

نیادور، نئی پہچان وہی اسلامی اقدار

Annual Report 2019

faysalbank



فیصل بینک

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Chairman's Message

On behalf of the Board of Directors, it is my pleasure to share the Annual Report of Faysal Bank Limited for the financial year ending December 31, 2019.

2019 was an eventful year for Faysal Bank, where we once again delivered a strong financial performance, while continuing on our strategy for conversion into a full-fledged Islamic Bank along-with investing significantly in network expansion, human resources and technology. Faysal Bank, Masha'Allah, now has the second largest Islamic Banking branch network in Pakistan and our vision is to be the leading Islamic Bank.

In 2019, we completed the biggest ever branch expansion in our history by opening 100 new Islamic branches. Bank's footprint reached to 200 cities across Pakistan. We also converted 59 conventional branches to Islamic. By virtue of this strategy of organic growth coupled with Islamic conversion, Faysal Bank ended 2019 with 414 Islamic branches out of a total of 555 branches. It translates into almost 75% of the network being fully Islamic.

The Bank, through its committed and dedicated Islamic Banking product team and renowned Shariah scholars has developed a comprehensive range of Shariah compliant products and solutions for our customers. The Bank also led many Islamic Project and Structured Finance transactions, establishing itself as a lead player, specializing in Islamic Investment Banking. The Bank's aim is to provide customized Islamic Banking solutions in order to meet the changing financial needs of our customers, through developing a strong Islamic values-based culture that enables us to serve our customers and make a significant contribution to the society.

At Faysal Bank, we believe that our employees are our greatest strength. We dedicated 2019 to the most important partners in growth – Our people. The Bank launched an employee program under the umbrella 'WE CARE', under which we enhanced focus on employee's career growth plans, facilities, incentives, job enrichment, training, competitive financial benefits and retention through a structured talent development program. Faysal Bank won the award for 'The Most Improved Score', at the 11th Best Place to Work Awards.

In 2019, Faysal bank successfully launched new Islamic brand, followed by an effective advertising campaign, which has further entrenched our brand and positioning as a progressive and forward-looking Islamic Bank.

On the Corporate Social Responsibility, Faysal Bank remains committed to support education, professional development of our youth along with our focus on health and poverty alleviation.

Insha'Allah Faysal Bank, during 2020 and beyond, will maintain its strategy of responsible and paced up conversion into Islamic, while preserving stakeholder value including our customers and shareholders. We will continue efforts to achieve our vision i.e. "Be the leading Islamic Bank in Pakistan". We aim to achieve this by offering personalized customer care, through seamless and technology driven Islamic financial products and services, while fully adhering to regulatory guidelines.

On behalf of the Board of Directors, I would like to express my sincere gratitude to our customers and shareholders for their continued trust and support, which has enabled us to achieve continued success. I would also like to thank the State Bank of Pakistan and the Security Exchange Commission for their continued guidance and support.

Lastly, I would like to acknowledge the directional support provided by the Board of Directors, Management of the Bank and all hard-working employees of the bank for their commitment and contributions towards achieving the desired goals of the Bank.



Farooq Rahmatullah Khan
Chairman of the Board

Dated: February 13, 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



Board of Directors



From Left to Right Back:

Mr. Juma Hasan Ali Abul (Director), Mr. Fuad Azim Hashimi (Director), Mr. Imtiaz Ahmad Pervez (Director), Mr. Ali Munir (Director), Mian Muhammad Younis (Director), Mr. Abdulla Abdulaziz Ali Taleb (Director)

From Left to Right Front:

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery (Vice Chairman), Mr. Farooq Rahmatullah Khan (Chairman), Mr. Yousaf Hussain (President & CEO), Mr. Abdulelah Ebrahim Mohamed AlQasimi (Director)



Directors Profile

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. The Expert Energy group continues to work in updating and revising the energy plan on an annual basis and engaging political leadership and other stakeholders.

Key Positions Held:

- Chairman of Shell Companies in Pakistan and Managing Director of Shell Pakistan Limited
- Founding Member of PAPCO (Pak Arab Pipeline Company Limited)
- Director General of Civil Aviation Authority of Pakistan
- Chairman of Oil and Gas Development Company Limited
- Chairman of LEADS Pakistan
- 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
 - Hascol Oil Company

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 25 years of diverse local and international professional experience. His previous assignments have primarily been with ABN AMRO Bank, where he held multiple senior managerial positions, mainly within Wholesale / Corporate Banking.

He led a number of landmark international Investment Banking & Structured Finance transactions across multiple industries. Yousaf has also been at the forefront of two bank acquisition and integration transactions. His experience also includes senior management position with Samba Bank and earlier roles with MashreqBank, 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 IBA- CEIF (Centre for Excellence in Islamic Finance).



