,757	-	3,262	-	3,262	

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S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Other Financial Reliefs	Total (10+11+12)	
						Principal	Interest / Mark-up	Others	Total (6+7+8)					
1	2	3	4		5	6	7	8	9	10	11	12	13	
61	Al-Abid Silk Mills Ltd.	A-39, Manghopri Road, S.I.T.E., Karachi.	1. Syed Raza Abbas Jaffari 2. Mst. Adia Naseem 3. Mrs. Asra Amir 4. Mrs. Zarina Naseem 5. Mrs. Reena Azim 6. Mr. Naseem A. Sattar 7. Mrs. Sadaf Nadeem 8. Mr. Azim Ahmed	1. 42201-0215685-1 2. 42301-0783384-4 3. 42301-0786813-2 4. 42301-0829619-0 5. 42301-0831483-6 6. 42301-0840043-1 7. 42301-0878868-8 8. 42301-0912143-9	1. Syed Shababul Hussain 2. Mr. Naseem A. Sattar 3. Mr. Amir Naseem 4. Mr. Naseem A. Sattar 5. Mr. Azim Ahmed 6. Mr. Sheikh Abdul Sattar 7. Mr. Naseem A. Sattar 8. Mr. Naseem A. Sattar	640,721	714,669	-	1,355,390	497,096	780,885	-	1,277,981	
62	Umer Khalid & Co.	4 KM Khanpur Road, Rahim Yar Khan.	1. Hamza Khalid 2. Mian Usman Khalid 3. Mian Khalid Mehmood Sh Saleem Maqbool	1. 31303-1912707-7 2. 31303-8858213-1 3. 31303-9029704-3 35202-1067410-7	1. Mian Khalid Mehmood 2. Mian Khalid Mehmood 3. Mian Mehmood 1. Maqbool	5,941	2,811	50	8,802	-	2,311	50	2,361	
63	Ghulam Rasool	30-Kabir Street, Urdu Bazar, Lahore.	Sh Saleem Maqbool	35202-1067410-7	1. Maqbool	4,968	8,683	-	13,681	-	9,263	-	-	9,263
64	Turab Traders	Shop-12/1 Malir, Ex-Tention Colony, Khokhrapur, Karachi.	1. Raees Uddin 2. Rashid Pervaz	1. 42201-4710085-3 2. 42201-7405232-7	1. Habib Uddin 2. Pervaz	1,000	1,852	-	2,852	-	1,812	-	-	1,812
65	Neo Madix	57/62, Canning Road, Saddar Rawalpindi.	Shukat Nazir Shridu	37405-3977863-9	Nazir Muhammad	10,453	4,631	54	15,138	-	4,585	54	-	4,639
66	Sana Brothers	139-J1, Wagda Town, Lahore.	Zia Ullah	35202-423603-1	Shafi Ullah	2,591	1,098	7	3,696	-	689	7	-	696
67	Imran Muratza Khan	H No. P-40, Molina Roomi Road, Shadian Colony, Faisalabad.	Imran Muratza Khan	33100-0924973-1	Ghulam Muratza Khan	8,400	12,289	-	20,689	-	10,627	-	-	10,627
68	Ismael & Company	47/A Sattar Park Near Mizar Ghorey, Shah Raj Garh, Lahore.	Sohail Ahmed	35202-3125954-1	Muhammad Ismael	2,995	6,426	-	9,421	-	5,870	-	-	5,870
69	Faas International	26-C, 12th Street, Badar Commercial Area, DHA, Karachi.	1. Syed Najam Uddin Hasan Rizvi 2. Muhammad Attab Abdul Ghafoor Qureshi	1. 42201-2848933-9 2. 42201-1137441-3 35202-8703983-5	1. Syed Raza Piraan Rizvi 2. Muhammad Saleem Rafiq Ahmed Qureshi	26,350	91,197	-	117,547	-	94,106	-	-	94,106
70	Abid Pharmacy	73-Jal Road, Lahore.	1. Muhammad Ikram 2. Muhammad Ahsan Ikram 3. Muhammad Usman Ikram 4. Muhammad Salman Ikram	1. 35202-2543573-9 2. 35202-2543575-9 3. 35202-2755615-5 4. 35202-1169481-7	1-Muhammad Sharif 2- Muhammad Ikram 3- Muhammad Ikram 4-Muhammad Ikram	1,300	3,737	-	5,037	-	3,590	-	-	3,590
71	Al-Sharif Enterprises	8-B/1-A, Sohrawi, Shalimar Link Road, Lahore.	Niaz Ali Sheikh	35202-6722641-7	Salamat Ali Sheikh	2,700	23,641	-	26,341	-	24,110	-	-	24,110
72	Niaz Ali Sheikh	3-A, Gulberg II, Lahore.	1. Rizwan Ahmed 2. Muhammad Younas 3. Hassan Mehmood 4. Ghulam Haider	1. 34101-2538434-5 2. 34101-2538437-7 3. 34101-4978073-3 4. 34101-6667377-1	1-Muhammad Younas 2-Ghulam Qadir 3-Muhammad Younas 4-Muhammad Younas	29,997	1,275	-	31,272	-	728	-	-	728
73	Haider Electrical Industry	Off.No.15, First Floor, Old American Centre, Kashmir Road, Saddar, Rawalpindi.	1. Razi-Ul-Haq 2. Imtiaz-Ul-Haq Roshan Deen	1. 35301-7519108-3 2. 35301-2021777-9 37405-2263142-7	1-Muhammad Hanif 2-Muhammad Hanif Karim Buksh	5,000	8,925	-	13,925	-	8,401	-	-	8,401
74	Ksan Ball Trading & Pesticide Company	Off.No.15, First Floor, Old American Centre, Kashmir Road, Saddar, Rawalpindi.	1. Kamil Hussain Sohail 2. Sara Attab Yousaf Muhammad Attab	1. 36302-0369134-9 2. 38403-2002598-2 1. 42201-1137441-3	1-Khadim Hussain Sial 2-Yousaf Naseem Khokhar 1. Syed Raza Piraan Rizvi 2. Muhammad Saleem	72,562	87,296	-	159,858	-	96,534	-	-	96,534
75	Pride Spinning Mills (Pvt) Ltd.	26-C, 12th Street, Badar Commercial Area, DHA, Karachi.	1. Syed Najam Uddin Hasan Rizvi 2. Muhammad Attab	1. 42201-2848933-9 2. 42201-1137441-3	1. Syed Raza Piraan Rizvi 2. Muhammad Saleem	94,000	129,214	85	223,299	45,350	129,683	-	-	175,033
76	Faas International	26-C, 12th Street, Badar Commercial Area, DHA, Karachi.	1. Adam Rangoonwala 2. Shoaib Rangoonwala 3. Mehmood Rangoonwala 4. Yousof Rangoonwala 5. Naseema Nasir Rangoonwala 6. Nasir Rangoonwala 7. Sohail Rangoonwala	1. 42201-0131894-1 2. 42401-2012813-3 3. 42401-4046725-5 4. 42401-4056225-5 5. 42401-4589653-8 6. 42401-5987443-1 7. 515-70-209583	1. Ahmed Rangoonwala 2. Ahmed Rangoonwala 3. Ahmed Rangoonwala 4. Ahmed Rangoonwala 5. Ahmed Rangoonwala 6. Ahmed Rangoonwala 7. Ahmed Rangoonwala	507	33,067	-	33,574	-	31,110	-	-	31,110
77	Terry World Textiles	St-9, Gabol Town, Block 22, F.B. Area, Karachi.	1. Adam Rangoonwala 2. Shoaib Rangoonwala 3. Mehmood Rangoonwala 4. Yousof Rangoonwala 5. Naseema Nasir Rangoonwala 6. Nasir Rangoonwala 7. Sohail Rangoonwala	1. 42201-0131894-1 2. 42401-2012813-3 3. 42401-4046725-5 4. 42401-4056225-5 5. 42401-4589653-8 6. 42401-5987443-1 7. 515-70-209583	1. Ahmed Rangoonwala 2. Ahmed Rangoonwala 3. Ahmed Rangoonwala 4. Ahmed Rangoonwala 5. Ahmed Rangoonwala 6. Ahmed Rangoonwala 7. Ahmed Rangoonwala	507	33,067	-	33,574	-	31,110	-	-	31,110
78	Almad Yar	Chak No.15 S.B. Apala Muazzanabad Road Tehsil Bhawal, Distt Sargodha	Almad Yar	38401-2336201-3	Ahmad Nawaz	-	4,365	-	4,365	-	4,365	-	-	4,365
79	Mir Ameer Ali Talpur	Mohalla Tando Mir, Noor Muhammad Unit 4, Latifabad, Hyderabad.	Mir Ameer Ali Talpur	41304-8522203-3	Mir Waqeer Ali Talpur	-	597	-	597	-	597	-	-	597
80	Jahanzaib Khan Khakwani	H-No. 1620/5 A, Iqbal Manzil, Nawabpur Road, Multan.	Jahanzaib Khan Khakwani	36302-0319137-7	Murtaz Muhammad Khan Khakwani	-	1,548	-	1,548	-	1,548	-	-	1,548
81	Hassan Zaheer Ahmad	Ghailah Mandi, Depalpur, Distt Okara.	Hassan Zaheer Ahmad	35301-3675802-9	Muhammad Akram	1,991	1,105	-	3,096	-	970	-	-	970
82	Muhammad Ishad Dogar	Office No. 128-B Scheme, Multan Dogar.	Muhammad Ishad Dogar	35202-2826026-9	Hassan Muhammad	-	3,629	-	3,629	-	3,609	-	-	3,609

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S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
84	Muhammad Azam	H.No. 336/837 I/A, Gollimar, Nawabshah.	Muhammad Azam	45402-0883815-9	M Ramzan	5,863	2,357	-	8,220	-	1,410	-	1,410
85	Abdullah Jan	1 Patra Mihalda, Nusrat Colony No.5, Old Sukkur.	Abdullah Jan	45504-8911961-7	Muhammad Khameso Khan	1,500	1,632	-	3,132	-	1,158	-	1,158
86	Malik Mustafa Hashim	29-B, Izafi Scheme, Bahawalpur.	Malik Mustafa Hashim	31202-9879764-5	Malik Muhammad Hashim	2,500	1,072	-	3,572	-	920	-	920
87	Muhammad Karooz Mustafa Khan Kanjoo	Mouza Alpur Kanju, Tehsil Kahror Pakka, District Lodhran.	Muhammad Karooz Mustafa Khan Kanjoo	35201-9126939-5	Muhammad Siddique Khan	-	1,924	46	1,970	-	970	-	970
88	Muhammad Ramzan	Basli Rasheedabad, Chak Laikla PO Khas Minchinabad, District Bahawalnagar.	Muhammad Ramzan	31105-0340599-9	Rasheed Ahmad	2,986	1,733	-	4,719	-	1,339	-	1,339
89	Muhammad Frizoo Khan	Al-Falah Street, Naqshband Colony, Rasheedabad Chowk, Multan.	Muhammad Frizoo Khan	36304-2338800-7	Mazhar Nawaz	622	878	-	1,500	-	628	-	628
90	Ghulam Rasool	Village Mohammad Sadique Wassan 55 Jamrao PO New Abad Distt Saghar.	Ghulam Rasool	44201-6765330-9	Mohammad Sadique	1,774	2,670	-	4,444	-	1,943	-	1,943
91	Muhammad Ramzan	Kingri Super Store, Shahheed Chowk Mirpurkhas.	Muhammad Ramzan	44202-7225914-7	Haji Murad Ali	1,199	933	-	2,132	-	544	-	544
92	Muhammad Azeem Aftab	Chak Therman Wali Fazal Hussain wala, PO Donga Bonga, Bahawalnagar.	Muhammad Azeem Aftab	31101-9468885-7	Muhammad Jahangir	1,841	2,165	-	4,006	-	1,428	-	1,428
93	Shahid Iqbal Khan	PO Haveli Lakhta Tehsil Depalpur, Distt Okara.	Shahid Iqbal Khan	35301-8408249-9	Abdul Majeed Khan	690	1,203	-	1,893	-	1,193	-	1,193
94	Achran Jabbar Malik	Village Bhargali PO Barki Road, Lahore Cantt.	Achran Jabbar Malik	35201-1573984-5	Abdul Jabbar Awan	620	2,063	-	2,683	-	1,525	-	1,525
95	Khalid Haider	Baber Sohail, Rasool Manzil, H No. 100/2, Mohalla Burjwala Jhang.	Khalid Haider	33202-6529336-7	Mian Ghulam Haider	2,109	1,359	-	3,468	-	1,104	-	1,104
96	Muhammad Bashir Bajwa	Ghogra PO Bhagowal, Tehsil Distt Sialkot.	Muhammad Bashir Bajwa	34603-5377059-5	Ghulam Qadir Bajwa	1,080	578	-	1,658	-	573	-	573
97	Malik Nazir Hussain	Mohala Chodolawal Sharaq Pur Sharif District Sheikhpura.	Malik Nazir Hussain	35401-1855002-9	Malik Ghulam Muhammad	3,615	3,695	148	7,458	-	3,275	148	3,423
98	Shehbaz Ali	Shehbaz Ali Kot Ghuman Human PO Lorkhi Tehsil Daska	Shehbaz Ali	34601-3771971-7	Sultan Ali	820	798	-	1,618	-	686	-	686
99	Muhammad Ashraf Buzdar	Buzdar General Hospital Baakhsanwar Jampur	Muhammad Ashraf Buzdar	32102-3832232-9	Lal Khan Buzdar	1,836	1,148	-	2,984	-	819	-	819
100	Mian Haq Nawaz	Babri Pur PO Depalpur, Distt Okara.	Mian Haq Nawaz	35301-1854978-5	Mian Fakir Sher	1,702	1,757	69	3,528	-	1,501	-	1,501
101	Muhammad Tanvir Ahmed	Chak No 124/P Rahim Yar Khan.	Muhammad Tanvir Ahmed	31303-2358117-3	Muhammad Ali	2,988	4,482	-	7,480	-	4,582	-	4,582
102	Irfan Rasool	Bhala House, Allama Iqbal Town, Lahore.	Irfan Rasool	35401-1832770-1	Ch Inayat Ali	5,176	4,957	-	10,133	-	4,145	-	4,145
103	Muhammad Sabir	Chaudhary Wood Palace Sargodha Road Jhang Sadar	Muhammad Sabir	33202-3635232-3	M Sadique	3,917	1,841	-	5,758	-	1,769	-	1,769
104	Muhammad Nazam Ullah Khan Nazir	Near Ahsan Cinema, Sattelle Town Rahim Yar Khan.	Muhammad Nazam Ullah Khan Nazir	31303-8879804-1	Khan Ali	-	1,025	-	1,025	-	575	-	575
105	Tahir Bashir	Chahal PO Badyana Tehsil Distt Sialkot.	Tahir Bashir	34603-8990268-7	Ch. Muhammad Bashir	300	907	4	1,211	-	726	4	730
106	Muhammad Asif Nawaz	Basli Maswan Mouza Chakar Tehsil Jalalpur Pirwala Distt Multan.	Muhammad Asif Nawaz	36301-4545289-9	Muhammad Nawaz	1,500	2,220	-	3,720	-	2,095	-	2,095
107	Guizeb Sultan	Kasba Maral Ayazabad, Marrai Post Office Khas Multan.	Guizeb Sultan	36302-4241911-9	Mian Murtaz Ahmed Marai	1,000	2,074	6	3,080	-	1,700	-	1,700
108	Asif Mahmood Bhatti	57-A, Gujbergill, Lahore.	Asif Mahmood Bhatti	35202-9673861-3	Mehmood Ali Bhatti	32,717	82,880	-	115,607	-	89,073	-	121,790
109	Ensan Industries (Pvt) Ltd.	229-A/1, Munir Road, Lahore	1. Khan Javed Liaqat 2. Muhammad Yousaf 3. Razaq Ahmed Bhatti	1. 277-51-008871 2. 272-64-066751 3. 278-50-466689	1. Liaqat Khan 2. Muhammad 3. Ahmed Bhatti	93,979	146,125	-	240,104	-	157,589	-	251,568
110	Evergreen International Exporters	Atrique Market, Badli Inam Bargah, Kharadar, Karachi	Muhammad Faheem	42301-3883634-5	Muhammad Idrees	28,660	42,571	-	71,231	-	47,670	-	76,330

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Rupess '000				
1	2	3	4		5	6	7	8	9	10	11	12	13	
111	M/S. Bukhari Commercial Exporters/Pak International Exports/World Wide International Exports	Fiat No.1/114, Street No.5, Kalayabane-e-Faz, DHA-VI, Karachi.	Abdul Qadir Jangda	42301-5862447-7	Abdul Razzak	111,150	167,482	-	278,632	111,150	187,222	-	298,372	
112	Harris Steel Industry (Pvt) Ltd.	114/8, Munir Road, Cantt, Lahore.	1. Sheikh Muhammad Atfal 2. Muhammad Munir	1. 35201-1531319-7 2. 35202-4541788-1	1. Muhammad Latif 2. Muhammad Latif	366,669	569,576	-	936,245	344,276	635,396	-	979,672	
113	Japan Power Generation Ltd.	Jia Bagga Railway Station, Off Rawind Road, Chowk Arain, Lahore.	1. Habib Ur Rehman 2. Mir Muneeb Javed 3. Mohammad Zameer Rahmanud 4. Muhammad Ashraf Tahir 5. Muhammad Azam 6. Nafees Ahmed 7. Zahid Anjum	1. 61101-2024173-3 2. 35201-1340925-7 3. 13101-3276277-1 4. 37405-0237885-7 5. 61101-1938567-3 6. 35202-2509192-7 7. 35202-8770034-3	1. Rehman 2. Mir Javed Asghar 3. Muhammd Salah Uddin 4. Muhammad Tahir 5. Abdul Razzak 6. Shaukat Ali 7. Muhammad Shabbir	1,612,262	2,653,470	-	4,265,732	1,612,262	2,861,794	-	4,474,056	
114	Mobile Zone	Suit No 803 & 804, Block-B, Sama Trade Tower, I.I. Chundrigar Road, Karachi.	1. Waqar Ul Hassan 2. Muhammad Asif Jangda 3. Paveez Abbasi	1. 42301-4460936-5 2. 42301-4839792-9 3. 61101-2012894-5	1. Hassan Akhtar 2. Abdul Razzak 3. Khalid Dad Abbasi	398,851	542,805	-	941,656	398,851	594,355	-	993,206	
115	Southern Electric Power Company Ltd.	8th Floor, Razia Sharif Plaza, 90-West Jinnah Avenue, Blue Area, Islamabad.	1. Yahia Awad Idris 2. M. Khalid Rashid 3. Salman Rahim 4. Grasso Louisa 5. Osama Salik 6. Carolyn Khan 7. M. Rashid Mirza 8. Muhammad Saqib Rauf	2. 37405-0478046-5 3. 61101-7883533-1 5. 37405-3509229-7 7. 42301-5026134-7 8. 35202-2915270-5	1. Awad Idris 2. Abdul Rashid 3. S.A. Rahim 4. Sig. Grasso 5. Salik Ahmed 6. Jameed Khan 7. Muhammad Iftikhar 8. Dr. Khalid Rauf	322,376	394,185	-	716,561	322,376	440,286	-	762,662	
116	Dewan Salman Fibre Ltd.	Devan Centre, 17 Street 84, Sector G 6/4, Islamabad.	1. Dewan Mohammad Ayub Khalid 2. Dewan Asim Mushfiq Farooqui 3. Dewan Ghulam Mustafa Khalid 4. Dewan Abdul Ur Rehman Farooqui 5. Dewan Mohammad Yousuf Farooqui 6. Dewan Abdullah Ahmed Farooqui 7. Dewan Zia Ur Rehman Farooqui	1. 42201-9975110-3 2. 42301-4927084-9 3. 42201-7707647-9 4. 42301-0862043-3 5. 42301-6948978-9 6. 42301-7511974-1 7. 61101-1738570-1	1. M Salmaan Farooqui 2. Dewan M Umar Farooque 3. Dewan M Khalid Farooqui 4. Dewan M Salmaan Farooqui 5. Dewan M Umar Farooque 6. Dewan M Umar Farooqi Farooqui 7. Dewan M Umar Farooque	448,739	1,024,980	358	1,474,078	448,739	1,105,443	358	1,554,540	
117	Pak Rock Oil Trading Corp (Pvt) Ltd.	Office 536, Ground Floor, Zubaida Garden, Main Shahn-e-Faisal, Karachi.	1. Syed Anis Hassan 2. Syed Ammar Yasir Zadi	1. 42201-3133099-1 2. 42301-1115116-9	1. Syed Qamr Hassan 2. Asrar Hussain Zaidi	131,855	304,651	35	436,541	131,855	326,721	35	458,611	
118	Sire International (Pvt) Ltd.	919-920, Uni Plaza, II, Chundrigar Road, Karachi.	1. Andaleeb Qayum 2. M. Haider Sayeed 3. M. Qaiser Sayeed 4. M. Saifdar Sayeed 5. Naema Ahmed 6. Shand Jamil	1. 502-54-00872 2. 502-92-421138 3. 502-57-321923 4. 502-57-321922 5. 502-57-584350 6. 502-64-321925	1. M.A. Qayum 2. M. Sayeed 3. M. Sayeed 4. M. Sayeed 5. M. Sultan Ahmed 6. M. Sayeed	149,177	309,115	-	458,291	149,177	350,572	-	499,749	
						5,785,205	9,046,905	1,918	14,834,029	4,963,966	9,716,172	2,759	14,682,898	

Annexure II to and forming part of the Unconsolidated Financial Statements

The Bank is operating 500 Islamic banking branches (December 31, 2019: 414) including 1 Islamic sub-branch (December 31, 2019: 1). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2020 are as follows:

		Note	2020	2019
			-----Rupees '000-----	
(A) Statement of financial position				
ASSETS				
Cash and balances with treasury banks			21,763,033	13,320,776
Balances with other banks			1,929,779	432,379
Due from financial institutions			28,000,000	-
Investments	1		67,554,233	31,443,777
Islamic financing and related assets - net	2		190,397,365	115,537,150
Fixed assets			14,904,507	8,798,322
Intangible assets			136,688	84,501
Other assets			6,278,487	10,256,104
			330,964,092	179,873,009
LIABILITIES				
Bills payable			6,029,790	2,029,226
Due to financial institutions			47,086,694	26,721,776
Deposits and other accounts	3		248,090,892	119,214,500
Due to head office			2,506,697	8,333,416
Other liabilities			11,198,497	10,965,857
			314,912,570	167,264,775
NET ASSETS			16,051,522	12,608,234
REPRESENTED BY				
Islamic banking fund			9,180,000	9,180,000
Surplus on revaluation of assets - net of tax			1,468,656	633,831
Unappropriated profit	5		5,402,866	2,794,403
			16,051,522	12,608,234
CONTINGENCIES AND COMMITMENTS		6		
(B) Profit and loss account				
Profit / return earned	7		18,328,685	15,605,063
Profit / return expensed	8		8,580,882	10,526,358
Net profit / return			9,747,803	5,078,705
Other income				
Fee and commission income			931,141	620,170
Foreign exchange income			383,426	135,693
Gain on securities			225	-
Others			23,351	4,282
Total other income			1,338,143	760,145
Total income			11,085,946	5,838,850
Other expenses				
Operating expenses			6,501,380	4,682,897
Other charges			47,027	3,341
Total other expenses			6,548,407	4,686,238
Profit before provisions			4,537,539	1,152,612
Provisions and write offs - net			261,369	230,438
Profit before taxation			4,276,170	922,174
Taxation			1,667,707	359,648
Profit after taxation			2,608,463	562,526

Annexure II to and forming part of the Unconsolidated Financial Statements

1	INVESTMENTS BY SEGMENTS:	2020				2019			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		----- Rupees '000 -----							
	Federal Government securities:								
	- Ijarah Sukuks	34,434,037	-	(27,948)	34,406,089	6,000,000	-	(60,000)	5,940,000
	- Bai Muajjal Government of Pakistan	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	- Other Federal Government securities	466,435	-	-	466,435	-	-	-	-
		36,497,520	-	(27,948)	36,469,572	7,597,048	-	(60,000)	7,537,048
	Non Government Debt securities:								
	- Unlisted	30,663,124	-	421,537	31,084,661	23,258,691	-	648,038	23,906,729
	Total investments	67,160,644	-	393,589	67,554,233	30,855,739	-	588,038	31,443,777

2	ISLAMIC FINANCING AND RELATED ASSETS - NET	Note	2020	2019
			----- Rupees '000 -----	
	Murabaha	2.2	2,802,616	2,221,977
	Musharaka		7,194	7,164
	Diminishing Musharaka		102,902,725	68,640,076
	Istisna		17,760,768	7,378,147
	Tawwaruq		55,002	409
	Running Musharaka		37,086,503	17,241,885
	Fixed assets Ijarah financing - net	2.1	78,056	87,735
	Tijarah		232,113	-
	Advance against Murabaha financing		1,267,610	1,599,406
	Advanced against Diminishing Musharaka		16,552,367	11,330,290
	Advance against Ijarah		937,383	2,062,305
	Advance against Istisna		6,890,624	3,787,505
	Advance against Islamic export refinance		2,650,700	-
	Inventory related to Islamic financing		1,974,625	1,719,803
	Gross Islamic financing and related assets		191,198,286	116,076,702
	Less: provision against Islamic financings			
	- specific		(638,404)	(413,156)
	- general		(162,517)	(126,396)
			(800,921)	(539,552)
	Islamic financing and related assets - net of provision		190,397,365	115,537,150

2.1 Ijarah

	2020						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2020
	As at Jan 1, 2020	Additions / (deletions)	As at Dec 31, 2020	As at Jan 1, 2020	Charge for the year	As at Dec 31, 2020	
	----- Rupees '000 -----						
Plant and machinery	147,395	-	147,395	59,660	9,679	69,339	78,056
Total	147,395	-	147,395	59,660	9,679	69,339	78,056

Annexure II to and forming part of the Unconsolidated Financial Statements

	2019						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2019
	As at Jan 1, 2019	Additions / (deletions)	As at Dec 31, 2019	As at Jan 1, 2019	Charge for the year	As at Dec 31, 2019	
	----- Rupees '000 -----						
Plant & Machinery	94,960	52,435	147,395	28,007	31,653	59,660	87,735
Total	94,960	52,435	147,395	28,007	31,653	59,660	87,735

Future Ijarah payments receivable

	2020				2019			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	Rupees '000							
Ijarah rental receivables	78,924	-	-	78,924	89,840	-	-	89,840

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

	Note	2020	2019
		-----Rupees '000-----	
2.2 Murabaha			
Murabaha financing	2.2.1	2,802,616	2,221,977
Inventory for Murabaha		-	-
Advances for Murabaha		-	-
		<u>2,802,616</u>	<u>2,221,977</u>
2.2.1 Murabaha receivable - gross	2.2.2	2,903,151	2,355,357
Less: Deferred murabaha income	2.2.4	(65,167)	(68,180)
Profit receivable shown in other assets		(35,368)	(65,200)
Murabaha financings		<u>2,802,616</u>	<u>2,221,977</u>
2.2.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		2,221,977	1,576,557
Sales during the year		9,188,782	5,626,772
Adjusted during the year		(8,608,143)	(4,981,352)
Closing balance		<u>2,802,616</u>	<u>2,221,977</u>
2.2.3 Murabaha sale price		2,903,151	2,355,357
Murabaha purchase price		(2,802,616)	(2,221,977)
		<u>100,535</u>	<u>133,380</u>
2.2.4 Deferred murabaha income			
Opening balance		68,180	4,775
Arising during the year		343,369	128,605
Less: Recognised during the year		(346,382)	(65,200)
Closing balance		<u>65,167</u>	<u>68,180</u>

Annexure II to and forming part of the Unconsolidated Financial Statements

3 DEPOSITS

Customers

	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Current deposits	82,149,540	8,463,757	90,613,297	39,861,058	2,880,515	42,741,573
Savings deposits	95,053,032	6,078,395	101,131,427	39,370,669	845,567	40,216,236
Term deposits	45,612,885	245,025	45,857,910	20,396,083	360,828	20,756,911
	222,815,457	14,787,177	237,602,634	99,627,810	4,086,910	103,714,720

Financial institutions

	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Current deposits	171,270	78	171,348	59,427	7,661	67,088
Savings deposits	8,426,214	7,646	8,433,860	11,988,892	-	11,988,892
Term deposits	1,883,050	-	1,883,050	3,443,800	-	3,443,800
	10,480,534	7,724	10,488,258	15,492,119	7,661	15,499,780
	233,295,991	14,794,901	248,090,892	115,119,929	4,094,571	119,214,500

2020 2019
-----Rupees '000-----

3.1 Composition of deposits

- Individuals	57,681,907	30,349,844
- Government / Public Sector Entities	3,042,771	3,857,189
- Banking Companies	8,161	2,008,491
- Non-Banking Financial Institutions	10,480,098	13,491,289
- Private Sector	176,877,955	69,507,687
	248,090,892	119,214,500

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 186.325 billion (2019: Rs. 81.281 billion).

2020 2019
-----Rupees '000-----

4 CHARITY FUND

Opening balance	13,567	7,070
Additions during the year		
Received from customers on account of delayed payment	33,907	17,109
Other Non-Shariah compliant income	755	364
Profit on charity saving account	841	1,024
	35,503	18,497
Payments / utilisation during the year		
Education	18,000	3,000
Health	5,000	3,000
Social work	-	6,000
	23,000	12,000
Closing balance	26,070	13,567

Annexure II to and forming part of the Unconsolidated Financial Statements

2020 2019
-----Rupees '000-----

Donee wise details of charity disbursements over Rs 0.5 million;

Pink Ribbon Pakistan	5,000	-
Institute of Business Administration CEIF	8,000	-
Lahore University of Management Sciences	10,000	-
Saylani Welfare Trust	-	1,000
Alamgir Welfare Trust	-	4,000
Bait-us-Salam Welfare Trust	-	1,000
Pakistan Children's Heart Foundation	-	3,000
The Citizen Foundation	-	3,000

There were no charity disbursement to related parties of the Bank.

5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT

Opening balance	2,794,403	2,231,877
Add: Islamic Banking profit for the year	4,276,170	922,174
Less: taxation	(1,667,707)	(359,648)
Closing balance	5,402,866	2,794,403

6 CONTINGENCIES AND COMMITMENTS

Guarantees	12,003,581	5,104,218
Commitments	50,760,337	14,245,313
	62,763,918	19,349,531

7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT

Profit earned on:

Financing	14,265,314	12,001,983
Investments	4,063,371	3,603,080
	18,328,685	15,605,063

8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts	5,685,554	4,776,217
Other short term borrowings	2,141,814	5,138,031
Lease liability against right-of-use assets	753,514	612,110
	8,580,882	10,526,358

Annexure II to and forming part of the Unconsolidated Financial Statements

9 POOL MANAGEMENT

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

- i. 'General Pool' for local and foreign currency deposits;
- ii. 'Islamic Export Refinance Pool';
- iii. 'Treasury Musharaka Pool';
- iv. FBL 'Islamic Investment Pool' (Mudarabah based);
- v. FBL 'Islamic Saving Pool' (Mudarabah based);
- vi. FBL 'Special PKR 1-year BIC pool';
- vii. FBL 'Islamic Equity Pool';
- viii. Haj Musharaka Pool'; and
- ix. Treasury Pool

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all FBL Islamic depositors and provide profit / loss based on Mudarabah and Musharaka.
- The IERS Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.
- The 'Treasury Musharaka Pool' is to provide Shariah compliant mechanism for Interbank Money Market transactions and manage the liquidity position of FBL IBD statement of financial position by creating individual pools against each FBL Islamic money market deals.
- The FBL Islamic investment certificate pools are created to cater the needs of high net worth clients.
- The FBL Islamic saving pools are created to cater the needs of high net worth clients / institutions.
- Special PKR 1 Year Pool was launched to build a stable long-term deposit book.
- The FBL Islamic equity pool is created to mainly cater the funding requirement of project / long term financing assets during non accrual period.
- The Haj Musharaka pool is created to give returns to Ministry of religious affairs deposits.
- The Treasury Mudarabah Pool is created to cater the liquidity requirement of the Bank.
- The risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

Annexure II to and forming part of the Unconsolidated Financial Statements

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

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

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

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

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

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

Particulars	2020		2019	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	4,665,380	41.75	2,882,629	27.46
- Amount and percentage of Mudarib share transferred to depositors through Hiba	513,534	11.01	930,083	32.27
- Profit rate earned (annualised)	-	7.2	-	10.63
- Profit rate distributed (annualised)	-	3.4	-	7.33

Consolidated Financial Statements

Directors' Report

Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited – Consolidated, along with Audited Financial Statements and the Auditors' Report thereon for the year ended December 31, 2020.

Group Profile

Faysal Bank Ltd. (FBL) has 99.9% shareholding in Faysal Asset Management Limited (FAML). FAML is an unlisted public limited company registered as a Non-Banking Finance Company (NBFC), licensed to carry out asset management and investment advisory services under the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

FBL also has significant influence on the basis of its holding in the following open-ended mutual funds managed by FAML.

Associates	% Holding
Faysal Income & Growth Fund	40.67%
Faysal Islamic Stock Fund	37.64%
Faysal Asset Allocation Fund	28.12%
Faysal Saving Growth Fund	21.54%

FBL Group structure is as follows:

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

Financial Highlights:

(Rs in million)

Key Balance Sheet Numbers

	December '20	December '19	Growth%
Investment	276,470	203,594	35.8%
Financing	318,180	309,573	2.8%
Total Assets	710,064	629,861	12.7%
Deposits	540,632	457,785	18.1%

Profit & Loss Account

Total Revenue	32,900	28,400	15.8%
Non Mark-up Expenses	19,911	17,476	13.9%
Profit before tax & provisions	12,989	10,924	18.9%
Net Provisions	2,254	765	194.5%
Share of profit of associates	156	-	100%
Profit before tax	10,891	10,158	7.2%
Tax	4,210	4,154	1.3%
Profit after tax	6,681	6,004	11.3%
Earnings per share (Rupees)	4.40	3.96	0.44

Faysal Bank Limited's consolidated profit after tax for the year 2020 at PKR 6,681 million is 11.3% higher than previous year, resulting in Earnings Per Share of PKR 4.40 as compared to PKR 3.96 in 2019.

The changes brought about post acquisition of control over FAML have started to yield results. Despite very challenging business environment during most of 2020, FAML showed remarkable performance and Assets Under Management (AUMs) have grown by 300% over December 2019 to PKR. 47.4 billion. One of the reasons for growth in AUMs is that Faysal Bank is effectively leveraging its branch network to generate Faysal Funds sales in targeted customer segments.

Towards the end of Q1'20 Faysal Bank invested an additional amount of PKR. 500 million in FAML after obtaining necessary regulatory approvals. This investment is a testament of the Bank's commitment towards FAML and will assist the subsidiary in achieving envisioned results.

FAML has turned a corner and has recorded profit after tax of PKR. 140.3 million during the year ended December 31, 2020 as against a loss of PKR. 13.2 million during the last year.

The Bank also invested PKR. 234 million in Faysal Islamic Stock Fund and Faysal Asset Allocation Fund bringing the total investment in associates to PKR. 1,242 million as at the year-end as compared to PKR. 962 million in December 2019.

Corporate Governance

The Bank has implemented the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (hereinafter called 'the Code'). As per the requirement of Regulation 36, a Statement of Compliance with the code along with the auditor's review report thereon forms part of this Annual Report.

The Board of Directors

Faysal Bank's Board comprises of a mix of individuals representing shareholding institution, independent directors and President and CEO of the Bank. All the directors of the Board meet the eligibility criteria laid down under the Companies Act, 2017, the Code and the Prudential Regulations issued by the State Bank of Pakistan. Directors are elected for a period of three years, upon expiry of which elections are held to appoint a new Board in accordance with the law. Details of Directors are covered in FBL's Directors' Report on Unconsolidated Audited Financial Statements.

The total number of FAML Directors (excluding the CEO) is six and details are as follows:

Gender	Number
Male	6
Female	Nil

The Board of Directors of FAML comprises of the following Members:

Category	Name
Independent Directors	Mr. Nadir Rahman Mr. Osman Asghar Khan
Non-Executive Directors	Mr. Salman Ahmed Usmani (Chairman) Mr. Tahir Yaqoob Bhatti Mian Salman Ali Syed Muhammad Fraz Zaidi
Executive Director	Mr. Khaldoon Bin Latif (CEO)

Committees of the Board

The details of the FBL Board Committees are given in FBL's Directors' Report on Unconsolidated Audited Financial Statements.

Performance Evaluation of Board of Directors

Performance evaluation method is detailed in the Directors' Report of Faysal Bank Ltd which is part of this Annual Report.

Remuneration Policy

Details of the remuneration policy are included separately in this Annual Report.

Risk Management Framework

Risk Management Group (RMG) is organized under the Chief Risk Officer (CRO). CRO has been authorized by the Board of Directors (BoD) to implement a Risk Management Framework across the Bank. Risk Management Framework covering the major risks and uncertainties faced by the Bank and how these are managed is elaborated in Note 44 of the Financial Statements.

Statement of Internal Control

The Board of Directors fully recognizes its responsibility to ensure that a system of sound internal controls is established, which is fully implemented and maintained at all levels within the Bank. The Board is pleased to endorse the statement made by the management relating to internal controls. The system of internal controls is sound in design and has been effectively implemented and monitored. The management's statement on internal controls is included in this Annual Report.

Credit Rating

VIS Credit Rating Company Limited (VIS) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings to Faysal Bank Ltd:

Long-Term AA

Short-Term A1+

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

During Q1'20, in view of the much-improved performance of FAML, VIS upgraded Asset Management rating from AM3+ to AM2. The rating signifies asset manager exhibiting very good management characteristics. As at December 31, 2020 outlook on the assigned rating has been revised from 'Stable' status to 'Positive'. The revision in rating outlook reflects improving market share, inclusion of experienced personnel in top management and support from parent.

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% (2019: 66.78%) of the shareholding in Faysal Bank Ltd. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar Holding B.S.C. and is the ultimate parent of the Group. 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.

Auditors

The present auditors, A F Ferguson & Co., Chartered Accountants, will retire on the date of next Annual General Meeting of FBL and are eligible for re-appointment. The Board of Directors on the recommendation of Board's Audit & Governance Committee shall recommend to the shareholders, the appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2021.

Subsequent Events

No material changes or commitments affecting the financial position of the Group have occurred between the end of the financial year and the date of this report other than those disclosed in the consolidated 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 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 for their guidance and employees of the Group 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 February 18, 2021 and signed by the Chief Executive Officer and a director.



President & CEO

Karachi

Dated: February 18, 2021



Chairman / Director

ہولڈنگ کمپنی

اتمار بینک بی۔ ایس۔ سی (گلوڈ)، جو کہ سینٹرل بینک آف بحرین کا لائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینک کے 66.78 فیصد (2019 میں 66.78 فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک بی۔ ایس۔ سی (گلوڈ)، 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۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئینڈ سالانہ اجلاس عام کی تاریخ پر سبکدوش ہو جائیں گے اور دوبارہ تقرری کے لیے اہل ہیں۔ بورڈ کی آڈٹ اینڈ کارپوریٹ گورننس کمیٹی نے 17 فروری، 2021 کو منعقدہ اپنے اجلاس میں اے۔ ایف۔ فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو بطور بینک آڈیٹرز برائے سال 2021 مقرر کرنے کی سفارش کی ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش کی توثیق کی ہے اور شیئر ہولڈرز کو سفارش کی ہے کہ اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو مالی سال 2021 کے لیے بطور بینک آڈیٹرز مقرر کیا جائے۔

بعد از ال رپورٹنگ کے واقعات

مالی سال کے اختتام سے لیکر اس رپورٹ کی تاریخ کے دوران بینک کی مالی پوزیشن کو خاطر خواہ طور پر متاثر کرنے والی کوئی تبدیلی یا معاہدہ نہیں ہوا ہے۔

توثیقی بیان:

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

منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 18 فروری 2021 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: 18 فروری، 2021

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

کارکردگی کے جائزہ کے طریقہ کار کی تفصیل فیصل بینک لمیٹڈ کے ڈائریکٹرز کے جائزے میں شامل ہے جو کہ اس سالانہ رپورٹ کا حصہ ہے۔

ڈائریکٹرز کے لیے مشاہرہ کی پالیسی

مشاہرے کی پالیسی کی تفصیلات اس سالانہ رپورٹ میں الگ سے شامل ہیں۔

رسمی منجمنٹ فریم ورک

چیف رسک آفیسر (CRO) کے تحت رسک منجمنٹ گروپ (RMG) قائم کیا گیا ہے۔ سی آر او کو بورڈ آف ڈائریکٹرز (BoD) کی جانب سے پورے بینک میں رسک منجمنٹ فریم ورک لاگو کرنے کا اختیار ہے۔ رسک منجمنٹ فریم ورک کی مالیاتی گوشواروں کے نوٹ 44 میں وضاحت کی گئی ہے۔

انٹرنل کنٹرول کا اسٹیمٹ

بورڈ آف ڈائریکٹرز مکمل طور پر اپنی ذمہ داری کا احساس رکھتا ہے کہ اس بات کو یقینی بنایا جائے کہ انٹرنل کنٹرولز کا نظام موثر ہے جس پر بینک کے اندر ہر سطح پر عمل درآمد ہوتا ہے اور اسے بحال رکھا جاتا ہے۔ بورڈ آف ڈائریکٹرز انٹرنل کنٹرولز سے متعلق انتظامیہ کے تیار کردہ اسٹیمٹ کی تصدیق کرتے ہوئے خوشی محسوس کرتا ہے۔ انٹرنل کنٹرول کا نظام تشکیل کے اعتبار سے بہتر ہے اور اس پر منوثر طریقے سے عمل اور باقاعدہ نگرانی کی جاتی ہے۔ انٹرنل کنٹرول سے متعلق اسٹیمٹ اس سالانہ رپورٹ میں شامل ہے۔

کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے فیصل بینک کے حوالے سے درج ذیل درجہ بندی کی توثیق کی ہے:

طویل المیعاد:	AA
قلیل المیعاد:	A1+

مذکورہ بالا دونوں کریڈٹ ریٹنگ ایجنسیز نے ”مستحکم“ آؤٹ لک کی درجہ بندی تفویض کی ہے۔

سال 2020 کی پہلی سہ ماہی کے دوران FAML کی کارکردگی میں خاطر خواہ بہتری نظر آئی، VIS نے ایسٹ منجمنٹ ریٹنگ AM3+ سے بڑھا کر AM2 کر دی ہے۔ ریٹنگ میں بہتری انتظامی طور پر بہترین اقدامات کی عکاس ہے۔ 31 دسمبر، 2020 کو ریٹنگ پر نظر ثانی کر کے ”مستحکم“ آؤٹ لک سے ”مثبت“ کی درجہ بندی تفویض کی گئی ہے۔ ریٹنگ کی درجہ بندی میں نظر ثانی کی وجوہات میں مارکیٹ شیئر میں بہتری، اعلیٰ انتظامی عہدوں پر تجربہ کار افسران کی تقرری اور فیصل بینک لمیٹڈ کی سرپرستی شامل ہیں۔

کارپوریٹ گورننس

بینک نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (دی کوڈ) کی تمام شرائط پر عملدرآمد کیا ہے۔ ریگولیشن 36 کی شرائط کے مطابق کوڈ کے ساتھ کمپلائنس کا اسٹیٹمنٹ بشمول آڈیٹرز کی رپورٹ اس سالانہ رپورٹ کا حصہ ہیں۔

بورڈ آف ڈائریکٹرز

بینک کا بورڈ شیئر ہولڈنگ ادارے کے نمائندے، آزاد ڈائریکٹرز اور بینک کے صدر و چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ بورڈ کے تمام ڈائریکٹرز، کمپنیز ایکٹ 2017، دی کوڈ اور اسٹیٹ بینک آف پاکستان کے جاری کردہ پروڈنشل ریگولیشنز کے تحت متعین کردہ اہلیت رکھتے ہیں۔ قانون کے مطابق ڈائریکٹرز کا انتخاب تین سال کے لیے ہوتا ہے اور مدت کی تکمیل پر نئے انتخابات کے ذریعے بورڈ کی تشکیل ہوتی ہے۔ ڈائریکٹرز کی تفصیلات فیصل بینک لمیٹڈ کے ان کنسولیڈیٹڈ مالیاتی گوشواروں پر ڈائریکٹرز کے جائزے میں شامل ہے۔

FAML کے ڈائریکٹرز کی کل تعداد (سی ای او کے علاوہ) چھ ہے جس کی تفصیل درج ذیل ہے:

جنس	تعداد
مرد	6
خواتین	کوئی نہیں

FAML کے ڈائریکٹرز کا بورڈ درج ذیل ممبران پر مشتمل ہے:

کنٹری	نام
آزاد ڈائریکٹرز	جناب نادر رحمان جناب عثمان اصغر خان
نان ایگزیکٹو ڈائریکٹرز	جناب سلمان احمد عثمانی (چیئرمین) جناب طاہر یعقوب بھٹی میاں سلمان علی سید محمد فراز بیدی
ایگزیکٹو ڈائریکٹر	جناب غلدون بن لطیف (سی ای او)

بورڈ کمیٹیاں

فیصل بینک لمیٹڈ کی بورڈ کمیٹیوں کی تفصیل فیصل بینک لمیٹڈ کے ان کنسولیڈیٹڈ مالیاتی گوشواروں پر ڈائریکٹرز کے جائزے میں شامل ہے۔

نمو	2019	2020	نفع و نقصان اکاؤنٹ
15.8%	28,400	32,900	کل آمدنی
13.9%	17,476	19,911	مارک اپ کے علاوہ اخراجات
18.9	10,924	12,989	منافع قبل از ٹیکس اور پروویژن
194.5%	765	2,254	نیٹ پروویژن
100%	-	156	ایسوسی ایٹس کے منافع کا حصہ
7.2%	10,158	10,891	منافع قبل از ٹیکس
1.3%	4,154	4,210	میکسز
11.3%	6,004	6,681	منافع بعد از ٹیکس
0.44	3.96	4.4	فیصل فیصل آمدن (روپے)

فیصل بینک لمیٹڈ گروپ کا سال 2020 کے لیے بعد از ٹیکس مجموعی منافع 6,681 ملین روپے رہا جو کہ گزشتہ سال کے مقابلے میں 11.3% فیصد زیادہ ہے، جس کے نتیجے میں فیصل فیصل آمدن سال گزشتہ کے 3.96 روپے سے بڑھ کر 4.40 روپے ہو گئی۔

FAML کا مکمل کنٹرول حاصل کرنے کے بعد آنے والی تبدیلیوں کے نتائج رونما ہونا شروع ہو گئے ہیں۔ سال 2020 کے دوران مشکل ترین کاروباری حالات کے باوجود، FAML کی کارکردگی شاندار رہی اور ایسیٹس انڈر منیجمنٹ (AUMs) دسمبر 2019 کے مقابلے میں 300% اضافے کے ساتھ 47.4 ارب روپے تک جا پہنچے ہیں۔ AUMs میں اضافے کی ایک وجہ یہ ہے کہ فیصل بینک نے مخصوص صارفین کو سوشل انداز میں فیصل فنڈز کی فروخت کرنے کے لیے اپنا وسیع براؤنچ نیٹ ورک استعمال کرنا شروع کر دیا ہے۔

مالی سال 2020 کی پہلی سہ ماہی کے آخر میں فیصل بینک نے لازمی قانونی منظوریوں حاصل کرنے کے بعد FAML میں 500 ملین روپے کی مزید سرمایہ کاری کی ہے۔ یہ سرمایہ کاری بینک کی جانب سے FAML کے لیے اپنے عزم کا منہ بولتا ثبوت ہے اور بینک مستقبل میں بھی اپنے ذیلی ادارے کی ترقی کے لیے کوشاں رہے گا۔

FAML نے سال 2020 کے دوران شاندار کارکردگی کا مظاہرہ کرتے ہوئے سال گزشتہ کے 13.2 ملین روپے کے نقصان کے مقابلے میں اس سال 140.3 ملین روپے کا منافع بعد از ٹیکس ریکارڈ کیا ہے۔

بینک نے فیصل اسلامک اسٹاک فنڈ اور اسلامک ایسٹ ایلوکیشن فنڈ میں 234 ملین روپے کی اضافی سرمایہ کاری کی ہے، جس کے نتیجے میں ایسوسی ایٹس میں مجموعی سرمایہ کاری دسمبر 2019 کے 962 ملین روپے سے بڑھ کر 1,242 ملین روپے ہو گئی ہے۔

ڈائریکٹرز کا جائزہ

کنسولیڈیٹڈ مالیاتی گوشوارے برائے سال 2020

بورڈ آف ڈائریکٹرز کی جانب سے ہم آپ کی خدمت میں 31 دسمبر 2020 کو ختم ہونے والے سال پر ڈائریکٹرز رپورٹ کے ساتھ کنسولیڈیٹڈ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

گروپ پروفائل

فیصل بینک لمیٹڈ (FBL)، فیصل ایسٹ منیجمنٹ لمیٹڈ (FAML) کے 99.9 فیصد حصص کا شرکت دار ہے۔ ایف اے ایم ایل ایک ان۔ لمیٹڈ پبلک لمیٹڈ کمپنی ہے جو کہ نان۔ بینکنگ فنانس کمپنی (این بی ایف سی) کے طور پر رجسٹرڈ ہے، جس کے پاس نان۔ بینکنگ فنانس کمپنیز (اسٹبلشمنٹ اینڈ ریگولیشنز) رولز، 2003 اور نان۔ بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹی ٹیز ریگولیشنز، 2008 کے تحت ایسٹ منیجمنٹ اور سرمایہ کاری کے لیے ایڈوائزری سروس فراہم کرنے کا لائسنس ہے۔

فیصل بینک لمیٹڈ نے FAML کے درج ذیل اوپن اینڈ میوچل فنڈز میں بھی اپنی ہولڈنگ کی بنیاد پر زیادہ اثر و رسوخ حاصل کر لیا ہے۔

ایسوسی ایشن	ہولڈنگ %
فیصل انکم اینڈ گروتھ فنڈ	40.67%
فیصل اسلامک اسٹاک فنڈ	37.64%
فیصل ایسٹ الیکشن فنڈ	28.12%
فیصل سیونگ گروتھ فنڈ	21.54%

ایف بی ایل گروپ درج ذیل پر مشتمل ہے:

ہولڈنگ کمپنی:	فیصل بینک لمیٹڈ
ذیلی ادارہ:	فیصل ایسٹ منیجمنٹ لمیٹڈ

مالیاتی جھلکیاں:

بیلنس شیٹ	ملین روپے	2020	2019	نمو
سرمایہ کاری		276,470	203,594	35.80%
فنانسنگ		318,180	309,573	2.80%
کل اثاثہ جات		710,064	629,861	12.70%
ڈائریکٹرز		540,632	457,785	18.10%



Independent Auditor's Report

To the members of Faysal Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Faysal Bank Limited (the Bank) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances:</p> <p>(Refer notes 6.5 and 11.4 to the consolidated financial statements)</p> <p>The Group makes provision against advances on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances.</p>

S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>Further, during the year, several borrowers have availed the SBP enabled deferment, restructuring and rescheduling relief given as a result of COVID-19 pandemic. The Group expects that the repayment capacity of several borrowers could be impacted due to the pandemic and has accordingly recognised an additional general provision against the funded performing credit portfolio. The provision has been recognised based on the management's best estimate.</p> <p>The Group has recognised a net provision against advances amounting to Rs. 2,278.629 million in the consolidated profit and loss account in the current year. As at December 31, 2020, the Group holds a provision of Rs. 21,565.408 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> controls over correct classification of non-performing advances on time-based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; controls over accurate computation and recording of provisions; and controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> checked repayments of loans / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation, discussions with the management and the management's consideration of the impact of COVID-19 on the borrower. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs. We also checked that the general provision made against performing advances due to the pandemic is in accordance with the criteria defined by the Group.</p>

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Noman Abbas Sheikh**.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 2, 2021

Consolidated Statement of Financial Position





As at December 31, 2020

	Note	2020	2019
-----Rupees '000-----			
ASSETS			
Cash and balances with treasury banks	7	59,881,290	60,368,426
Balances with other banks	8	2,878,630	2,835,650
Lendings to financial institutions	9	2,985,000	-
Investments	10	276,469,824	203,594,303
Advances	11	318,179,878	309,573,002
Fixed assets	12	24,102,155	24,241,544
Intangible assets	13	1,894,204	1,840,624
Deferred tax assets	18	-	-
Other assets	14	23,673,221	27,406,984
		710,064,202	629,860,533
LIABILITIES			
Bills payable	15	13,543,270	8,356,460
Borrowings	16	58,446,516	72,746,795
Deposits and other accounts	17	540,632,217	457,785,183
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	18	1,582,351	2,816,798
Other liabilities	19	35,641,746	32,949,870
		649,846,100	574,655,106
NET ASSETS			
		60,218,102	55,205,427
REPRESENTED BY			
Share capital	20	15,176,965	15,176,965
Reserves		11,032,647	9,830,958
Surplus on revaluation of assets - net	21	9,027,473	10,748,080
Unappropriated profit		24,981,002	19,449,413
Total equity attributable to the equity holders of the Bank		60,218,087	55,205,416
Non-controlling interest		15	11
		60,218,102	55,205,427

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.