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. Abdulelah Ebrahim Mohamed AlQasimi
Director

Mr. Abdulelah AlQasimi has more than 38 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. Fuad Azim Hashimi
Director

Fuad Azim Hashimi is a fellow of the Institute of Chartered Accountants in England and Wales and currently heads The Pakistan Business Council's Centre of Excellence in Responsible Business (CERB). The mission of CERB is to bring about a change in mind-sets of business and industry leaders towards long-term sustainable value creation.

Through leadership of the Pakistan Institute of Corporate Governance from 2007 until 2016, he played a key role to further corporate governance practices in Pakistan. He is a member of the Private Sector Advisory Group of International Finance Corporation, World Bank Group and of the United Nations ESACP Sustainable Business Network.

His career over the earlier 43 years has provided him with a strong foundation in public accounting (he was a partner for 10 years in A. F. Ferguson & Co, a member firm of PricewaterhouseCoopers) as well as management of diversified business and commercial ventures, in Pakistan and abroad, ranging from banking, office automation and information technology to mutual funds.

Hashimi's other appointments include board directorships of International Steels Limited (Pakistan's largest flat steel manufacturer with production capacity of 1 million tons) and being a member of the Public Sector Committee of the Institute of Chartered Accountants of Pakistan. of Faysal Bank Limited (one of the progressive scheduled banks engaged in Commercial, Retail, Corporate and Islamic banking activities in Pakistan that is majority owned by a Bahrain-based retail bank).

He has previously held directorships on the boards of Clariant Pakistan Limited (the Pakistan subsidiary of a global chemical company), Indus Valley School of Art and Architecture, National Refinery Limited (the largest refinery in Pakistan producing Lube Base Oils), Pakistan Cables Limited (the premier cable manufacturer and market leader in Pakistan, and of Pakistan Security Printing Corporation of Pakistan (the state-owned enterprise that produces currency notes and security paper) and Burj Bank Limited, since merged with Al Baraka Bank (an Islamic Bank in which Islamic Development Bank held equity interest through its investment company, ICD) where he was additionally the Chairman of their Audit Committees.



Mr. Imtiaz Ahmad Pervez

Director

Mr. Imtiaz Ahmad Pervez has work experience of more than 35 years in the banking experience. Besides, he was on the board of Ithmaar Bank BSC, Bahrain from 2012 to 2016. He has previously served on the board of Al Barka Bank Pakistan Limited, Faysal Islamic Bank of Bahrain BSC EC, Faysal Investment Bank of Bahrain EC, Faysal Bank Limited Pakistan, Faysal Investment Bank Limited Pakistan, Trust Leasing Corp. Limited and Namco Management Company Limited. From 1959 to 1994, he held many senior positions in the banking industry including that of Chief Operating Officer of Faysal Islamic Bank of Bahrain BSC EC. He was also the CEO of Al Faysal Investment Bank Limited Pakistan in the year 1990. He holds a B.A. degree from University of the Punjab, Pakistan and is a Fellow of the Institute of Islamic Banking & Insurance, London, U.K.



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 Gulf Co. for Financial Investments; Chairman, Egypt; Egyptian Investments Co; 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



Mian Muhammad Younis

Director

Mian Mohammad Younis possesses 38 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 (NBF) 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.

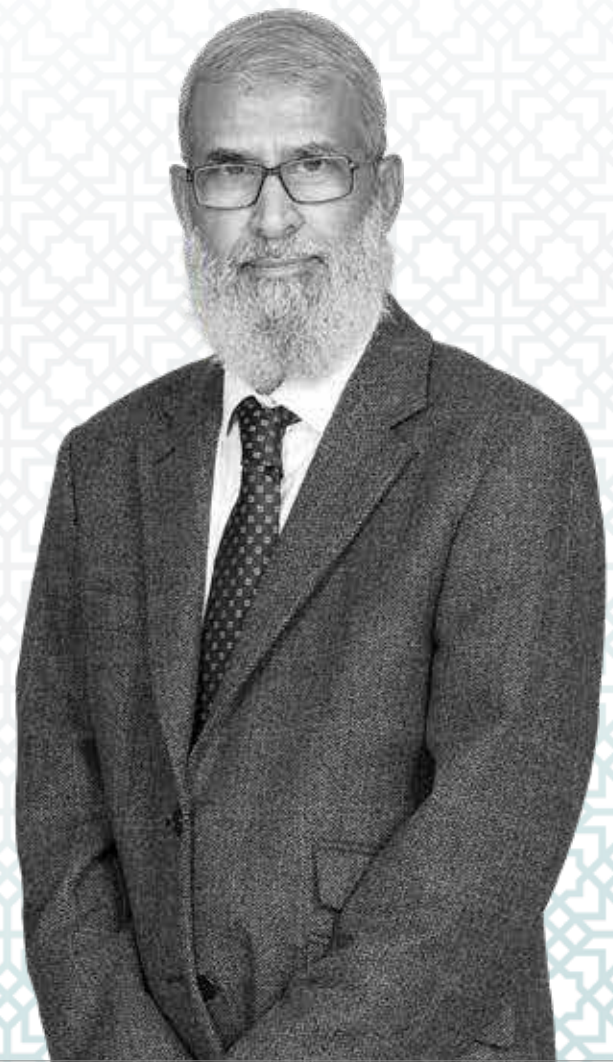
He was on the Board of Directors of Meezan Bank Limited and also its Chairman Board Audit Committee & member Risk Management Committee, for about three years. He completed the process of liquidation of Federal Bank for Cooperative (FBC) and Agriculture Marketing and Storage Limited (AMSL) as liquidator.