				
President & CEO	Chief Financial Officer	Chairman	Director	Director

Consolidated Profit and Loss Account

For the year ended December 31, 2020

	Note	2020 -----Rupees '000-----	2019 -----Rupees '000-----
Mark-up / return / interest earned	24	55,925,846	58,398,995
Mark-up / return / interest expensed	25	31,378,104	37,272,461
Net mark-up / interest income		24,547,742	21,126,534
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	4,085,368	4,228,311
Dividend income		281,864	428,588
Foreign exchange income		2,093,354	2,756,432
Income from derivatives		48,201	175,652
Gain / (loss) on securities	27	1,714,254	(565,986)
Other income	28	128,865	250,759
Total non mark-up / interest income		8,351,906	7,273,756
Total income		32,899,648	28,400,290
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	19,569,580	17,211,009
Workers Welfare Fund		227,031	232,722
Other charges	30	114,170	32,707
Total non mark-up / interest expenses		19,910,781	17,476,438
Share of profit of associates	10.5.1	156,170	-
Profit before provisions		13,145,037	10,923,852
Provision and write-offs - net	31	2,254,301	765,365
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		10,890,736	10,158,487
Taxation	32	4,210,115	4,154,446
PROFIT AFTER TAXATION		6,680,621	6,004,041
Attributable to:			
Equity holders of the Bank		6,680,617	6,004,046
Non-controlling interest		4	(5)
		6,680,621	6,004,041
Basic / diluted earnings per share			
	33	4.40	3.96

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.






				
President & CEO	Chief Financial Officer	Chairman	Director	Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2020

	2020	2019
	-----Rupees '000-----	
Profit after taxation for the year	6,680,621	6,004,041
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus on revaluation of investments - net of tax	(1,605,190)	3,819,861
Items that will not be reclassified to the profit and loss account in subsequent periods:		
- Remeasurement gain on defined benefit obligations - net of tax	37,656	57,989
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	1,708,993
- Movement in surplus on revaluation of non-banking assets - net of tax	-	295,854
	37,656	2,062,836
Total comprehensive income	5,113,087	11,886,738
Attributable to:		
- Equity holders of the Bank	5,113,083	11,886,743
- Non-controlling interest	4	(5)
	5,113,087	11,886,738

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

				
President & CEO	Chief Financial Officer	Chairman	Director	Director

For the year ended December 31, 2020

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

Consolidated Cash Flow Statement

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		10,890,736	10,158,487
Less: dividend income		(281,864)	(428,588)
Less: share of profit of associates		(156,170)	-
		<u>10,452,702</u>	<u>9,729,899</u>
Adjustments:			
Depreciation	12.2	1,307,741	1,024,904
Amortisation of intangible assets	13.2	187,409	142,257
Depreciation of right-of-use assets	12.2	1,446,468	1,402,715
Depreciation of non-banking assets	14.1.1	5,890	11,707
Workers Welfare Fund		227,031	232,722
Provision against loans and advances - net	31	2,278,629	568,451
(Reversal of provision) / provision for diminution in value of investments - net	31	(71,993)	307,614
Provision / (reversal of provision) against other assets - net	31	73,741	(6,021)
Provision / (reversal of provision) against off balance sheet obligations - net	31	13,893	(11,562)
Unrealised loss / (gain) on securities - held for trading - net	27	398	(13,120)
Gain on sale of fixed assets - net	28	(21,449)	(9,780)
Gain on sale of non-banking assets - net	28	-	(10,716)
Charge for defined benefit plan	29.2	216,306	179,995
Income from derivative contracts - net		(48,201)	(175,652)
Mark-up / return / interest expensed - lease liability against right-of-use assets	25	854,929	976,561
Bad debts written off directly	31	19,231	12,430
Gain on lease modifications	28	(26,271)	-
		<u>6,463,752</u>	<u>4,632,505</u>
		<u>16,916,454</u>	<u>14,362,404</u>
Decrease / (increase) in operating assets			
Lendings to financial institutions		(2,985,000)	2,997,486
Held-for-trading securities		24,104,939	569,781
Advances		(10,904,736)	(13,746,022)
Others assets (excluding advance taxation)		1,113,530	(822,830)
		<u>11,328,733</u>	<u>(11,001,585)</u>
Increase / (decrease) in operating liabilities			
Bills payable		5,186,810	(15,187,064)
Borrowings from financial institutions		(15,494,888)	(25,902,222)
Deposits		82,847,034	48,401,682
Other liabilities (excluding current taxation)		2,582,326	(578,283)
		<u>75,121,282</u>	<u>6,734,113</u>
Income tax paid		(1,977,077)	(3,435,928)
Contribution to gratuity fund	36.6	(339,652)	(86,490)
Net cash generated from operating activities		<u>101,049,740</u>	<u>6,572,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (investment) / divestment in available for sale securities		(101,345,231)	13,801,661
Net Investment in associates		(123,501)	(961,872)
Net divestment in held to maturity securities		2,084,578	2,630,928
Dividends received		272,580	428,588
Investment in operating fixed assets		(1,394,647)	(2,500,599)
Investment in intangible assets		(405,599)	(490,060)
Proceeds from sale of fixed assets		43,283	12,993
Proceeds from sale of non-banking assets		-	191,073
Net cash (used in) / generated from investing activities		<u>(100,868,537)</u>	<u>13,112,712</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(1,819,189)	(1,800,869)
Dividend paid		(779)	(239)
Net cash used in financing activities		<u>(1,819,968)</u>	<u>(1,801,108)</u>
(Decrease) / increase in cash and cash equivalents during the year		<u>(1,638,765)</u>	<u>17,884,118</u>
Cash and cash equivalents at the beginning of the year	34	<u>62,765,354</u>	<u>44,881,236</u>
Cash and cash equivalents at the end of the year	34	<u>61,126,589</u>	<u>62,765,354</u>

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

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

1.1.1 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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 575 branches (December 31, 2019: 554 branches) and 1 sub-branch (December 31, 2019: 1). Out of these, 500 (December 31, 2019: 414) are Islamic banking branches and 76 (December 31, 2019: 141) are conventional.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (2019: 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.

The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited, based on the unconsolidated financial statements of the Bank have determined the long-term rating of the Bank as 'AA' (December 31, 2019: 'AA') and the short term rating as 'A1+' (December 31, 2019: 'A1+') on June 26, 2020 and June 29, 2020 respectively.

1.1.2 Subsidiary Company - Faysal Asset Management Limited

	Percentage of holding	
	2020	2019
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the 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, Shahra-e-Faisal, Karachi.

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

VIS Credit Rating Company Limited has assigned Asset Management rating of AM2 (December 31, 2019: AM3+) as at December 31, 2020.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

The Subsidiary Company currently manages the following open-end collective investment schemes:

	Net asset value as at	
	December 31, 2020	December 31, 2019
	----- Rupees in million -----	
Open-end Collective Investment Schemes (CISs)		
Faysal Stock Fund	519	150
Faysal Income and Growth Fund	657	564
Faysal Savings Growth Fund	3,187	1,635
Faysal Asset Allocation Fund	182	73
Faysal Islamic Savings Growth Fund	3,646	1,790
Faysal Money Market Fund	6,542	5,835
Faysal Financial Sector Opportunity Fund	948	1,794
Faysal Islamic Asset Allocation Fund	2,290	108
Faysal MTS Fund	3,411	1,018
Faysal Shari'ah Planning Fund -		
Faysal Shari'ah Capital Preservation Plan	788	1,003
Faysal Shari'ah Capital Preservation Plan II	965	1,184
Faysal Halal Amdani Fund	10,673	2,374
Faysal Financial Planning Fund -		
Faysal Active Principal Preservation Plan	674	716
Faysal Financial Value Fund	1,686	192
Faysal Islamic Dedicated Equity Fund	2,747	-
Faysal Government Securities Fund	2,626	-
Faysal Islamic Stock Fund	629	-
Faysal Islamic Cash Fund	4,309	-
Faysal Islamic Financial Planning Fund		
Faysal Sharia Capital Preservation Plan III	1,340	-
Faysal Sharia Capital Preservation Plan IV	471	-
Faysal Sharia Capital Preservation Plan V	1,047	-
Faysal Sharia Capital Preservation Plan VI	1,437	-
	50,774	18,436

The Subsidiary Company is also managing investments under discretionary portfolio management agreements.

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 consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.
- 2.2** The financial results of the Islamic banking branches have been consolidated in these consolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all Islamic banking branches are disclosed in Annexure II to these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the financial statements of the Subsidiary Company from the date from which control of the Subsidiary Company by the Group commences until the date on which control ceases. The financial statements of the Subsidiary Company are incorporated on a line-by-line basis and the investment held by the Bank is eliminated against the corresponding share capital and pre-acquisition reserve of the Subsidiary Company in the consolidated financial statements.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company.

Material intra-group balances and transactions are eliminated.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control established by contractual agreement. Associates and joint ventures are accounted for using the equity method.

3 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) 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 IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

3.2 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 identified as a result of such acquisition. Accordingly, during the year ended December 31, 2020, the Group has adjusted amortisation of intangible assets net of tax amounting to Rs. 100.412 million (2019: Rs. 156.076 million) from the NCR.

3.3 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' 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 consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

- 3.4** The SBP has deferred the applicability of 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 consolidated financial statements.
- 3.5** The SECP has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these consolidated financial statements. Therefore direct investments by the Group in mutual funds managed by Faysal Asset Management Limited are not consolidated in these consolidated financial statements.
- 3.6 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:**
- 3.6.1** There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.
- 3.7 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:**
- 3.7.1** 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 16 - 'Leases' - COVID-19 related rent concessions	January 1, 2021
- IFRS 9 - 'Financial instruments'	January 1, 2021*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2022
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 3 - 'Business combinations' (amendments)	January 1, 2022

The management is in the process of assessing the impact of these standards and amendments on the consolidated financial statements of the Group.

* The SBP vide its BPRD Circular No. 04 dated October 23, 2019 has notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2021. IFRS 9, 'Financial instruments' has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has an impact on all the assets of the Group which are exposed to credit risk. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and the implementation guidelines are awaited.

- 3.7.2** There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or will not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

4 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for certain fixed assets and non-banking assets acquired in satisfaction of claims which have been carried at revalued amounts, certain investments and derivative contracts which have been marked to market and are carried at fair value, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right-of-use assets which are initially measured at an amount equal to the corresponding lease liabilities (adjusted for any lease payments and costs as disclosed in details in note 6.23 to these consolidated financial statements) and depreciated over the respective lease terms.

4.1 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- i) Business combinations (note 6.1);
- ii) Classification and provisioning against investments (notes 6.4 and 10);
- iii) Income taxes (notes 6.8, 14, 18 and 32);
- iv) Classification and provisioning against advances (notes 6.5 and 11);
- v) Depreciation / amortisation of fixed assets / intangibles / revaluations (notes 6.6, 12 and 13);
- vi) Accounting for non-banking assets acquired in satisfaction of claims (notes 6.9 and 14);
- vii) Accounting for defined benefit plan (notes 6.11 and 36);
- viii) Impairment of assets (note 6.7);
- ix) Provisions and contingent assets and liabilities (notes 6.10 and 22);
- x) Lease liability and right-of-use assets (notes 6.23, 12.2, 19, 25 and 28); and
- xi) Fair value of derivatives (notes 6.24 and 23).

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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6.1 Business Combinations

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed as at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated profit and loss account. However, as more fully described in note 13.3 to these consolidated financial statements, the gain on bargain purchase arising on an acquisition made in 2010 has been recognised directly in equity as per the directives of the SBP.

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

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

6.2 Cash and cash equivalents

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

6.3 Lendings to / borrowings from financial institutions

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

(a) Sale of securities under repurchase agreements

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

(b) Purchase of securities under repurchase agreements

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

(c) Musharaka / Modaraba placements

In Musharaka / Modaraba, the Group invests in the Shari'ah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio under musharaka agreements.

(d) Bai Muajjal

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

6.4 Investments

6.4.1 Classification

The Group classifies its investments as follows:

(a) Held for trading

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

(b) Held to maturity

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

(c) Available for sale

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

(d) Associates

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

6.4.2 Initial recognition and measurement

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

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

6.4.3 Subsequent measurement:

Held for trading

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

Held to maturity

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

Available for sale

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

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial

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statements. A decline in the carrying value is charged to the consolidated profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the consolidated profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

6.4.4 Impairment

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

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

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

6.4.5 Investment in associates

Investment in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

6.5 Advances

- 6.5.1** Advances are stated net of specific and general provisions. Specific provision for advances is made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP which is based on the time based criteria and subjective evaluation of the credit worthiness of the borrowers. The amount of provision is charged to the consolidated profit and loss account. The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 11.4.1 to these consolidated financial statements. Advances are written off when there is no realistic prospect of recovery. In addition to conventional products, the Group also offers various Islamic financing products the details of which are as follows:

(a) Murabaha

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

(b) Diminishing Musharaka

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

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For the year ended December 31, 2020

(c) Running Musharaka

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

(d) Ijarah

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

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

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

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

(e) Istisna

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

The funds disbursed under Istisna are recorded as 'Advance against Istisna'. On execution of goods receiving note and receipt of manufactured goods, the same are recorded in the consolidated statement of financial position as inventories of the Group at cost price and after sale of goods by customer to its ultimate buyers, Istisna financing is booked.

(f) Musawamah

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

(g) Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

The funds disbursed under Salam are recorded as advances against Salam. On execution of goods receiving note and receipt of Salam goods, the same will be recorded in the consolidated statement of financial position as inventories of the Group at cost price and after the sale of goods by customer to its ultimate buyers, Salam financing will be booked.

(h) Tijarah

Tijarah is a financing mode under which the Group purchases finished goods from customer / seller against spot payment and delivery. Thereafter, the Group appoints customer as an agent to sell the Tijarah goods in the market.

The funds disbursed under Tijarah are recorded as advances against Tijarah. On execution of goods receiving

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note and receipt of Tijarah goods, the same will be recorded in the consolidated statement of financial position as inventories of the Group at cost price and after the sale of goods by customer to its ultimate buyers, Tijarah financing will be booked.

6.5.2 Net investment in finance lease

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

6.6 Fixed assets and depreciation

(a) Tangible assets

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

Depreciation on operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 12.2 to these consolidated financial statements after taking into account residual value, if significant. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

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

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

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

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

(b) Capital work-in-progress

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

(c) Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The intangible assets include directly attributable costs that are capitalised as part of the intangible asset. Amortisation, except for customer relationship, is charged applying the straight-line method over the useful lives of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at rates specified in note 13 to these consolidated financial statements. Amortisation is charged from the

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month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The intangible asset comprising customer relationship is being amortised over the life expectancy of the deposits. The residual values and useful lives of intangible assets are reviewed and adjusted, if appropriate, at each reporting date.

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

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

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

6.7 Impairment

The carrying amounts of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount, except in the case of an intangible asset with an indefinite useful life or an intangible asset not yet available for use and goodwill acquired in a business combination for which impairment is tested annually irrespective of whether there is any indication of impairment. The resulting impairment loss is taken to the consolidated profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of asset.

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

6.8 Taxation

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

Current

Provision for current taxation is based on taxable income for the year. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Prior

The charge / reversals for prior years represent adjustments to the tax charge / reversals for prior years, arising from assessments, changes in estimates, and retrospectively applied changes to the law, made during the current year.

Deferred

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

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

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

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

6.9 Assets acquired in satisfaction of claims

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

6.10 Provisions and contingent assets and liabilities

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

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

6.11 Staff retirement benefits

a) Defined contribution plan

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

b) Defined benefit scheme

The Holding Company operates an approved funded gratuity scheme for all its permanent eligible employees and eligible employees who are on contractual service and are employed under non-management cadre. The Subsidiary Company also operates a funded gratuity plan for all permanent eligible employees who have completed the specified minimum qualifying period of service. Contributions are made by each company to the respective funds on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation.

Amounts arising as a result of 'remeasurements', representing the actuarial gains and losses and the differences between the actual investment returns and the return implied by the net interest cost are recognised in the consolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

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

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6.12 Borrowings / deposits and their costs

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

6.13 Subordinated loans

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

6.14 Revenue recognition and other items

- Mark-up income / interest / profits on advances and returns on investments are recognised on a time proportion basis except that mark-up income / interest / returns / profits on non-performing advances and investments are recognised on receipt basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan. Interest / returns / mark-up income / profits on rescheduled / restructured advances and investments are recognised as permitted by the State Bank of Pakistan, except where, in the opinion of the management, it would not be prudent to do so.
- Profit on Murabaha and Musawamah transactions are recognised on an accrual basis for the period from the date of sale of goods to customer to the date of culmination of Murabaha / Musawamah. In case of credit Murabaha / Musawamah the profit is accrued from the date of disbursement i.e. after the date of culmination of Murabaha / Musawamah. However, no profit can be accrued in excess of selling price determined at the time of executing the Murabaha / Musawamah transactions.
- Profit on Istisna / Salam / Tijarah transactions are recognised on an accrual basis for the period from the date of sale of goods by the Group's customer to its ultimate buyer to the date of culmination of the transaction.
- Ijarah rentals once due are recognised as income on an accrual basis over the corresponding rental period.
- Rental on Diminishing Musharaka financing once due is recognised on an accrual basis over the corresponding rental period.
- Profit on Running Musharaka is recognised on an accrual basis and is adjusted upon declaration of profit by customers.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned finance income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fee and other lease income are recognised as income when they are realised.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the consolidated profit and loss account over the remaining period till maturity.
- Dividend income from investments is recognised when the Group's right to receive the dividend is established.
- Fee, commission on letters of credit / guarantee, other commission and brokerage income is recognised on an accrual basis.

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- Financial advisory fee is recognised when the right to receive the fee is established.
- Rent and other income is recognised on an accrual basis.
- Profits on Bai Muajjal lendings are recognised on straight line accrual basis.

6.15 Proposed dividend and transfer between reserves

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

6.16 Foreign currencies

(a) Foreign currency transactions

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

(b) Translation gains and losses

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

6.17 Commitments

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

6.18 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in these consolidated statement of financial position both as assets and liabilities.

6.19 Financial instruments

Financial assets and financial liabilities

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

Derivative financial instruments

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

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Offsetting

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

6.20 Earnings per share

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

6.21 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating decision maker. The Chief Executive Officer (CEO) has been identified as the Holding Company's Chief Operating decision maker.

(a) Business Segments

(i) Retail banking

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

(ii) Corporate and investment banking

This includes strategic partnership with corporate entities to provide working capital financing, trade financing, cash management services, project finance, export finance, leasing, guarantees, bills of exchange, deposits and other short term and long term finance. Further, this includes investment banking activities such as mergers and acquisitions, underwriting, privatisation, securitisation, Initial Public Offerings (IPOs), secondary private placements, etc.

(iii) Treasury and equity capital market (ECM)

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

(iv) Special asset management (SAM)

This includes recoveries from borrowers' accounts which became delinquent or have defaulted in their loan repayment obligations.

(b) Geographical segment

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

6.22 Provision of claims under guarantees

A provision for claim under guarantees is recognised when intimated and reasonable certainty exists that the Group will settle the obligation. The charge to the consolidated profit and loss account is stated net of expected recoveries as the obligation is recognised in other liabilities.

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6.23 Group's leasing arrangements

6.23.1 Lease liability and right-of-use assets

The Group leases various branches, ATM placement spaces and warehouses. Rental contracts are typically for a fixed period of 11 months to 29 years and may have extension options as described below. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects that the lessee will exercise that option. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Group reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in consolidated profit and loss account if the carrying amount of right-of-use assets has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use assets.

The right-of-use assets is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use assets is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

6.24 Derivative financial instruments

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

6.25 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Note	2020	2019
		-----Rupees '000-----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		13,650,096	10,322,399
- foreign currencies		6,147,826	3,601,723
		19,797,922	13,924,122
With State Bank of Pakistan in			
- local currency current account	7.1	25,323,730	32,960,190
- foreign currency current account	7.2	2,121,802	1,873,656
- foreign currency deposit account	7.3	3,860,816	5,325,652
		31,306,348	40,159,498
With National Bank of Pakistan in			
- local currency current account		8,202,707	5,574,470
Prize bonds		574,313	710,336
		<u>59,881,290</u>	<u>60,368,426</u>

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

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

7.3 These represent special cash reserve of 10% maintained with the SBP in US dollars deposit account on deposits held under the new foreign currency accounts (FE-25 deposits) as per DMMD Circular No.8 dated April 17, 2020, local US dollars clearing account maintained with the SBP to facilitate US dollars clearing and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking Branches under the requirements of BSD Circular No. 15 dated June 21, 2008. Profit rate on these balances is Nil (2019: 0.70%) per annum which is notified on monthly basis by the SBP.

	Note	2020	2019
		-----Rupees '000-----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current account		645,273	1,426,987
- in deposit account	8.1	72	68
		645,345	1,427,055
Outside Pakistan			
- in current account		2,233,285	1,352,850
- in deposit account		-	55,745
		<u>2,233,285</u>	<u>1,408,595</u>
		<u>2,878,630</u>	<u>2,835,650</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

8.1 These carry mark-up at the rate of 5.5% (December 31, 2019: 10.25%) per annum.

	Note	2020	2019
		-----Rupees '000-----	
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (reverse repo)	9.2	2,985,000	-
9.1 Particulars of lending			
- local currency		2,985,000	-

9.2 This represents lending to a non-banking finance company which carries mark-up at the rate of 7.05% per annum (2019: Nil) and is due to mature on January 4, 2021.

9.3 Securities held as collateral against lendings to financial institutions

	2020			2019		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	----- Rupees '000 -----					
Pakistan Investment Bonds	2,985,000	-	2,985,000	-	-	-

10 INVESTMENTS

10.1 Investments by type:

	2020				2019			
	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	6,534,053	-	418	6,534,471	31,073,816	-	1,002	31,074,818
Shares	599,168	-	1,086	600,254	164,344	-	900	165,244
	7,133,221	-	1,504	7,134,725	31,238,160	-	1,902	31,240,062
Available-for-sale securities								
Federal Government securities	195,466,018	-	15,838	195,481,856	104,109,013	-	115,329	104,224,342
Shares	8,421,544	1,688,885	376,325	7,108,984	7,360,710	1,745,897	878,857	6,493,670
Non Government debt securities	51,638,835	559,787	2,523,780	53,602,828	42,711,443	559,787	4,553,216	46,704,872
	255,526,397	2,248,672	2,915,943	256,193,668	154,181,166	2,305,684	5,547,402	157,422,884
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt securities	11,831,456	1,528,616	-	10,302,840	13,916,034	1,543,597	-	12,372,437
	13,428,504	1,528,616	-	11,899,888	15,513,082	1,543,597	-	13,969,485
Associates *								
Faysal Income & Growth Fund	267,056	-	-	267,056	268,625	-	-	268,625
Faysal Islamic Stock Fund	236,820	-	-	236,820	-	-	-	-
Faysal Asset Allocation Fund	51,158	-	-	51,158	-	-	-	-
Faysal Saving Growth Fund	686,509	-	-	686,509	693,247	-	-	693,247
	1,241,543	-	-	1,241,543	961,872	-	-	961,872
Total Investments	277,329,665	3,777,288	2,917,447	276,469,824	201,894,280	3,849,281	5,549,304	203,594,303

* related parties

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

10.2 Investments by segments

Note	2020				2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----								
Federal Government securities								
- Market Treasury Bills 10.2.1	133,796,844	-	212,826	134,009,670	118,699,887	-	7,040	118,706,927
- Pakistan Investment Bonds 10.2.2	33,182,545	-	(168,598)	33,013,947	10,482,942	-	169,291	10,652,233
- Ijarah Sukuks 10.2.3	34,554,247	-	(27,972)	34,526,275	6,000,000	-	(60,000)	5,940,000
- Bai Muajjal 10.2.4	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
- Other Federal Government securities 10.2.5	466,435	-	-	466,435	-	-	-	-
	203,597,119	-	16,256	203,613,375	136,779,877	-	116,331	136,896,208
Shares								
- Listed companies	8,276,796	1,039,219	347,066	7,584,643	6,825,388	1,096,231	849,412	6,578,569
- Unlisted companies	743,916	649,666	30,345	124,595	699,666	649,666	30,345	80,345
	9,020,712	1,688,885	377,411	7,709,238	7,525,054	1,745,897	879,757	6,658,914
Non Government debt securities 10.2.6								
- Listed	45,380,509	51,476	2,512,243	47,841,276	35,770,632	51,476	4,555,178	40,274,334
- Unlisted	18,089,782	2,036,927	11,537	16,064,392	20,856,845	2,051,908	(1,962)	18,802,975
	63,470,291	2,088,403	2,523,780	63,905,668	56,627,477	2,103,384	4,553,216	59,077,309
Associates * 10.5								
Faysal Income & Growth Fund	267,056	-	-	267,056	268,625	-	-	268,625
Faysal Islamic Stock Fund	236,820	-	-	236,820	-	-	-	-
Faysal Asset Allocation Fund	51,158	-	-	51,158	-	-	-	-
Faysal Saving Growth Fund	686,509	-	-	686,509	693,247	-	-	693,247
	1,241,543	-	-	1,241,543	961,872	-	-	961,872
Total Investments	277,329,665	3,777,288	2,917,447	276,469,824	201,894,280	3,849,281	5,549,304	203,594,303

* related parties

10.2.1 Market Treasury Bills have tenures of 3 months to 1 year. The Group's return on these instruments ranges from 7% to 13.29% per annum (2019: 12.79% to 13.84% per annum) with maturities up to December 2021.

10.2.2 Pakistan Investment Bonds have tenures of 3 to 10 years. The Group's return on these instruments ranges from 7.08% to 12% per annum (2019: 6.64% to 14.59% per annum) with maturities from August 2021 to June 2030.

10.2.3 GoP Ijarah Sukuk bonds have tenure of 5 years. The Group's return on these instruments ranges from 6.27% to 8.37% per annum (2019: 5.24% per annum) with maturities from July 2025 to December 2025.

	2020	2019
-----Rupees '000-----		
10.2.4 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(194,895)	(400,462)
Less: profit receivable shown in other assets	(420,682)	(215,115)
Bai Muajjal - net	1,597,048	1,597,048

This represents Bai Muajjal with Government of Pakistan carrying profit at the rate of 12.84% per annum (2019: 12.84%) maturing in December, 2021.

10.2.5 During the current year, the Group has invested in PKR and USD denominated Mudarabah based pools maintained by the Islamic Naya Pakistan Certificate Company Limited (INPCCL), a special purpose vehicle formed by the Government of Pakistan. As at December 31, 2020, the Group's investment in these PKR and USD denominated pools amounted to Rs. 342.284 million and Rs. 124.151 million (USD 0.777 million) respectively. The actual profit rates on these pools are calculated in line with the Islamic principle of Mudarabah and communicated to the Group at the end of each month. The profit earned by the Group on these investment pools during the year ranges between 8.24% to 8.26% for PKR denominated pool and 2.99% to 3.04% for USD denominated pool. These investments are perpetual in nature and have no fixed maturity.

10.2.6 These include Sukuks having tenures ranging from 5 to 15 years. The Group's return on these instruments ranges from 7.25% to 10.25% per annum (2019: 13.99% to 16.85% per annum) with maturities up to May 2032.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

	2020	2019
	-----Rupees '000-----	
10.3 Investments given as collateral		
- Market treasury bills	-	21,747,989
10.4 Provision for diminution in value of investments		
10.4.1 Opening balance	3,849,281	3,541,667
Charge / (reversals)		
Charge for the year	379,785	366,100
Reversals for the year	(14,982)	(9,160)
Reversals on disposals	(436,796)	(49,326)
	(71,993)	307,614
Closing Balance	3,777,288	3,849,281

10.4.2 Particulars of provision against debt securities

	2020		2019	
Category of classification	Non-performing investments	Provision	Non-performing investments	Provision
Domestic				
- Loss	2,088,403	2,088,403	2,103,384	2,103,384

10.5 Investment in associates

10.5.1 Movement of Investment in associates

As at December 31, 2020							
Country of incorporation	% Holding	Investment at the beginning of the year	Investment / (redemption) during the year	Share of profit	Dividend received	Investment at the end of the year	
----- Rupees '000 -----							
Associates							
Faysal Income & Growth Fund	Pakistan	40.67%	268,625	-	26,672	(28,241)	267,056
Faysal Islamic Stock Fund	Pakistan	37.64%	-	200,000	41,860	(5,040)	236,820
Faysal Asset Allocation Fund	Pakistan	28.12%	-	34,279	17,665	(786)	51,158
Faysal Saving Growth Fund	Pakistan	21.54%	693,247	-	69,973	(76,711)	686,509
			961,872	234,279	156,170	(110,778)	1,241,543

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As at December 31, 2019						
Country of incorporation	% Holding	Investment at the beginning of the year	Investment / (redemption) during the year	Share of profit	Dividend received	Investment at the end of the year

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

Associates

Faysal Income & Growth Fund	Pakistan	47.90%	-	268,625	-	-	268,625
Faysal Islamic Stock Fund	Pakistan	-	-	-	-	-	-
Faysal Asset Allocation Fund	Pakistan	-	-	-	-	-	-
Faysal Saving Growth Fund	Pakistan	42.79%	-	693,247	-	-	693,247
			-	961,872	-	-	961,872

10.5.2 Summary of financial position and performance

As at December 31, 2020				For the year ended December 31, 2020		
Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income

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

Associates

Faysal Income & Growth Fund	Pakistan	40.67%	672,056	15,337	88,464	71,121	71,121
Faysal Islamic Stock Fund	Pakistan	37.64%	646,596	17,356	131,890	116,977	116,977
Faysal Asset Allocation Fund	Pakistan	28.12%	191,651	9,741	90,796	86,911	86,911
Faysal Saving Growth Fund	Pakistan	21.54%	3,232,073	44,947	229,493	183,192	183,192

As at December 31, 2019				For the year ended December 31, 2019		
Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income

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

Associates

Faysal Income & Growth Fund	Pakistan	47.90%	575,121	11,584	73,249	58,651	58,651
Faysal Islamic Stock Fund	Pakistan	-	-	-	-	-	-
Faysal Asset Allocation Fund	Pakistan	-	-	-	-	-	-
Faysal Saving Growth Fund	Pakistan	42.79%	1,674,212	39,046	204,289	165,225	165,225

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

10.6 Quality of available for sale securities

Details regarding quality of available for sale (AFS) securities are as follows:

	2020	2019
	Cost	
	-----Rupees '000-----	
Federal Government securities - Government guaranteed		
Market Treasury Bills	127,262,791	87,671,805
Pakistan Investment Bonds	33,182,545	10,437,208
Ijarah Sukuks	34,554,247	6,000,000
Other Federal Government securities	466,435	-
	195,466,018	104,109,013
Shares		
Listed companies		
Cement	933,165	291,028
Chemical	578,402	578,402
Commercial banks	1,640,099	1,677,348
Engineering	73,688	72,489
Fertilizer	705,657	629,798
Glass and ceramics	38	38
Investment banks / investment companies / securities	12,528	12,528
Oil and gas exploration company	1,101,913	903,551
Oil and gas marketing company	401,251	381,012
Open - end mutual funds	1,342,649	1,089,971
Paper and board	62,319	84,019
Pharmaceuticals	-	55,589
Power generation and distribution	631,976	687,796
Real estate	16,372	16,372
Refinery	-	19,033
Textile composite	120,870	98,204
Textile spinning	4,362	4,362
Textile weaving	1,271	1,271
Transport	50,809	57,974
Vanaspati and allied industries	243	243
Miscellaneous	16	16
	7,677,628	6,661,044

Note	2020		2019	
	Cost	Breakup value	Cost	Breakup value
	----- Rupees '000 -----			
Unlisted companies				
1Link (Private) Limited	50,000	202,032	50,000	202,032
Al Hamra Avenue (Private) Limited *	265,938	357,675	265,938	357,675
Al Hamra Hills (Private) Limited *	5	5	5	5
DHA Cogen (Private) Limited *	325,000	1,853,509	325,000	1,853,509
Himont Chemical *	1,037	N/A	1,037	N/A
Pace Barka Properties Limited *	52,000	90,168	52,000	90,168
Pakistan Export Finance Guarantee *	5,686	N/A	5,686	N/A
Naymat Collateral Management	25,000	22,090	-	-
Pakistan Corporate Restructuring Company Limited	19,250	N/A	-	-
10.6.1	743,916	2,525,479	699,666	2,503,389

* These investments are fully provided.

Notes to and forming part of the Consolidated Financial Statements

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Non Government debt securities

Listed

- AA+, AA, AA-
- Unrated *

Unlisted

- AA+, AA, AA-
- A+, A, A- *
- Unrated *

2020	2019
Cost	
----- Rupees '000 -----	
329,033	719,157
45,051,476	35,051,476
45,380,509	35,770,633
500,000	2,402,000
1,839,479	95,000
3,918,847	4,443,810
6,258,326	6,940,810

* These include government guaranteed securities amounting to Rs. 48,413 million (2019: 38,935 million).

10.6.1 Pakistan Corporate Restructuring Company (PCRC) is a public limited company formed under the provisions of Corporate Restructuring Companies Act, 2016, with an initial paid up capital of Rs 500 million. During the current year, the Group has signed a shareholder agreement with PCRC, along with 9 other banks, subscribing 1.925 million shares at a cost of Rs 10 per share. However, these shares have not yet been issued by PCRC as at December 31, 2020.

10.7 Particulars relating to held to maturity securities are as follows:

Federal Government securities - Government guaranteed

Other Federal Government securities

Non Government debt securities

Unlisted

- AAA
- A+, A, A-
- CCC and below *
- Unrated

2020	2019
Cost	
----- Rupees '000 -----	
1,597,048	1,597,048
6,510,713	7,583,928
55,841	181,981
1,499,110	1,499,110
3,765,792	4,651,015
11,831,456	13,916,034

* These investments are fully provided.

10.7.1 The market value of securities classified as held-to-maturity as at December 31, 2020 amounted to Rs. 10,029.170 million (December 31, 2019: Rs. 12,564.225 million).

Notes to and forming part of the Consolidated Financial Statements

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11 ADVANCES

ADVANCES	Note	Performing		Non-performing		Total	
		2020	2019	2020	2019	2020	2019
----- Rupees '000 -----							
Loans, cash credits, running finances, etc.	11.2	119,418,082	182,560,477	24,454,468	28,777,157	143,872,550	211,337,634
Islamic financing and related assets		189,951,257	114,980,031	1,247,029	1,096,671	191,198,286	116,076,702
Bills discounted and purchased		4,150,522	5,860,886	523,928	535,455	4,674,450	6,396,341
Advances - gross		313,519,861	303,401,394	26,225,425	30,409,283	339,745,286	333,810,677
Provision against advances	11.4						
- specific		-	-	(20,649,632)	(23,475,724)	(20,649,632)	(23,475,724)
- general		(915,776)	(761,951)	-	-	(915,776)	(761,951)
		(915,776)	(761,951)	(20,649,632)	(23,475,724)	(21,565,408)	(24,237,675)
Advances - net of provision		312,604,085	302,639,443	5,575,793	6,933,559	318,179,878	309,573,002

11.1 Particulars of advances (gross)

	2020	2019
----- Rupees '000 -----		
- in local currency	339,106,568	331,186,964
- in foreign currencies	638,718	2,623,713
	339,745,286	333,810,677

11.2 Includes net investment in finance lease as disclosed below:

	2020				2019			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
----- Rupees '000 -----								
Lease rentals receivable	640,175	642,651	-	1,282,826	813,547	2,041,266	-	2,854,813
Residual value	342,143	67,986	-	410,129	446,191	480,015	-	926,206
Minimum lease payments	982,318	710,637	-	1,692,955	1,259,738	2,521,281	-	3,781,019
Financial charges for future periods	(13,058)	(6,858)	-	(19,916)	(86,118)	(19,577)	-	(105,695)
Present value of minimum lease payments	969,260	703,779	-	1,673,039	1,173,620	2,501,704	-	3,675,324

11.3 Advances include Rs. 26,225 million (2019: Rs.30,409 million) which have been placed under non-performing status as detailed below:-

Category of classification	2020		2019	
	Non-performing loans	Provision	Non-performing loans	Provision
----- Rupees '000 -----				
Domestic				
- other assets especially mentioned	204,782	-	1,483,618	10
- substandard	2,727,006	541,529	1,528,058	262,576
- doubtful	900,979	237,209	4,305,081	1,164,514
- loss	22,392,658	19,870,894	23,092,526	22,048,624
Total	26,225,425	20,649,632	30,409,283	23,475,724

Notes to and forming part of the Consolidated Financial Statements

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11.4 Particulars of provision against advances

	Note	2020			2019		
		Specific	General	Total	Specific	General	Total
----- Rupees '000 -----							
Opening balance		23,475,724	761,951	24,237,675	23,135,261	678,187	23,813,448
Exchange adjustment		25,095	-	25,095	76,892	-	76,892
Charge for the year		3,610,762	250,000	3,860,762	2,297,435	83,764	2,381,199
Reversals during the year		(1,485,958)	(96,175)	(1,582,133)	(1,812,748)	-	(1,812,748)
		2,124,804	153,825	2,278,629	484,687	83,764	568,451
Amounts written off	11.5.1	(4,975,991)	-	(4,975,991)	(220,887)	-	(220,887)
Amounts charged off - agriculture financing	11.5.1	-	-	-	(229)	-	(229)
Closing balance		20,649,632	915,776	21,565,408	23,475,724	761,951	24,237,675

11.4.1 General provision represents provision maintained against fully secured performing portfolio of consumer finance and unsecured performing portfolio of consumer and small enterprise finance, as required by the Prudential Regulations issued by the SBP.

In addition to the requirements of the Prudential Regulations, the management has exercised prudence and recognised a general provision upto 1% of performing consumer portfolio amounting to Rs. 250 million keeping in view the impacts of COVID-19.

11.4.2 Particulars of provision against advances

	2020			2019		
	Specific	General	Total	Specific	General	Total
Rupees '000						
In local currency	19,902,966	915,776	20,818,742	22,726,762	761,951	23,488,713
In foreign currencies	746,666	-	746,666	748,962	-	748,962
	20,649,632	915,776	21,565,408	23,475,724	761,951	24,237,675

11.4.3 As allowed by the SBP, the Holding Company has availed benefit of forced sale value (FSV) of collaterals held as security of Rs. 2,632.364 million (December 31, 2019: Rs. 1,996.336 million) relating to advances while determining the provisioning requirement against non-performing financing as at December 31, 2020. The additional profit arising from availing the FSV benefit (net of tax) as at December 31, 2020 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs. 1,605.742 million (December 31, 2019: Rs. 1,217.765 million).

	Note	2020	2019
		-----Rupees '000-----	
11.5 Particulars of write-offs - net of recoveries:			
11.5.1 Against provisions	11.4	4,975,991	221,116
Directly charged to profit and loss account		19,231	12,430
		<u>4,995,222</u>	<u>233,546</u>
11.5.2 Write-offs of Rs. 500,000 and above			
- domestic	11.6	4,963,966	211,520
- overseas		-	-
Write-offs of below Rs. 500,000		31,256	22,026
		<u>4,995,222</u>	<u>233,546</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

11.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2020 is given in Annexure - I to these consolidated financial statements.

12 FIXED ASSETS

	Note	2020	2019
		-----Rupees '000-----	
Capital work-in-progress	12.1	833,762	1,158,440
Property and equipment	12.2	23,268,393	23,083,104
		<u>24,102,155</u>	<u>24,241,544</u>
12.1 Capital work-in-progress			
Civil works		225,737	393,327
Equipment		561,345	658,014
Furniture and fixture		18,838	44,591
Vehicles		42	62,508
Land and building		27,800	-
		<u>833,762</u>	<u>1,158,440</u>

12.2 Property and equipment

	2020									
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets - land and building	Total
	----- Rupees '000 -----									
At January 1, 2020										
Cost / revalued amount	2,214,316	3,551,147	417,706	5,207,268	1,181,701	6,895,373	229,389	3,052,489	9,762,667	32,512,056
Accumulated depreciation	-	-	-	-	889,751	5,147,564	126,648	1,862,274	1,402,715	9,428,952
Net book value	<u>2,214,316</u>	<u>3,551,147</u>	<u>417,706</u>	<u>5,207,268</u>	<u>291,950</u>	<u>1,747,809</u>	<u>102,741</u>	<u>1,190,215</u>	<u>8,359,952</u>	<u>23,083,104</u>
Year ended December 31, 2020										
Opening net book value	2,214,316	3,551,147	417,706	5,207,268	291,950	1,747,809	102,741	1,190,215	8,359,952	23,083,104
Additions	-	-	136,358	-	121,816	708,442	129,564	623,145	1,255,446	2,974,771
Lease modification (note 12.2.6)	-	-	-	-	-	-	-	-	(49,514)	(49,514)
Transfer from non-banking assets (12.2.2)	-	-	36,075	-	-	-	-	-	-	36,075
Disposals	-	-	-	-	(666)	(1,803)	(12,461)	(6,904)	-	(21,834)
Depreciation charge	-	-	(39,246)	(199,882)	(53,754)	(733,431)	(28,893)	(252,535)	(1,446,468)	(2,754,209)
Other adjustments / transfers	-	-	(52)	54	101	(359)	(3)	259	-	-
Closing net book value	<u>2,214,316</u>	<u>3,551,147</u>	<u>550,841</u>	<u>5,007,440</u>	<u>359,447</u>	<u>1,720,658</u>	<u>190,948</u>	<u>1,554,180</u>	<u>8,119,416</u>	<u>23,268,393</u>
At December 31, 2020										
Cost / revalued amount	2,214,316	3,551,147	591,064	5,207,268	1,302,647	7,328,655	333,348	3,664,851	10,968,599	35,161,895
Accumulated depreciation	-	-	40,223	199,828	943,200	5,607,997	142,400	2,110,671	2,849,183	11,893,502
Net book value	<u>2,214,316</u>	<u>3,551,147</u>	<u>550,841</u>	<u>5,007,440</u>	<u>359,447</u>	<u>1,720,658</u>	<u>190,948</u>	<u>1,554,180</u>	<u>8,119,416</u>	<u>23,268,393</u>
Rate of depreciation (%) / useful life	-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-20%	11 months - 29 years	

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

	2019								
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets - land and building
----- Rupees '000 -----									
At January 1, 2019									
Cost / revalued amount	1,110,502	3,059,916	176,048	4,678,502	1,065,804	5,685,499	223,784	2,620,658	7,531,556
Accumulated depreciation	-	-	9,559	173,979	854,558	4,578,905	126,117	1,667,819	-
Net book value	1,110,502	3,059,916	166,489	4,504,523	211,246	1,106,594	97,667	952,839	7,531,556
Year ended December 31, 2019									
Opening net book value	1,110,502	3,059,916	166,489	4,504,523	211,246	1,106,594	97,667	952,839	-
Initial application of IFRS 16	-	-	-	-	-	-	-	-	7,531,556
Additions	-	-	-	-	121,518	1,213,846	29,640	452,253	2,231,111
Transfer from non-banking assets (12.2.2)	703,649	-	123,409	-	-	-	-	-	-
Movement in surplus on assets revalued during the year	400,165	491,230	139,963	866,102	-	-	-	-	-
Disposals	-	-	-	-	(3)	(281)	(2,929)	-	-
Depreciation charge	-	-	(12,153)	(163,071)	(40,802)	(572,354)	(21,636)	(214,888)	(1,402,715)
Write-off	-	-	-	(282)	-	-	-	-	-
Other adjustments / transfers	-	1	(2)	(4)	(9)	4	(1)	11	-
Closing net book value	2,214,316	3,551,147	417,706	5,207,268	291,950	1,747,809	102,741	1,190,215	8,359,952
At December 31, 2019									
Cost / revalued amount	2,214,316	3,551,147	417,706	5,207,268	1,181,701	6,895,373	229,389	3,052,489	9,762,667
Accumulated depreciation	-	-	-	-	889,751	5,147,564	126,648	1,862,274	1,402,715
Net book value	2,214,316	3,551,147	417,706	5,207,268	291,950	1,747,809	102,741	1,190,215	8,359,952
Rate of depreciation (%) / useful life	-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-33%	11 months - 29 years

2020 2019

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

12.2.1 The cost of fully depreciated fixed assets that are still in the Group's use is as follows:

Furniture and fixture	581,534	591,873
Electrical, office and computer equipment	4,051,343	3,992,347
Vehicles	114,002	123,184
Leasehold property and improvement	934,337	933,759
	<u>5,681,216</u>	<u>5,641,163</u>

12.2.2 During the year, the Group has transferred a property to fixed assets from non-banking assets having book value of Rs 36.075 million (2019: Rs 827.058 million).