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. Abdulla Abdulaziz Ali Taleb
Director

Mr. Abdulla Abdulaziz Ali Taleb has more than 18 years of experience in banking and currently he is heading Commercial and Financial Institutions and Treasury Department 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.



Corporate Information

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Board Recruitment Nomination and Remuneration Committee

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

Board Strategy Committee

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

Board IT Committee

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

Shariah Board

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

Chairman Shariah Board
Shariah Board Member
Resident Shariah Board Member

Syed Majid Ali
Mr. Aurangzeb Amin
M/s. A.F. Ferguson & Co, Chartered Accountants
M/s. Mohsin Tayebaly & Co, Advocate

Chief Financial Officer
Company Secretary & Head of Legal
Auditors
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 Shahra-e-Faisal, Karachi-74400
Tel : (92-21) 111-111-500
Fax : (92-21) 34326053
Email : info@cdcsrsl.com

Meetings Attendance

Attendance of Board of Directors Meetings during the year 2019

Attended by / Meeting Date	21-02-19	28-03-19	25-04-19	22-08-19	24-10-19	26-12-19
Farooq Rahmatullah Khan	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓
Imtiaz Ahmad Pervez	✓	✓	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed Al Qasimi	✓	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓	✓	✓
Fuad Azim Hashimi	✓	✓	✓	✓	✓	✓
Ali Munir	✓	✓	✓	✓	✓	✓

Attendance of Board Audit & Corporate Governance Committee Meetings during the year 2019

Attended by / Meeting Date	19-02-19	24-04-19	21-08-19	23-10-19	27-12-19
Mian Muhammad Younis	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓
Ali Munir	✓	✓	✓	✓	✓

Attendance of Board Risk Management Committee Meetings during the year 2019

Attended by / Meeting Date	19-02-19	24-04-19	21-08-19	23-10-19
Imtiaz Ahmad Pervez	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓

Attendance of Recruitment, Nomination and Remuneration Committee Meetings during the year 2019

Attended by / Meeting Date	20-02-19	24-04-19	20-08-19	23-10-19	27-12-19
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓
Fuad Azim Hashimi	✓	✓	✓	✓	✓
Ali Munir	✓	✓	✓	✓	✓

Attendance of Board Strategy Committee Meetings during the year 2019

Attended by / Meeting Date	20-02-19	23-04-19	08-07-19	20-08-19	22-10-19
Farooq Rahmatullah Khan	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓
Fuad Azim Hashimi	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓

Attendance of Board IT Committee Meetings during the year 2019

Attended by / Meeting Date	19-02-19	23-04-19	21-08-19	22-10-19	09-12-19
Ali Munir	✓	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓

Senior Management

From Left to Right Back:

Syed Hasan Jafri (Head, Information Technology), Mr. Muhammad Arif (Chief Digital Officer), Mr. Abadullah (Chief Compliance Officer), Mr. Muhammad Aurangzeb Amin (Company Secretary & Head, Legal), Mian Salman Ali (Chief Risk Officer)

From Left to Right Front:

Mr. Raheel Ijaz (Chief Operating Officer), Mr. Bashir Ahmed Sheikh (Head, Special Assets Management), Syed Majid Ali (Chief Financial Officer), Mr. Nasir Islam (Head, Internal Audit)



From Left to Right Back:

Mr. Ali Waqar (Head, Corporate & Investment Banking), Mr. Aneeq Malik (Head, Operations),
Mr. Muhammad Faisal Shaikh (Head, Islamic Banking), Syed Muhammad Fraz Zaidi (Head, Strategy)

From Left to Right Front:

Mr. Tahir Yaqoob Bhatti (Head, Retail Banking), Mr. Salman Ahmed Usmani (Head, Treasury & ECM),
Mr. Yousaf Hussain (President & CEO), Mr. Monis Mirza (Head, Human Resources)



Senior Management Profile

Mr. Yousaf Hussain President & CEO

Mr. Yousaf Hussain has over 26 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 and 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 30 years 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 32 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 30 years of diversified experience of Branch banking, Trade, Operations and Compliance. Prior to joining Faysal Bank Limited in 2005, 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. 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. Mr. Abad is a certified director from ICMA Pakistan and also holds MBA (Finance) degree from IBA Punjab.

Mr. Ali Waqar
Head, Corporate & Investment Banking

Mr. Ali Waqar has over 17 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 16 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 over 49 years 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 15 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 23 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 18 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 34 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 23 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 38 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 18 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 Profile

Mufti Muhammad Mohib ul Haq Siddiqui Chairman Shariah Board

Mufti Mohib ul Haq is a prominent and a well-recognized Shariah scholar of international repute. 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 ul Haq has a diversified experience of more than 16 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. Currently he is also Shariah Board Member of Bank Alfalah Islamic Banking and Bank Al Habib Islamic Banking.

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

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

He has significant experience in teaching 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)

Dr. Mufti Khalil Ahmad Aazami Member Shariah Board

Dr. Mufti Khalil Ahmad Aazami is a renowned Shariah Scholar in Islamic Banking industry. Dr. Aazami is 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 Shariah Board Member of National Bank of Pakistan-Islamic Banking and Faysal Bank Limited-Islamic banking.

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 experienced lecturer and trainer in field of Islamic finance, Economics, Fiqh, Islamic financial laws and general Islamic science at various institutions which included:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics (CIE)
- National Institute of Banking and Finance (NIBAF)- SBP
- Sheikh Zaid Islamic Research Centre - University of Karachi
- Institute of Business Administration Center of Excellence in Islamic Finance (IBA-CEIF)

Mufti Muhammad Abdullah

Resident Shariah Board Member

Mufti Muhammad Abdullah possess both contemporary as well as religious academic qualifications. He holds Shadat-ul-Aalamia (Masters in Islamic Studies & Arabic) from Jamiatul-Uloomil-Islamiyyah, Binnori Town, Karachi and Al-Takhassus fi al-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) 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, History from Federal Urdu University and Muslim History from University of Sind.

Mufti Abdullah has wide and diversified professional and educational experience. He has over eight years extensive experience in Islamic Banking including Shariah Board & Shariah Compliance with prestigious institutions such as Standard Chartered Bank Pakistan Limited (Saadiq Division), Albaraka Bank Pakistan Limited and formerly Emirates Global Islamic Bank, Pakistan. In addition, he has significant experience of teaching in the field of Social, Management Sciences and Islamic Finance in renowned educational Institutions including National University of Computer and Emerging Sciences (FAST), DHA Suffa University and IQRA University.

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 Siddiqui
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

Mian Salman Ali
Member

Aneeq Malik
Member

Abadullah
Member

Tahir Yaqoob Bhatti
Member

Syed Hasan Jafri
Member

Muhammad Maad
Member

Imran Saeed Chaudhry
Member & Secretary

Syed 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

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

Country Credit Committee

Yousaf Hussain
Chairman

Mian Salman Ali
Member & Secretary

Ali Waqar
Member

Tahir Yaqoob Bhatti
Member

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

Corporate Governance



Please scan
the QR code to
view the Ayat



فانكروا

ترجمہ: مجھے یاد کرو، میں تمہیں یاد رکھوں گا۔ (سورۃ البقرۃ ۱۵۲)

Corporate Social Responsibility

In alignment with Faysal Bank's new Islamic identity, it has embarked on a holistic strategy under the guidance of the Board which aligns the bank's vision to evolve its Corporate Social Responsibility strategically in resonance with its Islamic values and mission. Thus, all CSR activities carried out by the bank are in furtherance of Islamic values. It also endeavors to ensure that the benefit of these CSR activities reach to the societies/geographies where it provides banking services.

Faysal Bank's CSR mission is "to establish, operate and/or assist any non-profit institution for charitable purposes, including relief to poor, education, environment, medical relief and advancement of any general utility".

To achieve this mission, Faysal Bank undertakes the following activities:

- a) Work towards furtherance of medical care, establishment and/or assistance to medical clinics, providing healthcare to the handicapped, and creation of rehabilitation programs.
- b) Assisting hospitals and institutions already engaged in such endeavors.
- c) Assisting in education and skill development of deserving students both within and outside of Pakistan.
- d) Providing relief to the poor by helping them educate their children and/or improving their earning levels.
- e) Assisting in improving the environment by implementing 'Go Green' initiatives and supporting organizations involved in such activities.

In 2019, PKR 97,902,755 was contributed **through Waqf Faysal** towards educational institutions, vocational training institutions, healthcare and medical equipment, environment protection, and staff welfare.

Education

Faysal Bank believes that education is the main driver of growth for a country's progress. It, therefore, consistently assists in the education of under-privileged and deserving students within and outside Pakistan. With its new Islamic positioning, it is focusing on developing alliances with universities supporting Islamic programs, scholarships fund to deserving students, research and training of Scholars, etc. in order to promote Islamic banking. Such partnerships ensure provision of skilled human resources in the field of Islamic banking and are a meaningful contribution to equipping the less privileged students with knowledge and education, which would become an asset to the country.