12.2.3 The Group's freehold / leasehold land and buildings on freehold / leasehold land were last revalued by Iqbal A. Nanjee Company (Private) Limited and K. G. Traders (Private) Limited on December 31, 2019 on the basis of professional assessments of the market values.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2020 would have been Rs 3,912.420 million (2019: Rs 3,789.908 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

12.2.4 Allocation of depreciation expense of the year is as follows:

Property expense
- owned assets
- right-of-use assets

Information technology expense
Other operating expenses

	2020	2019
	-----Rupees '000-----	
	491,872	390,329
	1,446,468	1,402,715
	1,938,340	1,793,044
	373,235	319,684
	442,634	314,891
	2,754,209	2,427,619

12.2.5 Change in accounting estimate

During the year, the management of the Group has revised its estimate of the useful life of 'fascia' category under 'leasehold improvements'. Previously, assets under the above category were depreciated over 3 years and now these are being depreciated over a revised useful life of 5 years.

The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of these assets not been made, the depreciation expense for the year would have been higher by Rs 31.18 million and consequently profit before tax would have been lower by the same amount.

12.2.6 Lease modifications

During the current year, the Group has renegotiated a number of existing lease agreements resulting in a modification of these lease agreements under IFRS 16, 'Leases'. These lease modifications pertain to:

- a change in consideration of the lease(s);
- an increase in the scope of the lease(s) due to an extension in the contractual lease terms; or
- termination of existing lease(s) due to relocation of the branches to new premises.

In case of (i) and (ii) above, the Group has remeasured the lease liabilities by discounting the revised lease payments using the revised discount rates and making a corresponding adjustment to the right-of-use assets.

In case of (iii) above, the Group has decreased the carrying amount of the right-of-use assets and the corresponding lease liabilities to reflect the full termination of the lease, taking any resultant gain or loss on such termination to the consolidated profit and loss account.

12.2.7 Details of disposals of fixed assets

The information relating to disposal of fixed assets to related parties is as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
	----- Rupees '000 -----					
Vehicles						
Toyota Prado	19,512	15,610	3,902	3,902	Bank's policy	Yousaf Hussain (President & CEO)
Mercedes E200	13,700	6,211	7,489	7,489	Bank's policy	Yousaf Hussain (President & CEO)
	33,212	21,821	11,391	11,391		
Electrical equipment						
Cellular phone	55	55	0	11	Bank's policy	Mian Salman Ali (key management personnel)
Cellular phone	55	41	14	14	Bank's policy	Aneeq Malik (key management personnel)
Cellular phone	55	41	14	14	Bank's policy	Abadullah (key management personnel)
	165	137	28	39		
Total	33,377	21,958	11,419	11,430		

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
13 INTANGIBLE ASSETS			
Capital work-in-progress	13.1	567,658	412,380
Intangibles	13.2	1,326,546	1,428,244
		<u>1,894,204</u>	<u>1,840,624</u>
13.1 Capital work-in-progress			
Computer software		<u>567,658</u>	<u>412,380</u>

13.2 Intangibles

At January 1, 2020

	Goodwill	Management rights	Computer software	Customer relationship (note 13.2.2)	Total
Cost	238,484	114,600	2,387,453	2,557,167	5,297,704
Accumulated amortisation	-	-	2,092,508	1,776,952	3,869,460
Net book value	<u>238,484</u>	<u>114,600</u>	<u>294,945</u>	<u>780,215</u>	<u>1,428,244</u>

Year ended December 31, 2020

Opening net book value	238,484	114,600	294,945	780,215	1,428,244
Additions - directly purchased	-	-	250,321	-	250,321
Amortisation charge	-	-	(187,409)	(164,610)	(352,019)
Closing net book value	<u>238,484</u>	<u>114,600</u>	<u>357,857</u>	<u>615,605</u>	<u>1,326,546</u>

At December 31, 2020

Cost	238,484	114,600	2,637,774	2,557,167	5,548,025
Accumulated amortisation	-	-	2,279,917	1,941,562	4,221,479
Net book value	<u>238,484</u>	<u>114,600</u>	<u>357,857</u>	<u>615,605</u>	<u>1,326,546</u>
Rate of amortisation (percentage)	N/A	N/A	17%-33%	5%-10%	
Useful life	N/A	N/A	3-6 years	10-19 years	

2019

	Goodwill	Management rights	Computer software	Customer relationship (note 13.2.2)	Total
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-----Rupees '000-----

At January 1, 2019

Cost	238,484	114,600	2,103,106	2,557,167	5,013,357
Accumulated amortisation	-	-	1,968,076	1,584,849	3,552,925
Net book value	<u>238,484</u>	<u>114,600</u>	<u>135,030</u>	<u>972,318</u>	<u>1,460,432</u>

Year ended December 31, 2019

Opening net book value	238,484	114,600	135,030	972,318	1,460,432
Additions - directly purchased	-	-	302,172	-	302,172
Amortisation charge	-	-	(142,257)	(192,103)	(334,360)
Closing net book value	<u>238,484</u>	<u>114,600</u>	<u>294,945</u>	<u>780,215</u>	<u>1,428,244</u>

At December 31, 2019

Cost	238,484	114,600	2,387,453	2,557,167	5,297,704
Accumulated amortisation	-	-	2,092,508	1,776,952	3,869,460
Net book value	<u>238,484</u>	<u>114,600</u>	<u>294,945</u>	<u>780,215</u>	<u>1,428,244</u>
Rate of amortisation (percentage)	N/A	N/A	17%-33%	5%-10%	
Useful life	N/A	N/A	3-6 years	10-19 years	

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

	2020	2019
	-----Rupees '000-----	
13.2.1 The cost of fully amortised intangible assets that are still in the Group's use is as follows:		
Computer software	1,998,835	1,965,338
Customer relationship	1,099,722	-
	<u>3,098,557</u>	<u>1,965,338</u>

13.2.2 This represents an intangible asset (customer relationship) which comprises of core deposits which were recognised at the time of acquisition of ex-RBS Pakistan. These core deposits represent the funding benefit that would be available to the Holding Company on account of availability of funding through deposit customers rather than from the wholesale or interbank market. This benefit also considers the fact that the economic life time of these deposits is longer than their contractual life. Based on this assumption, this intangible asset had been valued using certain valuation techniques and is being amortised over the life expectancy of these deposits. As more fully explained in note 13.3 to these consolidated financial statements, the SBP allowed the Holding Company to adjust the amortisation charge arising on this intangible asset against non-distributable capital reserve. The remaining amortisation period of this intangible asset is ranging from 4 to 9 years.

13.3 Non-distributable capital reserve - gain on bargain purchase

As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as non-distributable capital reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of the intangible asset against the portion of reserve which arose on account of such asset. Accordingly, the Holding Company has adjusted amortisation of intangible asset amounting to Rs. 100.412 million (2019: Rs. 156.076 million) (net of tax) from the non-distributable capital reserve.

	Note	2020	2019
		-----Rupees '000-----	
14 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		7,291,340	9,599,119
Income / mark-up accrued in foreign currencies - net of provision		1,314	82,615
Advances, deposits, advance rent and other prepayments		796,101	898,295
Advance taxation (payments less provisions)		25,301	2,653,656
Non-banking assets acquired in satisfaction of claims	14.1	1,229,421	1,271,386
Mark to market gain on forward foreign exchange contracts		649,361	859,265
Fair value of derivative contracts		190,130	90,937
Acceptances	19	10,726,305	9,142,924
Credit cards and other products fee receivable		369,968	574,288
Receivable from brokers against sale of shares		20,241	183,606
Dividend receivable		84,632	75,348
Receivable from 1Link (Private) Limited		515,944	363,052
Rent and amenities receivable		33,159	45,008
Rebate receivable - net		87,632	54,505
Defined benefit plan asset	36	66,343	-
Others		462,121	315,416
		<u>22,549,313</u>	<u>26,209,420</u>
Less: provision held against other assets	14.2	(329,878)	(256,222)
Other assets (net of provision)		<u>22,219,435</u>	<u>25,953,198</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,453,786	1,453,786
Other assets - total		<u>23,673,221</u>	<u>27,406,984</u>
14.1 Market value of non-banking assets acquired in satisfaction of claims		<u>2,683,207</u>	<u>2,725,172</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

The non-banking assets acquired in satisfaction of claims by the Group have been revalued by an independent professional valuer as at December 31, 2020. The revaluation was carried out by Iqbal A. Nanjee Company (Private) Limited on the basis of professional assessment of present market values. The above market values are based on desktop valuations. The SBP's Regulations for Debt Property Swap require the Group to carry out a full scope valuation of non-banking assets after every three years.

	Note	2020	2019
		-----Rupees '000-----	
14.1.1 Non-banking assets acquired in satisfaction of claims			
Opening Balance		2,725,172	3,068,520
Additions		-	37,000
Revaluation		-	638,774
Disposals		-	(180,357)
Transferred to fixed assets	12.2	(36,075)	(827,058)
Depreciation	29	(5,890)	(11,707)
Closing Balance		2,683,207	2,725,172
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		-	191,073
Less: carrying value		-	180,357
Gain		-	10,716
14.2 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		51,050	51,135
Fraud forgery theft and account receivable		20,867	21,662
Security deposits		22,994	22,994
Others		159,619	85,083
		329,878	256,222
14.2.1 Movement in provision held against other assets			
Opening balance		256,222	262,243
Charge for the year		74,536	7,860
Reversals during the year		(795)	(13,881)
		73,741	(6,021)
Amounts written off		(85)	-
Closing balance		329,878	256,222
15 BILLS PAYABLE			
In Pakistan		13,543,270	8,356,460

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

16 BORROWINGS

Secured

Borrowings from the State Bank of Pakistan (SBP)

- under export refinance scheme - part I and II
- under long term financing facility
- under long term financing facility for renewable power energy (RPE)
- under scheme of financing facility for storage of agricultural produce
- under Islamic export refinance scheme
- under refinance scheme for payment of wages and salaries
- under Islamic financing for renewable energy
- under Islamic long term financing facility
- under Islamic temporary economic refinance scheme
- under Islamic refinance facility for combating COVID-19

Repurchase agreement borrowings

Borrowing from other financial institution

Total secured

Unsecured

Call borrowings

Overdrawn nostro accounts

Musharaka acceptances

Other borrowings

Total unsecured

Note	2020	2019
	-----Rupees '000-----	
16.1	8,623,400	10,598,970
16.2	1,246,164	2,426,974
16.3	809,662	896,508
16.4	53,129	86,316
16.5	19,400,601	8,087,560
16.6	12,932,302	-
16.7	1,400,274	-
16.8	3,599,252	-
16.9	3,807,141	-
16.10	35,400	-
	51,907,325	22,096,328
16.11	-	21,721,810
16.12	500,000	-
	52,407,325	43,818,138
16.13	-	1,783,448
	1,633,331	438,722
16.14	410,000	18,020,000
16.15	3,995,860	8,686,487
	6,039,191	28,928,657
	58,446,516	72,746,795

16.1 In accordance with the export refinance scheme (ERF), the Holding Company has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP. Borrowings from the SBP under the export refinance scheme are secured by the Holding Company's cash and security balances held by the SBP. The mark-up rates on this facility was 1% and 2% per annum (2019: 1% to 2% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.

16.2 These represent borrowings from the SBP under scheme for long term financing facility (LTFF). The mark-up rates on these facilities are ranging from 2% to 3.5% per annum (2019: 3% to 4.5% per annum) payable on quarterly basis, with maturities upto February 2027. As per the terms of the agreements, the Holding Company has granted the SBP a right to recover the outstanding amounts from the Holding Company at the respective date of maturity of finances by directly debiting the current account of the Holding Company maintained with the SBP.

16.3 These represent borrowings from the SBP under scheme for long term financing facility for renewable power energy (RPE). The mark-up rates on these facilities ranges from 2% to 3% per annum (2019: 2% to 3% per annum), payable on quarterly basis, with maturities upto December 2028. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the maturity date of finances by directly debiting the current account of the Holding Company maintained with the SBP.

16.4 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. The mark-up rates on these facilities are ranging from 2.5% to 3.5% per annum (2019: 2.5% to 3.5%) payable on quarterly basis with maturities upto April 2024. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.

16.5 In accordance with the Islamic export refinance scheme (IERS), the Holding Company has entered into musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rate on this facility ranges from 1% to 2% (2019: 1% to 2%) payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.

- 16.6** In accordance with the Islamic refinance scheme for Payment of wages & salaries to the workers and employees of business concerns, the Holding Company has entered into mudarabah agreements for financing with the SBP for extending salary finance to the customers. The average profit rate on this facility ranges from 0% to 2% payable on quarterly basis with maturities upto March 2023. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.7** In accordance with the Islamic financing facility for renewable energy the Holding Company has entered into mudarabah agreements for financing with the SBP for extending renewable energy finance to customers. The average profit rate on this facility ranges from 2% to 3% payable on quarterly basis with maturities upto July 2032. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.8** In accordance with the Islamic long term financing facility for plant and machinery the Holding Company has entered into mudarabah agreements for financing with the SBP for extending islamic long term finance to the customers. The average profit rate on this facility ranges from 2% to 3.5% payable on quarterly basis with maturities upto December 2030. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.9** In accordance with the Islamic temporary economic refinance facility (ITERF) the Holding Company has entered into mudarabah agreements for financing with the SBP for extending long term finance to the customers. The average profit rate on this facility is 1% payable on quarterly basis with maturities upto December 2030. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.10** In accordance with the Islamic refinance facility for combating COVID-19, the Holding Company has entered into mudarabah agreements for financing with the SBP for extending medical equipment finances to the customers. The average profit rate on this facility is 0% payable on quarterly basis with maturities upto November 2025. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.11** These represent collateralised borrowings against market treasury bills. There are no such borrowings outstanding as at December 31, 2020. The mark-up rates on these borrowings as at December 31, 2019 were ranging from 13.10% to 13.32% per annum.
- 16.12** This represents borrowing from Pakistan Mortgage Refinance Company (PMRC). The mark-up rate on this borrowing is 8.75% per annum (2019: Nil) having maturity in December 2025.
- 16.13** These borrowings are from financial institutions. There are no such borrowings outstanding as at December 31, 2020. The mark-up rate on these borrowings as at December 31, 2019 was 12.80%.
- 16.14** These Musharaka acceptances are on profit and loss sharing basis. The expected rate on these deals is 6.9% per annum (2019: 8% to 12.15% per annum). These deals have maturities upto January 2021.
- 16.15** This represents borrowing from a foreign financial institution. The mark-up rate on this borrowing is 1.75% per annum (2019: 3.32% to 3.43%) having maturity in January 2021.
- 16.16** Details and nature of securities pledged as collateral against borrowings are given in note 10.3 to these consolidated financial statements.

16.17 Particulars of borrowings with respect to currencies

- in local currency
- in foreign currencies

	2020	2019
	-----Rupees '000-----	
	54,450,656	64,060,308
	3,995,860	8,686,487
	<u>58,446,516</u>	<u>72,746,795</u>

Notes to and forming part of the Consolidated Financial Statements

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17 DEPOSITS AND OTHER ACCOUNTS

	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	144,344,213	20,813,651	165,157,864	117,835,728	16,723,542	134,559,270
Savings deposits	184,977,342	17,643,501	202,620,843	149,853,119	15,672,852	165,525,971
Term deposits	143,287,216	3,141,533	146,428,749	122,761,268	4,921,337	127,682,605
Margin deposits	3,341,663	15,132	3,356,795	2,715,024	19,177	2,734,201
	475,950,434	41,613,817	517,564,251	393,165,139	37,336,908	430,502,047
Financial institutions						
Current deposits	813,493	49,245	862,738	957,845	55,570	1,013,415
Savings deposits	15,880,218	-	15,880,218	19,800,921	-	19,800,921
Term deposits	6,325,010	-	6,325,010	6,468,800	-	6,468,800
	23,018,721	49,245	23,067,966	27,227,566	55,570	27,283,136
	498,969,155	41,663,062	540,632,217	420,392,705	37,392,478	457,785,183

17.1 Composition of deposits

- individuals
- government (Federal and Provincial)
- public sector entities
- banking companies
- non-banking financial institutions
- private sector

Note	2020	2019
	----- Rupees '000 -----	
	129,367,134	128,075,914
	19,873,100	24,230,323
	11,058,521	22,531,784
	4,757,627	2,830,392
	18,306,724	24,452,744
	357,269,111	255,664,026
17.1.1	540,632,217	457,785,183

17.1.1 These include deposits eligible to be covered under insurance arrangements amounting to Rs 325.147 billion (2019: Rs 244.160 billion).

18 DEFERRED TAX (LIABILITIES) / ASSETS

Deductible temporary differences on

- provision for diminution in the value of investments
- provision against advances, off balance sheet etc.
- provision against other assets
- Alternate Corporate Tax (ACT)
- defined benefit obligation
- unused tax losses
- others

Taxable temporary differences on

- surplus on revaluation of fixed assets
- surplus on revaluation of non-banking assets
- surplus on revaluation of investments
- fair value adjustment relating to net assets acquired upon amalgamation
- fair value adjustment relating to net assets acquired upon business combination
- accelerated tax depreciation
- fair valuation of previously held equity interest in the Subsidiary Company

2020			
At January 1, 2020	Recognised in P&L	Recognised in OCI	At December 31, 2020
----- Rupees '000 -----			
182,987	(30,410)	-	152,577
1,307,267	(91,644)	-	1,215,623
99,703	28,759	-	128,462
-	4,675	-	4,675
44	(1,072)	408	(620)
11,938	57,714	-	69,652
-	537	-	537
1,601,939	(31,441)	408	1,570,906
(1,676,037)	76,307	-	(1,599,730)
(14,113)	-	-	(14,113)
(2,163,487)	-	1,026,269	(1,137,218)
(304,285)	-	64,198	(240,087)
(52,496)	-	-	(52,496)
(195,201)	98,706	-	(96,495)
(13,118)	-	-	(13,118)
(4,418,737)	175,013	1,090,467	(3,153,257)
(2,816,798)	143,572	1,090,875	(1,582,351)

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Deductible temporary differences on

- provision for diminution in the value of investments
- provision against advances, off balance sheet etc.
- provision against other assets
- defined benefit obligation
- unused tax losses

Taxable temporary differences on

- surplus on revaluation of fixed assets
- surplus on revaluation of non-banking assets
- surplus on revaluation of investments
- fair value adjustment relating to net assets acquired upon amalgamation
- fair value adjustment relating to net assets acquired upon business combination
- accelerated tax depreciation
- fair valuation of previously held equity interest in the Subsidiary Company

2019			
At January 1, 2019	Recognised in P&L	Recognised in OCI	At December 31, 2019
----- Rupees '000 -----			
95,977	87,010	-	182,987
1,427,294	(120,027)	-	1,307,267
94,017	5,686	-	99,703
243	-	(199)	44
10,945	993	-	11,938
1,628,476	(26,338)	(199)	1,601,939

(1,184,279)	48,893	(540,651)	(1,676,037)
(23,377)	-	9,264	(14,113)
234,738	-	(2,398,225)	(2,163,487)
(340,314)	-	36,029	(304,285)
(53,441)	945	-	(52,496)
(130,260)	(64,941)	-	(195,201)
(11,772)	(1,346)	-	(13,118)
(1,508,705)	(16,449)	(2,893,583)	(4,418,737)
119,771	(42,787)	(2,893,782)	(2,816,798)

19 OTHER LIABILITIES

Note		2020	2019
		-----Rupees '000-----	
Mark-up / return / interest payable in local currency		3,792,193	3,729,655
Mark-up / return / interest payable in foreign currencies		6,344	27,021
Unearned commission and income on bills discounted		968,302	725,288
Accrued expenses		2,531,060	2,382,341
Acceptances	14	10,726,305	9,142,924
Unclaimed dividends		45,043	45,822
Mark to market loss on forward foreign exchange contracts		1,907,030	2,228,384
Charity fund balance		1,070	2,278
Provision against off-balance sheet obligations	19.1	127,569	113,676
Security deposits against leases		586,301	1,201,214
Withholding tax payable		182,100	189,403
Federal excise duty payable		67,402	58,494
Payable to brokers against purchase of shares		35,001	77,747
Fair value of derivative contracts		964,671	1,032,154
Payable related to credit cards and other products		1,146,914	1,119,464
Lease liability against right-of-use assets		8,525,253	8,309,852
Advance against disposal of assets		459,467	565,357
Funds held as security		242,227	232,572
Payable to 1Link (Private) Limited		154,308	125,263
Insurance payable		115,012	144,552
Clearing and settlement accounts		2,706,765	1,172,824
Provision for gratuity	36	-	118,965
Others		351,409	204,620
		35,641,746	32,949,870

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

19.1 Provision against off-balance sheet obligations

	2020	2019
	-----Rupees '000-----	
Opening balance	113,676	125,238
Charge for the year	25,132	-
Reversals during the year	(11,239)	(11,562)
	13,893	(11,562)
Closing balance	127,569	113,676

20 SHARE CAPITAL

20.1 Authorised capital

2020	2019		2020	2019
----- Number of shares -----			----- Rupees '000 -----	
2,200,000,000	2,200,000,000	Ordinary shares of Rs.10 each	22,000,000	22,000,000

20.2 Issued, subscribed and paid up

2020	2019		2020	2019
----- Number of shares -----			----- Rupees '000 -----	
201,451,420	201,451,420	Ordinary shares	2,014,514	2,014,514
1,298,772,879	1,298,772,879	Fully paid in cash	12,987,729	12,987,729
17,472,226	17,472,226	Issued as bonus shares	174,722	174,722
1,517,696,525	1,517,696,525	Issued for consideration other than cash	15,176,965	15,176,965

20.2.1 As at December 31, 2020, Ithmaar Bank B.S.C. (closed) (the parent company of the Holding Company) directly and indirectly holds 1,013,473,712 ordinary shares of Rs. 10 each (2019: 1,013,473,712 ordinary shares). These include 11,186,268 shares (2019: 11,186,268) in respect of withholding tax on bonus shares issued by the Holding Company. These shares were not released by the Holding Company to the Government Treasury based on a stay order issued by the Honorable High Court of Sindh. During the year ended December 31, 2018, the above stay order had been vacated. However, the Holding Company has subsequently filed a constitutional petition with the Honorable High Court of Sindh in respect of this matter.

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	2020	2019
		-----Rupees '000-----	
Surplus on revaluation of:			
- available for sale securities	10.1	2,915,943	5,547,402
- fixed assets	21.1	7,411,321	7,600,529
- non-banking assets acquired in satisfaction of claims	21.2	1,453,786	1,453,786
		11,781,050	14,601,717
Deferred tax on surplus on revaluation of:			
- available for sale securities		(1,137,218)	(2,163,487)
- fixed assets	21.1	(1,602,246)	(1,676,037)
- non-banking assets acquired in satisfaction of claims	21.2	(14,113)	(14,113)
		(2,753,577)	(3,853,637)
		9,027,473	10,748,080

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		7,600,529	5,476,251
Recognised during the year		-	1,897,460
Transferred from surplus on revaluation of non-banking assets		-	352,184
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(189,208)	(125,366)
Surplus on revaluation of fixed assets as at December 31		7,411,321	7,600,529
Less: related deferred tax liability on:			
- revaluation as at January 1		(1,676,037)	(1,184,279)
- revaluation recognised during the year		-	(527,712)
- transferred from surplus on revaluation of non-banking assets		-	(12,939)
- incremental depreciation charged during the year		73,791	48,893
		(1,602,246)	(1,676,037)
		5,809,075	5,924,492
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		1,453,786	1,261,018
Recognised during the year		-	638,774
Transferred to surplus on revaluation of fixed assets		-	(352,184)
Surplus realised on disposal during the year		-	(93,822)
Surplus on revaluation as at December 31		1,453,786	1,453,786
Less: related deferred tax liability on:			
- revaluation as at January 1		(14,113)	(23,377)
- revaluation recognised during the year		-	(3,675)
- transferred to surplus on revaluation of fixed assets		-	12,939
		(14,113)	(14,113)
		1,439,673	1,439,673
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	29,202,222	24,074,333
Commitments	22.2	183,850,529	208,211,812
Other contingent liabilities	22.3	4,122,244	4,293,244
		217,174,995	236,579,389
22.1 Guarantees:			
Financial guarantees		7,810,863	7,099,400
Performance guarantees		5,662,415	4,870,710
Other guarantees		15,728,944	12,104,223
		29,202,222	24,074,333

Notes to and forming part of the Consolidated Financial Statements

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22.2 Commitments:

	Note	2020	2019
		-----Rupees '000-----	
Documentary credits and short-term trade-related transactions			
- letters of credit		50,571,999	30,343,743
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	93,025,986	126,281,305
- forward government securities transactions	22.2.2	2,989,036	21,760,786
- derivatives - cross currency and interest rate swaps (notional principal)	22.2.3	8,272,187	9,244,773
- extending credit (irrevocable)	22.4	28,859,840	20,281,111
Commitments for acquisition of:			
- operating fixed assets		49,303	185,919
- intangible assets		82,178	114,175
		<u>183,850,529</u>	<u>208,211,812</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		66,134,904	84,264,725
Sale		26,891,082	42,016,580
		<u>93,025,986</u>	<u>126,281,305</u>
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		-	21,760,786
Sale		2,989,036	-
		<u>2,989,036</u>	<u>21,760,786</u>
22.2.3 Commitments in respect of derivatives			
Sale	23	<u>8,272,187</u>	<u>9,244,773</u>
22.3 Other contingent liabilities			
22.3.1 Holding Company:			
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 Honorable High Court in one of the cases Cantonment tax Karachi Cantonment Board (KCB)	(i)	457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	(ii)	-	171,000
		<u>1,154,701</u>	<u>1,154,701</u>
		<u>4,122,244</u>	<u>4,293,244</u>

- (i) The Executive Officer, Karachi Cantonment Board (KCB), vide its notice CBR No. 1 dated March 08, 2017 had proposed revised rates for assessment of shops and flats "A" category in which a fresh sub-category "Banks (self-occupied)" was introduced for the purpose of cantonment tax in the limit of KCB. This resulted in an additional demand of Rs 171 million by KCB which included demand on reassessment for the years 2016-2017 and 2017-2018. On the basis of legal grounds agreed in consultation with legal counsel, the Holding Company had filed a suit in the Honorable High Court of Sindh against such levy of tax. A stay order was granted by the Honorable High Court of Sindh in respect of payment of this additional demand and no such payment in this respect had been made till December 31, 2019.

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In February 2020, KCB communicated to the Holding Company that the board resolution passed by KCB in 2017 regarding the special category of 'Bank (self-occupied)' has been annulled and the properties of the Holding Company shall be treated like any other commercial property. Following this communication, KCB submitted the revised demand and the Holding Company has paid Rs 59.104 million being the house and conservancy tax for the periods from 2016-2017 to 2019-2020 on March 16, 2020 as a full and final settlement of the levy under consideration. Accordingly, the suit filed by the Holding Company in the Honorable High Court of Sindh will be withdrawn in due course.

- (ii) Income tax assessments of the Holding Company have been finalised upto the tax year 2019 (accounting year 2018).

The department and the Holding Company has disagreement 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 (2019: Rs. 1,154.701 million). 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 of the Holding Company is confident that the matter will be decided in the Holding Company's favor and accordingly, no provision has been recorded in these consolidated financial statements in respect of this matter.

22.3.2 There are certain claims against the Holding Company not acknowledged as debt amounting to Rs. 31,374 million (Dec 31, 2019: Rs. 34,194 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by the 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 (Dec 31, 2019: 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, the 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 consolidated financial statements.

22.3.3 Subsidiary Company:

- (i) The income tax returns of the Subsidiary Company for the tax years 2004 to 2020 (financial year ended June 30, 2004 to December 31, 2019) have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes. The tax year 2005 (financial year ended June 30, 2005) has been selected by the taxation authorities for audit purpose. The tax authorities have passed an order under section 221 of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 0.913 million for the tax year 2005 on account of apportionment of expenses and disallowance of certain expenses. The Subsidiary Company has paid Rs. 0.414 million and has filed an appeal against the order before the Commissioner Appeals, the proceedings of which are underway. The remaining tax liability on these matters is Rs. 0.498 million. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these consolidated financial statements in respect of this liability.
- (ii) The income tax department has issued orders and show cause notices under section 221 of the Income Tax Ordinance, 2001 for recovery of Workers Welfare Fund (WWF) aggregating to Rs 0.818 million in respect of tax years 2008 and 2013. The details of orders and show cause along with the management actions are listed below:

Tax years	Order / show cause references	Status	WWF demand Rupees '000
2008	Order u/s 221 dated June 30, 2014	Appeal pending before the Commissioner Appeals	315
2013	Show cause u/s 221 dated May 7, 2014	Showcause notice has been responded to	503
			818

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The management of the Subsidiary Company is of the view that WWF was not applicable for tax year 2008. In tax year 2013, subsequent to clarification decision by the Honorable High Court of Sindh (hereinafter referred to as the Court), the management has not admitted WWF charge in the annual return of income. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these consolidated financial statements in respect of this liability.

- (iii) The Punjab Revenue Authority issued show cause notice No.PRA/AM/61/2205/ dated March 12, 2014 to Faysal Asset Management Limited requiring the Subsidiary Company to obtain registration / enrolment and to pay sales tax amounting to Rs. 6.055 million from July 2013 to March 2014 under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013 on management fee earned in Punjab.

In respect of this, the Subsidiary Company, jointly with other asset management companies together with their respective collective investment schemes through their trustees, has filed a petition on July 8, 2014 in the Court challenging the above notice. The Court has ordered suspension of the show cause notice till the next hearing of appeal in their order dated July 10, 2014. The next date of hearing has not yet been decided. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these consolidated financial statements in respect of this liability.

- (iv) During the prior period, the audit of the tax year 2013 (financial year ended June 30, 2013) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 4.964 million for the tax year 2013 on account of apportionment of expenses, salary expenses and hardware and software expense. The management filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of disallowances made by the Additional Commissioner Inland Revenue. The CIR(A) remanded back a few expenses while ordered against various other expenses for which the Subsidiary Company has decided to appeal before the Appellate Tribunal Inland Revenue (ATIR). The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these consolidated financial statements in respect of this liability.
- (v) During the current year, the audit of the tax year 2014 (financial year ended June 30, 2014) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 2.673 million for the tax year 2014 on account of apportionment of expenses, time barred payables, expenses claimed on provisional basis, salary expenses, marketing and advertising expenses, brokerage and commission expenses, legal and professional charges and hardware and software expenses. The management has decided to file an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of disallowances made by the Additional Commissioner Inland Revenue. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these consolidated financial statements in respect of this liability.
- (vi) During the current year, the Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 182(1) of the Income Tax Ordinance, 2001 for the tax year 2018, whereby the DCIR has imposed a penalty of Rs. 0.833 million on account of non submission of statement required to be filed by the Subsidiary Company under bilateral or multilateral convention under section 165B of the Income Tax Ordinance, 2001. The management has filed an appeal before the CIR(A) on the subject matter and has paid an amount of Rs 0.083 million being 10% of the total amount of penalty imposed under the order and has thus obtained an automatic stay on the subject matter. The management of the Subsidiary Company is confident that the matter will be decided in the Subsidiary Company's favour and accordingly no provision in respect of this penalty has been made in these consolidated financial statements.

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22.4 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 facilities are unilaterally withdrawn except for Rs. 28,860 million (2019: Rs. 20,281 million) which are irrevocable in nature.

23 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

Interest rate swap (notional principal)

	2020	2019
	-----Rupees '000-----	
	7,792,684	8,780,230
	479,503	464,543

Derivative instruments, such as forward rate agreements, interest rate swaps, cross currency swaps and FX options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Holding Company. All derivative transactions are governed by "The Financial Derivatives Business Regulations" (FDBR) issued by the SBP.

23.1 Product analysis

Counterparties	2020			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain
----- Rupees '000 -----				
With banks for				
Hedging	-	-	-	-
Market making	3,218,043	62,289	479,503	7,048
With other entities for				
Hedging	-	-	-	-
Market making	4,574,641	(843,878)	-	-
Total				
Hedging	-	-	-	-
Market making	7,792,684	(781,589)	479,503	7,048
Counterparties	2019			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market loss
----- Rupees '000 -----				
With banks for				
Hedging	-	-	-	-
Market making	4,273,153	(569,222)	464,543	(31)
With other entities for				
Hedging	-	-	-	-
Market making	4,507,077	(371,964)	-	-
Total				
Hedging	-	-	-	-
Market making	8,780,230	(941,186)	464,543	(31)

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23.2 Maturity analysis

Remaining maturity	2020				
	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
			Rupees '000		
Upto 1 month	-	-	-	-	
1 to 3 months	-	-	-	-	
3 to 6 months	1	266,391	(270,158)	179,273	(90,885)
6 months to 1 year	-	-	-	-	-
1 to 2 years	2	959,006	(1,016,477)	1,029,432	12,955
2 to 3 years	-	-	-	-	-
3 to 5 years	6	2,763,964	(2,780,829)	2,228,139	(552,690)
5 to 10 years	4	4,282,826	(5,008,510)	4,864,589	(143,921)
Above 10 years	-	-	-	-	-
Total		8,272,187	(9,075,974)	8,301,433	(774,541)

Remaining maturity	2019				
	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
			Rupees '000		
Upto 1 month	-	-	-	-	
1 to 3 months	-	-	-	-	
3 to 6 months	-	-	-	-	
6 months to 1 year	1	464,543	(490,984)	349,528	(141,456)
1 to 2 years	1	774,238	(798,458)	561,856	(236,602)
2 to 3 years	2	929,086	(1,027,845)	1,067,672	39,827
3 to 5 years	-	-	-	-	-
5 to 10 years	10	7,076,906	(7,981,510)	7,378,524	(602,986)
Above 10 years	-	-	-	-	-
Total		9,244,773	(10,298,797)	9,357,580	(941,217)

23.3 Risk management policies related to derivatives are discussed in note 44.5 to these consolidated financial statements.

24 MARK-UP / RETURN / INTEREST EARNED	2020	2019
	-----Rupees '000-----	
On:		
Loans and advances	32,393,389	38,936,305
Investments	22,451,162	17,344,534
Lendings to financial institutions	70,498	55,441
Balances with banks	15,603	84,426
Securities purchased under resale agreements	995,194	1,978,289
	55,925,846	58,398,995

25 MARK-UP / RETURN / INTEREST EXPENSED	2020	2019
	-----Rupees '000-----	
On:		
Deposits	25,344,921	28,838,943
Securities sold under repurchase agreements	245,778	1,574,001
Other short term borrowings	35,934	94,641
SBP borrowings	624,885	372,661
Short sale of Pakistan Investment Bonds	42,219	340,548
Bai Muajjal	178,419	91,828
Musharaka acceptances	660,508	1,044,484
Lease liability against right-of-use assets	854,929	976,561
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,390,511	3,938,794
	31,378,104	37,272,461

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26	FEE AND COMMISSION INCOME	Note	2020	2019
			-----Rupees '000-----	
	Branch banking customer fees		549,501	710,137
	Consumer finance related fees		323,127	366,770
	Card related fees (debit and credit cards)		1,570,918	1,675,923
	Credit related fees		43,843	99,368
	Investment banking fees		248,040	237,557
	Commission on trade		275,644	275,717
	Commission on guarantees		103,551	126,867
	Commission on cash management		69,678	59,183
	Commission on remittances including home remittances		216,972	119,313
	Commission on bancassurance		405,220	409,407
	Management fee		158,638	108,567
	Advisory fee		1,046	2,392
	Sales load		64,414	7,752
	Others		54,776	29,358
			<u>4,085,368</u>	<u>4,228,311</u>
27	GAIN / (LOSS) ON SECURITIES			
	Realised - net	27.1	1,714,652	(579,106)
	Unrealised - held for trading - net		(398)	13,120
			<u>1,714,254</u>	<u>(565,986)</u>
27.1	Realised gain / (loss) on:			
	Federal Government securities		1,176,657	4,313
	Shares		501,603	(603,885)
	Open end mutual funds		36,392	20,466
			<u>1,714,652</u>	<u>(579,106)</u>
28	OTHER INCOME			
	Rent on property		163,837	156,251
	Gain on sale of fixed assets - net		21,449	9,780
	Gain on sale of non-banking assets - net		-	10,716
	(Loss) / gain on short sale of Pakistan Investment Bonds (PIBs)		(88,139)	66,919
	Notice pay		2,932	3,876
	Scrap income		1,574	1,456
	Gain on lease modifications	12.2.6	26,271	-
	Others		941	1,761
			<u>128,865</u>	<u>250,759</u>

Notes to and forming part of the Consolidated Financial Statements

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29	OPERATING EXPENSES	Note	2020	2019
			-----Rupees '000-----	
	Total compensation expense	29.2	7,673,283	6,597,389
	Property expense			
	Rent and taxes		278,900	170,223
	Insurance		61,428	47,291
	Utilities cost		769,331	671,947
	Security (including guards)		754,283	692,131
	Repair and maintenance (including janitorial charges)		561,164	459,295
	Depreciation on owned fixed assets	12.2.4	491,872	390,329
	Depreciation on non-banking assets	14.1.1	5,890	11,707
	Depreciation on right-of-use assets	12.2.4	1,446,468	1,402,715
	Others		89,538	93,032
			4,458,874	3,938,670
	Information technology expenses			
	Software maintenance		1,609,313	1,446,842
	Hardware maintenance		273,657	311,065
	Depreciation	12.2.4	373,235	319,684
	Amortisation		187,409	142,257
	Network charges		252,772	216,563
	Others		1,951	1,792
			2,698,337	2,438,203
	Other operating expenses			
	Directors' fees and allowances	38.2	154,543	106,370
	Legal and professional charges		124,057	113,114
	Outsourced services costs - staff	35.1	394,775	364,489
	Travelling and conveyance		78,133	140,133
	NIFT clearing charges		50,586	46,054
	Depreciation	12.2.4	442,634	314,891
	Training and development		37,252	72,805
	Postage and courier charges		176,508	122,263
	Communication		151,760	139,037
	Marketing, advertisement and publicity		530,677	500,565
	Donations	29.3	77,424	69,631
	Auditors remuneration	29.4	48,609	44,728
	Insurance		874,095	635,157
	Stationery and printing		382,176	324,443
	Bank fees and charges		134,574	113,108
	Brokerage and commission		77,839	63,933
	Deposit protection premium		390,656	350,491
	Credit card bonus points redemption		183,074	232,603
	Others		429,714	482,932
			4,739,086	4,236,747
			19,569,580	17,211,009

29.1 Cost of outsourced activities is Rs. 388.401 million (2019: Rs.464.543 million). Out of this cost, Rs. 233.500 million (2019: Rs.204.687 million) represent payments made to companies incorporated in Pakistan and Rs. 154.901 million (2019: Rs.259.856 million) pertains to payments made to a company incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is Rs. Nil. Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. Material outsourcing done by the Holding Company are listed below:

Notes to and forming part of the Consolidated Financial Statements

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S.No	Name of outsourced agency	Nature of service	Estimated cost (Rupees '000)
1	Euronet Pakistan Private Limited	Credit cards, debit cards, prepaid cards and ATMs switch system host	191,267
2	E-Services (Singapore) Private Limited	Credit card hosting and processing system	154,901

2020

2019

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

29.2 Total compensation expense

Managerial Remuneration

i) Fixed

ii) Variable

of which;

a) Cash bonus / awards, etc.

b) Commission incentives

Charge for defined benefit plan

Contribution to defined contribution plan

Rent and house maintenance

Utilities

Medical

Conveyance

Others

Sub-total

Sign-on Bonus *

Grand Total

3,549,049	3,086,505
788,541	623,405
578,281	520,731
216,306	179,995
236,096	192,747
1,108,257	948,847
272,720	232,697
218,567	192,342
679,561	611,326
945	394
7,648,323	6,588,989
24,960	8,400
7,673,283	6,597,389

* Sign on bonus was provided to 11 employees (2019: 5 employees).

29.3 Donations made during the year were as follows:

Donee

Waqf Faisal (Trust)

77,424	69,631
--------	--------

29.3.1 The President and Chief Executive Officer of the Holding Company is acting as trustee of Waqf Faisal (Trust). No other interest of any of the directors or their spouses exists.

2020

2019

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

29.4 Auditors' remuneration

Statutory audit fee

Fee for the consolidated financial statements

Fee for other statutory certifications

Fee for the quarterly and the annual group reportings

Fee for the review of the half yearly financial statements

Fee for the audit of employee funds

Special certifications and sundry advisory services

Tax services

Out-of-pocket expenses

5,152	4,330
1,728	1,500
5,176	5,533
14,464	12,068
1,280	945
173	160
6,264	10,192
12,240	8,000
2,132	2,000
48,609	44,728

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

	Note	2020	2019
		-----Rupees '000-----	
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		113,970	32,507
Penalties imposed by the Securities Exchange Commission of Pakistan (SECP)		200	200
		<u>114,170</u>	<u>32,707</u>
31 PROVISIONS AND WRITE-OFFS - NET			
(Reversal of provision) / provision for diminution in value of investments	10.4	(71,993)	307,614
Provision against loans and advances	11.4	2,278,629	568,451
Provision / (reversal of provision) against other assets	14.2.1	73,741	(6,021)
Bad debts written off directly	11.5	19,231	12,430
Recoveries of written off / charged off bad debts		(59,200)	(105,547)
Provision / (reversal of provision) against off balance sheet obligations	19.1	13,893	(11,562)
		<u>2,254,301</u>	<u>765,365</u>
32 TAXATION			
Current		4,348,702	4,471,101
Prior years		4,985	(359,442)
Deferred	18	(143,572)	42,787
		<u>4,210,115</u>	<u>4,154,446</u>
32.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>10,890,736</u>	<u>10,158,487</u>
Tax calculated at the rate of 39% (2019: 39%)		4,247,387	3,961,810
Effect of:			
- permanent differences		44,448	12,678
- prior year charge		4,985	80,528
- super tax		-	258,934
- additional super tax on opening balance		-	(171,021)
- Impact of subsidiary's acquisition and tax rate differential		(96,685)	16,337
- others		9,980	(4,820)
Tax charge for the year		<u>4,210,115</u>	<u>4,154,446</u>
33 BASIC / DILUTED EARNINGS PER SHARE			
Profit for the year attributable to the equity holders of the Bank		<u>6,680,617</u>	<u>6,004,046</u>
		Number of shares in thousands	
Weighted average number of ordinary shares		<u>1,517,697</u>	<u>1,517,697</u>
		----- Rupees -----	
Basic earnings per share		<u>4.40</u>	<u>3.96</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

- 33.1** Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at December 31, 2020 and December 31, 2019 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2020	2019
		-----Rupees '000-----	
34 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	7	59,881,290	60,368,426
Balance with other banks	8	2,878,630	2,835,650
Overdrawn nostros	16	(1,633,331)	(438,722)
		<u>61,126,589</u>	<u>62,765,354</u>

	2020	2019
	----- Number of employees -----	
35 STAFF STRENGTH		
Holding Company		
Permanent	6,767	6,916
On contract	36	22
	<u>6,803</u>	<u>6,938</u>
Subsidiary Company		
Permanent	78	59
On contract	2	1
	<u>80</u>	<u>60</u>

- 35.1** In addition to the above, 1,016 (2019: 968) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

Holding Company

The Holding Company operates an approved funded gratuity scheme for all its permanent employees and employees who are on contractual service in non-management cadre. In 2017, the Holding Company had bifurcated the approved funded gratuity scheme into 2 sub-funds namely conventional and Islamic within a single scheme. The benefits under the gratuity schemes are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefits are equal to one month's last drawn basic salary for each year of eligible service or part thereof. The minimum qualifying eligible service for gratuity is 1 year for employees who became members of the Funds before November 12, 2002. In the case of other members of the Funds the minimum qualifying eligible service is 5 years. The minimum qualifying eligible service for contractual employees not employed under the management cadre is 6 months. The latest actuarial valuation of the Holding Company's defined benefit plan, based on the projected unit credit actuarial cost method, was carried out as at December 31, 2020.

Subsidiary Company

The Company operates an approved funded defined benefit gratuity scheme for all its permanent employees. The latest actuarial valuation of the fund was carried out as at December 31, 2020.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

36.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit scheme are:

	2020	2019	2020	2019
	Number of employees Holding Company		Number of employees Subsidiary Company	
- Gratuity fund	6,803	6,938	59	51

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2020 using the following significant assumptions:

	2020			2019		
	Conventional	Islamic	Conventional	Conventional	Islamic	Conventional
	% per annum					
	Holding Company		Subsidiary Company	Holding Company		Subsidiary Company
Discount rate	10.25	10.25	9.75	11.75	11.75	11.25
Expected rate of return on plan assets	10.25	10.25	9.75	11.75	11.75	11.25
Expected rate of salary increase	10.25	10.25	9.75	11.75	11.75	11.25

36.4 Reconciliation of payable to defined benefit plans of the Group

	2020			2019		
	Conventional	Islamic	Total	Conventional	Islamic	Total
	Rupees '000					
Present value of obligations	608,003	449,250	1,057,253	467,350	390,984	858,334
Fair value of plan assets	(695,497)	(428,099)	(1,123,596)	(379,963)	(359,406)	(739,369)
	(87,494)	21,151	(66,343)	87,387	31,578	118,965

36.5 Movement in defined benefit obligations of the Group

Obligations at the beginning of the year	467,350	390,984	858,334	381,895	337,534	719,429
Current service cost	142,505	55,076	197,581	112,562	51,751	164,313
Past service cost	3,746	-	3,746	-	-	-
Interest cost	93,529	16,397	109,926	58,433	48,729	107,162
Benefits paid by the Group	(17,804)	(16,870)	(34,674)	(78,153)	(3,754)	(81,907)
Re-measurement (gain) / loss	(81,323)	3,663	(77,660)	(7,387)	(43,276)	(50,663)
Obligations at the end of the year	608,003	449,250	1,057,253	467,350	390,984	858,334

36.6 Movement in fair value of plan assets of the Group

Fair value at the beginning of the year	(379,963)	(359,406)	(739,369)	(322,370)	(278,438)	(600,808)
Interest income on plan assets	(51,383)	(43,564)	(94,947)	(50,781)	(40,699)	(91,480)
Contribution by the Group - net	(286,297)	(53,355)	(339,652)	(46,457)	(40,033)	(86,490)
Benefits paid by the Group	17,804	16,870	34,674	78,153	3,754	81,907
Re-measurements loss / (gain)	4,342	11,356	15,698	(38,508)	(3,990)	(42,498)
Fair value at the end of the year	(695,497)	(428,099)	(1,123,596)	(379,963)	(359,406)	(739,369)

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Note	2020			2019		
	Conventional	Islamic	Total	Conventional	Islamic	Total
Rupees '000						
36.7 Movement in (receivable) / payable under defined benefit schemes of the Group						
Opening balance	87,387	31,578	118,965	59,525	59,096	118,621
Charge for the year	188,397	27,909	216,306	120,214	59,781	179,995
Contribution by the Group - net	(286,297)	(53,355)	(339,652)	(46,457)	(40,033)	(86,490)
Re-measurement (gain) / loss recognised in OCI during the year	36.8.2 (76,981)	15,019	(61,962)	(45,895)	(47,266)	(93,161)
Closing balance	(87,494)	21,151	(66,343)	87,387	31,578	118,965
36.8 Charge for defined benefit plans of the Group						
36.8.1 Cost recognised in consolidated profit and loss account						
Current service cost	142,505	55,076	197,581	112,562	51,751	164,313
Past service cost	3,746	-	3,746	-	-	-
Net interest on defined benefit asset / liability	42,146	(27,167)	14,979	7,652	8,030	15,682
	188,397	27,909	216,306	120,214	59,781	179,995
36.8.2 Re-measurements recognised in consolidated OCI during the year						
(Gain) / loss on obligation						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	(1,473)	(2,056)	(3,529)	(3,272)	(512)	(3,784)
- experience adjustment	(79,850)	5,719	(74,131)	(4,115)	(42,764)	(46,879)
Return on plan assets over interest income	4,342	11,356	15,698	(38,508)	(3,990)	(42,498)
Total re-measurements recognised in OCI	(76,981)	15,019	(61,962)	(45,895)	(47,266)	(93,161)
36.9 Components of plan assets of the Group						
Cash and cash equivalents - net	117,616	194,143	311,759	273,371	143,171	416,542
Government securities	577,601	-	577,601	106,312	-	106,312
Shares / mutual funds	280	233,956	234,236	280	216,235	216,515
	695,497	428,099	1,123,596	379,963	359,406	739,369

The funds are primarily invested in Government securities (Market Treasury Bills, Pakistan Investment Bonds, Special Savings Certificates, etc) and mutual funds and accordingly do not carry any credit risk. These are subject to interest rate risk. Cash and cash equivalents includes balances maintained with the banks which are subject to credit risk. Equity securities are subject to price risk which is being regularly monitored by the Trustees of the employee fund.