Under its education program, Faysal Bank is providing various donations to reputable educational institutes and is supporting deserving students to cover their educational expenses. This also includes professional education, vocational training, and skills development. Faysal Bank contributed 36% of its CSR spend towards the following institutions:

Lahore University of Management Sciences (LUMS)
Institute of Business Administration (IBA)
Lahore Businessmen Association for Rehabilitation of the Disabled (LABARD)
The Society for Rehabilitation of Special Children (SRSC)
The Hunar Foundation

Behbud Association of Pakistan
Development in Literacy (DIL)
Professional Education Foundation
Path Education Society (Rahnuma Public School)
Hunar Ghar
Centre for Excellence in Islamic Finance (CEIF)



Mr. Yousaf Hussain, President & CEO, Faysal Bank, accepts the Donor Recognition Award from LUMS for Faysal Bank's contribution to the cause of education.



Faysal Bank supports The Society for Rehabilitation of Special Children.



Faysal Bank was the lead sponsor at the LUMS Karachi Alumni Reunion 2019. The event was attended by Ms. Fariya Zameer, Head of Marketing, Faysal Bank, Dr. Arshad Ahmad, Vice-Chancellor, LUMS, Ms. Nuzhat Kamran, Director of Advancement, LUMS.



Faysal Bank aims to empower underprivileged children through education so they can prosper in their lives. In alignment with its quest for betterment, Faysal Bank was the lead sponsor for TCF's Golf Tournament 2019. The Faysal Bank team, which included Mr. Khaldoon Bin Lallit, CEO Faysal Funds, and Mr. Haider Ali Jafri, Head Money Market & ALM, won the Golf Tournament and were awarded by Mr. Zaffar and Mr. Aleem from the TCF Golf Committee.

Health

Faysal Bank aims to provide quality healthcare facilities to the underprivileged and marginalized segments of the society. Therefore, it is actively contributing towards the improvement of the health sector, ensuring that the masses benefit from its contribution. In order to achieve its health sector goals, Faysal Bank has collaborated with various NGO's, government hospitals, and associations that are positively contributing in the development of new facilities and free treatments of patients. This includes financial support directly to patients and also to the hospitals (renovation, machines, running) and patient welfare organizations.

Faysal Bank contributed 31% of its CSR spend towards the following healthcare institutions:

Patient Aid Foundation
Shaukat Khanum Memorial Hospital & Research Centre
Indus Hospital
The Kidney Centre
Pink Ribbon
People's Primary Healthcare Initiative (PPHI Balochistan)
Child Aid Association (National Institute of Child Health)
Special Olympics Pakistan

Environment

With the emphasis on the "Go Green" policy regulated by the State Bank of Pakistan, Faysal Bank has developed a Green-investment initiative called "Come Grow With Us", that aims to create a healthier and greener environment for the people of Pakistan. Its vision through these initiatives is to engage and create awareness among the present and potential customers and employees of the bank. Under this vision, Faysal Bank is working on its latest project in partnership with Karachi Relief Trust for a "Green Mosque" initiative. This project consists of installing "fixed volume delivery" taps at mosques in order to save water used doing ablution, as well installing a recycling system which will use waste water from ablution for tree irrigation. In addition to this, 400 trees will be planted near to these mosques.

Faysal Bank contributed 10% of its CSR spend towards the following environmental cause:

Karachi Relief Trust

Financial Assistance to Employees

Faysal Bank also believes that providing assistance to the internal stakeholders will create stronger ties within the organization. In order to sustain this relationship, Faysal Bank provides financial assistance to the under-privileged employees, covering their family's medical expenses/health care, educational expenses in special cases, expenses incurred from unforeseen events/emergencies/accidents, natural calamities, wedding expenses, etc.

Faysal Bank contributed 11% of its CSR spend towards financial assistance to its staff.

Other Causes

Faysal Bank contributed 11% of its CSR spend towards the following causes:

Ration Packs for Staff
Karachi Airport Prayer Rooms Refurbishment
Pakistan Army Fundraiser



Mr. Yousef Hussain, President & CEO, Faysal Bank, received a token of appreciation from Mr. Omer Aftab, CEO, Pink Ribbon.



Faysal Bank was the lead sponsor of the 5th Special Olympics Pakistan Unified Marathon 2020. Mr. Yousef Hussain, President & CEO, Faysal Bank, inaugurated the marathon with varying distances of 10km, 5km, and 1km, encouraging participation of specially-abled individuals with our brand motivational slogan "Barho - Yaqeen Ke Saath"

Green Banking Initiative

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 has been at the core of decision making while shortlisting vendors. All the new equipment being procured for branches is energy star compliant. The Bank has replaced conventional lighting with LED technology in 200+ branches while more than 1000 units of air conditioners using conventional technology were replaced with inverters to improve energy consumption and efficiency. The Bank is also procuring "Leadership in Energy and Environmental Design (LEED)" compliant equipment to replace chillers and elevators at different locations. Faysal Bank is also in the process of initiating LEED Certification program in flagship branches, which will help the Bank to gradually adopt global best practices.

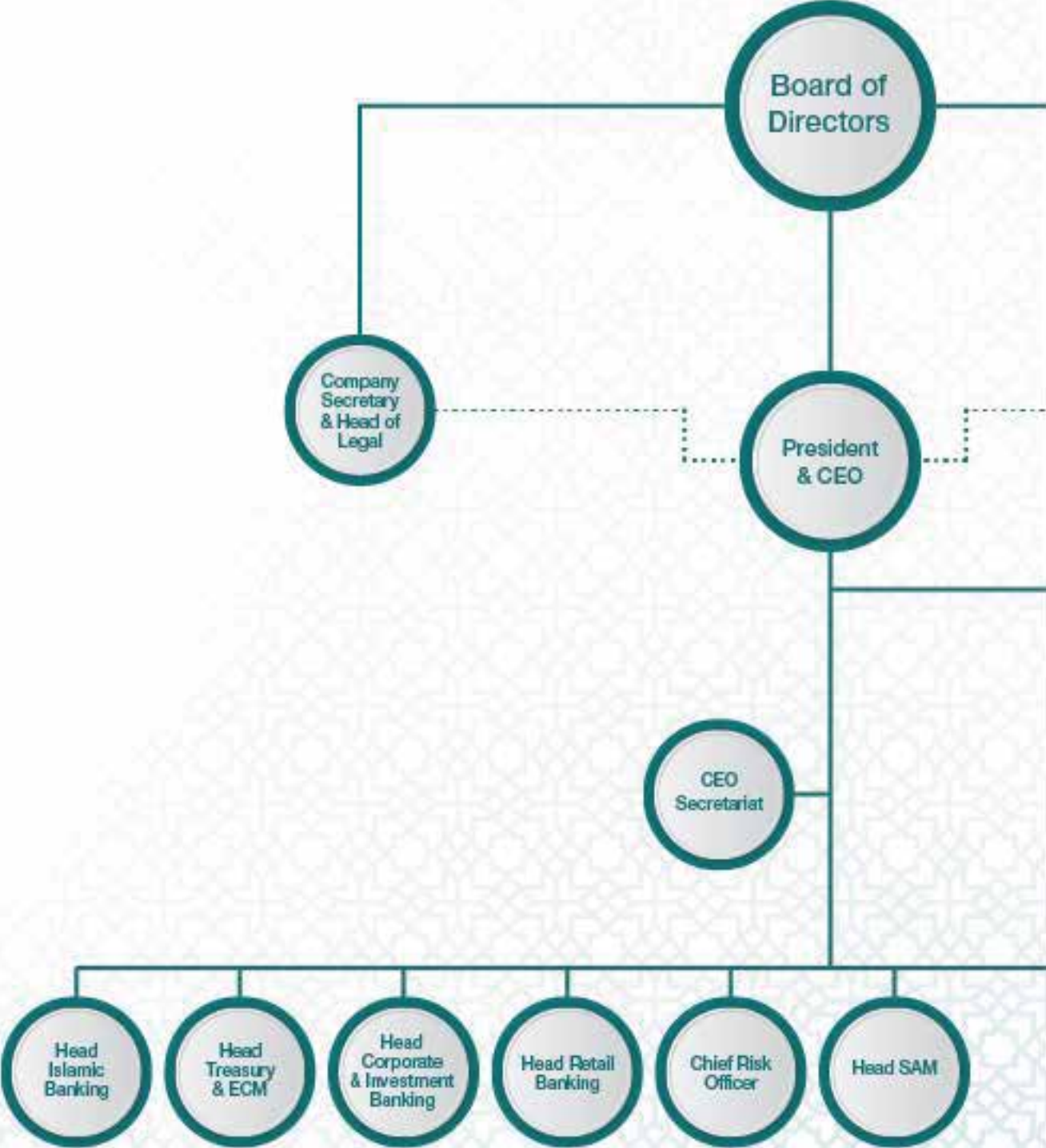
Resource Conservation

A detailed Green Banking Initiative has been developed with Karachi Relief Trust – project envisages plantation near Bank's Islamic branches & some nearby mosques. In case of mosques, this initiative will involve recycling of wudu water for plantation. Regular monitoring of plants will also be the part of this initiative. The project consists of 13 mosques to be completed in Phase I.