36.10 Historical information	2020	2019	2018	2017	2016
	Rupees '000				
Present value of defined benefit obligation	(1,057,253)	(858,334)	(719,429)	(650,039)	(592,711)
Fair value of plan assets	1,123,596	739,369	600,808	689,933	644,985
Surplus / (deficit)	66,343	(118,965)	(118,621)	39,894	52,274
Remeasurement of plan liabilities	77,660	50,663	8,344	53,248	7,332
Remeasurement of plan assets	(15,698)	42,498	(42,468)	(14,209)	18,390

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36.11 Sensitivity analysis

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

	2020		2019	
	Conventional	Islamic	Conventional	Islamic
----- Rupees '000 -----				
1% increase in discount rate	(201,158)	99,907	198,779	(286,847)
1% decrease in discount rate	(107,290)	226,541	352,452	(263,116)
1% increase in expected rate of salary increase	(106,691)	227,399	353,474	(262,956)
1% decrease in expected rate of salary increase	(202,415)	98,167	196,702	(287,170)
1 year increase in expected life / withdrawal rate	(188,751)	143,828	245,136	(278,691)
1 year decrease in expected life / withdrawal rate	(157,685)	170,806	291,074	(273,583)

36.12 Expected maturity analysis of undiscounted obligation

Less than a year	31,426	31,200	33,493	4,551
Between 1-2 years	71,078	112,511	133,594	33,987
Between 2-5 years	186,108	277,572	318,817	80,396
Over 5 years	9,606,650	20,124,949	26,940,447	13,215,456
Total	9,895,262	20,546,232	27,426,351	13,334,390

36.13 Expected contributions to be paid to the scheme in the next financial year by the Holding Company *

36.14 Expected charge for the next financial year for the Holding Company *

* Expected contribution and charge of the Subsidiary Company are not presented here as the same are not material to the Group.

36.15 Maturity profile

The weighted average duration of the defined benefit obligation is 9.62 years and 10.36 years for conventional and Islamic funds of the Holding Company respectively whereas 9 years for the Subsidiary Company.

36.16 Funding policy

The policy followed by the Group for funding the staff retirement benefit schemes is disclosed in note 6.11 to these consolidated financial statements.

36.17 The gratuity scheme exposes the Group to the following risks:

Asset volatility

The defined benefit gratuity conventional fund is largely invested in government bonds with mostly fixed income bonds. The fund has invested 45.2% and 39.9% of the total investments (Rs. 306.986 million and 270.615 million) in

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Pakistan Investment Bonds and Market Treasury Bills respectively. This gives rise to significant reinvestment risk. The asset class is volatile with reference to the yield on this class. This risk should be viewed together with change in the bond yield risk. On the other hand, the Islamic fund has investment in mutual funds. This investment is almost 54.65%. Islamic fund has no investment in any Government bonds, equity or corporate bonds.

Changes in bond yields

There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the gratuity liability is discounted with reference to these bond yields. Any increase in bond yields will lower the gratuity liability and vice versa, but, it will also lower the asset values.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Group.

Life expectancy / withdrawal rate

The gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Group for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post-retirement benefit been given by the Group like monthly pension, post-retirement medical, etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

Other risks

Though, not imminent and observable, over long term there are some risks that may crystallise. These include:

- retention risk – the risk that employee will not be motivated to continue the service if no market comparable retirement benefit is provided.
- final salary risk – the risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- model risk – the defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.
- operational risk related to a separate entity - retirement benefits are funded through a separate trust fund which is a different legal entity than the Group. Generally, the protocols, processes and conventions used throughout the Group are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.
- compliance risk – the risk that retirement benefits offered by the Group does not comply with minimum statutory requirements.
- legal / political risk – the risk that the legal / political environment changes and the Group is required to offer additional or different retirement benefits than what the Group has projected.

37 DEFINED CONTRIBUTION PLAN

The Holding and the Subsidiary Company each operates separate approved funded contributory provident funds for all their permanent employees to which equal monthly contributions are made by the respective companies and their employees at the rate of 10% of the basic salary. The financial statements of the funds are separately prepared and are not included as part of these consolidated financial statements.

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38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Holding Company:

2020				
Particulars	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
----- Rupees '000 -----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	10,719	53,694	176,587	252,648
ii) Total variable	3,050	51,660	113,782	143,532
of which				
a) Cash bonus / awards - paid	2,425	38,745	85,336	116,397
b) Cash bonus / awards - deferred	625	12,915	28,446	27,135
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	987	4,469	9,393	13,600
Contribution to defined contribution plan	-	5,362	7,928	16,320
Rent & house maintenance	2,621	4,800	53,070	77,913
Utilities	655	858	12,606	16,956
Medical	168	-	1,393	5,313
Conveyance	-	-	47,762	79,274
Signing in bonus	-	-	-	3,000
Others	34	31	1,500	6,140
Total	18,234	120,874	424,021	614,696
Number of persons	3	1	16	66

2019				
Particulars	Members shariah board	President & CEO	Key executives	Other material risk takers / controllers
----- Rupees '000 -----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	9,331	39,224	152,779	271,829
ii) Total variable	1,500	43,000	90,203	108,401
of which				
a) Cash bonus / awards - paid	1,500	43,000	90,203	108,401
b) Cash bonus / awards - deferred	-	-	-	-
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	719	3,269	8,469	12,370
Contribution to defined contribution plan	-	3,922	8,083	14,022
Rent & house maintenance	2,251	5,630	47,272	66,990
Utilities	563	-	10,110	14,844
Medical	168	-	1,358	5,233
Conveyance	3	-	3,886	25,403
Signing in bonus	-	-	-	603
Others	-	-	145	177
Total	14,535	95,045	322,305	519,872
Number of persons	3	1	17	66

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

Subsidiary Company:

2020				
Particulars	Members Shariah Board	Chief Executive Officer	Key executives	Other material risk takers / Controllers
----- Rupees '000 -----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	-	10,757	29,212	-
ii) Total variable	-	4,851	2,329	-
of which				
a) Cash bonus / awards	-	4,851	2,329	-
b) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	-	-	-	-
Contribution to defined contribution plan	-	1,149	1,473	-
Rent & house maintenance	-	3,335	4,592	-
Utilities	-	932	1,347	-
Medical	-	429	1,154	-
Conveyance	-	-	-	-
Signing in bonus	-	-	-	-
Others	-	-	-	-
Total	-	21,453	40,107	-
Number of persons	-	1	7	-

2019				
Particulars	Members Shariah Board	Chief Executive Officer	Key executives	Other material risk takers / Controllers
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	-	14,138	17,681	-
ii) Total variable	-	-	1,337	-
of which				
a) Cash bonus / awards	-	-	1,337	-
b) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	-	-	792	-
Contribution to defined contribution plan	-	-	730	-
Rent & house maintenance	-	3,877	3,969	-
Utilities	-	862	929	-
Medical	-	-	704	-
Conveyance	-	528	2,096	-
Signing in bonus	-	-	-	-
Others	-	-	-	-
Total	-	19,405	28,238	-
Number of persons	-	1	9	-

38.1 The President & CEO is provided with the Bank's maintained cars in accordance with the terms of employment.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

38.2 Remuneration paid to directors for participation in board and committee meetings

Holding Company

S.No.	Name of director	2020							
		Board meetings	Meeting fees and allowances paid						Total
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee	Independent directors meeting	
Rupees '000									
1	Mr. Farooq Rahmatullah Khan	12,951	-	2,679	-	-	-	-	15,630
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	9,318	3,986	2,704	1,400	-	-	-	17,408
3	Mian Muhammad Younis	8,241	3,961	-	4,661	-	-	700	17,563
4	Mr. Imtiaz Ahmad Pervez	7,961	-	-	-	-	2,679	-	10,640
5	Mr. Ali Munir	8,380	3,961	-	4,661	4,661	-	700	22,363
6	Mr. Juma Hasan Ali Abul	6,781	3,986	2,704	3,986	-	-	-	17,457
7	Mr. Abdulelah Ebrahim Mohamed AlQasimi	6,781	-	-	-	3,986	2,704	-	13,471
8	Mr. Abdulla Abdulaziz Ali Taleb	6,781	-	-	-	3,986	2,704	-	13,471
9	Mr. Fuad Azim Hashimi *	4,340	2,561	1,279	-	-	-	-	8,180
10	Ms. Fatima Asad *	3,205	1,400	1,400	-	-	-	700	6,705
11	Mr. Mohsin Tariq *	3,205	-	1,400	-	2,100	-	700	7,405
Total amount paid		77,944	19,855	12,166	14,708	14,733	8,087	2,800	150,293

* The Board of Directors of the Holding Company was reconstituted in the 25th annual general meeting of the Bank held on May 14, 2020. Ms. Fatima Asad and Mr. Mohsin Tariq were new appointments to the Board while Mr. Fuad Azim Hashimi retired from the Board.

S.No.	Name of director	2019							
		Board meetings	Meeting fees and allowances paid						Total
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee	Independent directors meeting	
Rupees '000									
1	Mr. Farooq Rahmatullah Khan	13,805	-	2,827	-	-	-	-	16,632
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	9,563	2,888	2,300	-	-	-	-	14,751
3	Mian Muhammad Younis	4,601	2,230	-	2,230	-	-	586	9,647
4	Mr. Imtiaz Ahmad Pervez	4,601	-	-	-	-	2,230	-	6,831
5	Mr. Ali Munir	4,601	2,230	-	2,230	2,751	-	586	12,398
6	Mr. Juma Hasan Ali Abul	4,786	2,888	2,300	2,300	-	-	-	12,274
7	Mr. Abdulelah Ebrahim Mohamed AlQasimi	4,786	-	-	-	2,823	2,300	-	9,909
8	Mr. Abdulla Abdulaziz Ali Taleb	4,786	-	-	-	2,823	2,300	-	9,909
9	Mr. Fuad Azim Hashimi	4,601	2,827	2,230	-	-	-	586	10,244
Total amount paid		56,130	13,063	9,657	6,760	8,397	6,830	1,758	102,595

Subsidiary Company

S.No.	Name of director	2020			
		Meeting fees and allowances paid			
		Board meetings	Board Human Resource Committee	Board Audit Committee	Total
		----- Rupees '000 -----			
1	Mr. Salman Ahmed Usmani	500	150	-	650
2	Mr. Osman Asghar Khan	400	150	300	850
3	Mr. Tahir Yaqoob Bhatti	500	-	-	500
4	Mr. Nadir Rehman	500	150	-	650
5	Mian Salman Ali	500	-	300	800
6	Syed Muhammad Fraz Zaidi	500	-	300	800
Total amount paid		2,900	450	900	4,250

S.No.	Name of director	2019			
		Meeting fees and allowances paid			
		Board meetings	Board Human Resource Committee	Board Audit Committee	Total
		----- Rupees '000 -----			
1	Mr. Salman Ahmed Usmani	500	75	-	575
2	Mr. Osman Asghar Khan	200	75	375	650
3	Mr. Tahir Yaqoob Bhatti	400	-	-	400
4	Mr. Nadir Rehman	100	75	-	175
5	Mian Salman Ali	300	-	300	600
6	Syed Muhammad Fraz Zaidi	500	-	375	875
7	Mr. Farooq Hassan**	400	-	-	400
8	Mr. Ibad ur Rehman Chishti*	100	-	-	100
Total amount paid		2,500	225	1,050	3,775

* Mr. Ibad ur Rehman Chishty resigned from the Board of Directors on November 22, 2018.

** The Board of Directors of the Subsidiary Company was reconstituted in the extraordinary general meeting held on October 04, 2019. In this meeting, Mr. Farooq Hassan retired from the Board of Directors.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

38.3 Remuneration paid to shariah board members

Description	2020			2019		
	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
----- Rupees '000 -----						
Meeting fees and allowances	8,175	3,348	2,640	8,173	3,000	2,640
Others	2,534	550	-	-	3	-
	<u>10,709</u>	<u>3,898</u>	<u>2,640</u>	<u>8,173</u>	<u>3,003</u>	<u>2,640</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

39 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.

39.1 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 asset 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).

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:

On-balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal Government securities

Shares

Non-Government debt securities

Financial assets - disclosed but not measured at fair value

Investments

Non-Government debt securities

Non-financial assets - measured at fair value

Fixed assets (land and buildings)

Non-banking assets acquired in satisfaction of claims

Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange

Forward sale of foreign exchange

Derivatives sales

2020			
Level 1	Level 2	Level 3	Total

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

-	202,016,327	-	202,016,327
5,631,735	2,077,503	-	7,709,238
47,510,000	6,092,828	-	53,602,828
-	10,029,170	-	10,029,170
-	-	11,323,744	11,323,744
-	-	2,683,207	2,683,207
-	64,514,335	-	64,514,335
-	26,528,182	-	26,528,182
-	8,272,187	-	8,272,187

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

On-balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal Government securities	-	135,299,160	-	135,299,160
Shares	4,344,431	2,314,483	-	6,658,914
Non-Government debt securities	39,550,000	7,154,872	-	46,704,872

Financial assets - disclosed but not measured at fair value

Investments

Non-Government debt securities	-	12,564,225	-	12,564,225
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Non-financial assets - measured at fair value

Fixed assets (land and buildings)

Non-banking assets acquired in satisfaction of claims	-	-	11,390,437	11,390,437
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	-	-	2,725,172	2,725,172
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Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange

Forward sale of foreign exchange	-	81,296,151	-	81,296,151
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Derivatives sales	-	41,387,194	-	41,387,194
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	-	9,244,773	-	9,244,773
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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 year.

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.
Ijarah Sukuk	Fair values of GoP Ijarah Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from different pre-defined / approved dealers / brokers.
Unlisted ordinary shares	Break-up value determined on the basis of the NAV of the 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 mark-to-market currency 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.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and buildings)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in note 6.6.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in note 6.9.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Group which are also on the panel of the Pakistan Banks' Association (PBA). The valuation experts use a market based approach to arrive at the fair value of the Group'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 consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

Profit and loss account

Net mark-up / return / profit	
Inter segment revenue - net	
Non mark-up / return / interest income	
Total income	

Segment direct expenses	
Inter segment expense allocation	
Total expenses	
Share of profit of associates	
Provisions	
Profit before tax	

Statement of financial position

Cash and bank balances	
Lendings to financial institutions	
Investments	
- Investment provision	
Net inter segment lending	
Advances - performing	
Advances - non-performing	
- Advances - provisions	
Others	

Total Assets

Borrowings	
Subordinated debt	
Deposits and other accounts	
Net inter segment borrowing	
Others	

Total liabilities

Equity

Total Equity and liabilities

Contingencies and commitments

Profit and loss account

Net mark-up / return / profit	
Inter segment revenue - net	
Non mark-up / return / interest income	
Total income	

Segment direct expenses	
Inter segment expense allocation	
Total expenses	
Provisions	
Profit before tax	

Statement of financial position

Cash and bank balances	
Lendings to financial institutions	
Investments	
- Investment provision	
Net inter segment lending	
Advances - performing	
Advances - non-performing	
- Advances - provisions	
Others	

Total Assets

Borrowings	
Subordinated debt	
Deposits and other accounts	
Net inter segment borrowing	
Others	

Total liabilities

Equity

Total Equity and liabilities

Contingencies and commitments

2020					
Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000					
(15,617,681)	22,654,079	16,993,528	197,069	320,747	24,547,742
31,775,739	(19,720,694)	(17,083,127)	(108,948)	5,137,030	-
3,811,737	1,161,124	3,876,876	(18,266)	(479,565)	8,351,906
19,969,795	4,094,509	3,787,277	69,855	4,978,212	32,899,648
11,168,715	553,989	346,768	140,146	7,701,163	19,910,781
6,378,043	658,669	140,470	122,626	(7,299,808)	-
17,546,758	1,212,658	487,238	262,772	401,355	19,910,781
-	-	-	-	156,170	156,170
771,696	1,746,171	(61,841)	(484,881)	283,156	2,254,301
1,651,341	1,135,680	3,361,880	291,964	4,449,871	10,890,736
29,219,912	-	33,540,008	-	-	62,759,920
-	-	2,985,000	-	-	2,985,000
-	16,430,902	259,865,978	3,298,820	651,412	280,247,112
-	-	(1,688,885)	(2,088,403)	-	(3,777,288)
412,879,111	-	-	-	(412,879,111)	-
64,171,608	245,899,442	-	-	3,448,811	313,519,861
6,647,456	3,489,249	-	16,049,685	39,035	26,225,425
(5,245,632)	(2,755,805)	-	(13,299,212)	(264,759)	(21,565,408)
10,290,418	3,793,772	4,945,294	(1,881,285)	32,521,381	49,669,580
517,962,873	266,857,560	299,647,395	2,079,605	(376,483,231)	710,064,202
5,488,813	46,412,012	6,545,691	-	-	58,446,516
-	-	-	-	-	-
494,881,273	44,326,035	-	201,771	1,223,138	540,632,217
-	175,499,595	289,997,780	1,871,334	(467,368,709)	-
17,592,787	619,918	331,518	6,500	32,216,644	50,767,367
517,962,873	266,857,560	296,874,989	2,079,605	(433,928,927)	649,846,100
-	-	2,772,406	-	57,445,696	60,218,102
517,962,873	266,857,560	299,647,395	2,079,605	(376,483,231)	710,064,202
14,672,741	64,309,145	-	1,249,878	-	80,231,764
2019					
Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000					
(18,300,251)	29,332,925	9,635,849	334,820	123,191	21,126,534
31,581,159	(27,033,908)	(8,066,023)	(307,598)	3,826,370	-
4,191,552	1,069,511	2,478,230	(68,493)	(397,044)	7,273,756
17,472,460	3,368,528	4,048,056	(41,271)	3,552,517	28,400,290
11,606,786	507,192	310,658	134,028	4,917,774	17,476,438
4,169,128	529,603	108,916	105,144	(4,912,791)	-
15,775,914	1,036,795	419,574	239,172	4,983	17,476,438
507,879	654,996	279,221	(674,287)	(2,444)	765,365
1,188,667	1,676,737	3,349,261	393,844	3,549,978	10,158,487
22,325,193	-	40,878,883	-	-	63,204,076
-	-	-	-	-	-
-	19,516,432	184,463,090	3,298,820	165,242	207,443,584
-	-	(883,015)	(2,966,266)	-	(3,849,281)
348,653,144	-	-	-	(348,653,144)	-
62,582,195	237,193,175	-	-	3,626,024	303,401,394
6,266,681	3,807,114	-	20,289,645	45,843	30,409,283
(4,503,653)	(1,033,307)	-	(18,697,708)	(3,007)	(24,237,675)
10,416,842	13,994,465	1,352,471	243,892	27,481,482	53,489,152
445,740,402	273,477,879	225,811,429	2,168,383	(317,337,560)	629,860,533
1,931,729	20,088,523	50,726,543	-	-	72,746,795
-	-	-	-	-	-
428,356,703	27,972,150	-	115,674	1,340,656	457,785,183
-	216,745,546	170,558,318	1,985,797	(389,289,661)	-
15,451,970	8,671,660	1,142,652	66,912	18,789,934	44,123,128
445,740,402	273,477,879	222,427,513	2,168,383	(369,159,071)	574,655,106
-	-	3,383,916	-	51,821,511	55,205,427
445,740,402	273,477,879	225,811,429	2,168,383	(317,337,560)	629,860,533
8,944,978	44,725,691	-	1,204,950	-	54,875,619

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

40.2 Segment details with respect to geographical locations

Segment details with respect to geographical locations are not presented in these consolidated financial statements as geographically the Group is concentrated in Pakistan only.

41 TRUST ACTIVITIES

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

Under IPS accounts:

2020						
Category	No. of IPS accounts	Securities held (face value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
----- Rupees '000 -----						
Corporate	51	3,898,430	456,200	-	-	4,354,630
Insurance companies	3	-	-	-	-	-
Asset management companies	50	326,000	65,000	-	-	391,000
Employees funds	168	4,495,770	12,399,700	60,000	-	16,955,470
Charitable institution / NGOs	22	995,750	1,036,500	-	-	2,032,250
Individuals	4,403	1,942,640	977,300	19,300	1,947,071	4,886,311
Related parties	8	881,590	421,100	-	-	1,302,690
Others	5	-	-	-	-	-
	4,710	12,540,180	15,355,800	79,300	1,947,071	29,922,351

2019						
Category	No. of IPS accounts	Securities held (face value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
----- Rupees '000 -----						
Corporate	46	10,030,920	516,600	-	-	10,547,520
Insurance companies	3	-	29,000	-	-	29,000
Asset management companies	49	101,100	-	-	-	101,100
Employees funds	165	3,673,305	6,373,000	-	-	10,046,305
Charitable institution / NGOs	22	638,100	527,500	-	-	1,165,600
Individuals	1,917	1,917,615	1,044,700	-	-	2,962,315
Related parties	8	222,800	106,200	-	-	329,000
Others	5	-	-	-	-	-
	2,215	16,583,840	8,597,000	-	-	25,180,840

Under discretionary advisory :

	2020	2019
Number of portfolios	10	22
Total portfolio at cost (Rs. '000)	1,037,990	1,314,059
Total portfolio at market value (Rs. '000)	1,210,307	1,318,410

Under non discretionary advisory :

	2020	2019
Number of portfolios	4	6
Total portfolio at cost (Rs. '000)	518,377	1,451,211
Total portfolio at market value (Rs. '000)	643,435	1,519,826

Notes to and forming part of the Consolidated Financial Statements

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42 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, associates, 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 year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	2020				2019					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
-----Rupees '000-----										
Investments										
Opening balance	-	-	-	961,872	3,780,238	-	-	-	-	5,453,991
Investment made during the year	-	-	-	717,090	31,074,157	-	-	-	961,872	15,540,609
Investment redeemed / sold during the year	-	-	-	(482,811)	(30,797,538)	-	-	-	-	(17,214,362)
Equity method adjustment	-	-	-	45,392	-	-	-	-	-	-
Closing balance	-	-	-	1,241,543	4,056,857	-	-	-	961,872	3,780,238
Provision for diminution in value of investments	-	-	-	-	2,041,899	-	-	-	-	2,364,199
Advances										
Opening balance	-	-	226,887	-	9,441,893	-	-	176,873	-	5,002,325
Addition during the year	-	-	83,064	-	6,496	-	-	90,859	-	5,579,340
Repaid during the year	-	-	(51,727)	-	(5,296,772)	-	-	(40,845)	-	(1,139,772)
Written off during the year	-	-	-	-	(2,351,936)	-	-	-	-	-
Closing balance	-	-	258,224	-	1,799,681	-	-	226,887	-	9,441,893
Provision held against advances	-	-	-	-	511,816	-	-	-	-	2,925,840
Other assets										
Interest / mark-up accrued	-	-	345	-	58,469	-	-	189	-	1,900,806
Commission income receivable	-	-	-	72	36,391	-	-	-	-	11,279
Defined benefit plan asset	-	-	-	-	66,343	-	-	-	-	-
Remuneration receivable	-	-	-	3,583	13,601	-	-	-	2,575	8,535
Receivable against reimbursement of expenses	-	-	-	10,301	50,426	-	-	-	2,285	1,256
Receivable from defined contribution plan	-	-	-	-	647	-	-	-	-	647
Front end load receivable	-	-	-	208	52,394	-	-	-	-	2,209
Preliminary expenses and floatation costs receivable	-	-	-	4,065	6,306	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-	-	2,004,043
Dividend receivable	-	-	-	-	1,398	-	-	-	-	-
Others	-	-	-	-	515,944	-	-	2,293	-	378,175
	-	-	345	18,229	801,919	-	-	2,482	4,860	4,306,950
Deposits and other accounts										
Opening balance	182	37,985	156,482	-	3,074,185	182	26,496	159,986	-	3,416,265
Received during the year	-	48,969	1,723,877	1,178,039	235,409,751	-	58,204	1,415,830	-	84,679,688
Withdrawn during the year	-	(40,498)	(1,740,545)	(1,163,129)	(227,974,202)	-	(46,715)	(1,419,334)	-	(85,021,768)
Closing balance	182	44,456	139,814	14,910	10,509,734	182	37,985	156,482	-	3,074,185

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2020						2019					
Parent	Directors	Key management personnel	Associates	Other related parties		Parent	Directors	Key management personnel	Associates	Other related parties	
Rupees '000											
	-	129	217	11	38,703	-	196	28	-	9,970	
	-	-	-	-	-	-	-	-	-	118,965	
	-	-	-	-	-	-	-	-	-	2,004,043	
	-	-	-	-	2,864	-	-	-	-	-	
	-	-	-	-	154,308	-	2,625	320	-	125,263	
	-	129	217	11	195,875	-	2,821	348	-	2,258,241	
	-	-	-	-	4,397	-	-	-	-	29,397	
	-	-	-	-	90,506	-	-	-	-	407,541	
	-	-	-	-	94,903	-	-	-	-	436,938	

* represents outstanding guarantee

42.1

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

42.2

Details of outstanding investments and donations made during the year relating to related parties are given in notes 10 and 29.3 to these consolidated financial statements. Contributions to and accruals in respect of retirement benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer notes 36 and 37 to these consolidated financial statements for the details of the plans). Remuneration of the President and Chief Executive Officer, directors' fee, and certain related information are disclosed in note 38 to these consolidated financial statements. Such remuneration is determined in accordance with the terms of their employment. Details of shares held by the parent company are disclosed in note 20.2.1 to these consolidated financial statements. Details of assets held under trust arrangement on behalf of the related parties are given in note 41 to these consolidated financial statements.

RELATED PARTY TRANSACTIONS

2020						2019					
Parent	Directors	Key management personnel	Associates	Other related parties		Parent	Directors	Key management personnel	Associates	Other related parties	
Rupees '000											
-	-	12,834	-	131,553	-	-	-	10,746	-	394,686	
-	48	171	31,893	274,095	-	-	22	132	14,175	198,296	
-	-	-	-	51,347	-	-	-	-	-	93,379	
-	-	43	-	44,581	-	-	-	-	-	(22,554)	
-	2,096	6,354	1,319	631,051	-	-	2,279	14,110	-	250,576	
-	-	-	20,031	84,517	-	-	-	-	1,087	1,599	
-	154,543	-	-	-	-	-	106,370	-	-	-	
-	-	603,612	-	1,668	-	-	-	500,511	-	-	
-	-	-	-	4,306	-	-	-	-	-	-	
-	-	-	-	220,004	-	-	-	-	-	178,764	
-	-	-	-	240,536	-	-	-	-	-	192,665	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	717,090	31,074,157	-	-	-	-	961,872	15,539,710	
-	-	-	482,811	30,833,930	-	-	-	-	-	17,191,809	
-	-	627,067	219,761	6,792,088	-	-	-	650,434	-	3,248,638	
-	-	645,099	-	10,331,647	-	-	-	657,890	-	9,161,054	
-	-	-	-	339,652	-	-	-	-	-	86,490	

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43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum capital requirement (MCR):

Paid-up capital (net of losses)

Capital adequacy ratio (CAR):

Eligible common equity tier 1 (CET 1) capital

Eligible additional tier 1 (ADT 1) capital

Total eligible tier 1 capital

Eligible tier 2 capital

Total eligible capital (tier 1 + tier 2)

Risk weighted assets (RWAs):

Credit risk

Market risk

Operational risk

Total

Common equity tier 1 capital adequacy ratio (in %)

Tier 1 Capital adequacy ratio (in %)

Total Capital adequacy ratio (in %)

	2020	2019
	-----Rupees '000-----	
Paid-up capital (net of losses)	15,176,965	15,176,965
Eligible common equity tier 1 (CET 1) capital	49,609,041	42,824,225
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	49,609,041	42,824,225
Eligible tier 2 capital	8,503,577	10,070,358
Total eligible capital (tier 1 + tier 2)	58,112,618	52,894,583
Risk weighted assets (RWAs):		
Credit risk	235,843,958	214,599,394
Market risk	22,173,745	18,939,653
Operational risk	51,622,995	43,587,833
Total	309,640,698	277,126,880
Common equity tier 1 capital adequacy ratio (in %)	16.02%	15.45%
Tier 1 Capital adequacy ratio (in %)	16.02%	15.45%
Total Capital adequacy ratio (in %)	18.77%	19.09%

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

As at December 31, 2020, the SBP requires each bank or banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10% and (c) maintain common equity tier I (CET1) ratio and tier 1 ratio of 6% and 7.5% respectively.

With effect from December 31, 2020, an additional capital conservation buffer (CCB) of 1.5% (to be met from CET1) has to be maintained over and above the minimum required level.

The paid-up capital of the Holding Company for the year ended December 31, 2020, stood at Rs 15.177 billion (2019: Rs 15.177 billion). As at December 31, 2020, the Group's consolidated CAR stood at 18.77% (December 31, 2019: 19.09%) whereas CET1 and Tier 1 ratios both stood at 16.02% (December 31, 2019: 15.45%).

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The Holding Company is also in compliance with the conservation buffer requirements.

Leverage ratio (LR):

Eligible tier-1 capital
Total exposures
Leverage ratio (in %)

2020	2019
-----Rupees '000-----	
49,609,041	42,824,225
833,658,911	737,934,261
5.95%	5.80%

Liquidity coverage ratio (LCR):

Total high quality liquid assets
Total net cash outflow
Liquidity coverage ratio (Ratio)

265,799,775	174,038,707
125,870,150	123,796,400
2.112	1.406

Net stable funding ratio (NSFR):

Total available stable funding
Total required stable funding
Net stable funding ratio (in %)

493,515,307	406,344,452
291,597,390	299,623,500
169.25%	135.62%

43.1 The link to the full disclosure is available at <https://www.faysalbank.com/en/capital-adequacy-ratio-car/>

44 RISK MANAGEMENT

Risk management group (RMG) has been organised under the Chief Risk Officer (CRO). It has been authorised by the Board of Directors (BoD) to monitor the implementation of various risk policies via implementation of an integrated risk management framework across the Holding Company. As an ongoing exercise to integrate risk related functions, RMG has been expanded, strengthened and entrusted to monitor the risk areas across the organisation, including adoption and convergence towards regulatory and Basel guidelines on risk management.

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

The 'risk management framework' at the Group encompasses:

- scope of risks to be managed;
- process, systems and procedures to manage risk; and
- roles and responsibilities of individuals involved in risk management.

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

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

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- clearly defined risk management policies;
- well constituted organisational structure; and
- mechanism for ongoing review of all policies and procedures and risk exposures.

The 'risk management framework' is built on the following elements:

- comprehensive risk governance; and
- effective risk processes.

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

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

- active board / senior management strategic direction and centralised RMG oversight;
- sufficient policies, procedures and limits;
- adequate risk measurement, monitoring and management information systems; and
- comprehensive internal controls.

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

In order to have an effective and efficient risk assessment, and to closely align its functions with business, RMG has separate risk management functions for credit risk management, based on the specialised skill sets and required specific experience in various business segments. These functions comprise of corporate risk, CBSME, agri and retail risk management.

The common responsibilities of all credit risk management functions include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with compliance department of the Holding Company to ensure conformity to the relevant Government regulations, the SBP PRs as well as internal policies.
- work with relationship teams to structure exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure adequate risk coverage.

The risk management architecture is further fostered by enterprise risk management, credit administration, risk policy and portfolio management and information security functions.

The enterprise risk management function is responsible for managing and controlling market, operational and liquidity risks at an enterprise level and monitoring regulatory capital requirements of the Group.

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Credit administration department looks after the security, loan documentation, disbursement and post disbursement monitoring aspects of the credit portfolio.

Risk policy and analytics department serves as an independent check in the risk management function. It performs periodic review of all credit related portfolios (corporate, CBSME, retail, agri, SAM) and analyses portfolio compositions, risk rating distributions, emerging trends of NPLs, renewal status of RAs as per policy and other policy related matters. It also formulates / updates credit policies (along with various limits prescribed therein) in line with regulatory environment, business strategy, the BoD approvals and the best practices.

The information security risk function is responsible for information security risk identification, monitoring and reporting.

44.1 Credit risk

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

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

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

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

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

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

44.1.1 Segment by class of business

Credit Risk Management (CRM) Framework (non-retail / non-individual portfolio) covers three business segments: corporate risk management, commercial banking and SME (including agri) risk management and retail risk management. Based on overall guidance provided by a recognised and established external consultant, in line with the global best practices while ensuring regulatory compliance and alleviation of any (perceived) conflict of interest, credit management process has been segregated into two distinct categories:

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- independent risk advice by risk management function.
- credit approvals by credit committee(s), while taking into consideration the business unit recommendations / approvals and independent risk advice.

With this segregation, the role of risk management function in credit approval process is focused to provide risk advice only, based on key risk parameters; whereas relevant credit committees are responsible for providing credit related approvals.

The common responsibilities of corporate risk management and commercial banking and SME (including agri) risk management include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with relationship teams to advise on structure of exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure risk coverage.
- work with the independent credit risk review team (under internal audit) for effective and periodic review of the credit portfolio.

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

44.1.2 Credit risk: general disclosures Basel specific

The Group has adopted the standardised approach under Basel. According to the regulatory statement submitted under the standardised approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 64.42% (2019: 59.29%) of the total credit risk weighted assets, 1.9% (2019: 2.43%) represents claims on PSEs and 15.9% (2019: 16.35%) exposure pertains to claims categorised as retail portfolio.

44.1.3 Credit risk: disclosures for portfolio subject to standardised approach

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

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

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

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Long term rating grades mapping

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

Short term rating grades mapping

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

Particulars of the Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.4 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees '000					
Public / Government	2,985,000	-	-	-	-	-
Private	-	-	-	-	-	-
	2,985,000	-	-	-	-	-

44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees '000					
Textile	51,476	51,476	51,476	51,476	51,476	51,476
Chemical and pharmaceuticals	1,914,648	2,296,663	1,528,616	1,543,597	1,528,616	1,543,597
Cement	500,000	500,000	500,000	500,000	500,000	500,000
Sugar	8,311	8,311	8,311	8,311	8,311	8,311
Power (electricity), gas, water, sanitary	58,686,826	51,252,852	-	-	-	-
Financial	528,571	618,234	-	-	-	-
Services	-	-	-	-	-	-
Others	1,780,459	1,899,941	-	-	-	-
	63,470,291	56,627,477	2,088,403	2,103,384	2,088,403	2,103,384

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Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees '000					
Public / Government	58,659,556	51,128,014	-	-	-	-
Private	4,810,735	5,499,463	2,088,403	2,103,384	2,088,403	2,103,384
	63,470,291	56,627,477	2,088,403	2,103,384	2,088,403	2,103,384

44.1.6 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees '000					
Agriculture, forestry, hunting and fishing	13,223,912	37,671,466	1,285,467	1,393,828	952,068	932,071
Mining and quarrying	9,825,281	10,643,302	3,451	3,451	3,451	3,451
Textile	48,192,672	33,179,852	6,970,425	8,694,000	6,774,726	8,427,536
Chemical and pharmaceuticals	10,160,529	10,065,770	722,784	718,432	539,710	611,552
Cement	8,348,611	6,257,485	41,608	41,608	39,108	39,108
Sugar	8,469,446	10,580,956	722,146	1,292,131	653,799	484,798
Footwear and leather garments	1,959,600	1,565,492	388,849	425,235	274,304	295,433
Automobile and transportation equipment	3,987,402	8,626,943	180,226	357,936	164,957	335,866
Electronics and electrical appliances	6,436,741	6,152,026	796,963	1,096,112	613,140	1,027,788
Construction	3,912,232	2,075,729	402,609	319,235	373,029	310,284
Power (electricity), gas, water, sanitary	69,630,945	57,535,304	1,912,627	4,690,628	1,463,827	3,143,913
Wholesale and retail trade	9,896,465	11,633,590	2,376,685	2,553,567	1,778,353	1,734,079
Transport, storage and communication	30,713,246	4,030,862	219,883	251,613	183,314	145,996
Financial	2,496,069	3,900,437	50,853	50,853	50,309	50,309
Insurance	465	1,064	-	-	-	-
Services	20,607,480	15,069,623	385,817	474,018	321,972	392,480
Individuals	39,498,032	36,199,917	3,195,164	2,861,246	2,706,894	2,380,111
Others	52,386,158	78,620,859	6,569,868	5,185,390	3,756,671	3,160,949
	339,745,286	333,810,677	26,225,425	30,409,283	20,649,632	23,475,724

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees '000					
Public / Government	66,100,620	75,934,491	-	-	-	-
Private	273,644,666	257,876,186	26,225,425	30,409,283	20,649,632	23,475,724
	339,745,286	333,810,677	26,225,425	30,409,283	20,649,632	23,475,724

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44.1.7 Contingencies and Commitments

Credit risk by industry sector

Agriculture, forestry, hunting and fishing
Mining and quarrying
Textile
Chemical and pharmaceuticals
Cement
Sugar
Footwear and leather garments
Automobile and transportation equipment
Electronics and electrical appliances
Construction
Power (electricity), gas, water, sanitary
Wholesale and retail trade
Exports / imports
Transport, storage and communication
Financial
Services
Individuals
Others

Credit risk by public / private sector

Public / Government
Private

	2020	2019
	-----Rupees '000-----	
	129,715	24,664
	643,156	401,842
	16,819,192	12,314,035
	4,612,636	2,178,731
	1,889,995	1,180,988
	141,910	180,375
	971,716	165,732
	7,898,310	226,689
	1,062,536	350,193
	701,276	582,688
	8,343,448	3,733,267
	6,650,570	5,017,410
	121,662	95,358
	1,470,443	1,768,837
	1,576,753	35,547
	2,962,296	7,806,189
	1,266,835	1,099,705
	22,969,315	17,713,369
	<u>80,231,764</u>	<u>54,875,619</u>
	27,213,201	1,857,056
	53,018,563	53,018,563
	<u>80,231,764</u>	<u>54,875,619</u>

44.1.8 Concentration of advances

The Group's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 143,318 million (2019: Rs. 137,403 million) are as following:

	2020	2019
	-----Rupees '000-----	
Funded	127,981,622	123,725,214
Non-funded	15,336,103	13,678,125
Total exposure	<u>143,317,725</u>	<u>137,403,339</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 178,938 million (2019: Rs. 166,366 million). There are no classified exposures under this category of advances.

44.1.9 Advances - province / region-wise disbursement and utilisation

Province / region	2020						
	Disburse-ments	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	-----Rupees '000-----						
Punjab	349,302,391	337,527,252	11,039,826	273,004	3,108	456,575	2,626
Sindh	462,384,651	29,676,967	432,479,153	23,096	142,926	60,611	1,898
KPK including FATA	1,399,307	-	-	1,399,307	-	-	-
Balochistan	4,134	-	-	-	4,134	-	-
Islamabad	21,520,373	3,384,997	487,909	705,436	124	16,771,842	170,065
AJK including Gilgit-Baltistan	68,512	842	-	-	-	-	67,670
Total	834,679,368	370,590,058	444,006,888	2,400,843	150,292	17,289,028	242,259

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Province / region	2019						
	Disburse-ments	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees '000						
Punjab	398,535,206	391,090,500	7,057,562	135,711	4,100	239,444	7,889
Sindh	491,689,892	17,685,596	471,355,695	572,428	2,043,897	27,102	5,174
KPK including FATA	1,656,726	21,064	-	1,635,662	-	-	-
Balochistan	1,570	-	-	-	1,570	-	-
Islamabad	32,855,422	1,558,245	260,872	496,785	3,880	30,502,761	32,879
AJK including Gilgit-Baltistan	1,239,835	171,980	-	10,596	-	-	1,057,259
Total	925,978,651	410,527,385	478,674,129	2,851,182	2,053,447	30,769,307	1,103,201

44.2 Market Risk

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

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

44.2.1 Consolidated statement of financial position split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees '000					
Cash and balances with treasury banks	59,881,290	-	59,881,290	60,368,426	-	60,368,426
Balances with other banks	2,878,630	-	2,878,630	2,835,650	-	2,835,650
Lendings to financial institutions	2,985,000	-	2,985,000	-	-	-
Investments	18,584,351	257,885,473	276,469,824	27,191,037	176,403,266	203,594,303
Advances	318,179,878	-	318,179,878	309,573,002	-	309,573,002
Fixed assets	24,102,155	-	24,102,155	24,241,544	-	24,241,544
Intangible assets	1,894,204	-	1,894,204	1,840,624	-	1,840,624
Deferred tax assets	-	-	-	-	-	-
Other assets	23,673,221	-	23,673,221	27,406,984	-	27,406,984
	452,178,729	257,885,473	710,064,202	453,457,267	176,403,266	629,860,533

44.2.2 Foreign Exchange Risk

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

The Group undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position to the extent of statutory Foreign Exchange Exposure Limit (FEEL) prescribed by the SBP.

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

	2020				2019			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	Rupees '000							
Pakistan Rupee	694,384,894	596,177,820	(37,252,513)	60,954,561	614,334,696	520,354,366	(40,234,738)	53,745,592
United States Dollar	11,685,918	46,504,509	34,045,900	(772,691)	12,834,688	48,355,127	36,977,410	1,456,971
Great Britain Pound Sterling	2,576,085	4,666,666	2,101,525	10,944	1,752,207	3,901,237	2,155,516	6,486
Euro	1,372,956	2,475,788	1,105,389	2,557	910,522	2,041,078	1,129,859	(697)
Japanese Yen	247	3,212	2,945	(20)	227	1,861	2,138	504
Other currencies	44,102	18,105	(3,246)	22,751	28,193	1,437	(30,185)	(3,429)
	<u>710,064,202</u>	<u>649,846,100</u>	<u>-</u>	<u>60,218,102</u>	<u>629,860,533</u>	<u>574,655,106</u>	<u>-</u>	<u>55,205,427</u>

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 1% change in foreign exchange rates on				
- profit and loss account	-	(7,365)	-	14,598
- other comprehensive income	-	-	-	-

44.2.3 Equity position Risk

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

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

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 5% change in equity prices on				
- profit and loss account	-	32,571	-	8,262
- other comprehensive income	2,699	406,040	2,235	366,525

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44.2.4 Yield / interest rate risk in the banking book (IRRBB)-Basel II specific

2020		2019	
Banking book	Trading book	Banking book	Trading book

Rupees '000

Impact of 1% change in interest rates on
 - profit and loss account
 - other comprehensive income

(1,057,450)	2,342,798	(40,983)	1,574,839
-	(576,601)	4,336	(495,718)

44.2.5 Mismatch of interest rate sensitive assets and liabilities

Exposed to yield / interest risk									
2020									
Effective yield / interest rate (%)	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years
									Above 10 years
									Non-interest bearing financial instruments

Rupees '000

On-balance sheet financial instruments

Assets									
Cash and balances with treasury banks	59,881,290	-	-	-	-	-	-	-	59,881,290
Balances with other banks	2,878,630	-	-	-	-	-	-	-	2,878,630
Lending to financial institutions	2,985,000	2,985,000	-	-	-	-	-	-	-
Investments	275,228,281	46,664,711	124,139,218	88,550,788	1,626,951	-	6,337,375	-	7,709,238
Advances	318,179,878	118,849,314	98,567,808	47,224,534	39,548,418	2,493,905	1,620,332	673,740	5,575,793
Other assets	20,102,269	-	-	-	-	-	-	-	20,102,269
	679,255,348	168,499,025	222,707,026	135,775,322	41,175,369	2,493,905	1,620,332	673,740	96,147,220
Liabilities									
Bills payable	13,543,270	-	-	-	-	-	-	-	13,543,270
Borrowings	58,448,516	6,986,956	20,223,318	5,624,611	9,076	13,040,638	132,136	8,099,555	983,807
Deposits and other accounts	540,632,217	303,514,379	30,133,139	15,133,747	19,749,212	1,696,738	540,972	156,678	1,633,331
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-
Other liabilities	25,311,653	-	-	-	-	-	-	-	-
	637,933,656	310,501,335	50,356,457	20,758,358	19,758,288	14,737,376	673,108	8,104,555	983,807
	41,321,692	(142,002,310)	172,350,569	115,016,964	21,417,081	(12,243,471)	947,224	(7,430,815)	210,190,606
	18,896,410								
	60,218,102								

On-balance sheet gap

Net non-financial assets

Total net assets

Off-balance sheet financial instruments

Commitments in respect of:

- forward foreign exchange contracts (lending)
- forward foreign exchange contracts (borrowing)
- forward government securities transactions (lending)
- forward government securities transactions (borrowing)
- cross currency and interest rate swaps
- forward lending

Off-balance sheet gap

Total yield / interest risk sensitivity gap

Cumulative yield / interest risk sensitivity gap

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2019											
		Exposed to yield / interest risk									
Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial
On-balance sheet financial instruments											
Assets											
		5,202,879	-	-	-	-	-	-	-	-	55,165,547
		55,813	-	-	-	-	-	-	-	-	2,779,837
											-
		47,752,170	112,592,317	22,561,684	10,428,428	1,676,915	-	-	143	-	7,620,774
		115,374,935	79,172,287	66,819,608	38,611,338	365,005	271,793	595,966	210,113	1,210,500	6,941,457
		21,038,924	-	-	-	-	-	-	-	-	21,038,924
		168,385,797	191,764,604	89,381,292	49,039,766	2,041,920	271,793	595,966	210,256	1,210,500	93,546,539
Liabilities											
		-	-	-	-	-	-	-	-	-	8,356,460
		37,988,472	26,031,698	4,660,820	306,150	233,816	141,236	933,160	2,032,721	-	438,722
		221,980,875	31,196,195	24,324,525	37,167,145	2,476,672	1,714,652	456,047	-	-	138,469,072
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		21,177,413	-	-	-	-	-	-	-	-	21,177,413
		560,065,851	259,949,347	57,227,893	28,985,345	37,473,295	2,710,488	1,855,888	1,389,207	2,032,721	168,441,667
		36,382,582	(91,563,550)	134,536,711	60,395,947	11,566,471	(668,568)	(1,584,095)	(793,241)	(1,822,465)	(74,895,128)
		18,822,845	-	-	-	-	-	-	-	-	-
		55,205,427	-	-	-	-	-	-	-	-	-
On-balance sheet financial instruments											
Commitments in respect of:											
		29,003,488	32,935,391	20,824,098	1,501,748	-	-	-	-	-	-
		17,725,948	15,333,915	8,102,083	854,634	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		21,760,786	-	-	-	-	-	-	-	-	-
		3,956,978	3,584,472	1,703,323	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		(14,440,224)	14,017,004	11,018,692	647,114	-	-	-	-	-	-
Off-balance sheet financial instruments											
Total yield / interest risk sensitivity gap											
Cumulative yield / interest risk sensitivity gap											

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

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

Major sources of Interest rate risk are;

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

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44.3 Operational risk

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

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

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

Operational risk-disclosures Basel II specific

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Group is currently using basic indicator approach for calculating operational risk capital charge.

Under basic indicator approach the capital charge for operational risk is a fixed percentage (denoted alpha) of average positive annual gross income of the Group over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

44.4 Liquidity risk

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

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

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

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

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- Risk management (enterprise risk management)
- Finance

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

The market and liquidity risk under enterprise risk management function oversees liquidity risk. The Group's Asset and Liability Committee manages the liquidity position on a continuous basis.

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

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like liquid assets to liquid liabilities, liquid assets to total deposits, large volume deposits to total deposits, advances to deposit, liquid assets to volatile funding; on regular basis against defined limits. Further, liquidity gaps over different time bands, are also monitored through maturity profiling of assets and liabilities. The Group also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, the Group has also implemented the SBP's Basel III liquidity standards for ensuring compliance with the requirements of LCR, NSFR and other monitoring tools.

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

Contingency funding plan (CFP) is a part of liquidity risk management policy of the Group. CFP provides a set of several early warning indicators of a possible liquidity shortfall situation; describes the actions to be taken to manage it and identifies the roles and responsibilities of ALCO, CFP team or other relevant authorities.

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44.4.1 Maturities of assets and liabilities - based on contractual maturities

2020												
Rupees '000												
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years
Assets												
Cash and balances with treasury banks	59,881,290	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,878,630	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	2,985,000	2,985,000	-	-	-	-	-	-	-	-	-	-
Investments	276,469,824	678,681	3,953,850	21,335,559	97,353,224	13,760,385	3,945,698	2,419,486	4,988,833	2,701,654	10,536,085	68,061,029
Advances	318,179,878	26,374,505	14,698,389	31,036,315	23,599,224	16,651,206	25,398,011	9,289,704	11,876,941	38,879,202	29,769,101	33,639,074
Fixed assets	24,102,155	26,991	41,673	111,498	209,769	210,139	221,161	52,137	508,710	539,156	685,083	19,120,595
Intangible assets	1,894,204	4,730	28,383	75,688	141,915	142,533	143,964	2,051	39,092	66,604	42,463	969,031
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	23,673,221	2,553,609	732,796	3,902,157	2,772,899	2,525,991	7,425,885	1,172,566	888,647	504,060	196,573	47,302
	710,064,202	92,398,436	24,947,967	56,481,217	124,077,031	33,290,254	37,134,719	12,935,944	18,302,223	42,690,676	41,229,310	85,319,929
Liabilities												
Bills payable	13,543,270	-	-	-	-	-	-	-	-	-	-	-
Borrowings	58,446,516	4,420,660	440,131	1,138,627	10,352,569	9,870,750	5,624,611	2,613	6,463	13,040,638	132,136	1,713,088
Deposits and other accounts	540,632,217	17,185,368	8,753,325	29,008,713	22,420,249	24,714,548	21,182,940	7,995,372	18,504,669	1,794,768	563,191	424,293
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,582,351	-	-	-	-	-	-	-	-	-	-	-
Other liabilities *	35,641,746	906,636	681,528	3,924,313	2,659,426	4,002,089	5,678,429	2,068,954	4,548,162	2,288,831	590,545	967,106
	649,846,100	404,356,378	22,513,064	34,071,653	35,432,244	38,587,387	32,485,980	10,066,949	23,159,284	17,124,237	1,285,872	3,104,487
	60,218,102	(311,957,942)	2,434,903	22,409,564	88,644,787	(5,297,133)	4,648,739	2,868,995	(4,857,071)	25,566,439	39,943,438	82,215,442
Net assets												
Share capital	15,176,965	-	-	-	-	-	-	-	-	-	-	-
Reserves	11,032,647	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	9,027,473	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	24,981,002	-	-	-	-	-	-	-	-	-	-	-
Total equity attributable to the equity holders of the Bank	60,218,087	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	15	-	-	-	-	-	-	-	-	-	-	-
	60,218,102	-	-	-	-	-	-	-	-	-	-	-
* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:												
2020												
Rupees '000												
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years
8,525,253	-	-	-	-	964	-	-	3,133	25,347	211,350	280,093	7,039,870
Liabilities												
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-

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* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

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44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

In line with the SBP BSD Circular Letter No. 02 and 03 of 2011 on "Maturity and interest rate sensitivity gap reporting", deposit withdrawal pattern analysis on current and saving accounts (CASA) is conducted on ten years weekly data. The outliers (seasonal variations) are adjusted from data using fourth spread statistical methodology. The moving average methodology is used to estimated deposits withdrawal pattern of both current and saving deposits. This methodology is in line with industry best practices and regulatory guidelines.

2020											
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
Rupees '000											
Assets											
Cash and balances with treasury banks	59,881,290	281,443	568,872	1,146,727	2,341,358	4,649,782	5,709,681	11,257,682	19,551,241	14,374,504	
Balances with other banks	2,878,630	13,612	27,346	55,124	112,551	223,519	274,469	541,167	939,846	690,996	
Lendings to financial institutions	2,985,000	2,985,000	-	-	-	-	-	-	-	-	
Investments	276,469,824	25,968,090	111,113,609	3,945,698	7,408,319	2,701,654	10,536,085	46,735,340	66,569,579	1,491,450	
Advances	318,179,878	28,495,724	50,171,153	39,593,939	55,639,017	41,740,447	32,894,497	36,006,026	26,593,053	7,046,022	
Fixed assets	24,102,155	228,781	419,908	221,161	560,847	539,156	685,083	2,326,624	7,165,456	11,955,139	
Intangible assets	1,894,204	141,914	284,448	143,964	41,143	66,604	42,463	204,637	615,606	353,425	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	
Other assets	23,673,221	8,139,293	5,298,890	7,425,885	2,061,213	504,060	196,578	47,302	-	-	
	710,064,202	66,253,857	167,884,226	52,532,498	68,164,448	50,425,222	50,338,856	97,118,778	121,434,781	35,911,536	
Liabilities											
Bills payable	13,543,270	13,543,270	-	-	9,076	-	-	-	-	-	
Borrowings	58,446,516	8,620,287	20,223,319	5,624,611	41,617,752	13,040,638	132,136	1,713,088	8,099,554	983,807	
Deposits and other accounts	540,632,217	56,963,310	50,809,982	28,593,915	-	31,858,062	37,525,932	73,409,144	126,667,888	93,186,232	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	
Subordinated debt	-	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	1,582,351	-	-	-	-	-	-	-	1,582,351	-	
Other liabilities *	35,641,746	5,625,335	6,661,515	5,678,429	6,717,126	2,288,831	590,545	967,106	5,860,078	1,252,781	
	649,846,100	84,752,202	77,694,816	39,896,955	48,343,954	47,187,531	38,248,613	76,089,338	142,209,871	95,422,820	
	60,218,102	(18,498,345)	90,189,410	12,635,543	19,820,494	3,237,691	12,090,243	21,029,440	(20,775,090)	(59,511,284)	
Net assets											
Share capital	15,176,965										
Reserves	11,032,647										
Surplus on revaluation of assets - net	9,027,473										
Unappropriated profit	24,981,002										
Total equity attributable to the equity holders of the Bank	60,218,087										
Non-controlling interest	15										
	60,218,102										

This contains maturity analysis of lease liabilities based on expected maturities which is shown below:

		2020									
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		Rupees '000									
Liabilities											
Lease liabilities		8,525,253	-	964	-	28,480	211,350	280,093	964,496	6,032,564	1,007,306

For the year ended December 31, 2020

This contains maturity analysis of lease liabilities based on expected maturities which is shown below:

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44.5 Derivative risk management

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

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

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

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

Market risk

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

Credit risk

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

Liquidity risk

Liquidity risk is managed as part of the overall liquidity risk of the Group. The risk management policies related to liquidity risk are explained in note 44.4 to these consolidated financial statements.

44.6 COVID-19 RISK MANAGEMENT

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a number of measures on both the fiscal and economic fronts. The risk management policies continue to remain robust and the Group is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

The SBP has also responded to the crisis by cutting the Policy Rate by 625 basis points since the beginning of the year, to 7% till December 31, 2020. Other regulatory measures to provide an impetus to economic activity include the following:

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For the year ended December 31, 2020

- reduction in the capital conservation buffer by 100 basis points to 1.5%;
- increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- relaxing the debt burden ratio for consumer loans from 50% to 60%;
- The timeline for classification of 'trade bills' as non-performing has been extended from 180 days overdue to 365 days overdue;
- The financing facilities of obligors who have requested for deferment or rescheduling / restructuring are not required to be classified unless the payment obligations are past due by 180 days;
- allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

COVID-19 has impacted banks in Pakistan on a number of fronts including increase in credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as certain Group's staff members are working from home and an ever increasing number of customers are being encouraged to use digital channels. Major aspects of COVID 19 on the Group's risk management policies are given below:

Credit risk management

The risk management function of the Holding Company is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Holding Company has further strengthened its credit review procedures in light of COVID-19 and is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from COVID-19 outbreak.

The management has exercised prudence and recognised a general provision of Rs 250 million as disclosed in note 11.4.1 to these consolidated financial statements.

Liquidity risk management

In view of the relaxation granted by the SBP for deferral of principal and mark-up and rescheduling of loans there will be an impact on the maturity profile of the Holding Company. The asset and liability committee (ALCO) of the Holding Company is continuously monitoring the liquidity position and the Holding Company is confident that the liquidity buffer currently maintained is sufficient to cater any adverse movement in cash flow maturity profile.

Equity risk management

The carrying value of the Group's investment in listed equity securities classified as available-for-sale, amounts to Rs 7,108.984 million as at December 31, 2020. The Group has recorded an impairment of Rs 379.785 million in these consolidated financial statements. The index of Pakistan Stock Exchange has revived from March 2020 and there is no major loss on equity securities as at December 31, 2020 due to COVID-19.

Operational risk management

The Group is closely monitoring the situation and has invoked required actions to ensure the safety and security of the its staff and uninterrupted service to customers. The senior management of the Holding Company is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business Continuity Plans (BCP) for respective areas are in place and tested. The Group has significantly enhanced

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monitoring of cybersecurity risk during these times. Remote work capabilities were enabled for staff, where required, and related risk and control measures were taken to ensure that the Group's information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. The Group has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored and the Group continues to meet the expectations of its employees and customers.

Capital adequacy ratio

Under the current scenario, the banks are under pressure to extend further credit to their borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Holding Company from Capital Adequacy Ratio (CAR) perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the Banks to 1.5%, resulting in an overall CAR requirement of 11.5%. The reduced CCB has also provided an additional limit to the Bank for its tier 2 capital. Further, the regulatory limit for retail loans has also been increased by the SBP to Rs.180 million, which will result in reduced Risk Weighted Assets (RWA) for some of its loans. In addition to the measures by the SBP, the senior management of the Holding Company is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Holding Company also believes that with its CAR at 18.77% it has sufficient buffer to meet any adverse movements in credit, market or operational risks.

45 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 18, 2021 by the Board of Directors of the Holding Company.

46 GENERAL

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

47 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 18, 2021 has proposed a stock dividend of Nil% amounting to Rs Nil (2019: Nil). The Board of Directors have also proposed the transfer of Rs Nil to 'reserve for bonus issue' from 'unappropriated profit'.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Annexure I to and forming part of the Consolidated Financial Statements

Statement showing written off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2020 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
1	Muhammad Sohail Farooq	Al-Morishin Sult No. 502, Block 39, Defence Garden, DHA Phase I, Near UBL.	Muhammad Sohail Farooq	42201-0602651-9	Muhammad Farooq	490	681	5	1,176	-	685	8	693
2	Dil Nawaz Ahmed	H.No. NA/12- D/2, 7th Road, New Malpur, Mouza Pindora, Rawalpindi.	Dil Nawaz Ahmed	37405-0375125-9	Ghulam Rasool	1,384	520	-	1,904	-	520	100	620
3	Syed Ali Azhar Kazmi	H.No. 8-B, Block G, Gulberg II, Lahore.	Syed Ali Azhar Kazmi	35202-2566614-9	Syed Ali Sattar Kazmi	15,430	11,295	-	26,725	-	11,296	98	11,394
4	Atif Maqbool	H.No. 46/1 Block F, Phase V, DHA Lahore.	Atif Maqbool	35202-8390381-3	Sh Maqbool Ahmad	13,812	12,674	-	26,486	-	12,934	100	13,034
5	Zain Ul Abidin	Banglow No. 2 Site, Staff Colony, Near Jama Bnoria, Karachi.	Zain Ul Abidin	42401-9621306-7	Ghulam Sarwar Khan Jagira	292	569	18	879	-	550	25	575
6	Ghulam Abbas	P-156-C, Shahbaz Town, Near Bhatti Chowk, Jung Road, Faisalabad.	Ghulam Abbas	33301-2780446-7	Muhammad Ramzan	570	12	-	582	570	23	-	593
7	Sana Saider	H.No. 193-G, Phase IV, DHA Housing Society Cantt. Lahore.	Sana Saider	35201-3894199-8	Saifdar Ali	447	226	-	673	-	867	-	867
8	Mirza Mazhar Saeed	H.No. 106, St.No. 5, Jalal Colony, Harbhanspura, Lahore.	Mirza Mazhar Saeed	35201-9378404-1	Mirza Saeed Ahmad	354	37	-	391	-	810	-	810
9	Shahmawaz Bhali	H.No. 413 Block B, Canal Co-operative Housing Society, Lahore.	Shahmawaz Bhali	34603-7923067-7	Ch Asad Ullan Khan Bhali	12,294	17,156	-	29,450	-	17,418	100	17,518
10	Muhammad Raur Butt	Butt Brother Crockery & Electronic Centre, Shop No. 12, Bara Bazar, Al Paza Market, Rawalpindi.	Muhammad Raur Butt	37405-5398474-1	Zahoor Din Butt	349	639	18	1,006	-	652	18	670
11	Adnan Khurram	Iqbal Hotel, Shop No.31, Hasrat Mohani Road, Near HBL Plaza II Chundrigar Road, Karachi.	Adnan Khurram	42301-4623616-3	Sheikh Muhammad Iqbal	469	728	29	1,226	-	739	29	768
12	Mian Humayun Asghar	H.No. 2, Gulshan Canal Housing Scheme, Canal Road, Lahore.	Mian Humayun Asghar	35201-1549715-5	Mian Muhammad Asghar Naveed	510	77	-	587	-	674	-	674
13	Adel Malik/ Anika Zahir	H.No. 613 Block D, Canal View Co-operative Housing Society, Canal Road, Lahore.	Adel Malik/ Anika Zahir	35202-2725534-5	Muhammad Siddique Malik	7,755	8,708	-	16,463	-	9,042	100	9,142
14	Mirza Waseem Baig	H.No. 261 G, Johar Town, Lahore.	Mirza Waseem Baig	35202-4764174-7	Mirza Akram Baig	3,574	974	-	4,548	-	940	-	940
15	Imran Hafeez	80- Abik Block Garden Town, Lahore.	Imran Hafeez	35201-7604637-3	Abdul Hafeez	14,438	18,350	-	32,788	-	15,572	100	15,672
16	Muhammad Jamshed	Flat No. A 1/1002, Bldg-2 10th Floor, Shannin Sky Tower, Yaseerabad, FB Area Block 9, Karachi.	Muhammad Jamshed	44103-3544173-7	Inam-Ul-Haq	459	-	-	459	452	60	-	512
17	Muhammad Adeel	Intra Can 9 Km, Sheekhupura Road, Karachi.	Muhammad Adeel	35202-2989250-9	Abdul Hakeem	476	1,078	26	1,580	-	1,085	26	1,111
18	Syed Sabtain Ali	H.No. 71 Block A, DHA Phase I, Karachi.	Syed Sabtain Ali	33201-4246514-9	Syed Ghulam Hussain	398	441	12	851	-	505	12	517
19	Nisar Muhammad Khan	H.No. B-08-01 St. No. 1, Kohsar Housing Scheme Society, Ph-01 Behind Smart School, Hyderabad.	Nisar Muhammad Khan	41303-9027982-3	Nazeer Muhammad Khan	705	19	-	724	681	87	-	768
20	Shahid Munir Sattar	H.No. 5, Meado Lane Off Raja Ashraf Road, Bari Galla.	Shahid Munir Sattar	61101-4325623-9	Dr. Abdus Sattar	328	565	20	913	-	619	20	639
21	Kram Hussain Abbasi	H.No. 656 St. No 07, Sec I-10/2, Islamabad.	Ikram Hussain Abbasi	61101-1872451-3	M Hanif Abbasi	3,468	1,348	-	4,816	-	1,575	100	1,675

Annexure I to and forming part of the Consolidated Financial Statements

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off (6+7+8)	Interest / Mark-up written-off (9+10)	Other Financial Reliefs (11)	Total (10+11+12)
						Principal (6)	Interest / Mark-up (7)	Others (8)	Total (6+7+8) (9)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
22	Unar Javed	Dukes & Dukes Super Store 195, Air Line Housing Society Near Shokat Khanam.	Unar Javed	35202-8434639-5	Javaid Iqbal	350	539	8	897	-	594	8	602
23	Shahina Abbas	H.No. 653 St No 43, Phase-4 A, Near Kalma Chowk Ghouri Town, Islamabad.	Shahina Abbas	61101-1481829-8	Syed Jarar Haider Shah	481	-	-	481	471	52	-	523
24	Imtiaz Hussain	Ground Floor Plot A- 88, Block VI, Saadi Town Scheme No 33 Gulzar-e-Hijri, Karachi.	Imtiaz Hussain	42201-0710624-1	Abdul Majeed Siddiqui	2,091	-	-	2,091	-	2,114	-	2,114
25	Syed Mohsin Raza	H.No. 35 Street 1 Eastridge Society, High Court Road, Rawalpindi.	Syed Mohsin Raza	37405-7317731-9	Syed Murtaz Hussain Shah	5,654	176	-	5,830	-	470	34	504
26	Sheikh Muzafar Riaz	H.No. 22, Kaghan Road, F- 8/ 4 Islamabad.	Shekh Muzafar Riaz	61101-5741335-5	Shekh Riaz Ahmed	5,059	708	-	5,767	-	454	100	554
27	Sheikh Muzafar Riaz	H.No.22, Kaghan Road F- 8/ 4 Islamabad.	Shekh Muzafar Riaz	61101-5741335-5	Shekh Riaz Ahmed	4,836	539	-	5,375	-	452	100	552
28	Muhammad Jamil Arshad	H.No.1036 St No 22, Ground Floor Sector G-11/1, Islamabad.	Muhammad Jamil Arshad	61101-9784013-5	Abdul Majid Arif	487	36	5	528	454	110	10	574
29	Mehmood Badshah	Badshah Petroleum Service Off 17 1st Floor, City Arcade I-8 Markaz, Near UBL Bank, Islamabad.	Mehmood Badshah	42301-2111563-1	Garan Badshah	470	889	37	1,396	-	1,001	37	1,038
30	Mairaj Ahmed	3E Block-1 House 3 Landhi No. 3, Babar Market, Near Rehmania Mosque, Karachi.	Mairaj Ahmed	42201-1769688-9	Siraj Ahmed	806	-	-	806	760	53	-	813
31	Muhammad Jamil Bhatti	Fazi Juice, H.No. 10, St No. 6, Jahangir Park, Shadra Town Opp Chowki Walee Gale, Lahore.	Muhammad Jamil Bhatti	35202-2832209-7	Muhammad Rafique Bharti	467	-	-	467	450	62	-	512
32	Ibrahim Khan	35-A-1 Punjab Housing Society Near College Road, Township, Lahore.	Ibrahim Khan	35202-7183951-3	Inayatullah Khan	334	745	21	1,100	-	811	21	832
33	Tariq Ahmed Memon	Xen Tubewell Division Irrigation Dept Region-II Civil Line, Near MP Checkpost, Hyderabad.	Tariq Ahmed Memon	41306-9803685-5	Noor Muhammad	497	-	-	497	469	37	-	506
34	Shahzad Ali	Shahzad Trade, Imtiaz Plaza No. 85, 2nd Floor Room No. 12, Mall Road, Opp Alfalah Building, Lahore.	Shahzad Ali	35202-2571923-1	Asghar Ali	933	405	-	1,338	133	593	-	726
35	Hamid Mahmood	H.No. 433 St No. 20 Javid Colony Rashied Pura Baghbanpura, Near Lal Din General Store, Lahore.	Hamid Mahmood	35201-1838763-5	Shoukat Ali	494	847	24	1,365	-	899	24	923
36	Adil Ikram Faridi	Flat No. 702 10th Floor, Aqeela Corner Plot 12/ 25 Block-3 KMCHS Alamgir Road, Karachi.	Adil Ikram Faridi	42101-3432957-3	Ikram Bin Hitesham Faridi	15,398	3,251	-	18,649	-	1,264	-	1,264
37	Syed Baber Burhan	Khasara No. 213 Lower Chattr Ward No. 2 Younis Shah Colony Muzaffarabad Jammu & Kashmir	Syed Baber Burhan	82203-7879559-3	Syed Nazir Hussain	5,729	1,449	-	7,178	-	1,592	-	1,592
38	Mansoor Ahmed	H.No. B- 5 Overseas Bungalows Block No. 16- A, Scheme 36 Gulistan-e-Johar, Karachi.	Mansoor Ahmed	42201-1095346-3	Raja Ali	5,897	8,224	-	14,121	-	8,840	100	8,940
39	Muhammad Asif Khan	Sandil Road, Ward No. 14, Gujar Khan.	Muhammad Asif	37401-8029185-3	Rehmat Hussain	-	4,310	-	4,310	-	4,310	-	4,310
40	A & R Exports	Satia Road, Toll Tax Kamoka Chowk, Faisalabad.	Abdul Sattar Shahid	35303-6748636-9	Bashir Ahmed Bharti	-	3,016	-	3,016	-	3,016	-	3,016
41	Muhammad Hussain Contractor	30-A, Near Millet College, Satellite Town, University Road, Bahawalpur.	Muhammad Hussain	31304-820478-9	Muhammad Sharif	1,797	1,219	-	3,016	-	1,036	-	1,036
42	Muhammad Khalid Qureshi	Mohallah Hafiz Ahsan, Ward No. 5, Gujar Khan.	Muhammad Khalid Qureshi	37401-2467403-5	Bashir Hussain	262	1,006	-	1,268	-	771	-	771
43	Shahbaz Textile (Pvt) Ltd.	13/A-1, Main Peco Road, Township, Lahore.	1. Fazeelat Alamgir 2. Zahoor Hussain	1. 35202-0135722-6 2. 35302-1503836-6	1. Shahzada Alamgir Shah 2. Hussain	-	39,458	-	39,458	-	39,458	-	39,458

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S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Rupess '000				
1	2	3	4		5	6	7	8	9	10	11	12	13	
44	S. Alamgir Shah	13-A/1, Main Peco Road, Township, Lahore.	Shahzada Alamgir Shah	35200-1535632-9	Syed Muhammad Shah	-	31,674	-	31,674	-	31,674	-	31,674	
45	Marium Store	463/2, Aziz Abad, Federal B Area, Karachi.	Mohammad Yaseen	42201-2762271-7	Abdul Rehman	1,588	3,138	-	4,736	-	2,773	-	2,773	
46	Khalid Engineering Services Company	37/C, S.I.E. Gujranwala.	Khalid Javaid	34101-5515410-5	Muhammad Riaz	-	13,306	-	13,306	-	10,306	-	10,306	
47	Kissan Trade Links	Sham Din Wahgra, PO Depalpur, Okara.	Ahmad Yar	35301-1941834-1	Dost Muhammad	1,669	10,042	-	11,711	-	8,206	-	8,206	
48	Fahim Hamid Brothers	Hammad Centre, Montigo Mery Bazar, Faisalabad.	1. Syed Hammad Mahmood Shah 2. Syed Faeem Mahmood Shah	1. 33100-0978275-5 2. 33100-0978368-3	1. Syed Mahmood Alam Shah 2. Syed Mahmood Alam Shah	-	31,579	-	31,579	-	31,579	-	31,579	
49	China Textile	H.No.8, Street No.6, Toheed Park, Mughalpura, Lahore	1. Muhammad Shafiq 2. Shahid Bashir 3. Asif Bashir Chhina	1. 35201-0274250-7 2. 35201-3083810-3 3. 35201-3615867-1	1-Bashir Ahmed 2-Bashir Ahmed 3-Bashir Ahmed	1,000	8,594	-	9,594	-	6,113	-	6,113	
50	Power Electronics of Pakistan (Pvt) Ltd.	112/6, S.I.E. Kot Lakhtpat, Township, Lahore.	1-Mrs Nuzhat Waseem 2-Waseem Ahmed 3-Malik Mubarak Ahmed	1. 35202-3289900-8 2. 35202-8765316-1 3. 35202-8625079-3	1-Malik Waseem Ahmed 2-Muhammad Ahmed 3-Muhammad Ahmed	24,370	54,189	-	78,559	-	40,415	-	40,415	
51	Onar Anwar	H.No.12, Masjid Road, Islamabad.	Onar Anwar	6101-7951958-9	Mohammad Anwar	2,217	2,541	-	4,758	-	2,118	-	2,118	
52	Taj Textile Mills Ltd.	31-C-1, Gulberg III, Lahore.	1. Tanvir Elahi 2. Alamgir Elahi 3. Jahangir Elahi 4. Ahmad Jahangir 5. Nadir Ali Awan 6. Amir Jahangir	1. 270-55-009898 2. 270-88-158235 3. 272-90-521153 4. 272-92-508976 5. 272-92-508977 6. 272-94-508977	1. Jahangir Elahi 2. Ehsan Elahi 3. Jahangir Elahi 4. Ehsan Elahi 5. Muzaffer Ali 6. Ehsan Elahi	3,854	31,322	-	35,176	3,364	31,666	-	35,030	
53	DHA Cogen Ltd.	DSL - 1, Coastal Avenue, Phase VIII, DHA Karachi.	1. Brig Hafeez Ullah Khan 2. Col. (Retd) Asad Nauman 3. Col. Rashid Javed Butt 4. Col. (Retd) Mubarak Ali Mazhar 5. Col. (Retd) Arshad Qadeer Sheikh 6. Muhammad Taha Hamdani 7. Khuram Noor	1. 17201-9503417-9 2. 42501-7319209-9 3. 17201-2296690-5 4. 35202-2458512-7 5. 42101-1643040-3 6. 42301-3538796-9 7. 42101-1583659-7	1. Nasrullah Khan 2. Saeed Ur Rehman Qureshi 3. Mohammad Jahangir 4. Mohammad Sharif 5. Abdul Qadeer 6. Sadiq Ali Hamdani 7. Noor Ul Hasan	800,735	1,127,858	-	1,928,593	739,674	1,189,378	-	1,929,052	
54	Tanveer Gas Company	23 - Abdullah Pur, Cal Road Faisalabad.	Farukh Jamal Malik	33100-5842951-1	Malik Tanveer Hussain	1,811	3,142	-	4,953	-	2,632	-	2,632	
55	Nash OFC	46-A, White House Lane No 2, Sunder Das Road, Lahore.	1. Sher Afghani Khan 2. Najmi Naseem	1. 35200-1432760-5 2. 35200-1448303-6	1. Sher Baz Khan 2. Muhammad Naseem Khan	-	20,000	-	20,000	-	16,500	-	16,500	
56	RHZ Traders	224-G, Johar Town, Lahore	Muhammad Sharique Butt	35202-8780071-9	Muhammad Sharif Butt	-	1,087	-	1,087	-	1,087	-	1,087	
57	Styl International Plastic Industry	Cinax Abad, G.T. Road, Gujranwala.	1. Raees Ahmad 2. Muhammad Imran Saeed	1. 34101-2429213-1 2. 34101-2634901-3	1. Ikrees Ahmed 2. Saeed Ahmed	-	9,181	-	9,181	-	9,181	-	9,181	
58	Hyeworth Renault Peterson Pakistan (Pvt) Ltd.	40 G/1, Block No.6, P.E.C.H.S., Karachi.	1. Meham B. Asaf 2. Abdul Hye Asaf 3. Nabila B. Asaf	1. 42301-8386241-8 2. 42301-8631585-1 3. 42401-7658422-2	1. Shakil Ahmed 2. M. Moinuddin Asaf 3. M. Moinuddin Asaf	62,054	4,733	-	66,787	-	5,478	-	5,478	
59	Al-Abid Silk Mills Ltd.	A-39, Manghopur Road, S.I.T.E., Karachi.	1. Syed Raza Abbas Jaffari 2. Mst. Adia Naseem 3. Mrs. Asra Amir 4. Mrs. Zarina Naseem 5. Mrs. Reena Azim 6. Mr. Naseem A. Sattar 7. Mrs. Sadaf Nadeem 8. Mr. Azim Ahmed	1. 42201-0215685-1 2. 42301-0783384-4 3. 42301-0785813-2 4. 42301-0829619-0 5. 42301-0831483-6 6. 42301-0840043-1 7. 42301-0878896-8 8. 42301-0912143-9	1. Syed Shabhat Hussain 2. Mr. Naseem A. Sattar 3. Mr. Amir Naseem 4. Mr. Naseem A. Sattar 5. Mr. Azim Ahmed 6. Mr. Sheikh Abdul Sattar 7. Mr. Naseem A. Sattar 8. Mr. Naseem A. Sattar	88,375	106,333	833	195,541	-	114,585	833	115,418	
60	Bawany Air Products Ltd.	Kisar No. 52/53 R.C.D. Highway, Mouza Pathra Tehsil Hub, Lasbella District, Karachi.	1. Danish Amin 2. Hanif Y Bawany 3. Mohammad Ashraf 4. Momtaz Kapadia 5. Wali M. M. Yahya 6. Wazir Ahmed Jogezeai 7. Zakaria A Ghaffar	1. 515-77-175818 2. 517-55-361524 3. 517-89-081459 4. 517-89-380459 5. 601-39-163906 6. 517-47-084323	1. Mohammad Amin Adamjee 2. Yahya A. Bawany 3. Yahya A. Bawany 4. Muhammad Yousuf Kapadia 5. Yahya A. Bawany 6. M Usman Jogezeai 7. A Ghaffar	8,836	2,921	-	11,757	-	3,262	-	3,262	

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S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off (6+7+8)	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)	
						Principal	Interest / Mark-up	Others	Total (6+7+8)					
1	2	3	4		5	6	7	8	9	10	11	12	13	
61	Al-Abid Silk Mills Ltd.	A-39, Menghopri Road, S.I.T.E., Karachi.	1. Syed Raza Abbas Jaffari 2. Mst. Adia Naseem 3. Mrs. Asra Amir 4. Mrs. Zarina Naseem 5. Mrs. Reena Azim 6. Mr. Naseem A. Sattar 7. Mrs. Sadaf Nadeem 8. Mr. Azim Ahmed	1. 42201-0215685-1 2. 42301-0783384-4 3. 42301-0788813-2 4. 42301-0829619-0 5. 42301-0831483-6 6. 42301-0840043-1 7. 42301-0878886-8 8. 42301-0912143-9	1. Syed Shababul Hussain 2. Mr. Naseem A. Sattar 3. Mr. Amir Naseem 4. Mr. Naseem A. Sattar 5. Mr. Azim Ahmed 6. Mr. Sheikh Abdul Sattar 7. Mr. Naseem A. Sattar 8. Mr. Naseem A. Sattar	640,721	714,669	-	1,355,390	497,096	780,885	-	1,277,981	
62	Umer Khalid & Co.	4 KM Khanpur Road, Rahim Yar Khan.	1. Hamza Khalid 2. Mian Usman Khalid 3. Mian Khalid Mehmood Sh Saleem Maqbool	1. 31303-1912707-7 2. 31303-8858213-1 3. 31303-9029704-3 35202-1067410-7	1. Mian Khalid Mehmood 2. Mian Khalid Mehmood 3. Mian Mehmood	5,941	2,811	50	8,802	-	2,311	50	2,361	
63	Ghulam Rasool	30-Kabir Street, Urdu Bazar, Lahore.	Sh Saleem Maqbool	35202-1067410-7	1. Maqbool	4,988	8,683	-	13,681	-	9,263	-	-	9,263
64	Turab Traders	Shop-12/1 Malir, Ex-Tention Colony, Khokhrapur, Karachi.	1. Raees Uddin 2. Rashid Pervaz	1. 42201-4710085-3 2. 42201-7405232-7	1. Habib Uddin 2. Pervaz	1,000	1,852	-	2,852	-	1,812	-	-	1,812
65	Neo Madix	57/62, Canning Road, Saddar Rawalpindi.	Shukat Nazir Shridu	37405-3977863-9	Nazir Muhammad	10,453	4,631	54	15,138	-	4,585	54	-	4,639
66	Sana Brothers	139-J1, Wagda Town, Lahore.	Zia Ullah	35202-4238603-1	Shafi Ullah	2,591	1,098	7	3,696	-	689	7	-	696
67	Imran Muratza Khan	H No. P-40, Molana Roomi Road, Shadian Colony, Faisalabad.	Imran Muratza Khan	33100-0924973-1	Ghulam Muratza Khan	8,400	12,289	-	20,689	-	10,627	-	-	10,627
68	Ismael & Company	47/A Sattar Park Near Mizar Ghorey, Shah Raj Garh, Lahore.	Sohail Ahmed	35202-3125954-1	Muhammad Ismael	2,995	6,426	-	9,421	-	5,870	-	-	5,870
69	Faas International	26-C, 12th Street, Badar Commercial Area, DHA, Karachi.	1. Syed Najam Uddin Hasan Rizvi 2. Muhammad Attab Abdul Ghafoor Qureshi	1. 42201-2848933-9 2. 42201-1137441-3 35202-8703983-5	1. Syed Raza Piraan Rizvi 2. Muhammad Saleem Rafiq Ahmed Qureshi	26,350	91,197	-	117,547	-	94,106	-	-	94,106
70	Abid Pharmacy	73-Jal Road, Lahore.	1. Muhammad Ikram 2. Muhammad Ahsan Ikram 3. Muhammad Usman Ikram 4. Muhammad Salman Ikram	1. 35202-2543573-9 2. 35202-2543575-9 3. 35202-2755615-5 4. 35202-1169481-7	1-Muhammad Sharif 2- Muhammad Ikram 3- Muhammad Ikram 4-Muhammad Ikram	1,300	3,737	-	5,037	-	3,590	-	-	3,590
71	Al-Sharif Enterprises	8-B/1-A, Sahrawi, Shalimar Link Road, Lahore.	Niaz Ali Sheikh	35202-6722641-7	Salamat Ali Sheikh	2,700	23,641	-	26,341	-	24,110	-	-	24,110
72	Niaz Ali Sheikh	3-A, Gulberg II, Lahore.	1. Rizwan Ahmed 2. Muhammad Younas 3. Hassan Mehmood 4. Ghulam Haider	1. 34101-2538434-5 2. 34101-2538437-7 3. 34101-4978073-3 4. 34101-6667377-1	1-Muhammad Younas 2-Ghulam Qadir 3-Muhammad Younas 4-Muhammad Younas	29,997	1,275	-	31,272	-	728	-	-	728
73	Haider Electrical Industry	Off.No.15, First Floor, Old American Centre, Kashmir Road, Saddar, Rawalpindi.	1. Razi-Ul-Haq 2. Imtiaz-Ul-Haq Roshan Deen	1. 35301-7519108-3 2. 35301-2021777-9 37405-2263142-7	1-Muhammad Hanif 2-Muhammad Hanif Karim Buksh	5,000	8,925	-	13,925	-	8,401	-	-	8,401
74	Ksan Ball Trading & Pesticide Company	Off.No.15, First Floor, Old American Centre, Kashmir Road, Saddar, Rawalpindi.	1. Kamil Hussain Sohail 2. Sara Attab Yousaf Muhammad Attab	1. 36302-0369134-9 2. 38403-2002598-2 1. 42201-2848933-9 2. 42201-1137441-3	1-Khadim Hussain Sial 2-Yousaf Naseem Khokhar 1. Syed Raza Piraan Rizvi 2. Muhammad Saleem	72,562	87,296	-	159,858	-	96,534	-	-	96,534
75	Pride Spinning Mills (Pvt) Ltd.	26-C, 12th Street, Badar Commercial Area, DHA, Karachi.	1. Syed Najam Uddin Hasan Rizvi 2. Muhammad Attab	1. 42201-2848933-9 2. 42201-1137441-3	1. Syed Raza Piraan Rizvi 2. Muhammad Saleem	94,000	129,214	85	223,299	45,350	129,683	-	-	175,033
76	Faas International	26-C, 12th Street, Badar Commercial Area, DHA, Karachi.	1. Aslam Rangoonwala 2. Shoab Rangoonwala 3. Mehmood Rangoonwala 4. Yousuf Rangoonwala 5. Naseema Nasir Rangoonwala 6. Nasir Rangoonwala 7. Sohail Rangoonwala	1. 42201-0131894-1 2. 42401-2012813-3 3. 42401-4046725-5 4. 42401-4056225-5 5. 42401-4589653-8 6. 42401-5987443-1 7. 515-70-209583	1. Ahmed Rangoonwala 2. Ahmed Rangoonwala 3. Ahmed Rangoonwala 4. Ahmed Rangoonwala 5. Ahmed Rangoonwala 6. Ahmed Rangoonwala 7. Ahmed Rangoonwala	507	33,067	-	33,574	-	31,110	-	-	31,110
77	Ferry World Textiles	St-9, Gabol Town, Block 22, F.B. Area, Karachi.	Ahmad Yar	38401-2336201-3	Ahmad Nawaz	-	4,365	-	4,365	-	4,365	-	-	4,365
78	Ahmad Yar	Chak No.15 S.B. Apala Muzzanabad Road Tehsil Bhawal, Dist Sargodha	Mir Ameer Ali Talpur	41304-8522203-3	Mir Wazeer Ali Talpur	-	597	-	597	-	597	-	-	597
79	Mir Ameer Ali Talpur	Mohalla Tando Mir, Noor Muhammad Unit 4, Latifabad, Hyderabad.	Jahanzaib Khan Khakwani	36302-0319137-7	Murtaz Muhammad Khan Khakwani	-	1,548	-	1,548	-	1,548	-	-	1,548
80	Jahanzaib Khan Khakwani	H.No. 1620/5 A, Iqbal Manzil, Nawabpur Road, Multan.	Hassan Zaheer Ahmad	35301-3675802-9	Muhammad Akram	1,991	1,105	-	3,096	-	970	-	-	970
81	Hassan Zaheer Ahmad	Ghali Mandi, Depalpur, Dist Okara.	Muhammad Inshad Dogar	35202-2826026-9	Hassan Muhammad	-	3,629	-	3,629	-	3,609	-	-	3,609
82	Muhammad Inshad Dogar	Office No. 128-B Scheme, Multan Road, Lahore.				-								

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S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Rupees '000			Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Mark-up	Others	Total (6+7+8)	6	7	8				
84	Muhammad Azam	H.No. 336/837 I/A, Gollimar, Nawabshah.	Muhammad Azam	45402-08683815-9	M Ramzan	5,863	2,357	-	8,220	-	-	1,410	-	-	-	1,410
85	Abdullah Jan	1 Patra Mihal, Nusrat Colony No.5, Old Sukkur.	Abdullah Jan	45504-8911961-7	Muhammad Khameso Khan	1,500	1,632	-	3,132	-	-	1,158	-	-	-	1,158
86	Malik Mustafa Hashim	29-B, Izafi Scheme, Bahawalpur.	Malik Mustafa Hashim	31202-9879764-5	Malik Muhammad Hashim	2,500	1,072	-	3,572	-	-	920	-	-	-	920
87	Muhammad Karooz Mustafa Khan Kanjoo	Mouza Alpur Kanju, Tehsil Kahror Pakka, District Lodhran.	Muhammad Karooz Mustafa Khan Kanjoo	35201-9126939-5	Muhammad Siddique Khan	-	1,924	46	1,970	-	-	970	-	-	-	970
88	Muhammad Ramzan	Basli Rasheedabad, Chak Laikla PO Khas Minchinabad, District Bahawalnagar.	Muhammad Ramzan	31105-0340599-9	Rasheed Ahmad	2,986	1,733	-	4,719	-	-	1,339	-	-	-	1,339
89	Muhammad Frizoo Khan	Al-Falah Street, Naqshband Colony, Rasheedabad Chowk, Multan.	Muhammad Frizoo Khan	36304-2338800-7	Mazhar Nawaz	622	878	-	1,500	-	-	628	-	-	-	628
90	Ghulam Rasool	Village Mohammad Sadique Wassan 55 Jamrao PO New Abad Distt Saghar.	Ghulam Rasool	44201-6765330-9	Mohammad Sadique	1,774	2,670	-	4,444	-	-	1,943	-	-	-	1,943
91	Muhammad Ramzan	Kingri Super Store, Shahheed Chowk Mirpurkhas.	Muhammad Ramzan	44202-7225914-7	Haji Murad Ali	1,199	933	-	2,132	-	-	544	-	-	-	544
92	Muhammad Azeem Aftab	Chak Thaman Wali Fazal Hussain wala, PO Donga Bonga, Bahawalnagar.	Muhammad Azeem Aftab	31101-9468885-7	Muhammad Jahangir	1,841	2,165	-	4,006	-	-	1,428	-	-	-	1,428
93	Shahid Iqbal Khan	PO Haveli Lakha Tensil Depalpur, Distt Okara.	Shahid Iqbal Khan	35301-8408249-9	Abdul Majeed Khan	690	1,203	-	1,893	-	-	1,193	-	-	-	1,193
94	Achran Jabbar Malik	Village Bhargali PO Barki Road, Lahore Cantt.	Achran Jabbar Malik	35201-1573984-5	Abdul Jabbar Awan	620	2,063	-	2,683	-	-	1,525	-	-	-	1,525
95	Khalid Haider	Baber Sohail, Rasool Manzil, H No. 100/2, Mohalla Burjwala Jhang.	Khalid Haider	33202-6529336-7	Mian Ghulam Haider	2,109	1,359	-	3,468	-	-	1,104	-	-	-	1,104
96	Muhammad Bashir Bajwa	Ghogra PO Bhagowal, Tehsil Distt Siakot.	Muhammad Bashir Bajwa	34603-5377059-5	Ghulam Qadir Bajwa	1,080	578	-	1,658	-	-	573	-	-	-	573
97	Malik Nazar Hussain	Mohala Chabolaival Sharaq Pur Sharif District Shakhupura.	Malik Nazar Hussain	35401-1855002-9	Malik Ghulam Muhammad	3,615	3,695	148	7,458	-	-	3,275	148	-	-	3,423
98	Shehbaz Ali	Shehbaz Ali Kot Ghuman Human PO Loniki Tehsil Daska	Shehbaz Ali	34601-3771971-7	Sultan Ali	820	798	-	1,618	-	-	686	-	-	-	686
99	Muhammad Ashraf Buzdar	Buzdar General Hospital Baakhsanwar Jampur	Muhammad Ashraf Buzdar	32102-3832232-9	Lal Khan Buzdar	1,836	1,148	-	2,984	-	-	819	-	-	-	819
100	Mian Haq Nawaz	Babri Pur PO Depalpur, Distt Okara.	Mian Haq Nawaz	35301-1854978-5	Mian Fakir Sher	1,702	1,757	69	3,528	-	-	1,501	-	-	-	1,501
101	Muhammad Tanvir Ahmed	Chak No 124/P Rahim Yar Khan.	Muhammad Tanvir Ahmed	31303-2358117-3	Muhammad Ali	2,988	4,482	-	7,480	-	-	4,582	-	-	-	4,582
102	Irfan Rasool	Bhala House, Alama Iqbal Town, Lahore.	Irfan Rasool	35401-1832770-1	Ch Inayat Ali	5,176	4,957	-	10,133	-	-	4,145	-	-	-	4,145
103	Muhammad Sabir	Chaudhary Wood Palace Sargodha Road Jhang Sadar	Muhammad Sabir	33202-3635232-3	M Sadique	3,917	1,841	-	5,758	-	-	1,769	-	-	-	1,769
104	Muhammad Nazam Ullah Khan Nazir	Near Ahsan Cinema, Satellite Town Rahim Yar Khan.	Muhammad Nazam Ullah Khan Nazir	31303-8879804-1	Khan Ali	-	1,025	-	1,025	-	-	575	-	-	-	575
105	Tahir Bashir	Chahal PO Badyana Tehsil Distt Siakot.	Tahir Bashir	34603-8990268-7	Ch. Muhammad Bashir	300	907	4	1,211	-	-	726	4	-	-	730
106	Muhammad Asif Nawaz	Basli Maswan Mouza Chakar Tehsil Jalalpur Pirwala Distt Multan.	Muhammad Asif Nawaz	36301-4545289-9	Muhammad Nawaz	1,500	2,220	-	3,720	-	-	2,095	-	-	-	2,095
107	Guizeb Sultan	Kasba Maral Ayazabad, Maral Post Office Khas Multan.	Guizeb Sultan	36302-4241911-9	Mian Murtaz Ahmed Maral	1,000	2,074	6	3,080	-	-	1,700	-	-	-	1,700
108	Asif Mahmood Bhatti	57-A, Gujberg-III, Lahore.	Asif Mahmood Bhatti	35202-9673861-3	Mehmood Ali Bhatti	32,717	82,880	-	115,607	-	-	89,073	-	-	-	121,790
109	Ensan Industries (Pvt) Ltd.	229-A/1, Munir Road, Lahore	1. Khan Javed Usagi 2. Muhammad Yousaf 3. Razaq Ahmed Bhatti	1. 277-51-008871 2. 272-64-086751 3. 278-50-466599	1. Laqat Khan 2. Muhammad 3. Ahmed Bhatti	93,979	146,125	-	240,104	-	-	157,589	-	-	-	251,568
110	Evergreen International Exporters	Atrique Market, Badli Inam Bagah, Kharadar, Karachi	Muhammad Faheem	42301-3883634-5	Muhammad Idrees	28,660	42,571	-	71,231	-	-	47,670	-	-	-	76,330

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S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year	Principal Mark-up	Interest / Mark-up written-off	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)	
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
111	M/S. Bukhari Commercial Exporters/Pak Exports/World Wide Exports/International Exports	Flat No.1/114, Street No.5, Kalayabane-e-Faz, DHA-VI, Karachi.	Abdul Qadir Jangda	42301-5862447-7	Abdul Razzak	111,150	167,482	-	276,632	111,150	187,222	-	298,372
112	Harris Steel Industry (Pvt) Ltd.	114/8, Munir Road, Cantt, Lahore.	1. Sheikh Muhammad Atzal 2. Muhammad Munir	1. 35201-1531319-7 2. 35202-4541788-1	1. Muhammad Latif 2. Muhammad Latif	366,669	569,576	-	936,245	344,276	635,396	-	979,672
113	Japan Power Generation Ltd.	Ja Bagga Railway Station, Off Rawind Road, Chowk Arain, Lahore.	1. Habib Ur Rehman 2. Mir Muneeb Javed 3. Mohammad Zahraai Rahmanud 4. Muhammad Asiad Tahir 5. Muhammad Azam 6. Nafess Ahmed 7. Zahid Anjum	1. 61101-2024173-3 2. 35201-1340925-7 3. 13101-3276277-1 4. 37405-0237885-7 5. 61101-1938567-3 6. 35202-2509192-7 7. 35202-8770034-3	1. Rehman 2. Mir Javed Asghar 3. Muhammd Saleh Uddin 4. Muhammad Tahir 5. Abdul Razzak 6. Shaukat Ali 7. Muhammad Shabbir	1,612,262	2,653,470	-	2,653,470	1,612,262	2,861,794	-	4,474,056
114	Mobile Zone	Suit No 803 & 804, Block-B, Sama Trade Tower, I.I. Chundigar Road, Karachi.	1. Waqar Ul Hassan 2. Muhammad Asif Jangda 3. Paveez Abbasi	1. 42301-4460936-5 2. 42301-4839792-9 3. 61101-2012894-5	1. Hassan Akhtar 2. Abdul Razzak 3. Khalid Dad Abbasi	398,851	542,805	-	941,666	398,851	594,355	-	993,206
115	Southern Electric Power Company Ltd.	8th Floor, Razia Sharif Plaza, 90-West Jinnah Avenue, Blue Area, Islamabad.	1. Yahia Awod Idris 2. M. Khalid Rashid 3. Salman Rahim 4. Grasso Louisa 5. Osama Salik 6. Carolynne Khan 7. M. Rashid Mirza 8. Muhammad Saqib Rauf	2. 37405-0478046-5 3. 61101-7868533-1 5. 37405-3509229-7 7. 42301-5026134-7 8. 35202-2915270-5	1. Awod Idris 2. Abdul Rashid 3. S.A. Rahim 4. Sig. Grasso 5. Salik Ahmed 6. Jameed Khan 7. Muhammad Iftikhar 8. Dr. Khalid Rauf	322,376	394,185	-	716,561	322,376	440,266	-	762,662
116	Dewan Salman Fibre Ltd.	Devan Centre, 17 Street 84, Sector G 6/4, Islamabad.	1. Dewan Mohammad Ayub Khalid 2. Dewan Asim Mustfiq Farooqui 3. Dewan Ghulam Mustafa Khalid 4. Dewan Abdul Ur Rehman Farooqui 5. Dewan Mohammad Yousuf Farooqui 6. Dewan Abdullah Ahmed Farooqui 7. Dewan Zia Ur Rehman Farooqui	1. 42201-9975110-3 2. 42301-4927084-9 3. 42201-7707647-9 4. 42301-0862043-3 5. 42301-6948978-9 6. 42301-7511974-1 7. 61101-1738570-1	1. M. Salman Farooqui 2. Dewan M. Umar Farooque 3. Dewan M. Khalid Farooqui 4. Dewan M. Saliman Farooqui 5. Dewan M. Umar Farooque 6. Dewan M. Umar Farooqui 7. Dewan M. Umar Farooque	448,739	1,024,980	358	1,474,078	448,739	1,105,443	358	1,554,540
117	Pak Rock Oil Trading Corp (Pvt) Ltd.	Office 586, Ground Floor, Zubaida Garden, Main Shahn-e-Faisal, Karachi.	1. Syed Anis Hassan 2. Syed Ammar Yasir Zaidi	1. 42201-3133089-1 2. 42301-1115116-9	1. Syed Qamr Hassan 2. Asrar Hussain Zaidi	131,855	304,651	35	436,541	131,855	326,721	35	458,611
118	Sire International (Pvt) Ltd.	919-920, Uni Plaza, II, Chundigar Road, Karachi.	1. Andaleeb Qayum 2. M. Haider Sayeed 3. M. Qaiser Sayeed 4. M. Sairdar Sayeed 5. Naema Ahmed 6. Shand Jamil	1. 502-54-008772 2. 502-92-421138 3. 502-57-321923 4. 502-57-321922 5. 502-57-584350 6. 502-64-321925	1. M.A. Qayum 2. M. Sayeed 3. M. Sayeed 4. M. Sayeed 5. M. Sultan Ahmed 6. M. Sayeed	149,177	309,115	-	458,291	149,177	350,572	-	499,749
						5,785,205	9,046,905	1,918	14,834,029	4,963,966	9,716,172	2,759	14,682,898