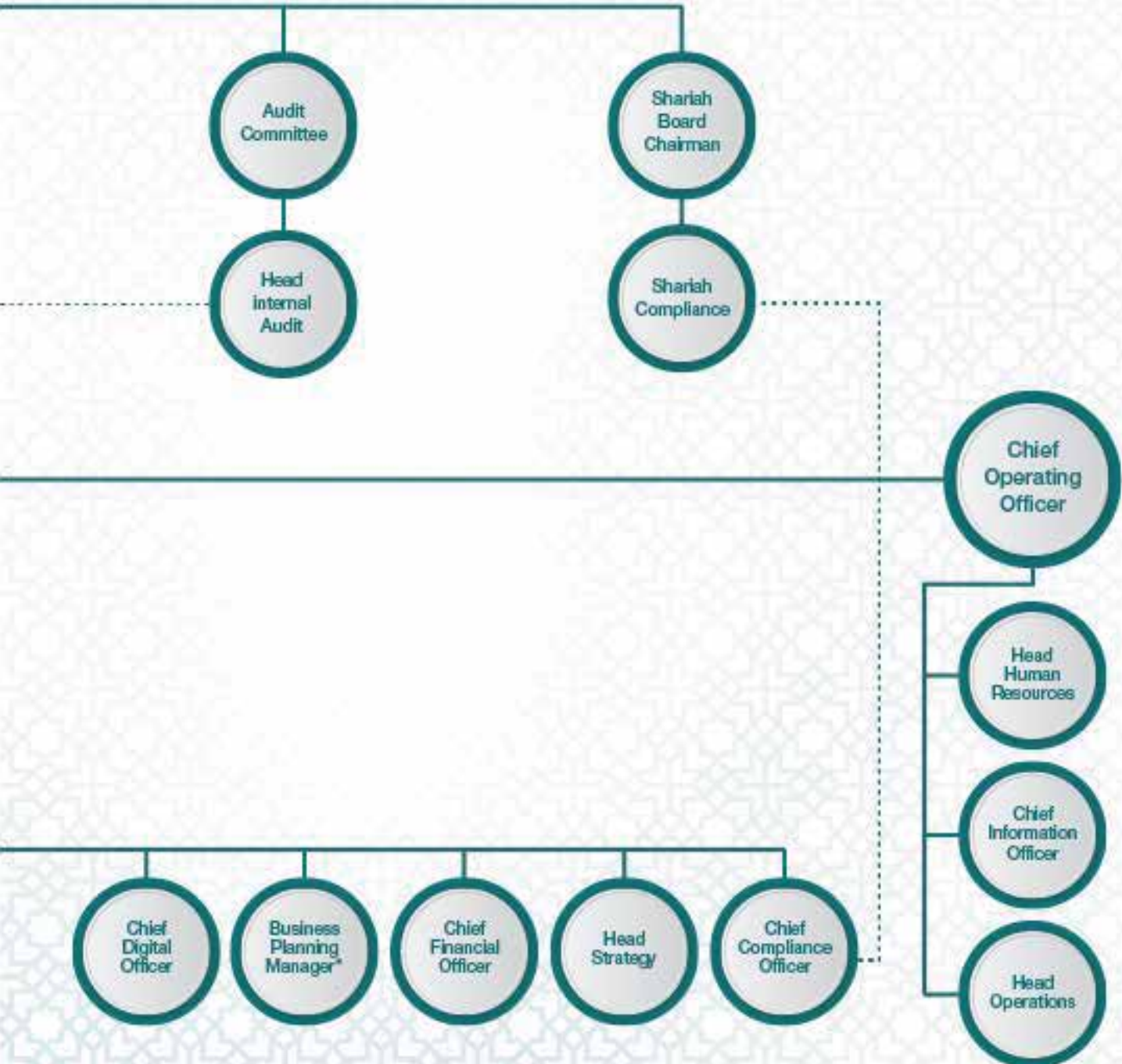
Paperless Operations

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 energy conservation. The Bank is actively promoting the subscription of e-Statements and utilization of Faysal DigiBank - Internet Banking, Mobile Application and Virtual Card to execute transactions.

Organizational Chart



*TBA: To be Appointed/Vacant.



Six Year Financial Summary - Unconsolidated

		2019	2018	2017	2016	2015	2014
Operational Results		(Rupees in Million)					
Mark-up / return / interest earned		58,398	35,200	28,766	26,179	32,306	32,312
Mark-up / return / interest expensed		37,278	18,925	14,831	14,134	18,358	18,480
Fee, commission, brokerage, FX income, derivatives and other income		7,403	6,363	4,673	4,575	3,534	3,700
Dividend and capital (loss) / gain		(155)	221	967	2,380	2,030	674
Total income		28,367	22,859	19,574	18,999	19,512	18,206
Provisions / Write-offs		843	(422)	(492)	536	1,780	2,270
Operating expenses		17,068	14,816	12,608	11,661	10,591	12,162
Operating profit before tax and provision		11,035	7,780	6,800	7,194	8,700	5,822
Profit before taxation		10,192	8,202	7,292	6,659	6,920	3,552
Profit after taxation		6,041	4,837	4,530	4,302	4,222	2,477
Cash dividend	%	-	-	-	-	10.0	-
Bonus shares	%	-	-	15.0	10.0	-	15.0
Statement of financial position		(Rupees in Million)					
Shareholders' equity		44,516	38,405	33,633	29,090	26,059	21,832
Revaluation reserves		10,748	5,094	5,613	5,917	4,294	4,470
Deposits		457,789	409,384	371,624	339,633	291,945	283,105
Borrowings from financial institutions		72,747	98,352	54,789	52,806	90,565	60,927
Advances - net of provision		309,573	296,445	231,532	204,831	181,090	182,656
Investments - net of provision		204,069	214,186	179,728	170,209	195,516	155,211
Total assets		629,853	599,914	494,934	452,022	430,073	388,126
Cashflows		(Rupees in Million)					
Operating activities		6,568	43,545	(16,826)	(4,856)	67,214	13,479
Investing activities		13,124	(38,151)	19,956	19,065	(61,543)	(20,929)
Financing activities		(1,806)	(3)	(1,497)	(2,689)	(1)	(500)
Cash and cash equivalents at end of the year		62,765	44,880	39,489	37,856	26,336	20,666
Other key information							
Imports - local	Rs. Mln	31,825	44,879	32,979	23,364	23,611	27,996
Imports - foreign	USD. Mln	1,129	1,323	1,206	917	730	916
Exports - local	Rs. Mln	53,347	68,431	41,382	49,216	16,848	19,853
Exports - foreign	USD. Mln	373	364	345	301	353	393
Number of employees		6,938	6,141	3,977	3,611	3,141	3,036
Number of branches		555	455	405	355	280	274
Profitability ratios							
Profit before tax ratio	%	17.45	23.30	25.35	25.44	21.42	10.99
Gross spread ratio	%	36.17	46.24	48.44	46.01	43.17	42.81
Return on average equity (ROE)	%	14.57	13.43	14.44	15.60	17.63	11.68
Return on average assets (ROA)	%	0.98	0.88	0.96	0.98	1.03	0.67
Cost to income ratio	%	60.17	64.81	64.41	61.38	54.28	66.80
Gross yield on earning assets	%	11.37	6.85	6.84	6.89	8.57	9.56
Net interest income to total revenue	%	74.45	71.20	71.19	63.40	71.48	75.97
Income to expense ratio	Times	1.66	1.54	1.55	1.63	1.84	1.50