Annexure II to and forming part of the Consolidated Financial Statements

The Holding Company is operating 500 Islamic banking branches (December 31, 2019: 414) including 1 Islamic sub-branch (December 31, 2019: 1). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2020 are as follows:

		Note	2020	2019
			-----Rupees '000-----	
(A)	Statement of financial position			
	ASSETS			
	Cash and balances with treasury banks		21,763,033	13,320,776
	Balances with other banks		1,929,779	432,379
	Due from financial institutions		28,000,000	-
	Investments	1	67,554,233	31,443,777
	Islamic financing and related assets - net	2	190,397,365	115,537,150
	Fixed assets		14,904,507	8,798,322
	Intangible assets		136,688	84,501
	Other assets		6,278,487	10,256,104
			330,964,092	179,873,009
	LIABILITIES			
	Bills payable		6,029,790	2,029,226
	Due to financial institutions		47,086,694	26,721,776
	Deposits and other accounts	3	248,090,892	119,214,500
	Due to head office		2,506,697	8,333,416
	Other liabilities		11,198,497	10,965,857
			314,912,570	167,264,775
	NET ASSETS		16,051,522	12,608,234
	REPRESENTED BY			
	Islamic banking fund		9,180,000	9,180,000
	Surplus on revaluation of assets - net of tax		1,468,656	633,831
	Unappropriated profit	5	5,402,866	2,794,403
			16,051,522	12,608,234
	CONTINGENCIES AND COMMITMENTS	6		
(B)	Profit and loss account			
	Profit / return earned	7	18,328,685	15,605,063
	Profit / return expensed	8	8,580,882	10,526,358
	Net profit / return		9,747,803	5,078,705
	Other income			
	Fee and commission income		931,141	620,170
	Foreign exchange income		383,426	135,693
	Gain on securities		225	-
	Others		23,351	4,282
	Total other income		1,338,143	760,145
	Total income		11,085,946	5,838,850
	Other expenses			
	Operating expenses		6,501,380	4,682,897
	Other charges		47,027	3,341
	Total other expenses		6,548,407	4,686,238
	Profit before provisions		4,537,539	1,152,612
	Provisions and write offs - net		261,369	230,438
	Profit before taxation		4,276,170	922,174
	Taxation		1,667,707	359,648
	Profit after taxation		2,608,463	562,526

Annexure II to and forming part of the Consolidated Financial Statements

1	INVESTMENTS BY SEGMENTS:	2020				2019			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		----- Rupees '000 -----							
	Federal Government securities:								
	- Ijarah Sukuks	34,434,037	-	(27,948)	34,406,089	6,000,000	-	(60,000)	5,940,000
	- Bai Muajjal Government of Pakistan	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	- Other Federal Government securities	466,435	-	-	466,435	-	-	-	-
		36,497,520	-	(27,948)	36,469,572	7,597,048	-	(60,000)	7,537,048
	Non Government Debt securities:								
	- Unlisted	30,663,124	-	421,537	31,084,661	23,258,691	-	648,038	23,906,729
	Total investments	67,160,644	-	393,589	67,554,233	30,855,739	-	588,038	31,443,777

2	ISLAMIC FINANCING AND RELATED ASSETS - NET	Note	2020	2019
			----- Rupees '000 -----	
	Murabaha	2.2	2,802,616	2,221,977
	Musharaka		7,194	7,164
	Diminishing Musharaka		102,902,725	68,640,076
	Istisna		17,760,768	7,378,147
	Tawwaruq		55,002	409
	Running Musharaka		37,086,503	17,241,885
	Fixed assets Ijarah financing - net	2.1	78,056	87,735
	Tijarah		232,113	-
	Advance against Murabaha financing		1,267,610	1,599,406
	Advanced against Diminishing Musharaka		16,552,367	11,330,290
	Advance against Ijarah		937,383	2,062,305
	Advance against Istisna		6,890,624	3,787,505
	Advance against Islamic export refinance		2,650,700	-
	Inventory related to Islamic financing		1,974,625	1,719,803
	Gross Islamic financing and related assets		191,198,286	116,076,702
	Less: provision against Islamic financings			
	- specific		(638,404)	(413,156)
	- general		(162,517)	(126,396)
			(800,921)	(539,552)
	Islamic financing and related assets - net of provision		190,397,365	115,537,150

2.1 Ijarah

2020						
Cost			Accumulated depreciation			Book value as at Dec 31, 2020
As at Jan 1, 2020	Additions / (deletions)	As at Dec 31, 2020	As at Jan 1, 2020	Charge for the year	As at Dec 31, 2020	
----- Rupees '000 -----						
147,395	-	147,395	59,660	9,679	69,339	78,056
147,395	-	147,395	59,660	9,679	69,339	78,056

Annexure II to and forming part of the Consolidated Financial Statements

	2019						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2019
	As at Jan 1, 2019	Additions / (deletions)	As at Dec 31, 2019	As at Jan 1, 2019	Charge for the year	As at Dec 31, 2019	
	----- Rupees '000 -----						
Plant & Machinery	94,960	52,435	147,395	28,007	31,653	59,660	87,735
Total	94,960	52,435	147,395	28,007	31,653	59,660	87,735

Future Ijarah payments receivable

	2020				2019			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	Rupees '000							
Ijarah rental receivables	78,924	-	-	78,924	89,840	-	-	89,840

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

	Note	2020	2019
		-----Rupees '000-----	
2.2 Murabaha			
Murabaha financing	2.2.1	2,802,616	2,221,977
Inventory for Murabaha		-	-
Advances for Murabaha		-	-
		<u>2,802,616</u>	<u>2,221,977</u>
2.2.1 Murabaha receivable - gross	2.2.2	2,903,151	2,355,357
Less: Deferred murabaha income	2.2.4	(65,167)	(68,180)
Profit receivable shown in other assets		(35,368)	(65,200)
Murabaha financings		<u>2,802,616</u>	<u>2,221,977</u>
2.2.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		2,221,977	1,576,557
Sales during the year		9,188,782	5,626,772
Adjusted during the year		(8,608,143)	(4,981,352)
Closing balance		<u>2,802,616</u>	<u>2,221,977</u>
2.2.3 Murabaha sale price		2,903,151	2,355,357
Murabaha purchase price		(2,802,616)	(2,221,977)
		<u>100,535</u>	<u>133,380</u>
2.2.4 Deferred murabaha income			
Opening balance		68,180	4,775
Arising during the year		343,369	128,605
Less: Recognised during the year		(346,382)	(65,200)
Closing balance		<u>65,167</u>	<u>68,180</u>

Annexure II to and forming part of the Consolidated Financial Statements

3 DEPOSITS

Customers

	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Current deposits	82,149,540	8,463,757	90,613,297	39,861,058	2,880,515	42,741,573
Savings deposits	95,053,032	6,078,395	101,131,427	39,370,669	845,567	40,216,236
Term deposits	45,612,885	245,025	45,857,910	20,396,083	360,828	20,756,911
	222,815,457	14,787,177	237,602,634	99,627,810	4,086,910	103,714,720

Financial institutions

	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Current deposits	171,270	78	171,348	59,427	7,661	67,088
Savings deposits	8,426,214	7,646	8,433,860	11,988,892	-	11,988,892
Term deposits	1,883,050	-	1,883,050	3,443,800	-	3,443,800
	10,480,534	7,724	10,488,258	15,492,119	7,661	15,499,780
	233,295,991	14,794,901	248,090,892	115,119,929	4,094,571	119,214,500

2020 2019
-----Rupees '000-----

3.1 Composition of deposits

- Individuals	57,681,907	30,349,844
- Government / Public Sector Entities	3,042,771	3,857,189
- Banking Companies	8,161	2,008,491
- Non-Banking Financial Institutions	10,480,098	13,491,289
- Private Sector	176,877,955	69,507,687
	<u>248,090,892</u>	<u>119,214,500</u>

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 186.325 billion (2019: Rs. 81.281 billion).

2020 2019
-----Rupees '000-----

4 CHARITY FUND

Opening balance	13,567	7,070
Additions during the year		
Received from customers on account of delayed payment	33,907	17,109
Other Non-Shariah compliant income	755	364
Profit on charity saving account	841	1,024
	35,503	18,497
Payments / utilisation during the year		
Education	18,000	3,000
Health	5,000	3,000
Social work	-	6,000
	23,000	12,000
Closing balance	<u>26,070</u>	<u>13,567</u>

Annexure II to and forming part of the Consolidated Financial Statements

2020 2019
-----Rupees '000-----

Donee wise details of charity disbursements over Rs 0.5 million;

Pink Ribbon Pakistan	5,000	-
Institute of Business Administration CEIF	8,000	-
Lahore University of Management Sciences	10,000	-
Saylani Welfare Trust	-	1,000
Alamgir Welfare Trust	-	4,000
Bait-us-Salam Welfare Trust	-	1,000
Pakistan Children's Heart Foundation	-	3,000
The Citizen Foundation	-	3,000

There were no charity disbursement to related parties of the Group.

5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT

Opening balance	2,794,403	2,231,877
Add: Islamic Banking profit for the year	4,276,170	922,174
Less: taxation	(1,667,707)	(359,648)
Closing balance	5,402,866	2,794,403

6 CONTINGENCIES AND COMMITMENTS

Guarantees	12,003,581	5,104,218
Commitments	50,760,337	14,245,313
	62,763,918	19,349,531

7 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT

Profit earned on:

Financing	14,265,314	12,001,983
Investments	4,063,371	3,603,080
	18,328,685	15,605,063

8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts	5,685,554	4,776,217
Other short term borrowings	2,141,814	5,138,031
Lease liability against right-of-use assets	753,514	612,110
	8,580,882	10,526,358

Annexure II to and forming part of the Consolidated Financial Statements

9 POOL MANAGEMENT

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

- i. 'General Pool' for local and foreign currency deposits;
- ii. 'Islamic Export Refinance Pool';
- iii. 'Treasury Musharaka Pool';
- iv. FBL 'Islamic Investment Pool' (Mudarabah based);
- v. FBL 'Islamic Saving Pool' (Mudarabah based);
- vi. FBL 'Special PKR 1-year BIC pool';
- vii. FBL 'Islamic Equity Pool';
- viii. Haj Musharaka Pool'; and
- ix. Treasury Pool

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all Group's Islamic depositors and provide profit / loss based on Mudarabah and Musharaka.
- The IERS Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.
- The 'Treasury Musharaka Pool' is to provide Shariah compliant mechanism for Interbank Money Market transactions and manage the liquidity position of Group's IBD statement of financial position by creating individual pools against each Group's Islamic money market deals.
- The Group's Islamic investment certificate pools are created to cater the needs of high net worth clients.
- The Group's Islamic saving pools are created to cater the needs of high net worth clients / institutions.
- Special PKR 1 Year Pool was launched to build a stable long-term deposit book.
- The Group's Islamic equity pool is created to mainly cater the funding requirement of project / long term financing assets during non accrual period.
- The Haj Musharaka pool is created to give returns to Ministry of religious affairs deposits.
- The Treasury Mudarabah Pool is created to cater the liquidity requirement of the Group.
- The risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

Annexure II to and forming part of the Consolidated Financial Statements

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

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

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

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

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

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

Particulars	2020		2019	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	4,665,380	41.75	2,882,629	27.46
- Amount and percentage of Mudarib share transferred to depositors through Hiba	513,534	11.01	930,083	32.27
- Profit rate earned (annualised)	-	7.2	-	10.63
- Profit rate distributed (annualised)	-	3.4	-	7.33

Other Information

Consumer Grievances Handling Mechanism

With the vision to 'Be the leading Islamic Bank in Pakistan', Faysal Bank believes in making continuous efforts towards enhancing Customer Experience across touchpoints, such as but not limited to; branch banking, contact centre, digital channels. It is our differentiating value to proactively anticipate our customers' needs and wants and modify our experience accordingly to provide service going above-and-beyond.

We at Faysal Bank believe in providing impeccable experience to our customers throughout the lifecycle. As part of our service excellence mandate, we have established pillars of visibility, accountability, customer feedback and grievance handling, which enables us to better empathize with the raw customer experience and put our efforts towards enhancing it at every step.

It is our priority to ensure that the bank's conduct with its customers is in a fair and transparent manner, imparting awareness to take informed decisions and at the same time delivering upon our committed standards. With this resolve, the bank has been investing in the best technologies to improve not only the Service Delivery & Digital Experience, but also enable provisions to gauge key internal performances while ensuring critical processes are measured via a thorough optimization cycle.

To meet our pledge of rendering the best in class service, we have implemented the following initiatives; resulting in optimal customer experience:

Consumer Protection Policy: In order to inculcate customer centricity in the culture and dynamics of Faysal Bank, we have framed an extensive consumer protection policy, which outlines comprehensive guidelines for customer management throughout the customer journey, and product lifecycle.

Voice of Customer Program: The In-house Voice of Customer (VoC) program enables us to capture customers' feedback, requirements, and expectations via surveys and other strategic initiatives. The program gathers customer feedback on all available customer touchpoints to capture customers' satisfaction on bank's services/products/processes/digital offerings/brand equity/lifestyle and Complaints through telephonic interviews of our valued customers.

Service Standards Monitoring Spectrum: The bank has a robust process monitoring platform that spans across various products, channels including but not limited to Digital Channels, Branch Banking, Consumer Finance, Centralized Operations and support segments with an aim to identify gaps resulting in high turnaround times while driving efforts to meet our committed service standards.

Knowledge Initiatives: We drive a robust knowledge enhancement program focused towards increasing our staff awareness levels on products, processes and customer handling techniques. To inculcate the service mind-set, not only we take the contemporary approach, but we also utilize mediums such as Service Snippets, infograms, online portal, etc.

Process Optimization: Process Optimization at Customer Experience thoroughly keeps in lens all the facts and figures emanating from Complaint Management Unit and the platforms mentioned above and yields strategies and plans to make the experience better for our customers.

Complaint Management Unit: The automated Complaint Resolution system at Faysal Bank is to ensure due diligent complaint closures while maintaining high FTC (Fair Treatment of Customers) standards.

In 2020, the bank directly received a total of 103,733 complaints which were resolved in an average time of 6 working days. In addition, we at Faysal Bank conduct thorough root cause analysis to facilitate/drive continuous improvement in tandem with the business and product management teams via various avenues as elaborated above.

Customer Satisfaction Surveys: At Faysal Bank, we conduct frequent Customer Satisfaction Surveys from renowned vendors in order to get a validated external view on the customer experience aspect of various product suites.

Market Competition Scan: With the resolve to understand the key drivers behind industry best practices, both locally and internationally, Faysal bank continuously carries out competitive scans on various service standards and process journeys.

Video Mystery Shopping Program: We have a robust and unique Video Mystery Shopping Program (VMSP), which is conducted by an external independent agency through concealed recording devices and objectively captures the realities of a customer's experience. Especially designed to capture a range of aesthetics and customer interactive elements, with a view to identify weak areas and validate strengths. This program is a testament to our customer commitment where the bank continuously seeks ways to improve the customer experience with a 360-degree view.

Pattern of Shareholding

As on December 31, 2020

Number of Shareholders	Shareholding Slab			Total Shares Held	Number of Shareholders	Shareholding Slab			Total Shares Held
4027	1	to	100	117,034	6	135001	to	140000	819,576
5696	101	to	500	1,699,046	3	140001	to	145000	428,795
1386	501	to	1000	1,000,161	7	145001	to	150000	1,029,930
3458	1001	to	5000	9,174,982	4	150001	to	155000	607,317
679	5001	to	10000	4,843,207	2	155001	to	160000	315,892
308	10001	to	15000	3,778,316	4	160001	to	165000	652,478
157	15001	to	20000	2,789,000	2	165001	to	170000	337,947
96	20001	to	25000	2,180,735	3	170001	to	175000	517,017
64	25001	to	30000	1,780,902	3	175001	to	180000	534,224
43	30001	to	35000	1,394,370	3	180001	to	185000	548,297
27	35001	to	40000	1,016,198	1	185001	to	190000	187,882
27	40001	to	45000	1,147,807	1	190001	to	195000	192,050
31	45001	to	50000	1,505,082	3	195001	to	200000	596,681
20	50001	to	55000	1,038,664	1	205001	to	210000	205,861
21	55001	to	60000	1,210,609	1	220001	to	225000	225,000
19	60001	to	65000	1,187,431	6	225001	to	230000	1,371,487
14	65001	to	70000	943,957	2	240001	to	245000	486,549
13	70001	to	75000	943,109	2	250001	to	255000	504,466
11	75001	to	80000	847,977	3	255001	to	260000	774,951
9	80001	to	85000	741,605	2	260001	to	265000	524,449
11	85001	to	90000	962,525	1	275001	to	280000	276,764
12	90001	to	95000	1,118,083	1	280001	to	285000	280,947
13	95001	to	100000	1,290,179	6	295001	to	300000	1,792,720
4	100001	to	105000	411,259	1	300001	to	305000	303,600
3	105001	to	110000	325,112	1	305001	to	310000	308,283
8	110001	to	115000	902,763	1	310001	to	315000	313,124
3	115001	to	120000	353,869	1	325001	to	330000	327,000
7	120001	to	125000	863,175	2	340001	to	345000	688,640
4	125001	to	130000	512,792	1	345001	to	350000	350,000
8	130001	to	135000	1,055,709	1	355001	to	360000	355,214

As on December 31, 2020

Number of Shareholders	Shareholding Slab			Total Shares Held	Number of Shareholders	Shareholding Slab			Total Shares Held
1	370001	to	375000	371,750	1	970001	to	975000	971,947
2	375001	to	380000	750,622	1	975001	to	980000	975,855
1	390001	to	395000	390,078	1	985001	to	990000	986,000
1	395001	to	400000	400,000	2	995001	to	1000000	2,000,000
2	405001	to	410000	813,513	1	1020001	to	1025000	1,021,381
2	410001	to	415000	824,723	1	1035001	to	1040000	1,035,039
1	415001	to	420000	420,000	1	1065001	to	1070000	1,065,130
1	430001	to	435000	433,000	1	1090001	to	1095000	1,092,699
1	440001	to	445000	440,738	1	1095001	to	1100000	1,100,000
4	495001	to	500000	1,992,818	1	1165001	to	1170000	1,168,091
1	500001	to	505000	504,625	1	1245001	to	1250000	1,250,000
1	505001	to	510000	506,000	1	1305001	to	1310000	1,309,907
1	510001	to	515000	510,350	1	1370001	to	1375000	1,371,500
1	545001	to	550000	545,290	1	1480001	to	1485000	1,481,633
1	575001	to	580000	580,000	1	1495001	to	1500000	1,500,000
2	590001	to	595000	1,184,256	1	1510001	to	1515000	1,510,500
1	605001	to	610000	605,746	1	1535001	to	1540000	1,536,390
1	655001	to	660000	655,971	1	1615001	to	1620000	1,620,000
1	665001	to	670000	669,000	1	1625001	to	1630000	1,630,000
2	685001	to	690000	1,377,962	1	1700001	to	1705000	1,701,500
1	710001	to	715000	713,787	1	1770001	to	1775000	1,772,025
1	725001	to	730000	730,000	1	1785001	to	1790000	1,788,187
1	740001	to	745000	740,500	1	1995001	to	2000000	2,000,000
1	770001	to	775000	774,812	1	2065001	to	2070000	2,069,211
1	775001	to	780000	779,506	1	2430001	to	2435000	2,433,000
1	830001	to	835000	832,380	1	2495001	to	2500000	2,500,000
1	850001	to	855000	854,500	2	2540001	to	2545000	5,084,410
1	910001	to	915000	910,800	1	2745001	to	2750000	2,749,162
1	920001	to	925000	924,000	1	2765001	to	2770000	2,766,500
1	950001	to	955000	950,346	1	2845001	to	2850000	2,846,000

As on December 31, 2020

Number of Shareholders	Shareholding Slab			Total Shares Held	Number of Shareholders	Shareholding Slab			Total Shares Held
1	2890001	to	2895000	2,890,047	1	8745001	to	8750000	8,747,500
1	2945001	to	2950000	2,948,419	1	9345001	to	9350000	9,348,000
1	3200001	to	3205000	3,204,539	1	10425001	to	10430000	10,429,000
1	3235001	to	3240000	3,237,000	1	12445001	to	12450000	12,448,000
1	3540001	to	3545000	3,543,320	1	14865001	to	14870000	14,868,185
1	3590001	to	3595000	3,593,500	1	15795001	to	15800000	15,796,000
1	4090001	to	4095000	4,091,328	1	25670001	to	25675000	25,672,975
1	4580001	to	4585000	4,580,509	1	38565001	to	38570000	38,565,071
1	4705001	to	4710000	4,710,000	1	40070001	to	40075000	40,071,325
1	4720001	to	4725000	4,724,429	1	41115001	to	41120000	41,118,677
1	5100001	to	5105000	5,100,943	1	41825001	to	41830000	41,827,596
1	5735001	to	5740000	5,737,890	1	49805001	to	49810000	49,809,259
1	6090001	to	6095000	6,090,780	1	64195001	to	64200000	64,198,605
1	7040001	to	7045000	7,043,665	1	80365001	to	80370000	80,368,941
1	7085001	to	7090000	7,086,648	1	128395001	to	128400000	128,397,218
1	8610001	to	8615000	8,613,926	1	721315001	to	721320000	721,317,291
					16356				1,517,696,525

Combined Pattern of CDC & Physical Shareholding

As on December 31, 2020

Category No.	Categories of Shareholders	Category Wise No. of Shareholders	Number of Shares Held	Category Wise Number of Shares Held	Percentage %
1	Associated Companies, undertakings and Related Parties				
	lthmaar Bank B.S.C		721,317,291		
			8,050,432.40*		
	Faisal Finance (Luxembourg) S.A.		128,397,218		
			1,433,007.45*		
	MFAI (Jersey) Limited		38,565,071		
		6	430,414.95*	1,093,842,653	72.07
	MFAI (Jersey) Limited		49,809,259		
			555,907.80*		
	DMI (Jersey) Limited		64,198,605		
			716,505.31*		
	State Life Insurance Corporation of Pakistan		80,368,941		
2	Mutual Funds				
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND		2,542,500		
	CDC - TRUSTEE PICIC INVESTMENT FUND		236		
	CDC - TRUSTEE JS LARGE CAP. FUND		346		
	CDC - TRUSTEE ATLAS STOCK MARKET FUND		5,100,943		
	CDC - TRUSTEE ALFALAH GHP VALUE FUND		900		
	CDC - TRUSTEE AKD INDEX TRACKER FUND		90,180		
	CDC - TRUSTEE AKD OPPORTUNITY FUND		3,593,500		
	CDC - TRUSTEE NBP STOCK FUND		4,091,328		
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND		50,000		
	CDC - TRUSTEE HBL MULTI - ASSET FUND		81,500		
	CDC - TRUSTEE ALFALAH GHP STOCK FUND		4,840		
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	22	287	18,561,730	1.22
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND		496,818		
	CDC - TRUSTEE ABL STOCK FUND		192		
	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND		58,500		
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND		27,743		
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND		4,411		
	CDC - TRUSTEE NATIONAL				

Category No.	Categories of Shareholders	Category Wise No. of Shareholders	Number of Shares Held	Category Wise Number of Shares Held	Percentage %
	INVESTMENT(UNIT) TRUST		1,035,039		
	CDC - TRUSTEE NBP FINANCIAL SECTOR FUND		1,021,381		
	CDC - TRUSTEE UBL FINANCIAL SECTOR FUND		34,000		
	CDC - TRUSTEE UBL DEDICATED EQUITY FUND		86		
	CDC - TRUSTEE ALLIED FINERGY FUND		327,000		
3	Directors and their Spouse(s) and Minor Children				
	Farooq Rahmatullah Khan	12	1,427		
	Ahmed Abdulrahim Mohamed Abdulla Bucheery		723		
	Mian Muhammad Younis		726		
	Juma Hasan Ali Abul		723		
	Imtiaz Ahmad Pervez		133,344		
	Abdulelah Ebrahim Mohamed AlQasimi		575	25,812,323	1.70
	Abdulla Abdulaziz Ali Taleb		575		
	Ali Munir		755		
	Fatima Asad Khan		500		
	Mohsin Tariq		25,672,975		
	Yousaf Hussain	-	-	-	-
4	Executives	7	144,202	144,202	0.01
5	Public Sector Companies and Corporations	12	156,799	156,799	0.01
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	25	49,389,438	49,389,438	3.25
7	Foreign Investors	40	25,288,357	25,288,357	1.67
8	General Public	16,096	222,386,738	222,386,738	14.65
9	Others	136	82,114,285	82,114,285	5.41
	Total	16,356		1,517,696,525	100.00
	Total Paid-up Capital		1,517,696,525 Shares		
	5% of the Paid-up Capital		75,884,826 Shares		

As on December 31, 2020

S. No.	Shareholders Holding 5% or more voting rights in the listed company	No. of Shares Held	Percentage %
1	Ithmaar Bank B.S.C	721,317,291	48.06
		8,050,432.40*	
2	Faisal Finance (Luxembourg) S.A.	128,397,218	8.55
		1,433,007.45*	
3	MFAI (Jersey) Limited	88,374,330	5.89
		986,322.75*	
4	State Life Insurance Corporation of Pakistan	80,368,941	5.30

* These represent shares in respect of withholding tax on bonus shares issued by the Bank. These shares have not been released by the Bank to the Government Treasury based on Petition filed with Honorable High Court of Sindh.

Combined Pattern of CDC & Physical Shareholding

As on December 31, 2020

Category No	Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage %
1	Associated Companies, undertakings & Related Parties	6	1,093,842,653	72.07
2	Mutual Funds	22	18,561,730	1.22
3	Directors and their spouse(s) and minor Children	12	25,812,323	1.70
4	Executives	7	144,202	0.01
5	Public Sector Companies and Corporations	12	156,799	0.01
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas & Pension Funds.	25	49,389,438	3.25
7	Foreign Investors	40	25,288,357	1.67
8	General Public	16,096	222,386,738	14.65
9	Others	136	82,114,285	5.41
	Total	16,356	1,517,696,525	100

Branch Network - Islamic

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
1	3006	Central I	IBB-Leads Centre	Lahore	92 42 35783955-57-59	Leads Centre Branch, Shop # 4, 4A & 4B, Leads Centre, Main Boulevard, Gulberg-111, Lahore.
2	3025	Central I	IBB-Allama Iqbal Town	Lahore	92 42-37811068, 37811100, 37811074	20 Gulshan Block Allama Iqbal Town Lahore
3	3037	Central I	IBB RAIWIND ROAD LAHORE	Lahore	92 42 35320164, 35320264, 35320360	131/178, Bohbatein Chowk, Raiwind Road, Lahore
4	3040	Central I	IBB Exop Centre	Lahore	92 42-35316023-24	Plot No 590 Block H 3 Opposite Expo Centre M.A Johar Town Lahore
5	3051	Central I	IBB-Bahria Town	Lahore	92 42-35452054-58	IBB Plot No . 5/A sector C Bahria Town Laore.
6	3054	Central I	IBB KASUR BRANCH	Kasur	92 49 2760781-3	BIV -9R-220/A Outside Lahori Gate Railway Road Kasur
7	3067	Central I	IBB FEROPUR ROAD	Lahore	92 42-35827951-53	MOHALLAH MAKHDoom ABAD CHUNGI AMR SIDHU MAIN FEROPUR ROAD LAHORE
8	3073	Central I	IBB ILLAHABAD	Kasur	92 494751288-99	Main Kasur Road Illahabad
9	3089	Central I	IBB Kot Radha Kishan	Kot Radha Kishan	92 49 2380105-107	Khewat no. 298,Khatooni # 403 to 418 near Ghala Kot Radha Kishan dist.Kasur
10	3116	Central I	IBB Phool Nagar	Patoki	92 49-4510707	Khewat # 230 Khatooni # 399 Salim Khata 81- Canal Main Bazar Phool Naagr
11	3117	Central I	IBB BUND ROAD	Lahore	92 42-3714091-95-96	Building No.SWVII-23-C-S-68, Nawan Sanda Main Band Road Lahore
12	3127	Central I	IBB-Lake City	Lahore	0317-2015804	Plot # 14, Commercial Block # 36, Lake City Br:3127. Raiwind Road Lahore.
13	3130	Central I	IBB-Bahria Orchard	Lahore	0317-2015824-59	Plot No.19, Eastern Block, Bahria Orchards,Main Raiwand Road, Lahore.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
14	3132	Central I	IBB-MULL CHOWK LAHORE	Lahore	92 42 37860071-76	AL KHAN PLAZA NEAR SUNDER INDUSTRIAL ESTATE GATE NO 1 MULL CHOWK LAHORE
15	3139	Central I	IBB-Kahna Nau	Lahore	0423-5274016-7	Property unit No. S86R-1968, Situated at Mouza Gajumata Tehsil Model Town Lahore
16	3156	Central I	IBB Izmir Town	Lahore	92 42 35961833-66	Plot No. 5 Block-A Izmir Town (Pakistan Expatriates Co-operative Housing Society Izmir Ltd.) Main Canal Bank Road, Lahore
17	3160	Central I	IBB-Shahpur Kanjira	Lahore	042-37513521-27	Khasra No.3432, Khewat No.624, Khatoni No.804 to 836, Opposite to EME Housing Society, Shahpur Kanjira, 17 KM Multan Road, tehsil and district Lahore.
18	3164	Central I	IBB-Chowk Baba Azam	Lahore	042-37560029-30	Building bearing Khasra No.19846/9044, Khewat No.6753, Khatoni No.12250, Mouza Ichra, Chowk Baba Azam, Lahore.
19	3167	Central I	IBB-Sharqpur Sharf	Sharqpur	056-2590223-9	Building bearing Khasra No.914, Khatoni No.352, Khewat No.152, Main Approach Road, Sharqpur Sharf.
20	3180	Central I	IBB-Raiwand City	Raiwand	0423-5390955-56	Sunnder Road raiwand City Near Al Habib Memorial Hospital.
21	3194	Central I	IBB Abadi Talab Saray Manga Raiwind Road	Adda Talaab Sarai	0317-2015826	Property Khewat no.246/238, Khatoni No.400, Abadi Talab Saray, Mouza Manga Uttar, Manga Raiwind Road, Tehsil Raiwind, Distract Lahore
22	3205	Central I	IBB Barket Chowk Lahore	Lahore	0423-5158117-8	Plot No.150-XIII-B-I, Block-XIII, Sector B-I, Quaid-e-Azam Town, Lahore.
23	3229	Central I	IBB Sundar Adda, Lahore	Lahore	N/A	Plot / Building, bearing Khasra No.1778 Khawat No.121/100, Khatooni No.212 Sundar Adda, Main Multan Road Lahore.
24	3234	Central I	IBB Chowk Saeed Saggain Lahore	Lahore	N/A	Nighat Plaza, Main Saeed Chowk , Sagiyan By Pass, Lahore.
25	3335	Central I	IBB Chunain	Chunain	N/A	Main Changa Manga Road, Opposite Allied Bank Chunian, Zila Kasur.
26	3376	Central I	IBB Lajna Chowk	Lahore	N/A	Plot # 37, Block -2, Sector- C/1, Quaid-e-Azam Town Scheme, Lahore.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
27	3357	Central I	IBB Mandi Faizabad	Mandi Faizabad	N/A	Vide Killa # 3/1, 23/1, 35/1, Khewat # 68/67, Khatuni # 66 Main Jarawala Road, Mandi Faizabad, near Bank Alfalah,
28	3557	Central I	Ichra-Branch	Lahore	92 42 37569934-35	172, Ferozpur Road, Ichra, Lahore
29	3431	Central I	Chouburji-Branch	Lahore	92 42 35244832, 35244872	50, Choburji Chowk, Lahore
30	3435	Central I	Brandreth Road-Branch	Lahore	92 42 3767224-5	78 Brandreth Road, Old Nishtar Road, Lahore
31	3433	Central I	CMH Chowk-Branch	Lahore	042-36602327	1482/14-15, Day Building, CMH Chowk, Sarwar Road, Lahore Cantt
32	3434	Central I	Gulshan-e-Ravi-Branch	Lahore	04237404506 & 04237404512	Plot # 10, Block-F, Gulshan-e-Ravi Scheme, Lahore
33	3273	Central I	Jail Road Branch	Lahore	042-37420318, 042-37423961	9-Main Jail Road, Lahore
34	3016	Central I	IBB Zrar Shaheed Road	Lahore	92 42 36636801-7	Zarar Shaheed Road, Joray Pull near Ranger Girls High School Lahore Cantt
35	3032	Central I	IBB Township Lahore 3032	Lahore	92 42-35144107-8	Property No 42-A 10-B-1 Quid-E-Azam Town, Peco Road, Township Lahore
36	3033	Central I	IBB-Circular Road Lahore	Lahore	92 42-37670600-05	33-Circular Road out side Shah Alam Gate Lahore
37	3090	Central I	IBB Kot Lakhpat, LHR	Lahore	92 42-35119959-60	IBB Kot Lakhpat, LHR (3090) Building # 1, Civic Centre, Quaid – e – Azam Town, Township Scheme ; Lahore
38	3221	Central I	IBB Garhi Shahu	Lahore	92-042-36302338	Eobi house 105-A, Allama Iqbal Road Garhi Shahu Lahore
39	3232	Central I	IBB Eden City DHA phase 8	Lahore	N/A	Ground Plot #13, Block A (Angora) Eden City 1, Near Air Avenue, Opposite New Airport Lahore.
40	3239	Central I	IBB Dholanwal	Lahore	92-042-37484677	property khewat no 3316 & 3315, khatoni No 8705 & 8700 to 8704, khasra no 3801/2249, hadbast mouza nawan kot, tehsil, city & district lahore.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
41	3332	Central I	IBB Mehmood Booti	Lahore	042-37333245	Ghani Marbles, Shadi Pura, Near Total petrol Pump , Mehmood Booti , Bund road , Khatooni # 31, Khasra # 46, Abadi Kiran Park, hadbast Mouza Shadi pura , Tehsil Cantt, Zila Lahore .
42	3340	Central I	IBB Dharmapura	Lahore	042-368660723	Property # SE-6R-174/3/174/3-A, Allama Iqbal Road, Dharampura Lahore
43	3548	Central I	The Mall -Branch	Lahore	92 42 37236014-8	43, Shahr-e-Quaid-e-Azam, Lahore
44	3446	Central I	Shahdara -Branch	Lahore	92 42 37902501-4	G.T.Road, Shahdara, Lahore
45	3447	Central I	McLeod Road-Branch	Lahore	92 42 36370024-45-67	Property # SE-10-R-2, Situated at 3 Nicolson Road, Lahore
46	3448	Central I	Nila Gumbud-Branch	Lahore	92 42 37360032-34	8-The Mall, Bank Square, Lahore
47	3439	Central I	Fruit Market -Branch	Lahore	92 42 379445043	136, Farooq Centre, Fruit Market Scheme, Ravi Link Road, Lahore
48	3440	Central I	Daroghawala	Lahore	92 42 36533526-30	386-C, More Salamat Pura, Main G.T Road, Daroghawla, Lahore
49	3441	Central I	Shadbagh Branch Lahore	Lahore	92 42 37614813-17	Tajpura Chowk, Near Ptcl Exchange, Misri Shah, Shadbagh, Lahore
50	3444	Central I	Bilal Gunj-Branch	Lahore	92 42 37214084-8	16-Shahjehan Road, Bilal Gunj, Lahore
51	3008	Central I	IBB Azam Cloth Market Lahore	Lahore	921 42-37671351-54	Faysal Bank Akbar Block Rahim Centre Azam Cloth Market Lahore
52	3056	Central I	IBB SHEIKHUPURA	Sheikhupura	92 56 -3546563-66-73 -62- 68- 95	3-C college road civil lines Sheikhupura
53	3065	Central I	IBB-AZAM CLOTH MARKET II LAHORE	Lahore	92 42-37656802	PROPERTY # F-1173, MULTANI MOHALLAH, KOOCHA SODAAGRAN, CHUNA MANDI, LAHORE PAKISTAN
54	3162	Central I	IBB Manawa, Lahore	Lahore	92 42 36523022/042-37132736	Shop #2, Plot # 762, G.T.Road, Near Al-Hafeez Garden, Manawa, Lahore.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
55	3173	Central I	IBB Khayaban e Jinnah	Lahore	042-35181779-80	Building No 646, Situated at Air lines Housing Scheme, Main Khayaban-e-Jinnah road Lahore.
56	3181	Central I	IBB Shahdrah Town	Lahore	92 42 37926131-32-33-34-35-36	Property No.N130R-36/33/RH, Near Main Bus Stand, situated at Shahdara Town, Lahore.
57	3216	Central I	IBB, LDA, Tajpura, Lahore	Lahore	N/A	Plot # 58, Block A/1, Tajpura Scheme, near Railway Phatak, Lahore.
58	3242	Central I	IBB, Ravi Road, Lahore	Lahore	92- 042- 37729721-27	Property no NW- 111- R, bearing Khasara no 1316, Mouza Jia Mosa, Located ast Ravi Road, Opposite to Minar-e-Pakistan, Lahore.
59	3326	Central I	IBB, Kot Abdul Malik	Lahore	N/A	Shop, Khasra # 5974, Kot Abdul Malik, Mouza Shariqpur, District Sheikhpura. Tehsil City and District Sheikhpura.
60	3360	Central I	IBB Islampura, lahore	Lahore	0317-2701921	Property # SW_111-40-S-16, Main Bazar, Krishan Nagar, Islampura, Lahore
61	3387	Central I	IBB Beadon Road, Lahore	Lahore	0317-2701902-4	Property # S -37- R - 113- D/4-A, S-37- R- 113-D-5 & S-37-R- 113- D, Beadon Road Lahore
62	3396	Central I	IBB, Timber Market, lahore	Lahore	042-37729812-13	44, Timber Market, Ravi Road, Lahore
63	3416	Central I	Shahalam Market-Branch	Lahore	92 42 376756719	5 A-C, Near Fowara Chowk, Shah Alam Market, Lahore
64	3430	Central I	Allama Iqbal Town	Lahore	92 42 37806022, 042-37806025	18-Hunza Block, Main Road, Allama Iqbal Town, Lahore
65	3429	Central I	Ghazi Chowk Branch	Lahore	92 42 35212250-54	8-A, Awaisia Cooperative Housing Society, Ghazi Chowk, Link College Road, Township Lahore.
66	3425	Central I	Karim Block Branch	Lahore	92 42 35295572-4, 35295578-79	2B-2C , Karim Block , Allama Iqbal Town , Lahore.
67	3426	Central I	M.Shoukat Ali Road Branch	Lahore	92 42 35203894	Plot# 66 Block-E Johar Town Lahore

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
68	3427	Central I	Valancia Society Branch	Lahore	92 42 35224791-92	9-A, Commercial Zone Valancia Society , Lahore.
69	3072	Central I	IBB Margzar Branch	Lahore	92 42 35461519	Main 80 Feet Road Near Millad Chowk Maragzar Society Multan Road Lahore
70	3082	Central I	IBB Samanabad Branch	Lahore	92 42 37564024-25	Plot No.381/N, bearing number SXVI-1-S-32/A/Rh, Main Pounch Road, Samanabad, Lahore
71	3165	Central I	IBB LDA Plaza Johar Town	Lahore	92 42 35447445	Building No. 452-F, Mohammad Ali Johar Town, Opposite LDA Office, Johar Town Lahore.
72	3202	Central I	IBB Ayubia Market	Lahore	92 42 35926825-26	Property No. 18, Block-B, New Muslim Town, Lahore
73	3267	Central I	IBB Main Multan Road Branch	Lahore	92 42 37801904-378019011	235/1, Badar Block, Allama Iqbal Town, Main Multan Road Lahore
74	3312	Central I	IBB Awan Town, Lahore	Lahore	92 42 35445739-40	S-94-R-302-304-306-01-SH, Opposite Fruit Mandi, Multan Road , Kharat No. 77, Khatoni No. 217, Khasra No. 371/244, Mouza Kaky-Zahe, Tehsil/ District Lahore
75	3349	Central I	IBB Wahdat Road	Lahore	92 42 37423075-74	Property No. SXXVII-121, Whadat Road Near Khawaja Arcade Lahore
76	3386	Central I	Tech Society	Lahore	N/A	Commercial Plot No 14 The Engineering Housing Society LTD Canal Bank
77	3316	Central I	Model Town - Link Road	Lahore	N/A	Shop No 4-5-G-F.New Liberty Tower Link Road Model Town
78	3310	Central I	Model Town - K Block	Lahore	N/A	4-K Model Town Lahore
79	3395	Central I	Raja Market	Lahore	N/A	Gul-Naz Heights. 122, Abu Bakar Block, New Garden Town Lahore
80	3287	Central I	IBB Walton Cantt. - Branch	Lahore	92 42 36604309-12	36-Jinnah Plaza, Main Boulevard Defence Link Road, Walton Cantt, Lahore

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
81	3291	Central I	IBB New Airport Road-Branch	Lahore	92 42 37396852-54	Adjoining Divine Mega-II Plaza, New Airport Road, Cantt, Lahore
82	3559	Central I	Cavalry Ground-Branch	Lahore	92 42 36655590	4 /5 Haroon Plaza, Cavalry Ground, Lahore
83	3558	Central I	DHA Z Block-Branch	Lahore	92 42 35725903-904	326 Z- Block, Phase III, DHA , Lahore Pakistan
84	3038	Central I	IBB - Z Block DHA Br.	Lahore	92 42-35743741-43	10-Z Commercial Phase III DHA Lahore.
85	3088	Central I	IBB DHA Phase VI	Lahore	92 42 31788513-14	Plot # 7, Block - A, Sector CC, Phase VI, DHA Lahore cantt.
86	3110	Central I	IBB Burki Road Branch	Lahore	042-36624946	Building bearing Khewat # 41/1, Khatooni # 245, Khasra # 512/126/3, situated at barkli road, haad bast mouza class mardii, lahore pakistan
87	3149	Central I	IBB Defence XX	Lahore	03172015801-803 - Wireless	Plot No. 68/A, Block XX, Phase III-C Commercial, Defence Housing Society-DHA, Lahore.
88	3166	Central I	IBB DHA Phase IV	Lahore	92 42 37185234-35	Building no 113, CCA, PHASE IV, C COMMERCIAL, DHA CANTT LAHORE
89	3192	Central I	IBB FEROPUR ROAD II	Lahore	92 42 35441694-95	Property No. S-86-R-405, situated at Ferozepur Road, Naseerabad (Bhabra), near Samad Rubber Works Factory, Lahore
90	3226	Central I	IBB State life housing society branch	Lahore	N/A	Plot # 1012, Sector F, Phase I, State life Insurance employees Cooperative housing society limited Lahore
91	3237	Central I	IBB DHA T block branch	Lahore	N/A	Plot No. 110, Central Commercial Area, Phase 2, DHA Lahore
92	3241	Central I	IBB Punjab cooperative housing society branch	Lahore	N/A	Property No 57, Block-F, Punjab Cooperative Housing Society Limited Lahore
93	3421	Central I	IBB-Cavalry Ground Islamic	Lahore	92 42 36603412-15	97-Commercial Area, Cavalry Ground, Lahore

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
94	3258	Central I	IBB Bedian Road-Branch	Lahore	92 42 37165350	Bedian Road, Near DHA Phase VI, Lahore Cantt
95	3397	Central I	IBB Nishat Colony	Lahore	92 42 37179934-5	Khasra No. 2090,2093/2,2091. Khatooni No. 1388, 155, 1456, Mouza Chararr, Nishat Colony, Walton Cantt Lahore
96	3385	Central I	IBB Sui Gas society branch	Lahore	N/A	Plot # 1, Commercial 1, Sui Northern Gas society , Lahore.
97	3384	Central I	IBB Walton road branch	Lahore	N/A	JanJua centre, E-195, Walton road, Lahore.
98	3300	Central I	IBB Main market branch	Lahore	N/A	Plot # 11-E, Main Market, Gulberg II, Lahore
99	3297	Central I	Wazirabad	Wazirabad	055-6609526	Al-Rehmat plaza Sialkot Road Near Chowk Haji Pura Wazirabad
100	3109	Central I	Kashmir Road Sialkot	Sialkot	052-4268378	Property bearing No.BIII-11S-99/1/A/1RH, Kashmir Road Pacca Garha , Sialkot
101	3138	Central I	Sambrial, Sialkot	Sialkot	052-6523964,65	Property bearing No. B-VII-281, Sialkot Wazirabad Road,Opposite Sabzi Mandi, Sambrial
102	3023	Central I	Daska Road	Sialkot	052-3240202,4	Plot No. 651, Daska Road, Pul Aik, Sialkot
103		Central I	Citi Housing Sialkot (SUB Branch)	Sialkot	0316-8880958	City Housing Society LTD,shop #19 , Sialkot
104	3105	Central I	SIE , Sialkot	Sialkot	052-3242926	Shop # B III-8s-222, Ugoki Road ,SIE Sialkot
105	3158	Central I	IBB Gohadpur Road, Sialkot	Sialkot	052-4296021,2	Mouza Gohadpur, Main Gohadpur Road, Sialkot
106	3159	Central I	IBB, Old Katchery Road, Narowal	Narowal	054-2470064	Old Katchery Road near Rasinwall Railway phatak narowal
107	3219	Central I	IBB Shakargarh Branch	Shakargarh	0542-451576,7	Railway Road , Shakargarh.
108	3247	Central I	IBB Khichian Branch	Sialkot	0524-268143	Pulli Top Khana,Khichian Sialkot

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109	3363	Central I	IBB Ugoki Branch, Sialkot.	Sialkot	052-3571395	"Model Town Co-operative house building society Ltd. Wazirabad road ,Ugoki ,Sialkot.
110	3322	Central I	IBB Nekapura Branch, Sialkot.	Sialkot	052-3611144	Nekapura, Pasrur road, Sialkot
111	3320	Central I	IBB PASRUR	Pasrur	052-6442805	Klass-Wala road,Mouza Saadullah Pur,Pasrur
112	3344	Central I	IBB Zafarwal	Zafarwal	0542-538187	Khavit 250, Khatooni - 484, Qila 2-1-1 Munt-Qila OK-4M-25, Zafarwal, District Narowal
113	3017	Central I	IBB Circular Road, Gujrat	Gujrat	053-3535933	East Circular Road Gujrat
114	3030	Central I	IBB G.T. Road, Gujranwala	Gujranwala	055-3735531	157- Al Majeed Centre, Street No. 14 Mohalla Faisalabad G.T Road, Gujranwala, Pakistan.
115	3104	Central I	IBB Peoples colony Gujranwala	Gujranwala	055-4244174	main market peoples colony,Gujranwala
116	3119	Central I	IBB Satellite Town, Gujranwala	Gujranwala	055-3730424	12-D1 Satellite town Gujranwala
117	3122	Central I	IBB Ghakkar Mandi	Gujranwala	055-3880163	BV732-b,Main G T Road.Ghakkar Mandi Tehsile Wazirabad Distt Gujranwala.
118	3129	Central I	Bhimber Road, Gujrat	Gujrat	053-3600313	Situated at Ghulab Street, opposite Alena centre Main Bhimber Road Gujrat
119	3133	Central I	IBB Cantt Branch, Gujranwala	Gujranwala	055-3861723	Plot # 10 B, Situated at Super Market Saddar Bazaar Area Gujranwala Cantt
120	3142	Central I	IBB Wapda Town, Gujranwala	Gujranwala	055-486011	plot#MM-07 Main Market Block B3 Wapda Town Gujranwala.
121	3143	Central I	IBB Rehman Shaheed Road	Gujrat	053-3510756	KHEWAT # 213 KHATOONI # 227,KHASRA#63 RAKBA MAHAL ADUWAL REHMAN SHAHEED GUJRAT
122	3175	Central I	IBB G.T.Road, Muridke	Sheikhupura	042-37950536	G.T Road Muridke

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123	3176	Central I	IBB Kotla arab ali Khan	Gujrat	053-7575425-6	Kotla Arab Ali Khan tehsil Khariyan, Gujrat
124	3178	Central I	IBB More Eimanabad, Gujranwala	Gujranwala	055-3261101	More Emnabad Main G.T Road Gujranwala
125	3179	Central I	IBB Rana Town, Lahore	Sheikhupura	042-37960362	G.T Road Rana Town Sheikhupura
126	3246	Central I	IBB Jalpur Jattan, Gujrat	Gujrat	053-7388800	Adjacent HBL Islamic, Benazir Chowk, Jalalpur jattan, Gujrat.
127	3250	Central I	IBB Guliana	Gujrat	053-7388800	property khewat # 56,khatooni 146, Khasra # 244 moh tibbizinda, Guliana the Kharian, Gujtrat.
128	3277	Central I	Lalamusa	Lalamusa	053-7519577,6	Shayan Plaza Kaira, G.T Road, Lalamusa
129	3302	Central I	IBB, Alipur Chatha	Alipur Chatha	055-6333202	Gujranwala Road, Near Sindh Bank, Alipur Chatha
130	3309	Central I	IBB, Hafizabad	Hafizabad	0547-523214	Sagar Road, Near Lari Adda, Hafizabad.
131	3317	Central I	IBB Kangniwala, Gujranwala	Gujranwala	055-4274569 / 102	Opp. Anwar Industry, Near Zinco Cinema, G. T.Road, Kangniwala, Gujranwala.
132	3334	Central I	IBB G.T. Road, Kamoki	Kamoki	055-6810463	Property#9692/2778/2, Edhi Road, Link G.T.Road, Kamoki
133	3337	Central I	IBB, Nokhar Mandi	Nokhar Mandi	055-6728249	Gujranwala Road, Opp. NBP, Nokhar Mandi, Distt. Gujranwala
134	3417	Central I	Sheikhupura Road, Gujranwala	Gujranwala	055-4240157	Rehman Market Sheikhupura Road Gujranwala
135	3519	Central I	IBB Noshehra Virkan	Noshehra Virkan	N/A	Moh. Islampura, Gujranwala Road, MattiBhaikey Road, Noshehra Virkan
136	3550	Central II	Old Bahawalpur Road	Multan	061-4783391-92	129/1, Old Bahawalpur Road, Multan.
137	3451	Central II	Khanewal	Khanewal	065-2553610-11	Plot No. 75, Block 12, Sir Syed Road, Khanewal.

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138	3458	Central II	Haronabad	Haronabad	0632-25130-32	25/C Grain Market Haroonabad Distt Bahawalnager.
139	3453	Central II	Pakpattan	Pakpattan	045-7352307-09	College Road, Pakpattan.
140	3450	Central II	Samanabad, Faisalabad	Faisalabad	041-2563671-73	650 A, Samanabad, Industrial Labor Colony, Faisalabad
141	3457	Central II	Cheshtian	Cheshtian	0632-507809-10	143 B - Block Main Bazar Cheshtian.
142	3454	Central II	Renala Khurd	Renala Khurd	044-2635783	20-A/2-L, Gulshan Ishaq Colony, Welcome Road, Renala Khurd.
143	3456	Central II	Pattoki	Pattoki	049-4421950-53	55-Allama Iqbal Road, Pattoki.
144	3449	Central II	Factory Area Branch	Faisalabad	041-2540186-87	Factory Area Tata Market, Faisalabad
145	3452	Central II	Cantt Branch	Multan	061-4588377-78	44/D Aziz Shaheed Road, Multan Cantt.
146	3003	Central II	IBB-Sargodha Road, Faisalabad	Faisalabad	041-8580385-7	Muslim Town, Chak 122/Jb, Main Sargodha Road, Faisalabad
147	3014	Central II	IBB-Minarwa Road Faisalabad	Faisalabad	041-2416281-82	Shop No.1,2, 46-50, New Grain Market, Minarwa Road, Faisalabad
148	3021	Central II	IBB-Liaquat Road, Faisalabad	Faisalabad	041-2617403-07	Property No. 73, Khewat No. 1858, Khatoni No. 1885, Khasra No. 1008, Chak No 212/RB Liaquat Road, Faisalabad
149	3022	Central II	IBB-LMQ Road, Multan	Multan	061-4581905-06	Property No.104, 105 / Plaza Ward IX, Abdali Shopping Arcade, LMQ road, near Nawwan Shaher Chowk, Multan
150	3039	Central II	IBB-Ghalla Mandi Road, Bahawalpur	Bahawalpur	062-2731115-6	Plot No. 29, Block A, Ghalla Mandi Road, Model Town-B, General Official Colony, Bahawalpur
151	3047	Central II	IBB-Chowk Shaheedan, Multan	Multan	061-4574462-64	Property # 1771/SH, Ward # VIII-M, Chowk Shaheedan, Multan
152	3057	Central II	IBB-Sahiwal	Sahiwal	040-4221601-03	Khata No. 923, Khatooni Number 942, Gali Sukh Chain, Mohallah Baloch Ganj, Sahiwal

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153	3061	Central II	IBB-Chiniot Branch	Chiniot	047-63333561-63	Property# 3188/3178, Main Faisalabad Rd, Sagheer Town, Near NADRA Office, Chah Kararri Wala, Chiniot No. 2, Chiniot
154	3084	Central II	IBB-Model Town, Multan	Multan	061-6306156-57	104 Block A, Model Town, Multan
155	3085	Central II	IBB-Millat Chowk, Faisalabad	Faisalabad	041-8580824-26	136 B-II/1 Gulistan Colony, Millat Chowk, Faisalabad
156	3091	Central II	IBB-Farid Town, Sahiwal	Sahiwal	040-4270353	khewat # 6135, Khatoni # 6209, Khasra # 1685/390/I, Farid Town, Sahiwal
157	3092	Central II	IBB- New Ghalla Mandi, RYK	Rahim Yar Khan	068-5708003-04	Near New Ghalla Mandi, Chak # 72/NP Rahim Yar Khan
158	3112	Central II	IBB- Layyah	Layyah	0606-411004	Shama Colony, Opposite BYCO petrol pump, Layyah
159	3113	Central II	IBB- Jampur	Jampur	0604-567316-17	Moahamdia Colony near THQ Hospital, Jampur
160	3118	Central II	IBB-Jhang Road, Faisalabad	Faisalabad	041-2651805-06	P-I, Street Tayran Wali, Partab Nagar, main jhang Road, Faisalabad
161	3120	Central II	IBB-Canal Road, Faisalabad	Faisalabad	041-8751939, 041-8751941	Khasra # 16/3/3, Khewat # 3688-2421, SQ# 83, Chak # 207 RB, Canal Road, Faisalabad
162	3128	Central II	IBB-Vehari Chowk, Multan	Multan	061-4480914-15	Shop # 51 & 52 Madni Commercial Center, Vehari Road, Vehari Chowk, Multan
163	3140	Central II	IBB-Peoples Conony, Faisalabad	Faisalabad	041-8717785-86	Building No. 22/A-1 Peoples Colony, Faisalabad
164	3141	Central II	IBB-Gol Karyana, Faisalabad	Faisalabad	041-2604022-23	Shop # 72, Gol Karyana Bazar, Near Rail Bazar, Faisalabad
165	3145	Central II	IBB-Garden Town, Multan	Multan	061-6537423-24	Property # 7/RH/SH, Main Shershah Road, Garden Town, Multan
166	3150	Central II	IBB - Circular Road, Faisalabad	Faisalabad	041-2636341 - 42	Chak # 212/RB, Shop # 4 & 5, Khasra # 1038/1, Jinnah Market, Bank square, T.B Hospital, Circular Road Faisalabad

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167	3157	Central II	IBB-Jaranwala	Jaranwala	041-4310721-23	Chak No 127 GB Khasra No 4/1/2, Khewat No.3770, Khatooni No.5358, Jaranwala
168	3161	Central II	IBB-Chungi No 14, Multan	Multan	061-4421271-72	Khewat # 523/515, Khatooni # 559, Chungi # 14 near Ahmadabad Metro Bus Stop Muntazabad Road, Multan
169	3163	Central II	IBB-Lodhran	Lodhran	060-8361654-55	Khewat No. 21-22, Khatooni No.202 to 206, Mouza Duratta Urban, Near Fawara Chowk, Multan Bahawalpur Road, Lodhran.
170	3174	Central II	IBB-Dera Ghazi Khan	Dera Ghazi Khan	0316-8880959	Shop # 53-54, Block # 2, Khata # 4312, Khasra # 5514-5515, Situated at Katchery Road, Dera Ghazi Khan
171	3177	Central II	IBB-Okara	Okara	044-2510859	Khasra # D/2894, Khewat # 2736, Khatooni # 2772, Chak # 1A/4L, D -Block, Near Press Club, Okara
172	3182	Central II	IBB-Hajjabad, Faisalabad	Faisalabad	041-8580624-25	Qita# 3, Khewat # 1 Khatooni # 704, Situated at Chak no 207 RB, Sheikhpura Road, Opposite Millat Square Filling Station, Hajjabad, Faisalabad
173	3183	Central II	IBB-Gulgasht Colony, Multan	Multan	061-6511817-18	Property # 219 Category-C, Town Scheme # 2, Gulgasht Colony, Near Govt Comprehensive School, Multan
174	3184	Central II	IBB-Samundri	Samundri	041-3420105-07	Khewat # 5/5, 16/16, Khatooni # 5, 16, Chak # 533 GB, Gojra Road, Samundri, District Faisalabad
175	3185	Central II	IBB-Kamalia	Kamalia	046-3413806	Khewat# 55/55, Khatooni# 62 to 68 Rajana Road, Mohallah Khokharabad, Near Mian Hospital, Kamalia
176	3191	Central II	IBB-KLP Road, Sadiqabad	Sadiqabad	068-5700245-46	Khata No 38/38, Khatooni No 41-44, Mian KLP Road, Chak No 10/NP, Sadiqabad District Rahim Yar Khan
177	3193	Central II	IBB-Shujaabad	Shujaabad	061-4425540-42	Khewat # 663/677, Khatooni # 771, Khasra # 561/1/2 situated at Mouza Shujaabad urban, Jalalpur Road, Shujaabad
178	3195	Central II	IBB-51/2-L, Okara	Okara	044-2703528-29	Chak # 51/2-L Mian Depalpur Road, Okara
179	3199	Central II	IBB-MDA Chowk, Multan	Multan	061-4544275-76	Shop # 1 to 6 Bamazai Arcade, Mouza Taraf Mubarak Awal, MDA Chowk, Multan

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180	3200	Central II	IBB-Shahkot	Shahkot	056-3711934-35	Khewat# 142, Khatoni # 481, Sq # 36, Kila # 23/1/53/1/1/42, On Main College Road, near Shahkot Stadium, Shahkot
181	3206	Central II	IBB-Rajanpur	Rajanpur	0604-688312, 0604-688308	Building Khewat# 1070, Mouza rajanpur No 1, near Al Abad Chowk Indus Highway, Tehsil and district Rajanpur
182	3209	Central II	IBB-Dunyapur	Dunyapur	0608-304937, 8304252	Building# 367/A, Khewat# 225, near Kazmi Chowk, situated at Dakota Chowk, Dunyapur district Lodhran
183	3210	Central II	IBB-Mailsi	Mailsi	067-3750520-21	Building Khewat # 47, Khatooni No 73, situated at colony Road, near Ittefaq Ice factory, Mailsi
184	3218	Central II	IBB-Abdullahpur, Faisalabad	Faisalabad	041-8733615-16	Chak # 207/RB, Khewat No. 4380, Khatooni No. 14309, Sq No. 71, Kila No. 22/3/1/1, 22/3/2, Qita No. 2 Abdullahpur Distt Faisalabad.
185	3220	Central II	IBB-Chak Jhumra	Chak Jhumra	041-8527234-35	Khewat No, 97, Khatoni No. 99, hata No. 423/376, situated at Chak No. 297/RB, Mandi Chak Jhumra, Tehsil Chak Jhumra, District Faisalabad
186	3225	Central II	IBB-Gulberg Road, Faisalabad	Faisalabad	041-2630796-97	Chak # 279 RB, Gobinpura, Gulberg Thana Road, Faisalabad
187	3227	Central II	IBB-Jahanian	Jahanian	065-2210862, 065-2210395	Khewat # 337, Jahaniyan Mandi, Jahanian distt Khanewal
188	3230	Central II	IBB-Taunsa	Taunsa	064-2601630, 0317-2701883	Khewat No 1082, Vehova Road, Mouza Taunsa Shareef, Tehsil Taunsa, District Dera Ghazi Khan
189	3231	Central II	IBB-Jalalpur Pirwala	Jalalpur Pirwala	061-4210741-42	Property No 311/C/D/SH, Situated at permit Road Block-B, Jalalpur Pirwala, District Multan
190	3233	Central II	IBB-Pir Mahal	Pir Mahal	046-3360548-49	Khewat No. 53/54, Khatooni 53, Ahata No. 1050, Situated at Chak No. 779/GB, Tehsil Pir Mahal, Distt Toba Tekh Singh
191	3236	Central II	IBB-Old Shujaabad Road, Multan	Multan	061-6303516-17	Khewat # 280-287, Khatooni # 327, 334 to 339, Mouza Qutabpura, Shujaabad Road, Multan

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192	3244	Central II	IBB-Khurrianwala	Khurrianwala	041-4360404-05	Khewat No. 29/26, Khatoni No. 172, Hata No 526 & 527, Qita No. 2, Situated at Chak No. 266/RB, Khurrianwala, Tehsil Jaranwala, District Faisalabad
193	3251	Central II	IBB-Kotla Jam	Kotla Jam	0453-433105-06	Khewat No. 47, Khatoni No. 73, Capital Market, Darya Khan Road, Kotla Jam District Bhakar.
194	3257	Central II	IBB-Vehari Road, Multan	Multan	061-6241083-85	Shops No. 79 to 84, Sheri Commercial Center, Mouza Taraf Ravi, Vehari Road, Multan.
195	3260	Central II	IBB-Jhang	Jhang	047-7650650	Plot No 10/01/A Katchery Road, Near Session Chowk, Sadar Jhang
196	3261	Central II	IBB-Liaquat Pur	Liaquat Pur	068-5792451-52	Shop No. 9-10 Abbasia Road, Liaquat Pur, District Rahim Yar Khan
197	3266	Central II	IBB-Haveli Lakkha	Haveli Lakkha	044-4775091-94	Khewat No. 404/404 Khatooni No. 507-508, Haveli Lakkha, Depalpur, District Okara
198	3269	Central II	Khanpur	Khanpur	068-5577411-14	Faysal Bank Ltd, Doabba Road Khanpur.
199	3271	Central II	Hasilpur	Hasilpur	0622-441403-05	16-D Baldia Road, Hasilpur.
200	3278	Central II	Toba Tek Singh	Toba Tek Singh	046-2517801-2	P-356 A/15-5, ST-6, Chaudhry Park, Farooq Shaheed Road, Toba Tek Singh
201	3279	Central II	Depalpur	Depalpur	044-4540766-68-69	Shop # 1 & 2, Gillani Heights, Madina Chowk, Depalpur.
202	3280	Central II	Yazman Mandi	Yazman Mandi	0622-703161-62	56/A-DB Bahawalpur Road, Yazman
203	3282	Central II	Mian Channu	Mian Channu	065-2664262-63	GT Road near T Chowk, Mian Channu.
204	3283	Central II	IBB-Gojra	Gojra	046-3513574, 046-3513578	Teshil Office Road Gojra
205	3286	Central II	Kot Addu	Kot Addu	066-2241093-97	GT Road Kot Addu.
206	3290	Central II	Bahawalnagar		0632-279337-38	2-B Ghalla Mandi ,Bahawalnagar.

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207	3308	Central II	IBB-Airport Road, Rahim Yar Khan	Rahim Yar Khan	068-5902192	Commercial Property Bearing No. 2706, Circular Road, Rahim Yar Khan
208	3318	Central II	IBB-Fawara Chowk, Faisalabad	Faisalabad	N/A	Commercial Plot No. P-259, Block A Extension, Peoples Colony, Faisalabad
209	3321	Central II	IBB-Bunga Hayat	Bunja Hayat	N/A	Khewat No.44 black, 42 Red, Khatooni No. 135 to 159 , situated at Chak Baidi, Tehsil and District Pak Pattan
210	3325	Central II	IBB-Buch Villas, Multan	Multan	061-4745071-72	Khewat No 73(B) 72 (R) Mouza Buch Khusroo Abad, Buch Villas Housing Scheme, Tehsil Multan Sadar, Bosan Road, Multan.
211	3333	Central II	IBB-Gatt Wala, Faisalabad	Faisalabad	041-8759742-4	Khewat No. 268/251, Khatooni No. 330, Salam Khata, Qita 1, Sq No. 64, Khasra No. 24/2/3, Chak No 198/RB, Gatt Wala Tehsil Saddar & District Faisalabad
212	3342	Central II	IBB-Jaranwala Road, Faisalabad	Jaranwala	N/A	Khewat # 6783, Khatooni # 15951, Khasra # 60,9/23 & 9/27, Akbar Colony Main Jaranwala Road, Faisalabad
213	3345	Central II	IBB-Saddar Goggera	Saddar Goggera	044-2662257-8	Khewat No. 135/135, Khatooni No. 440, Khasra No.30/1/2-2/1, Chak No 32T, Saddar Goggera, Tehsil and District Okara
214	3352	Central II	IBB-Sameejabad Road Multan	Multan	N/A	Commercial Property Plot No. 57, Block-V, Property Unit No. 57/RH, Area Development Scheme, New Multan Colony, Service Road, Multan
215	3354	Central II	IBB-Committee Chowk, Kabirwala	Kabirwala	N/A	Khewat No. 952 (Black) 928 (Red), Khatooni No. 1377, Kabirwala District Khanewal.
216	3362	Central II	IBB-Nalka Kohala	Nalka Kohala	N/A	Kehwat # 1282/1021, Khatooni # 1342, Kita # 52 Chak # 7/ JB Main Nalka Kohala Sargodha Road, Faisalabad
217	3364	Central II	IBB-Iqbal Nagar	Chichawatni	N/A	Khewat No.134, Khatooni No.241, Mouza 93/12, Tehsil Chichawatni, District Sahiwal
218	3369	Central II	IBB-Abdul Hakeem	Khanewal	N/A	Khewat # 58/59, Khatooni # 191-199, Salam Khata 155, Kanal 8 Marla Sarsai, Kacha Khuh Road, Abdul Hakeem Tehsil Kabirwala, District Khanewal

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219	3371	Central II	IBB-Kot Chutta	Kot Chutta	0318-2172689	Khewat No. 109, Mouza Kot Chutta No. 3, Tehsil Kot Chutta District DG Khan.
220	3372	Central II	IBB-Muzaffargarh	Muzaffargarh	0318-2172693	Khewat No. 664 Black ink, 664 red ink, shared owned by 05/1947, Mouza Muzaffargarh, Tehsil and District Muzaffargarh
221	3378	Central II	IBB-Samundari Road, Faisalabad	Faisalabad	N/A	Commercial Plot No 1044, Main D Type Colony Samundari Road, Faisalabad
222	3380	Central II	IBB-Club Road, Vehari	Vehari	N/A	Commercial Property Bearing Khewat # 1326, 1327, 1329 & 1330, Khatoni # 1376, 1377, 1379 & 1480, Situated at Mouza Chak # 43/WB Club Road Vehari Tehsil & Dist. Vehari
223	3383	Central II	IBB-Chowk Shahbazpur	Sadiqabad	N/A	Commercial Property bearing Khata # 101/98, Khatooni # 273-276, Qita 21, Chowk Shahbazpur, Sadiqabad District, Rahimyar Khan
224	3388	Central II	IBB-Alipur	Ali Pur	N/A	Khewat # 209, 230 Share Owned by 02/1536, 04/52 Salam Khata 76 Kanal 16 Marla, 02 Marla 12 Sarsai Situated at Muza Ghawan-1 Tehsil Ali Pur District Muzaffargarh
225	3389	Central II	IBB-Bhakkar	Bhakkar	N/A	Khewat # 161, Inteqal # 914-873-436-1191-1190, Khasra # 458, Salam Khata 2k-5M, Jhang Road Chisti Chowk Tehsil & District Bhakkar
226	3398	Central II	IBB-Satellite Town, Bahawalpur	Bahawalpur	N/A	Unit No. P-554/5+40/C/HALL/SH, Block No. VIII, Satellite Town, Commercial Area, Bahawalpur
227	3522	Central II	IBB G.T. Road, Okara	Okara	N/A	Khewat # 446, Khatooni # 448 to 455, Property Unit # B II-LMR-244/SH, Chak # 55 / 2L, G T Road Okara, Tehsil & District Okara.
228	3523	Central II	IBB GT Road, Qasba Gujrat	Qasba Gujrat	N/A	Khewat # 388, Share 5/387, Kot Addu Road, Qasba Gujrat, Tehsil Kot Addu, District Muzaffar Garh.
229	3525	Central II	IBB DHQ Hospital Road, Sahiwal	Sahiwal	N/A	Kewat # 970, 971, Khatooni # 1338 & 1339, Kot Khadam Ali Shah, D H Q Hospital Road, Sahiwal, District Sahiwal

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230	3552	North	Blue Area	Islamabad	051-2270241	Faysal Bank Limited, 15-West, Jinnah Avenue Blue Area, Islamabad
231	3469	North	G.T ROAD GUJAR KHAN	GUJAR KHAN	051-3514018	B-III, 215-D, ward # 5 G.T ROAD GUJAR KHAN .
232	3464	North	F-11 Markaz	Islamabad	051-2228146	Faysal Bank Limited, Plot 14, F-11, Markaz, Islamabad
233	3470	North	Jhelum	Jhelum	0544-626001	Koh-e-Noor Bank Square, Old G.T. Road, Jhelum Cantt
234	3463	North	F-8 Markaz	Islamabad	051-2287416	Faysal Bank Limited, NPT Building, Markaz F-8, Islamabad
235	3461	North	Gulraiz	Rawalpindi	051-5596189	Plot No. 27, Gulraiz Scheme II, Rawalpindi
236	3466	North	Sargodha- university road 0405	Sargodha	0483726647-8	university road sargodha
237	3462	North	Islamabad Blue Area II Roshen Center	Islamabad	051-2605660	78-W, Roshan Center, Jinnah Avenue, Blue Area, Islamabad
238	3005	North	IBB The Mall	Rawalpindi	051-5562798	Century Towers, 6 The Mall, Rawalpindi
239	3009	North	IBB Mingora Swat	Mingora	0946-722011	First & 2nd Floor Abasindh Tower Green Chowk Madyan Road Mingora Swat
240	3011	North	IBB Bank Road Mardan	Mardan	0937-870252	Khatak Plaza Bank Road Mardan
241	3012	North	IBB GT ROAD PESHAWAR	Peshawar	091-2581640	Faysal Bank Limited, Rahim Medical Center G.T Road Peshawar
242	3013	North	6th saddar road, Peshawar Cantt	Peshawar	091-5273091-92	Tasnim Plaza, 6th saddar Road Peshawar Cantt
243	3019	North	IBB Mirpur A.K	Mirpur A.K	05827-437272	IBB Branch Al Manzar Building Allama Iqbal Road Mirpur A.K
244	3020	North	Ibb Charsadda	Charsadda	0318-3193020	Ground Floor Gold Mines Towers Nowshera Rd Charsadda
245	3024	North	F-10 Markaz	Islamabad	051-2222881	Ground Floor, 7-L, F-10 Markaz, Islamabad

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246	3028	North	Nowshera Cantt	Nowshera	0923-613400-401	Property Bearing #:269/958, Shop #:83/1,83/5-6,83/35-37 Shah Building,Baba Colony, Main G.T Road, Nowshera Cantt (Shifted on 21-10-2019)
247	3034	North	IBB, Mansehra	mansehra	0997-308307	REHMAN PLAZA MANSEHRA , GROUND FLOOR, TEHSIL & DISTT: MANSEHRA
248	3035	North	IBB KOHAT	Kohat	0922-522451	Plot#14 Survey No.253-C, Near Butt Super Store, Katchery Chowk, Hangu Road, Kohat cantt
249	3036	North	IBB, D.I.Khan	Dera Ismail Khan	0966-718941	Plot#19,Survey#79, Near GPO chowk, Circular Road,D.I.Khan
250	3041	North	Ashraf Road Branch Peshawar	Peshawar	091-2593365	Ashraf Road Branch Peshawar
251	3044	North	Aabpara Market	Islamabad	051-2870477	Unit No.715, Kamran Restaurant, Aabpara Market, Khayaban-e-Suhamwardy, ISB
252	3045	North	IBB TALAGANG	TALAGANG	0543-411995	Madina Plaza Chakwal Road Talagang
253	3048	North	I-8 Markaz	Islamabad	051 4861803	Plot No. 33, Aneek Arcade, Sector No. I-8 Markaz, Islamabad
254	3049	North	IBB BANNU	Bannu	0928-611542	EX. GTS CHOWK NEAR DURRANI PLAZA MOUZA FATIMA KHEL BANNU
255	3053	North	IBB Buner	Buner	0939-555469	Sawari Bazar Buner
256	3055	North	IBB timergara	Timergara	0945-821356	Fakhar Plaza Opposite General Bus Stand Main G.T Timergara Dir Lower
257	3058	North	IBB MAKAN BAGH MIGNORA	MINGORA SWAT	0946-700803	Faysal Bank Saidu sharif Road Makan Bagh Mingora Swat KPK
258	3062	North	IBB Bahria Town	Rawalpindi	051-5412155-56	Plot # 177 Service Avenue Intellectual Village Bahria Town Phase-7 Rawalpindi
259	3069	North	IBB-Batkheela	Batkheela	0932-411850	Al-Madina Market, Near Khwar,Main bazar, Batkhela Distt: Malakand.

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260	3070	North	IBB Puniyal Road, Gilgit	Gilgit	05811450790-5	Puniyal Road Gilgit
261	3071	North	ibb Matta Bazar, Swat	Mingora	0946-790745	PROPERTY NO 2468, MAIN MATTA BAZAR, TEHSIL MATTA, DISTRICT SWAT, PAKISTAN
262	3074	North	IBB Katchery rd. M-B-DIN	M-B-DIN	0546-500944	Katchery Road M-B-DIN
263	3075	North	3075-Muslim bazar Sargodha	Sargodha	048-3700850	MUSLIM BAZAR SARGODHA
264	3076	North	IBB Kashmir Road	Rawalpindi	051-5562445	116 A-C, Kashmir Road, Rawalpindi
265	3077	North	DHA Phase II, Islamabad	Islamabad	051-5419404	Plot# 12, Sector E, Jinnah Boulevard, Phase II, DHA, Islamabad
266	3093	North	Warsak Road, Peshawar	Peshawar	091-5200542	Property No. 2841,3481, Ground Floor,Noor Plaza, Warsak Road, Peshawar
267	3094	North	Kohat Road, Peshawar	Peshawar	0318-3193094	Khata/Khatooni No. 115/211, Situated at Mouza Kotla Maman Khan, Kohat Road, Peshawar
268	3095	North	PHASE III Chowk, Hayatabad	Peshawar	091-5612040	Shop No 5-6, Ground Floor, Waqar Plaza, Gul Abad Colony,Jamrud Road, Phase III Chowk, Hayatabad, Peshawar
269	3102	North	Kuri Road Islamabad	Islamabad	051-5402213	Ground Floor, Grandeur Arcade, Khwwat No. 39, Khasra No. 1403/1225/2, Mouza Rehara, Kuri Road, Islamabad
270	3106	North	IBB BALLO KHEL MIANWALI	MIANWALI	0459-230675-77-78	BISMILLAH PLAZA MAIN BAZAR ,BALLOKHEL ROAD, MIANWALI
271	3111	North	sattellite town sargodha	Sargodha	048-3213375	Commercial or industrial hubs
272	3114	North	IBB Adyala Road,	Rawalpindi	051-5157540	Khewat No. 521, Khatooni No. 635-637 ,Khasra No. 1428/462/2/2 (3 Qittas),Mouza Dhaman, Adyala Road, Rawalpindi

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273	3124	North	IBB- MUZAFFARABAD	Muzaffarabad	05822-442392	KHASRA NO.522 BANK ROAD MUZAFFARABAD AJK
274	3125	North	New Adda Mardan	Mardan	0937-807275	Khasra No.1564 & 1563,New Adda Branch Mardan
275	3126	North	Mansehra Road Abbottabad	Mansehra Road Abbottabad	0992-341783,82,81	Opposite sethi Masjid Mansehra Road Abbottabad
276	3147	North	D-12, Islamabad	Islamabad	051-2706153	Plot No 10 Aim Arcade Shop #1 & 2 D-12 markaz Islamabad
277	3148	North	IBB Dinga	Dinga	0537-401931	Khewat No.141, Khatoon No.428-462, Khasra 69, Main Bazar , Dhalian Chwok Dinga, Tehsil Kharian, Distt Gujrat
278	3152	North	G-11 IBB Branch, Islamabad	Islamabad	051-2364106	shop no. 1&2 Al anayat shopping Plaza G-11 Markaz Islamabad
279	3153	North	IBB Hassanabdal	Attock	0572-520433	Main Bazar, Lakar Mandi, Ghugushti, Tehsil Hazro, District Attock
280	3154	North	Amman Chowk Sawabi	Swabi	0938-222103	Amman Chowk, Adjacent to Meezan Bank, Sawabi
281	3155	North	Shahkas Khyber Agency	Peshawar	091-5813962	Ground Floor, Spinzer Shahkas Wazeer Dhand Jamrud Road Khyber Agency
282	3168	North	IBB Scheme III,	Rawalpindi	051-5766121	Plot No77, Ayaz Plaza, Bazar Area, Chaklala Scheme III, Rawalpindi
283	3169	North	IBB Malakwal	Malakwal	0546-581208,9,11	Khewat No. 455, Khatooni No. 807-815 Malakwal
284	3196	North	B-17 Branch, Islamabad	Islamabad	051-5203364,65	Plot #7 lower Ground Floor, Sea Square, MPCHS, B-17, Main G-T Road, Islamabad
285	3197	North	Dalazak Road Branch Peshawar	Peshawar	091-2583781	Khasra No. 195, 197, Ground Floor , Malik Plaza, Iqbal Colony, Dalazak Road Peshawar
286	3198	North	Sargodha- fsd road 3198	Sargodha	N/A	Faisalabad Road sargodha

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287	3201	North	Canal Road Branch	Peshawar	091-5711015	Naseem Plaza Khasra No.2464-2451-1102/2,Academy Town,Near Ghandara University ,Canal Road Peshawar
288	3203	North	IBB E-11	Islamabad	051-2305109	Royal Plaza,E11/2 Markaz,Islamabad
289	3204	North	IBB Bahria Phase IV	Rawalpindi	051-5731637	Hall No. 01, Plaza No. 101, Main Boulevard, Civic Centre, Phase IV, Bahria Town, Rawalpindi
290	3211	North	Mall Basti Road,Wah Cantt	Islamabad	051-4540350	Plot #: CB-211, Khasra No. 1371-3 & 1418, Near Uppal Chowk, Mall Road, Lalazar, Wah Cantt
291	3212	North	IBB, Havelain	Islamabad	0992-810744	Khewat No. 197,183 & 178 Khatooni #: 486,463,458,227 & 229, Khasra #: 2334,2335,2336,2338 & 2337, Situated at Mouza Havelian Urban Tehsil Havelian District Abbottabad
292	3214	North	IBB, Tornol Islamabad	Islamabad	051-2358052,54	Muhammad Zaman Palza, Ground Floor Khasra #: 76/77, 1001/75, Main G.T Road, Near Railway Station, Islamabad
293	3224	North	IBB Ataliq Bazar, Chitral	GB Swat	N/A	Ataliq Bazar,Bypass Road Chitral
294	3235	North	IBB Range Road	Rawalpindi	051-5720181	Khewat No. 402-4, Khatooni No. 529-532, Khasra No. 963/5 & 235 & 420, Altaf Shah Plaza,Mouza Ratta Amral, Range Road, Rawalpindi.
295	3238	North	F-6	Islamabad	051-2828881	Plot # 7 Block- E F-6 Markaz Super Market Islamabad
296	3240	North	IBB Kallar Syedan	Kallar Syedan	051-3570531	Khasra No.2353,Khatooni No.2087,Main Bazar, Kallar Syedan,District Rawalpindi
297	3252	North	IBB Gorakhpur	Rawalpindi	051-5133388	Ground Floor, Khewat No. 161, Khatooni No. 167, Khasra No. 434/1, Main Adyala Road, Gorakhpur, Distt Rawalpindi
298	3253	North	IBB, Taxila Rawalpindi	Taxila, Rawalpindi	051-4537011	Ground Floor, Khasra #: 411/420, 702/407, Main G.T Road Bazar,Taxila District Rawalpindi
299	3256	North	IBB Dassu	Dassu	N/A	Shreen Plaza, Dassu, Kohistan
300	3259	North	Haripur	Haripur	0995-616427,28,29	Akbar Arcade, Akbar Khan Plaza, Shahrah-e-Hazara, Haripur
301	3262	North	BHALWAL	Bhalwal	048-6642405	liaqat shaheed Road bhalwal

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302	3264	North	IBB Chilas	Chilas	05812450730-5	Near Madni Masjid, Main Bazar Chilas, District Diamer, Chilas
303	3265	North	IBB Skardu	Skardu	05815456400-5	Plot Own Kasra No. 658/25/123, Skamaidan Bazar College Road, Near Old Yadgar Chowk, Skardu
304	3268	North	IBB Gilgit	Gilgit	05811-457380-5	ZS Plaza, Shahrah-e-Quaid-e-Azam, Opposite Radio Station Pakistan, Jutial, Gilgit
305	3274	North	Bara Koh	Islamabad	051-2304041	Shop No. 8, 11 Usman Plaza, Main Murree Road, Bara Koh, Islamabad
306	3275	North	IBB, Peepal Mandi	Peshawar	091-2592808	Ashraf China Trade Centre, Pipal Mandi, Peshawar
307	3281	North	Dina	Dina	0544-636831/636036	Property No.1880 Al Bilal Plaza, Gt Road, Dina
308	3285	North	DUDIAL	DUDIAL	05827-465811	hussain shopping centre,faysal bank ltd main bazaar dadyal ak
309	3288	North	IBB Raja Bazar	Rawalpindi	051-5534306	U-I, Iqbal Road, Fawara Chowk, Raja Bazar, Rawalpindi.
310	3289	North	IBBSadiqabad Road	Rawalpindi	051-4573743	Faysal Bank Limited 72-C, Satellite Town Sadiqabad Road Rawalpindi
311	3293	North	Chaksawari	Chaksawari	05827-454805	Khalid Plaza main bazar Chaksawari
312	3294	North	CHAKWAL	CHAKWAL	0543-553933	TALAGANG ROAD OPPOSITE ALLIANCE TRAVELS CHAKWAL
313	3296	North	G-10, Markaz	Islamabad	051-2351360	Faysal Bank Limited, 20-A Ground Floor, Sardar Plaza, G-10 Markaz Branch, Islamabad
314	3298	North	Attock	Attock	057-2602066	Faysal Bank Limited, Plot No. 169 Shaikh Jaffar Plaza, Saddiqui Road, Attock
315	3303	North	IBB PHALIA	Phalia	054-65666600	HELLA ROAD PHALIA
316	3306	North	IBB G-9 Markaz, Islamabad	Islamabad	N/A	Plot no 39, G-9 Markaz, Islamabad
317	3307	North	Achaini Chowk Branch Peshawar	Peshawar	0318-3183307	Khatono # 1006/2217, 1007/2226, Achaini Bala Ring Road Peshawar

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318	3311	North	IBB,Hattar	Hattar	0995-639973	Plot #7,Industrial Area Kot Najeeb Ullah Road Hattar
319	3313	North	IBB Gulberg	Islamabad	N/A	Shop no GF-01-02, Plot no 09, Gulberg Areena, Business Avenue, Gulberg Expressway, Gulberg Green, Islamabad.
320	3323	North	IBB,Parachinar	Parachinar	0926-312150	Khasra # 1533,Mouza Totki,Parachinar,District Upper Kurran
321	3324	North	IBB Lalazar Tulsa Road	Rawalpindi	051-5134284	Property Bearing No. CB-3592, Tulsa Road, Chaklala Cantt, Rawalpindi
322	3327	North	Katha Chowk Khushab	G.T Area	0454-711919	Katha Chowk Khushab
323	3328	North	IBB, Oghi	Oghi	not affix yet	Khata No. 1521/2133,Khasra No. 2364/2229/196 Main Bazar oghi Tehsil Oghi District Mansehra
324	3336	North	I-9 Markaz	Islamabad	051-4261171	Shop No 3/10, 4/11,5/12. plot No 3L, Java towers I-9 Markaz Islamabad
325	3338	North	IBB, Hangu	Hangu	0318-3193338	Khasra No. 6617, Main Bazar, Hangu
326	3341	North	G-8 Markaz	Islamabad	051-2340488	Shop # 3,4,5 Plot # D-12 G-8 Markaz Islamabad
327	3346	North	IBB Danyore	Danyore	05811-459947	Khasra No 473, Khewat no 1177, Main Bazar Danyore
328	3347	North	IBB Rawalakot	Rawalakot	05824-442386	Faysal Bank Limited Plot no D-22 Usman Plaza Dar Public housing Scheme Bank road Rawalakot
329	3348	North	IBB Bagh	Bagh AJK	N/A	Khewat no 437, Khasra no 2372/1693, Chowk Shuhuda, GYARI Sector, Bagh, AJK
330	3350	North	IBB Main Old Airport	Rawalpindi	051-5977283	Khasara No.5273/3913 & 5275/3914, Khewat No.476-477, Khatooni No.632-633, Mouza Gangal, Old Airport Road, Rawalpindi.
331	3351	North	IBB, Charsdda Road Branch Peshawar	Peshawar	0318 3183351	Khasra# 78,Din Bahar Colony, Main Charsadda Road Peshawar
332	3353	North	Ibb Bhera	G.T Area	N/A	Bhalwal Road Opposite sher Shah Masjid Bhera District Sargodha

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333	3355	North	IBB, Topi	Topi	not affix yet	Khata No.530,Khasra No.433,Mouza Topi Shumail, Main Topi Swabi Road, Near New Bus Stand, Tehsil Topi, District Swabi
334	3358	North	IBB Kotli	Kotli A.K	05826-448892	M khan plaza Hafiz Aslam Road kotli A.K
335	3361	North	IBB Saidpur Road	Rawalpindi	051-4942117	1018-D, Saidpur Road, Sattlite Town, Rawalpindi
336	3366	North	IBB Bajaur	Bajaur	N/A	Ground Floor, Main Bazar, P.O Khar, Distt Bajaur
337	3368	North	IBB Gahkuch Ghizer	Gilgit	N/A	Baig Plaza Market, Situated at Mouza Gahkuch Paen, Distt Ghizer.
338	3370	North	IBB Qaidabad	G. T Area	045-4880581	Sargodha Mainwali Road Qaidabad
339	3377	North	Murree Branch	Islamabad	051-3413390	properly # 59 D-II 178 near GPO Chowk koldana Road Tehsil Murree District Rawalpindi
340	3381	North	IBB Kabal Swat	Swat	N/A	Khata no 901, Khatooni no 1176, Khasra no 2258, Mouza Kabal, Distt Swat
341	3391	North	Kuthiala Sheikhan	G. T Area	NA	Phalia Road Kuthiala Sheikhan tehsil & District Mandi Bahau din
342	3392	North	IBB Gorkote Astore	Gilgit	N/A	Khewat no 331/544, Khasra No 3419/1445, Mouza Choungra, Tehsil & distt Astore
343	3394	North	IBB Bahria Town Phase VIII	Rawalpindi	N/A	Plot no 22-Sector, Abu Bakar Avenue, Phase 8, Safari Valley, Bahria Town, Rawalpindi.
344	3408	North	RAWAT BRANCH ISLAMABAD	Rawat isb	051-3757652	Office No. 1, Riaz Hussain Shah Plaza, Main Gt Road, Rawat
345	3409	North	Kharian	Kharian	0537-536064	Rizwan plaza GT road Kharian
346	3411	North	University Road	Peshawar	091-5711402	4652-4670, Omer Plaza, Jahangirabad, University Road, Peshawar
347	3412	North	IBB Rawalpindi Gunj Mandi	Rawalpindi	051-5778542	Gunj Mandi, Raja Bazar, Rawalpindi

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348	3413	North	IBB Kalma Chowk	Rawalpindi	051-5683057	Khasra no 132, Khatooni no 35, Muaza Jahawarey, Kamalabad Kalma Chowk Rawalpindi
349	3415	North	Khyber Bazar	Peshawar	091-2219861 - 2210926	417-D, Outside Bajori Gte, Shoba Chowk, Khyber Bazar, Peshawar
350	3419	North	Abbottabad	Abbottabad	0992-385922	841 Farooqabad Main Mansehra Road, Abbotabad
351	3420	North	IBB PWD	Rawalpindi	051-5706450-1	PWD Society Branch, Ground Floor, Atta Arcade, Commercial Area, National Police Foundation, Main Boulevard, PWD, Rawalpindi
352	3501	North	IBB DHA-1	Rawalpindi	051-5138406	Ground Floor, New Commercial Plaza, Sector E, Phase 1, DHA Rawalpindi.
353	3538	North	IBB Manglawar Swat	Manglawar	not affix yet	Mangwar Pull, Malam Jabba Road, Manglwar, District Swat KPK
354	3528		IBB Cantt Bazar, Abbottabad	Abbottabad	N/A	Al Fayyaz Shopping Center, Jinnah Road, Abbottabad
355	3545		IBB Japan Road, Sihala	Islamabad	N/A	
356	3004	South	IBB Zarghoon	Quetta	081-2443177/ 081-2443265	Near Bukhari Petroleum, New Zarghoon Road, Quetta
357	3018	South	IBB Quetta Qandhari	Quetta	081 2837890, 2843005, 2820916, 2837320	1-25/14-15, Qandhari Bazaar, Quetta
358	3097	South	IBB Shahbaz Town	Quetta	081-2820334 - 36	Plot No. 15-C, Shahbaz Town, Phase II, Quetta Cantt.
359	3107	South	IBB Chaman	Chaman	082-6612326	Khatooni No. 685, Khasra No. 1283, 1284 & 1285 Main Tranch Road, Chaman
360	3121	South	IBB Khuzdar	Khuzdar	0848-412934-35	Khasra No.2142,2143,2144 & 2145,Intaqal No.2053 situated on Rabia Khuzdari Road, Khuzdar, Baluchistan

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361	3123	South	IBB Hazar Ganji	Quetta	081-2472927	Shop # 8 & 9, Plot # 8-B & 9-B, New Truck Stand, Commercial Complex, Hazar Ganji, Quetta
362	3134	South	IBB Zhob	Zhob	0822-412406-07	Property Bearing No.B/59, Market Road, Zhob, Baluchistan
363	3135	South	IBB Gwadar	Gwadar	086-4210448-49	Property bearing Khasra No.427, Khewat No.191, Khatooni No.191, situated on Airport Road, Gawadar, Baluchistan
364	3144	South	IBB Quetta Cantt	Quetta	0316-1180912-3	12 Jinnah Shopping Complex Jinnah Road Quetta Cantt.
365	3217	South	IBB Panjgur	Panjgur	0855-641316-7	Iqbal Hassan Dost Market, Main Bazar, Chitkan, Distt. Panjgur.
366	3248	South	IBB Huramzai	Huramzai	0826-429002 0826-429003	Khewat No. 18, Khatooni No. 19, Khasra No. 9, Qitlat, situated at Mohal & Mouza Huramzai, Tappa Galgzai, Tehsil Huramzai, District Pishin.
367	3270	South	IBB Turbat	Turbat	0852-411074	Khewat # 32, Khatooni # 32, Al Salam Market, Main Road Turbat
368	3304	South	IBB Loralai	Loralai	082-4410015-6	Shop # 381, 417 A, Main Bazar, Tehsil Road, Loralai
369	3356	South	IBB Dera Murad Jamali	Dera Murad Jamali	083-8710239	Abro Chowk, National Highway, Dera Murad Jamali
370	3390	South	IBB SIBI	Sibi	0331-8028032	Serial No old 83, Circle/Ward no 1. Block no 4, Building no 83, Situated at Jinnah Road, Main Bazar Sibi
371	3331	South	IBB Toughi Road Quetta	Quetta	0333-3001617	Khasra No 15 & 16, situated at Ward No 38, Tappa Urban No 03, Tehsil City & District Quetta
372	3319	South	IBB Pasni	Pasni	0333-2445995	Khewat No 126, Khatooni No 126, Khasra No 254 & 255, Situated at Mouza/Ward Ormari, Tehsil Pasni District Gwadar
373	3329	South	IBB Muslim Bagh	Muslim Bagh	0300-3705764	Mohalla Parkanda Kareez, Mouza Muslim Bagh, Tappa Saddar, Tehsil Muslim Bagh, District Killa Saifullah
374	3315	South	IBB London Street, Quetta	Quetta	0342-8099296	Bearing no 807, Khasra no 229, Situated at Mohal & Mouza Ward No 21, Tappa Urban, Liaquat Bazar Quetta

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375	3393	South	IBB Chaghi	Chaghi	0344-8366323	Chaghi Bazar, Tehsil Road, Masjid-e-Tooba Chowk, Chaghi District Chaghi
376	3472	South	IBB Fatima Jinnah Road	Quetta	081-2837234-2824973-2836943-2824807	Yousaf Centre Khasra No. 485 Mutation No. 602, Fatima Jinnah Road, Quetta.
377	3489	South	IBB Korangi Industrial Area	Karachi	021-35114402-3	Plot No. 51/9, Sector 15, Main Korangi Road, Karachi
378	3031	South	IBB Khy e Shahbaz	Karachi	021-35342366 & 021-35342364	43-C KHY-E-SHAHBAZ PHASE VI DHA KARACHI
379	3060	South	IBB DHA Phase 2 Ext	Karachi	021-35319591-95-96-97	Ground floor plot# 61C 21st Comm Street Dha ph-II ext KHI.
380	3080	South	IBB DHA Phase I	Karachi	021-35311295	Plot No.103/C, Commercial Area 'B', Phase-I, DHA, Karachi
381	3189	South	IBB Clifton Block 9	Karachi	35155243-45	Showroom no 1, Building no D-39, Ground Floor, Main Chaudhry Khaliq uz zaman Road Block-9 Clifton Karachi
382	3400	South	IBB Korangi Road, DHA I	Karachi	021-35311444	SPEEDY TOWERS 129/I & II MAIN KORANGI ROAD PHASE I DHA KARACHI
383	3486	South	IBB Korangi No.2	Karachi	021-35071758-59	Q-14, Ground Floor, Sector 33-A, ST-1200/14, Korangi No. 2, Karachi
384	3487	South	IBB Mehmoodabad	Karachi	021-3437647	Plot No. SA-85, Block 7, Karachi Administration Employees Cooperative Housing Society (KAECHS), Karachi
385	3506	South	IBB Phase IV DHA (II)	Karachi	N/A	Plot No. 22-C, 07th Commercial Lane Phase IV, DHA, Karachi
386	3560	South	IBB Defence	Karachi	021-35341761-35856091-35854038-35854035	22/C, Lane-2, Shahbaz Commercial, Phase VI, DHA, Karachi
387	3190	South	IBB Seher Commercial	Karachi	0310-2840190-92	Shop & Hall No. 02, Plot no 34-C, Commercial Avenue, Seher Lane 4, Phase VII, DHA, Karachi

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
388	3292	South	IBB Phase IV DHA	Karachi	021-35802423	14-C, Sunset Commercial Street No. 2, Phase IV, DHA, Karachi
389	3359	South	IBB DHA Phase VII	Karachi	0333-2222464	Plot # 44-C Khayaban-e-Zaffar Shaheed DHA, Phase VII (extension) Karachi
390	3471	South	IBB Bukhari Commercial	Karachi	021-35149595-97	Ground, Basement And First Floor, 19-C Bukhari Commercial Lane No 5, Phase VI, DHA, Karachi
391	3555	South	IBB Abdullah Haroon Road	Karachi	021 -111-11-22-33	16-Abdullah Haroon Road, Karachi
392	3556	South	IBB Zamzama	Karachi	021-35875303-35875323-35822781	13-C, 7Th Zamzama, Commercial Lane , Clifton, Karachi
393	3476	South	IBB Larkana	Larkana	074-4056054	City Survey No. 2016/ 4-A Ward B, Muhalla Ghareeb Muqam, Larkana
394	3478	South	IBB Ghotki	Ghotki	0723-600801-4	Ground Floor, City Survey No. 890, Ward-B, Situated At Devri Sahab Road, Ghotki
395	3477	South	IBB Shahdadkot	Shahdadkot	074-4014227-28	Plot City Survey No. 520 Ward B, Situated At Shaikh Mohala, Shahdadkot
396	3479	South	IBB Kandhkot	Kandhkot	072-2572705-9	Plot No. 130, Main Bazar Shah Abdul Latif Road, Near Police Station, Kandhkot
397	3042	South	IBB Qasim Chowk, Hyderabad	Hyderabad	022-2730074-77	Shop No. F-1 & F-2, Fortune Arcade, Survey No. 79, Qasim Chowk, Jamshoro Road, Hyderabad
398	3052	South	IBB Market Road, Hyderabad	Hyderabad	022-2613408	CS # 2657, Ground Floor, Diamond Hotel, Market Road Hyderabad
399	3083	South	IBB Autobahn Road	Hyderabad	022-3821385	Plot No.55, Block "BI", Hyderabad Railway Employee Co-operative Housing Society Ltd, near Mazar Auto Bhan Road, Deh Giddu Bunder, Taluka Latifabad, District Hyderabad
400	3108	South	IBB Gari Khata	Hyderabad	022-2720523	Plot No. F/810, Ward "F", Khokhar Mohallah, Station Road, Gari Khata, Hyderabad

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
401	3170	South	IBB Dadu	Dadu	0254-710716	Plot Bearing C.S. No. 615/2, Ward-B, Shahani Mohallah, Main College Road, Dadu.
402	3171	South	IBB Shahdadpur	Shahdadpur	0235-842712	Plot C.S. No. 558, Ward-A, Station Road, Shahdadpur, District Sanghar
403	3172	South	IBB Cloth Market, Hyderabad	Hyderabad	022-2112323	Plot No.122(Commercial) sheet No.92, C.S.No 914, Ward-G, Doman Wah road, near cloth market, Hyderabad
404	3187	South	IBB Jacobabad	Jacobabad	0722-651194-95	Shop No.1 & 2, property bearing C.S. No.235/22,235/23,235/24,235/27, all in Ward No.06(C) 670 situated in Ward No.06(Lar Wah) Town, Jacobabad
405	3213	South	IBB Khairpur Mir's	Khairpur Mir's	0243-714078-79	GROUND FLOOR, C.S. 172-174, MUHALLA ALI MURAD NEW GOTH, KHAIRPUR MIR'S TALUKA/DISTT. KHAIRPUR MIR'S.
406	3245	South	IBB Tando Adam	Tando Adam	0317-2701900, 0317-2701901	Ground Floor, Park View Apartment, C.S 947/16, Ward D, Opposite Gulshan-e-Siddique Park, Iqbal Road, Tando Adam, Distt. Sanghar
407	3249	South	IBB Sanghar	Sanghar	023-5541961 023-5541962	Ground floor, CS No. 124/2 ward A, Housing Society, Nawabshah road, Sanghar.
408	3263	South	IBB Mirpur Khas	Mirpurkhas	0233- 876475	City Survey No. 715, 716 And 718, Ward A, Umerkot Road, Taluka And District, Mirpurkhas
409	3272	South	IBB Qasimabad	Hyderabad	022-2652331, 022-2103434	Plot No. B-1, R.S.258/2, Bilal Villas Housing Scheme, Deh Sari, Taluka Qasimabad
410	3284	South	IBB Latifabad	Hyderabad	022-3820526-7	C - 489, Unit No 8,Latifabad, Hyderabad
411	3295	South	IBB Nawabshah	Nawabshah	0244-330895-97	CS No. 555,Ward B, Main Mohni Bazar, Nawabshah
412	3382	South	IBB Matari	Matari	022-2760190-2	Survey no. 145, Main Bus Stand Road, Taluka & District Matari
413	3305	South	IBB Hala Naka, Hyderabad	Hyderabad	022-2030925-6	Survey no 161-1 (01-21), 161-2 (01-21), 162 (02-18), 483-1 (01-32), 483-2 (01-12) and 484 (02-04) situated in Deh & Tappo Gujjo, Taluka city district Hyderabad

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
414	3367	South	IBB Daharki	Daharki	072-3641462-3	Survey no 446 situated in Deh Daharki, tappo Daharki, Taluka Daharki, District Ghotki
415	3301	South	IBB Bundar Road, Sukkur	Sukkur	0345-2020109	B-1623, Bundar Road, Sukkur
416	3373	South	IBB Deh Ganjo Takkar, Kohsar	Hyderabad	0301-3510509	Plot No 247, 248 situated at Daman-e-Kohsar Housing Scheme, bearing Un-assessed Survey No I, Gano Takar, Taluka Latifabad District Hyderabad
417	3379	South	IBB Tando Allahyar	Tando Allahyar	0333-2176244	Shop City Survey No 03, Situated in Hyderabad Mirpurkhas Road "C" Ward Tando Allahyar District Tando Allahyar
418	3343	South	IBB Khipro	Khipro	0333-2969355	Plot # 49, Opposite Shell Petrol Pump, Mirpurkhas Road, Khipro District Sanghar
419	3365	South	IBB Tando Muhammad Khan	Tando Muhammad Khan	0346-3714867	Plot No 08. C.S No. B/1876/08, Block Jinnah, Madina City Housing Scheme, Ward B, Sujawal Road, Tando Muhammad Khan District Tando Muhammad Khan
420	3480	South	IBB Saddar, Hyderabad	Hyderabad	022-2781078-022-2728356	Plot No. 339, Main Bohra Bazar Saddar, Hyderabad
421	3532	South	IBB Mehar	Mehar	N/A	Plot No. 151, Deh Kinaro Kakool, Taluka Mehar, District Dadu
422	3542	South	IBB Matli	Matli	N/A	Plot No. 4, Situated at Deh Matli, Tappa & Taluka Matli, District Badin
423	3543	South	IBB Moro	Moro	N/A	Sikni Commercial Plot constructed over a Shop, situated at Deh Moro Tappa & Taluka Moro, District Noshoro Feroz
424	3546	South	IBB Jamshoro	Jamshoro	N/A	Plot No. A1-41, A1-42, A1-43, Jamshoro Education City, Deh Morho Jabal, Tappa Morho, District Jamshoro
425	3043	South	IBB Gulshan-e-Iqbal Block 6	Karachi	021-34819572-76	Plot No. FL-2/4, Block-6, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi
426	3078	South	IBB Binoria SITE	Karachi	021-32586605-6	Ground Floor, Plot No. LC-2-A/29, Survey Sheet No. 35P/1-35L/13, Situated at Sindh Industrial Trading Estate Limited, Karachi

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
427	3098	South	IBB Model Colony	Karachi	021-34491623-24	Ground floor, Plot No. 95, Sheet No. 4, Model Colony Karachi
428	3099	South	IBB Malir Cantt, Karachi	Karachi	0316-1180904-5	4 Dots Welfare Shopping Complex C/O HQ 4 Air Defence Division 31, Bostan Lines, Malir Cantonment, Karachi
429	3103	South	IBB Bahria Town	Karachi	N/A	Bahria Town (Pvt) Ltd, Head Office, Customer Support Center, Super Highway, Karachi
430	3188	South	IBB Gulshan-e-Maymar	Karachi	03172697547-9	Plot No. SB-34, Sector-X, Sub sector IV, KDA scheme-45, Gulshan-e-Maymar, Karachi
431	3228	South	IBB Jinnah Avenue, Malir	Karachi	021-34027511-34027450	Shop No. G-07 & G-08, Ground Floor, Shanzil Golf Residencia, Commercial Plot bearing No.02/14, situated at Deh Mehran, Tapo Gujro, KDA Scheme No.33, District Malir, Karachi.
432	3243	South	IBB Gulistan-e-Johar, Block-14	Karachi	021-34176751 021-34176752	Shop No. 8 & 9, Al-Fiza Tower, Block-14, Gulistan-e-Jauhar, Karachi.
433	3254	South	IBB Safoora Goth	Karachi	021-34023795-34023791-34023793	Shop No. 1,2,3,4, Plot SB-9, Block VII, Gulistan-e-Jauhar, KDA Scheme No. 36, Karachi
434	3255	South	IBB Gulshan Chowrangi	Karachi	021-3481 5319-34833720-34833718	Shop No. 1-4, Ground Floor, Sana Arcade, Plot No., ZC-6, Block No. 7, K.D.A Scheme 24, Karachi
435	3299	South	IBB Bait ul Mukarram	Karachi	0333-3679290	Shop No 7,8,9,10,17,18,19 Saleem Plaza FL-1 (Block C) Block 16 Gulshan e Iqbal Karachi
436	3375	South	IBB Askari V	Karachi	021-34901592-3	Commercial Center, Sec - E, Askari V Karachi
437	3407	South	IBB Gulistan-e-Jauhar	Karachi	021-34026856-34030556-7	Shop No. 28 & 29, Ruff Lake Drive, Block 18, K.D.A Scheme No. 36, Karachi
438	3481	South	IBB Shaheed-e-Millat	Karachi	021-34388104-105-106	Iqbal Arcade, Plot No. 6,3/7, D.M.C Society, Karachi
439	3482	South	IBB MACHS	Karachi	021-34390511-34390516	Plot No. 2, F Commercial ,M.A.C.H.S, Karachi

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
440	3483	South	IBB Tipu Sultan Road	Karachi	021-34301181-3	Plot No. 110, survey sheet No.35-P/1, Zonal CommercialArea, Bangalore Coop: Housing Society Ltd, Karachi
441	3511	South	IBB New Town Binoria	Karachi	N/A	Shop No. 4, Survey No. 27/2, Sheet J.M-2, Cosmopolitan Cooperative Housing Society, Jamshed Quarters, Karachi
442	3516	South	IBB Continental Bakery Gulistan-e-Johar	Karachi	N/A	Commercial Plot No. ST-1, Block-16, KDA Scheme No. 36, Gulistan-e-Johar, Karachi
443	3496	South	IBB New Challi	Karachi	021-32214903-04	Abid Chamber, Plot 3 SR. 6/9, Shakra-e-Liaqat, Karachi
444	3495	South	IBB Timber Market	Karachi	021-32734508-32734490	Plot No. 6/2 Old Haji Camp, Siddique Wahab Road Lee Quarters, Karachi
445	3491	South	IBB Jodia Bazar II	Karachi	021-32522225-9	NP 12/74, Mohammad Shah Street, Napier Quarters, Jodia Bazar Karachi
446	3492	South	IBB Denso Hall	Karachi	021-32752306-9	Plot No. 19, Survey Sheet No. WO-07, Wadhomal Oddharam Quarters, M.A Jinnah Road, Saddar Town, Karachi
447	3010	South	IBB Jodia Bazar	Karachi	021-32463265-67	PLOT NO M.R.3/18-II-B-143, MARKET QUARTER BOLTON MARKET KARACHI
448	3068	South	IBB Shershah	Karachi	021-32580178	D-283/21 and D-283/22 SITE shershah Karachi
449	3086	South	IBB West Wharf	Karachi	021-32313308-9	Ground Floor, Plot No. 21, Warehouse Area, West Wharf, Karachi
450	3096	South	IBB Truck Stand	Karachi	021-32353525-6	Ground Floor, Plot No. 195-C/1, Category 'A', New Truck Stand, Hawksbay Road, Keamari Town, Karachi
451	3115	South	IBB Moin Steel Market	Karachi	021-32375643-46	Shop No.1, Ground Floor, Survey No. 5, Survey Sheet No. R.C.I, Ranchore Quarters, Karachi
452	3131	South	IBB Zaibunnisa Street	Karachi	021-35140214-15	Shop no. 02 Survey no. 06, Sheet no. SB-7, Main Zaibunnisa street Saddar Bazar Quarters, Karachi.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
453	3151	South	IBB Plaza Quarter	Karachi	021-32760588-89	Survey No. 37/20/1&2, Survey Sheet PR No. 1, Sheet No. E8, Green Street, Preedy Quarters, Karachi
454	3215	South	IBB Stock Exchange	Karachi	021-32460257	Office No. 102, 103 & 104 1st floor, near Central Depository Company & Salim Karmani Securities, New Stock Exchange Building, Karachi.
455	3314	South	IBB Lee Market	Karachi	021-35175434-5	Shop 4 & 5, Godown 4 & 5, Ababil Mansion, plot bearing survey no. 23, sheet no LEA-3, Municipal survey no 16, Sheet K-4A, LEA Quarters, Karachi
456	3330	South	IBB Ghani Chowrangi	Karachi	021-32553001-2	Showroom no 16 & 17, Plot No E-38/A, SITE Survey, Sheet no 28, Survey Sheet no 35P/1-35L/13, Ghani Chowrangi, SITE Avenue Karachi
457	3339	South	IBB Light House	Karachi	021-32373561-2	Shop No. 15, Jahangir Mansion Plot # 57, Sheet # W.O.6, Thatai Compound Street, M.A.Jinnah Road Karachi.
458	3405	South	IBB Burns Road	Karachi	021-32211077-23-43	Shop No. 4 & 5, Ground Floor, Lokhat Mansion, Survey No. 2, Artillary Maidan Quarters, Burns Road, Karachi
459	3406	South	IBB Metroville	Karachi	021-36661300-36662034	ST-15, Block 3, Metroville 1, SITE area Karachi
460	3484	South	IBB APWA Complex Garden	Karachi	021-32294779-80	Shop No. SA-5 Ground Floor Apwa Complex, Plot No. 67-A C, Garden Road, Karachi
461	3485	South	IBB Electronic Market	Karachi	021-32751585-86	Shop No. 3, Hashmi Electronics Centre, Abdullah Haroon Road, Saddar, Karachi
462	3488	South	IBB I. I. Chundrigar Road I	Karachi	021-32638011-13	11/13, Trade Centre, I.I Chundrigarh Road, Karachi
463	3490	South	IBB Pak Colony	Karachi	021-32556695-96-97	Plot No. 250, 251 & 252 Modern Colony, Manghopir Road, Karachi
464	3507	South	IBB Garden West	Karachi	N/A	Shop No. 3 & 5, Corner Point Building, Plot No 280, Garden West Quarters, Karachi

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
465	3508	South	IBB Regal Chowk Saddar	Karachi	N/A	Shop No. 09, 09-A & 09-B, Frere Court, Artillery maidan Quarters, Karachi
466	3509	South	IBB Jackson Market Kemari	Karachi	N/A	Plot No. 124, Keamari Township, Karachi
467	3001	South	IBB Sharfabad	Karachi	021-34860997-8	Shop No. 08,09, Al Haram Tower 1, Jamal uddin Afghani Road, BMCHS, Sharfabad, Karachi
468	3026	South	IBB Dhoraji	Karachi	021-34860853-55	SHOP# g-1 TO g-4 Talha Arcade Plot# 35/187 Block 7/8 C.P Berar Co Society karachi
469	3046	South	IBB Cattle Colony	Karachi	021-35080121	PLOT 3- A COMMERCIAL AREA LANDHI MALIR KHI
470	3050	South	IBB Rashid Minhas Road	Karachi	021-34832874	Plot # 16, Al Musawir Crown, Block 10-A, KDA Sch # 24, Gulshan-e-Iqbal, Karachi
471	3063	South	IBB Gulbahar	Karachi	021-36729805-808	plot no 476-478 ghousia colony golimar khi
472	3064	South	IBB Shah Faisal	Karachi	021-34686210-11	Plot no B-9 Main electOrnic market shah faisal colony no 1, Karachi
473	3066	South	IBB Ayesha Manzil	Karachi	021-36360874-75	Shop No 1 & 2, Ground Floor, Komal Classic, plot no c 10, block no 4, Federal B area, Near Ayesha Manzil ,Karachi, Pakistan
474	3087	South	IBB Landhi no. 6	Karachi	021-35030613-6	Quarter No. 32/9, Sector/Area No.5-D, Landhi Township, Karachi
475	3136	South	IBB Chandni Chowk	Karachi	021-34890354-5	Plot No. 02, Plot No. ST-12/1 -A, Chandni Chowk, Scheme-7, Karachi
476	3137	South	IBB Alamgir Road Karachi	Karachi	021-36825612-17	Plot No. 7-A/271, Block-3, Delhi Mercantile Muslim Co-operative Housing Society, Karachi
477	3207	South	IBB Soldier Bazar	Karachi	0317-2701885, 0317-2701886	Shop no 7 & 8, Ground floor Hasnain Heights, Commercial Plot Survey no 14, Sol B-2, Soldier Bazar Quarters, Karachi

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478	3222	South	IBB Citi Tower, Nursery	Karachi	021-34320132, 021-34320131	Showroom No.3, Ground Floor, Citi Towers, Commercial Plot No. 33-A, Survey Sheet No.35-P/1, Block 6, PECHS, Karachi.
479	3223	South	IBB Gulshan-e-Hadeed	Karachi	021-34716250, 021-34716250	Plot No. C-12, Sub-sector 8-C/I, Gulshan-e-Hadeed Housing Project, Phase I, Steel Town, Bin Qasim, Karachi.
480	3404	South	IBB Tariq Road	Karachi	021-35143538-39	Shop No. 1 & 2, Plot 9-C, Block 2, Main Tariq Road, P.E.CH.S, Karachi
481	3505	South	IBB Allama Iqbal Road	Karachi	N/A	Plot # 145/A, Tai Roshan Residency, Block-2, Main Allama Iqbal Road, PECHS, Karachi
482	3518	South	IBB SMCHS	Karachi	N/A	Showroom No. 1, Plot No. 120, Survey No. 77, Survey Sheet Strachen Quarter, Block-A SMCHS, Karachi
483	3473	South	IBB Hyderi - North Nazimabad	Karachi	021-36648751	Show Room No. 01, Euro Continental tower, Plot No D-10, Block-B, KDA Scheme no. 2, North Nazimabad, Karachi.
484	3474	South	IBB Federal B Area	Karachi	021-36800694-36800695	C-25, Block 17, Federal B. Area, Karachi
485	3007	South	IBB Nazimabad	Karachi	021-36613053-55	Ground Floor, Commercial Hall No.2, Arshad Plaza, Plot No. IV-D, 15/1, Nazimabad, Karachi
486	3059	South	IBB Nagan Chowrangi	Karachi	021-36940461	Plot No. R-410, Sector No. 11-C/1, North Karachi Township, North Karachi, Karachi
487	3079	South	IBB Sohrab Goth	Karachi	021-36829994-95	Shop No.05 & 06, Ground Floor, Plot No.1-B/3, Sub Sector 1-B/3, Sector 1-A, K.D.A. Scheme No.33, Karachi
488	3081	South	IBB Gulberg	Karachi	021-36341938	Shop No.05 & 06, Ground Floor, Plot No. BS-1, Block-13, Federal "B" Area, KDA Scheme No. 16, Karachi
489	3146	South	IBB Hub Chowki	Hub	0853-310104-05	Plot bearing mutation No.1161, Khasra No.857/2, Khatooni No.988, Mouza pathra, Tehsil Hub, District Lasbella
490	3186	South	IBB Orangi Town	Karachi	021-36660185-86	Shop No 30 Commercial Area Sector No. 6-E, Orangi Township, Karachi

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491	3208	South	IBB Baldia Town	Karachi	021-32378512, 021-32378511	Ground floor, Plot No.736-A, (Old No.13-A/6), Sector Saeedabad, Baldia, Karachi.
492	3276	South	IBB Nazimabad	Karachi	021-36707420	Plot No. 16, Row No. 1, Sub Block A, Block III (III-A, 1 / 16), Nazimabad, Karachi
493	3374	South	IBB North Nazimabad Block H	Karachi	0333-3151498	Showroom # 03 Sarah Enclave Plot # B-116, Block-H North Nazimabad Karachi
494	3399	South	IBB North Karachi Industrial Area	Karachi	021-36957155-36954054-36356475	Plot No. SA-2, St 1/1, Sector 12-B, North Karachi Industrial Area, Karachi
495	3401	South	IBB Power House UP More	Karachi	021-36961034-36	Plot No. R-1, Sector 5C-4, North Karachi, Powerhouse Chowrangi, Karachi
496	3402	South	IBB Buffer Zone	Karachi	021-36950081-87	Plot No. R-2, Sector 15-A/2, Buffer Zone, North Karachi, Karachi
497	3403	South	IBB Gulzar-e-Hijri	Karachi	021-34652159	Plot No. A-747/C, Block 13-A, KDA Scheme 33, Pakistan Post Office Employees Co-operative Housing Society, Gulzar-e-Hijri Karachi
498	3418	South	IBB SITE	Karachi	021-32585918-20	Plot No. B-17, State Avenue, SITE Karachi
499	3475	South	IBB F B Area II	Karachi	021-36340242-5	Plot No. St-4/A-1, Block-20, Scheme-16, Federal 'B' Area, Adjacent Bank Al Habib, Karachi
500	3503	South	IBB Abul Hasan Isphani Road	Karachi	N/A	Plot No. ZC-4, Block 4-A, Improvement Scheme No. 4, Karachi

Branch Network - Conventional

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
1	160	Central I	Thokar Niaz Baig-Branch	Lahore	92 42 35457491	Jamal Market, Ali Town, Opp.Lahore University,Thokar Niaz Baig, Raiwand Road
2	132	Central I	Circular Road -Branch	Lahore	92 42 37673001-6	Babar Center, 51, Circular Road, Lahore
3	178	Central I	Shadman-Branch	Lahore	92 42 35408506	11-A, Shadman 1, Jail Road, Lahore
4	282	Central I	Tufail Road	Lahore	92 42 36604909-14	Garrison Officers Mess 12, Tufail Road, Lahore Cantt
5	331	Central I	Upper Mall Branch	Lahore	042-111-11-22-33 - 35751001-6	310-Upper Mall, Shahrah-e-Quaid-E-Azam, Lahore
6	401	Central I	Egerton Rd-Branch	Lahore	042-	Property No SE-27-R-3, 7 Egerton road Lahore
7	467	Central I	Badami Bagh-Branch	Lahore	92 42 37708160-4	343-Circular Road, Badami Bagh, Lahore
8	137	Central I	Shalimar Garden-Branch	Lahore	92 42 36844714-18	Bilal Market, Chowk Shalimar Bagh, G.T.Road, Baghbanpura, Lahore
9	180	Central I	Urdu Bazar-Branch	Lahore	92 42 37314617-18	S-38, R-205-A, Cattle Street, Circular Road, Urdu Bazar, Lahore
10	205	Central I	Mughalpura-Branch	Lahore	92 42 36524863-4	3/15 Jahangir Road, Lal Pul, Near AFC, Mughalpura, Lahore
11	148	Central I	Main Boulevard Gulberg Branch	Lahore	92 42 35787839 & 40 & 50	69-B, Main Boulevard, Gulberg-III Lahore.
12	158	Central I	Faisal Town I Branch	Lahore	92 42 35201991-92	10-C, Main Boulevard, Faisal Town, Lahore

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
13	182	Central I	Johar Town Branch	Lahore	92 42 35300897 - 35315735-36	435-G-I, Johar Town, Lahore.
14	256	Central I	EME Society Branch	Lahore	92 42 37511081-4	111-D, Commercial Area, EME Society, DHA Multan Road, Lahore
15	461	Central I	PIA Society Branch	Lahore	92 42 35227087-9	Building/Plot 402, Block No. E, PIA Housing Society Road , Near BFC, Lahore.
16	464	Central I	New Garden Town Branch	Lahore	92 42 35861111 & 35868010	Awami Complex, Usman Block No.2, New Garden Town, Lahore.
17	125	Central I	D.H.A H-Block-Branch	Lahore	92 42 35897712-17	136/1, Block-H, Commercial Area, Phase-I, DHA, Lahore Cantt
18	150	Central I	Model Town Branch	Lahore	92 42 35884705-07	13-C Faysal Bank ,Bank Square Model Town ,lahore
19	187	Central I	Liberty Branch	Lahore	92 42 35752108-9	37-E, III Saeed Alam Tower, Liberty Market, Gulberg III, Lahore
20	417	Central I	Phase V DHA	Lahore	92 42 37182356-58	Plot No. 10, Commercial Area, Sector C-C-A, Phase-V, DHA, Lahore
21	457	Central I	Gulberg Industrial Area Branch	Lahore	92 42 35717142-35717145	25-B-2, Gulberg III, Lahore
22	122	Central I	Sialkot Main	Sialkot	052-4292503	Plot No.B1-16S-98B, 17-Paris Road, Opp Cc & I, Sialkot
23	238	Central I	Daska	Daska	052-6614623,4	Plot No.3,4 & 5, Muslim Market , Gujranwala, Daska
24	261	Central I	Cantt Sialkot	Sialkot	052-4261710	100A aziz sheed road sialkot cantt

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
25	128	Central I	Gujranwala	Gujranwala	055-3730302-3	GT Road, Main Branch, Zia Plaza, Gujranwala.
26	146	Central I	Gujrat	Gujrat	0533-536781	Nobel Furniture Plaza, G.T.Road, Gujrat.
27	111	Central II	Civil Line, Main-Faisalabad	Faisalabad	041-2644481-85	Bilal Road, Civil Lines Faisalabad
28	121	Central II	Bosan Road	Multan	061-6214905-10	1/A-2, Officers Colony, Bosan Road, Multan.
29	149	Central II	Bahawalpur	Bahawalpur	062-2730691-94	2 - Rehman Society, Noor Mahal Road, Bahawalpur.
30	154	Central II	Vehari	Vehari	067-3366123	47-A, Karkhana Bazar, Vehari.
31	155	Central II	Okara	Okara	044-2551772-3	M.A. Jinnah Road, Okara.
32	157	Central II	Rahim Yar Khan	Rahim Yar Khan	068-5889411	27- Town Hall Opp. City Park, Rahim Yar Khan.
33	176	Central II	GM Abad, Faisalabad	Faisalabad	041-2691262, 041-2691375	39-B, Usman Plaza, Sadar Bazar GM Abad, Faisalabad
34	177	Central II	Satyana Road, Faisalabad	Faisalabad	041-8730405, 041-8730443	Plot No 721, DGM Block, Batala Colony, Satyana Road, Faisalabad
35	200	Central II	Burewala	Burewala	067-3773011-13	5 C, Multan Road, Burewala, District Vehari

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
36	201	Central II	Sadiqabad	Sadiqabad	068-5702440	Property Khata No.235, Khatori No.235, situated at Main Water Supply Road, Mouza Mahal Mandi, Sadiqabad.
37	202	Central II	Sahiwal	Sahiwal	040-4224061-64	Sarwar Shaheed Road, Sahiwal.
38	203	Central II	Gulshan Market	Multan	061-6784277-78	11 Y-block Gulshan Market, New Multan
39	224	Central II	Madina Town, Faisalabad	Faisalabad	041-8723365, 041-8723317	Madina Town Branch Faisalabad
40	225	Central II	Chichawatni	Chichawatni	040-5482305-6	G.T Road Chichawatni
41	232	Central II	Arifwala	Arifwala	0457-835425-26	173-D Thana Bazar Arifwala.
42	249	Central II	Rabwah	Rabwah Chenab Nagar	047-6215530-32	Plot # 09, Gol Bazar Darul Saddam Chenab Nagar Rabwah.
43	284	Central II	Ahmed Pur East	Ahmed Pur East	0622-275214-15	22, Dera Nawab Road, Adjacent Civil Hospital, Ahmed Pur East
44	288	Central II	Clock Tower, Faisalabad	Faisalabad	041-2630971-73	Plot No. 221/A, Clock Tower, Faisalabad.
45	448	Central II	Dera Ghazi Khan	Dera Ghazi Khan	064-2474175-76	Block 18, Hospital Chowk, Pakistan Plaza, Dera Ghazi Khan
46	116	North	Faysal Bank Limited Mirpur Azad Kashmir	Mirpur A.K	05827-445103	Opposite Quaid E Azam Stadium Mian Mihammad Road Mirpur Azad Kashmir
47	120	North	Haider Road	Rawalpindi	051-5701237	32, Haider Road, Rawalpindi Cantt. Rawalpindi

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
48	135	North	Satellite Town	Rawalpindi	051-4424971	5Th Road, City Shopping Centre, Commercial Market, Satellite Town - Rawalpindi
49	169	North	I-10 Markaz	Islamabad	051-4102153	Faysal Bank Limited, 3-G, Monawwar Plaza, C10 Markaz I-10, Islamabad
50	184	North	Westridge	Rawalpindi	051-5166835	Peshawar Road Westridge, RV Arcade - Rawalpindi
51	215	North	Faysal Bank Limited	Mandi Bahauddin	0546-600371	Railway Road Mandi Bahauddin
52	250	North	Peshawar University Camp	Peshawar	091-5610841,5610943	Ground Floor, Western Corner, Academic Block - II, University Of Peshawar
53	332	North	F-7 II	Islamabad	051-2650803	F-7 branch plot # 13 -N, F-7/2, Islamabad
54	337	North	Civil Lines	Rawalpindi	051-5795178	CL/ 55 - A, Civil Lines, Meo Road, Rawalpindi
55	411	North	Peshawar Fakhr-e-Alam	Peshawar	091-5270872	Fakhr-e- Alam Road Branch , Peshawar Cantt
56	115	South	Shahrah-e-Adalat	Quetta	081-2840386-87-2840587-2842028	Shahrah-e-Adalat Road, Quetta
57	118	South	Quality Height Clifton	Karachi	021-35863772-74-75, 021-35868429, 35868514	32-A, Ground Floor, Quality Heights, K.D.A Scheme No. 5, Clifton Block-8, Karachi
58	172	South	Stadium Lane, Khayaban-e-Mujahid	Karachi	021-35349113-021-35349111	43-C, Stadium Lane II, Khayaban-e-Mujahid D.H.A Phase V, Karachi

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
59	173	South	Khayaban-e-Tanzeem	Karachi	021-35877909-10, 021-35824827 & 021-35877846	Plot No. C-4-D-N, Phase V, Khayaban-e-Tanzeem, DHA, Karachi
60	269	South	Clifton Centre	Karachi	021-35830113-5	Plot No. DC-1, 16-A, 16-B, Block 5 Clifton Centre, Kehkashan, Karachi
61	131	South	Shahrah-e-Faisal	Karachi	021-34315634-37	Business Avenue Centre, Block No. 6, P.E.C.H.S, Karachi
62	165	South	Green Belt Residency	Karachi	021-35877922-35375103	Green Belt Residency, Shop No. 13-16, Plot No. Commercial 7/1, Block 2, KDA Scheme-5, Kehkashan, Clifton Karachi
63	196	South	Saba Avenue	Karachi	021-35245377-35245380	Shop No. 2 & 3, Ground Floor Plot No. 36-C, Badar Commercial Street, St. No. 6, Phase V, Karachi
64	216	South	DHA Phase VIII	Karachi	021-35246011	43-C, Al-Murtaza Commercial Lane No. 4, DHA, Phase VIII, Karachi
65	230	South	Sukkur	Sukkur	071-5617197	City Survey No. D1596 / 1-D, Race Course Road , Sukha Talab, Sukkur
66	110	South	Karachi Main	Karachi	021-111-747-747-32795200	Faysal House, St- 02, Main Shahra-e-Faisal, Karachi
67	119	South	Gulshan-e-Iqbal	Karachi	021-3499 4262-3	B -35, Block 13-A, Main University Road, Gulshan-e-Iqbal, Karachi
68	210	South	Gulshan Block-2	Karachi	021-3497 2202-34972998	A-287, Block-2, K.D.A Scheme -24, Gulshan e Iqbal, Karachi
69	333	South	Shaheed-e-Millat II	Karachi	021-111-321-321 -34382595	72-A/Z, Block 7/8, Al- Riaz, Karachi

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
70	335	South	Gulshan-e-Iqbal II	Karachi	021 -34830110-34830111-34830112-34830108-34830109	SB-25, Block 13/C, Main University Road, Gulshan e Iqbal, Karachi
71	123	South	Jodia Bazar I	Karachi	021-32471440-3-32443795-32444073	G-2, Plot No. MR-6/52/1, Ismail Trade Centre, Ram Bharti Street, Karachi
72	134	South	Cloth Market	Karachi	021-32439021-22-32438150	BR-2-1/1, Bander Quarters, New Neham Road Kharadar, Karachi
73	422	South	Zainab Market - AHR	Karachi	021-35652099-35684525-35683301	State Life Building No. 11, Abdullah Haroon Road, Karachi
74	424	South	I.I. Chundrigar II	Karachi	021-32418300-1	Nadir House, I. I. Chundrigar Road, Karachi
75	198	South	Khalid Bin Waleed Road	Karachi	021-34302246 & 34302249	Plot No. 89-B, Block-2, P.E.C.H.S, Karachi
76	342	South	North Nazimabad	Karachi	021-36721600-4	Showroom No. 1, Plot No. D-1, Block-D, KDA Scheme No.2, North Nazimabad, Karachi

Code of Conduct

Faysal Bank's reputation is a priceless asset that each of us is responsible for maintaining. Our reputation not only affects whether or not someone will be our customer; it also determines whether we are proud to be associated with this organization — how we feel about coming to work.

The Code of Conduct is designed to guide the personal business ethics of all of us. It applies to every employee of Faysal Bank Limited and each of its subsidiaries. In addition, other persons performing services for the Company may be subject to the Code by contract or agreement. Employees are expected to read this document promptly upon receiving it. Employees also are expected to read and understand the Company policies that relate to sections of this Code.

Individual business units or staff groups may issue additional policies that provide more specific guidance about certain practices related to those particular businesses. Employees should speak with their leader for more information about any additional policies that may pertain to employees.

In addition to the ethical guidelines included in the Code, Employees must comply with the requirements of all applicable laws and regulations. This is mandatory for everyone and is not subject to business priorities or individual discretion.

Adherence to the Bank's Code of Conduct is a condition of employment. All employees are required to comply with the Code, and no waivers from its coverage may be granted.

Faysal Bank's Code of Conduct covers the following areas:

- Business Ethics and Compliance with Law;
- Treatment of Employees and Others;
- Relations with Regulators;
- Relations with Customers;
- Employees' Duty of Non-Disclosure & Tipping Off;
- Confidentiality;
- FBL Employee Reporting Responsibilities;
- Insider Trading;
- Speculative Dealing;
- Conflict Of Interest;
- Personal Investment Policy;
- External Functions;
- Books and Records – Accuracy and Completeness;

- Protection and Proper Use Of Bank's Property;
- Gifts and Entertainment;
- Confidential Information and Trade Secrets;
- Breaches & Disciplinary Action;
- Code of Conduct for Sales Staff;
- Marketing Research Communication and Complaints;
- Media and Advertising;
- Client Acceptance and Anti Money Laundering (CAAML) - Compliance Policy;
- Insider Dealing;
- Client Confidentiality & Conflicts Of Interest;
- Whistle Blowing;
- Disciplinary Action;
- Fraud & Forgeries; and
- The Protection against Harassment of Women at the Workplace.








The Bank's complete Code of Conduct can be accessed at <https://www.faysalbank.com/en/about-us/>.



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Notice of the Twenty Sixth Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting (“AGM”) of Faysal Bank Limited (“FBL”) will be held on March 29, 2021 at 11:30 a.m. virtually through video link.

ORDINARY BUSINESS:

1. To confirm the minutes of the 25th Annual General Meeting held on May 14, 2020.
2. To receive and adopt Unconsolidated & Consolidated Financial Statements and Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2020 together with the Directors’ and Auditors’ Reports thereon.
3. To appoint External Auditors for the ensuing financial year 2021 at Rs. 11,504,000 (excluding out of pocket expenses and sales tax) for the audit fee, review and certifications. The present Auditors, A.F. Ferguson & Company, Chartered Accountants, being eligible, offer themselves for re-appointment.
4. Any other business with the permission of the Chair.

SPECIAL BUSINESS:

5. To approve deletion and addition the following clauses of the Revised Memorandum & Articles of Association (MOA) of the Bank as per State Bank of Pakistan and Securities & Exchange Commission of Pakistan directives and in that connection to pass the following resolutions as Special Resolutions, with or without modification, addition or deletion.

“RESOLVED that the deletion of Clause 117 of the Articles of Association, as mentioned below, as per directives of the State Bank of Pakistan be and hereby is approved as recommended by the Board of Directors.”

“Directors may contract with the Company: Subject to authorization being given by the Directors in accordance with these Articles and Section 183 (2) of the Act, a Director shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company with any company or partnership in which any Director of the Company shall be a member or partner or otherwise interested be avoided, nor shall any such Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.”

“RESOLVED that the addition of the words “subject to the approval of the State Bank of Pakistan if so required” in the object Clause 3(ii) of Memorandum of Association as per the directives and guidance of the Securities & Exchange Commission of Pakistan, as mentioned below, be and hereby is approved as recommended by the Board of Directors.”

Clause 3 (ii) Memorandum of Association

“Except for the businesses mentioned in sub-clause (iii) here under, the Company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto, subject to the approval of State Bank of Pakistan, if so required”

FURTHER RESOLVED "that the Chief Executive Officer and or Company Secretary of the Bank be and are hereby singly authorized and empowered to give effect to the above resolutions effect any amendments as may be required by Regulators and to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time as and when necessary".

6. To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2020 for attending the Board/Sub-Committees Meetings and in that connection to pass the following resolution as Special Resolution, with or without modification, addition or deletion.

"RESOLVED that the remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note No. 38.2 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2020 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved."

7. To Consider and approve revised scale of Remuneration to be paid to the each Non-Executive/Independent Directors of FBL for attending the Board Sub-Committee Meetings and in that connection to pass the following resolution as an Special Resolution, with or without modification, addition or deletion:

"RESOLVED that the revised scale of the remuneration will be paid PKR 800,000/- to the Non-Executive and Independent Directors as Chairman and Members of all Board Sub-Committees of Faysal Bank Limited and Chairman of the Committee will get 20% additional, is submitted to the shareholders for approval as recommended by the Board of Directors, be and is hereby approved."

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

Karachi dated: March 05, 2021

By the order of the Board



Aurangzeb Amin
Company Secretary & Head of Legal

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **March 22, 2021 to March 29, 2021** (both days inclusive). Transfer received at the Share Registrar of the Bank, by the close of business on March 19, 2021 will be treated in time.
2. A member entitled to attend and vote at the Meeting may appoint another person as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member, but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Bank not later than 11:30 a.m. on March 25, 2021.
3. **Participation in the AGM through Video link:**

In view of the prevailing situation of Pandemic Covid-19, particularly in the wake of its second wave and concerning the well-being of the participants of the AGM, this General Meeting is being conducted as per guidelines circulated by SECP vide it's Circular No. 4 of 2021 dated February 15, 2021. Accordingly, the following arrangements have been made by the Bank to facilitate the participation of the shareholders in the AGM through video link facility, either in-person or through appointed proxies:

The shareholders interested to participate through video link are requested to please provide below information at Email: cdcsr@cdcsrsl.com and Whatsapp No. 0321-8200864 at the earliest but not later than close of business on March 26, 2021.

Folio/CDC Account No.	Name	CNIC No.	Cell No	Email Address

Please note that video link and login credentials will be shared with only those members / designated proxies whose e-mail and other required information are received in required time as mentioned above.

- Video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.
- Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the meeting proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.
- Shareholders may send their comments and suggestions relating to the agenda items of the AGM at least two (2) working days before the meeting, at the given email address cdcsr@cdcsrsl.com WhatsApp on 0321-8200864. Shareholders are requested to mention their full name, CNIC # and Folio/CDC Account # for this purpose.
- Shareholders are encouraged to participate in the meeting to consolidate their attendance and participation through proxies.

4. Reason to not hold the AGM physically:

As per the current reports Covid-19 is once again surging in Pakistan. Moreover, the travel restrictions applicable especially to the foreign Directors are still in place. Therefore, keeping in view the SECP Circular No. 6 of 2021 dated March 3, 2021, and to adopt a cautious approach for all the respected shareholders, it has been decided that the instant AGM will be held through electronic means only for which all the necessary facilitations will be provided.

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

A. For attending the Meeting:

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

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his/her original CINC or original passport at the time of the Meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
6. Members are required to timely notify any change in their address to their respective Participants (if shares are held electronically) or to the Share Registrar of the Bank (if shares are held in physical form) M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
7. **Availability of Audited Financial Statements on Company's Website**
- The Company has placed the Audited Annual Financial Statements for the year ended December 31, 2020 along with Auditor's and Director's Reports thereon on its website: www.faysalbank.com
8. **Transmission of Financial Statements to the Members through e-mail**
- In pursuance of SECP notification S.R.O 787 (I)/2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through e-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi for which form may be downloaded from the Company's website: www.faysalbank.com

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF SPECIAL BUSINESS

Agenda Item No. 5:

To approve deletion and addition the following clauses of the Revised Memorandum & Articles of Association (MOA) of the Bank as per State Bank of Pakistan and Securities & Exchange Commission of Pakistan directives and in that connection to pass the following resolutions as Special Resolutions, with or without modification, addition or deletion.

The revised Memorandum & Articles of Association (MOA) of Faysal Bank Limited (FBL) in line with the provisions of the Company Act, 2017 and Code of Corporate Governance 2019 were approved by the Shareholders in its 25th Annual General Meeting held on May 14, 2020

Thereafter, the revised MOA was submitted to the State Bank of Pakistan (SBP) for approval under Section 89 of the Banking Companies Ordinance, 1962 for approval. SBP whilst according "No Objection" to the revised MOA directed to delete the Article 117 of the Articles of Association as it was not in consonance with the Prudential Regulations along with seeking approval of the said deletion in the forthcoming AGM of the shareholders.

Also, the Securities and Exchange Commission of Pakistan (SECP) whilst allowing the amended Object Clause 3(ii) of the revised Memorandum of FBL directed to add the words "subject to the approval of the State Bank of Pakistan". The said addition in Clause 3(ii) of the Memorandum has already been affected as per the direction of SECP. However, upon further consideration SECP allowed adding the words "if so required" with the approval of the shareholders.

Accordingly, keeping view the directions of SBP and SECP, the shareholders are requested to consider and approve the below mentioned resolutions:

"RESOLVED that the deletion of Clause 117 of the Articles of Association, as mentioned below, as per directives of the State Bank of Pakistan be and hereby is approved."

"Directors may contract with the Company: Subject to authorization being given by the Directors in accordance with these Articles and Section 183 (2) of the Act, a Director shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company with any company or partnership in which any Director of the Company shall be a member or partner or otherwise interested be avoided, nor shall any such Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established."

"RESOLVED that the addition of the words "subject to the approval of the State Bank of Pakistan if so required" in the object Clause 3(ii) of Memorandum of Association as per the directives and guidance of the Securities & Exchange Commission of Pakistan, as mentioned below, be and hereby is approved."

Clause 3 (ii) Memorandum of Association

"Except for the businesses mentioned in sub-clause (iii) here under, the Company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto, subject to the approval of State Bank of Pakistan, if so required"

The above resolutions recommended by the Board of Directors in its 139th meeting held on February 18, 2021.

FURTHER RESOLVED "that the Chief Executive Officer and or Company Secretary of the Bank be and are hereby singly authorized and empowered to give effect to the above resolutions effect any amendments as may be required by Regulators and to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time as and when necessary".

Agenda Item No. 6:

To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2020 for attending the Board/Sub-Committees Meetings and in that connection to pass the following resolution as a Special Resolution, with or without modification, addition or deletion.

RESOLVED that the remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note No. 38.2 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2020 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved."

Agenda Item No. 7:

To Consider and approve revised scale of Remuneration to be paid to the each Non-Executive/Independent Directors of FBL for attending the Board Sub-Committee Meetings and in that connection to pass the following resolution as an Special Resolution, with or without modification, addition or deletion:

Board while considering the significant role to play and work load at the committee level has increased considerably therefore, the Board of Directors recommended increasing the committee fees to PKR 800,000/- in its meeting held on February 18, 2021. Further, the scale of the remuneration is in compliance of SBP Regulations. Accordingly, the members are requested to consider and approve the following resolution as special resolution.

“RESOLVED that the revised scale of the remuneration will be paid PKR 800,000/- to the Non-Executive and Independent Directors as Chairman and Members of all Board Sub-Committees of Faysal Bank Limited and Chairman of the Committee will get 20% additional, is submitted to the shareholders for approval as recommended by the Board of Directors, be and is hereby approved.”

Form of Proxy

I/We _____ of _____ a member (s) of FAYSAL BANK LIMITED and holding _____ ordinary shares, as per Register Folio No. / Participant's ID/CDC sub Account No. _____ hereby appoint _____ Folio No. / Participant's ID/CDC sub Account No _____ or failing him/her _____ of _____ as my / our proxy to vote and act for me / us on my / our behalf at the **Annual General Meeting** of the Bank will be held on **March 29, 2021** and at any adjournment thereof.

Signed _____ day of _____, 2021

Witness:

1. _____

2. _____

Revenue Stamp
Rs. 5/-

Signature of Member (s)

Notes

1. The Share Transfer Books of the Bank shall remain closed from **March 22, 2021 to March 29, 2021** (both days inclusive). Transfer received at the Shares Registrar of the Bank, by the close of business on March 19, 2021 will be treated in time for attending Annual General Meeting will be held on March 29, 2021 at Karachi.
2. A member entitled to attend and vote at the Meeting may appoint another Member as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member, but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Meeting.

3. Members are required to timely notify any change in their address to Bank's Shares Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

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

B. For Appointing Proxies

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

3- ممبرز اپنے بچے کی تبدیلی سے متعلق اطلاع بینک کے شیئر رجسٹرار میسر ڈی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس۔، مین شاہراہ فیصل، کراچی کو بروقت دیں۔

4- سی ڈی سی اکاؤنٹ ہولڈرز سکیورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان کے 26 جنوری، 2000 کو جاری شدہ سرکلر 1 میں دی گئی رہنما ہدایات پر عمل کریں۔

A- اجلاس میں شرکت کے لیے:

- (i) انفرادی ممبرز کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایادہ آدمی جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات توائند کے مطابق اپ لوڈ ہو چکی ہیں، انھیں اپنی شناخت کے لیے اجلاس میں شرکت کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرنا پڑے گا۔
- (ii) کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد اور پاور آف اٹارنی (اگر پہلے فراہم نہیں کیا گیا ہے) نامزد کرنے والے کے مجاز دستخط کے ساتھ پیش کرنا ہوگا۔

B- پراکسی کی تقرری کے لیے:

- (i) انفرادی ممبرز کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایادہ آدمی جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات توائند کے مطابق اپ لوڈ ہو چکی ہیں، انھیں درج بالا ضروریات کے مطابق پراکسی فارم جمع کرنا ہوگا۔
- (ii) پراکسی فارم پر دو افراد کی گواہی درکار ہوگی جن کے نام، پتہ اور سی این آئی سی نمبرز فارم پر درج ہوں گے۔
- (iii) پراکسی فارم کے ساتھ اصل ممبر اور پراکسی کے سی این آئی سی یا پاسپورٹ کی مصدقہ نقول منسلک ہوں گی۔
- (iv) میٹنگ کے وقت پراکسی کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ضروری ہوگا۔
- (v) کارپوریٹ ادارے کی صورت میں، کمپنی کے پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد اور پاور آف اٹارنی (اگر پہلے فراہم نہیں کیا گیا ہے) مجاز دستخط شدہ منسلک ہوگا۔

پراکسی فارم

میں / ہم _____
رہائشی _____
فیصل بینک لیونڈ کے ممبر (ز) کی حیثیت سے رجسٹرڈ فلیو نمبر / پارٹی سپنٹ شناختی نمبر / سی ڈی سی سب اکاؤنٹ نمبر کے مطابق _____
عمومی شیئرز کے مالک ہیں اور بذریعہ ہذا _____
فلیو نمبر / پارٹی سپنٹ شناختی نمبر / سی ڈی سی سب اکاؤنٹ نمبر _____ یا ان کی غیر موجودگی میں _____
رہائشی _____ کو پراکسی کے طور پر مقرر کرتا ہوں / کرتے ہیں جو کہ میرے / ہمارے پراکسی کے طور پر میری / ہماری غیر موجودگی میں
بینک کے 29 مارچ، 2021 کو منعقد ہونے والے سالانہ اجلاس عام میں میری / ہماری جانب سے شرکت کرنے اور ووٹ دینے کے اہل ہوں گے۔

دستخط _____

دستخط کی تاریخ _____

گواہ

1- _____

2- _____

پانچ روپے کارپونڈ اسٹامپ چسپاں کریں

ممبر (ز) کے دستخط

نوٹ:

1- بینک کے شیئرز انسفر بکس 22 مارچ، 2021 سے 29 مارچ، 2021 تک (بشمول دونوں دن) بند رہیں گی۔ بینک کے شیئرز رجسٹرار کو 19 مارچ، 2021 کو کاروبار کے اختتام تک موصول ہونے والے ٹرانسفر کو 29 مارچ، 2021 کو کراچی میں منعقد ہونے والے سالانہ اجلاس عام کے لیے بروقت قرار دیا جائے گا۔

2- اجلاس میں شرکت اور ووٹ دینے کا اہل ممبر کسی دوسرے ممبر کو اپنی جگہ شرکت کرنے اور ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے جبکہ کسی ادارے کی جانب سے مقرر کردہ پراکسی کا ممبر ہونا لازمی نہیں ہے، لیکن اس کے پاس ادارے کی جانب سے تقرری کا ثبوت ہونا چاہیے۔ پراکسی لازمی طور پر اجلاس سے کم از کم 48 گھنٹے قبل بینک کے رجسٹرڈ آفس میں وصول ہونی چاہئیں۔

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