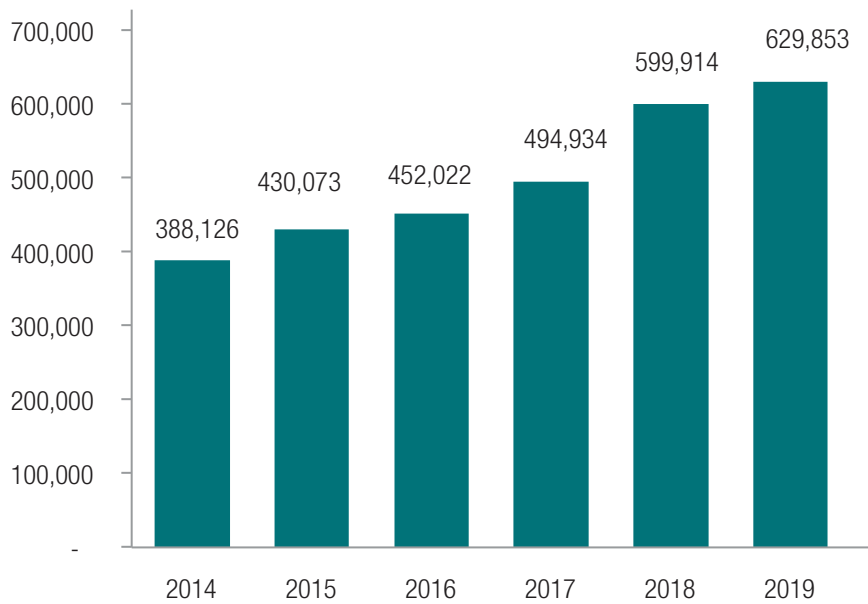
Six Year Financial Summary - Unconsolidated

		2019	2018	2017	2016	2015	2014
Asset quality & Liquidity ratios							
Current / Quick ratio	Times	0.99	0.86	0.96	0.70	0.69	0.79
CASA to total deposits	%	70.70	68.83	69.92	67.05	67.23	65.63
Gross advances to deposits ratio	%	72.92	78.23	68.84	67.67	70.43	72.30
Net advances to deposits ratio	%	67.62	72.41	62.30	60.31	62.03	64.52
Non-performing loans to gross advances ratio	%	9.11	8.33	10.68	13.07	14.82	14.31
Coverage ration (specific provision to non-performing loans)	%	77.20	86.69	86.84	81.67	79.10	78.56
Weighted average cost of deposits	%	6.83	3.82	3.35	3.55	4.27	5.33
Earning assets to total assets ratio	%	81.55	85.62	84.91	84.08	87.63	87.05
Liquidity coverage ratio	Times	1.42	1.45	2.12	-	-	-
Net stable funding ratio	%	135.60	130.67	166.48	-	-	-
Share information							
Price earning ratio	%	4.77	7.22	7.14	7.68	5.55	11.15
Earning per share (EPS)	Rs.	3.98	3.19	2.98	2.83	2.78	1.63
Market value per share	Rs.	19.00	23.00	21.30	21.78	15.43	18.20
High - during the year	Rs.	26.26	30.00	29.90	24.50	20.07	19.25
Low - during the year	Rs.	15.15	20.77	17.32	12.86	13.54	11.48
Book value per share (excl. surplus on revaluation of assets)	Rs.	29.33	25.30	22.16	19.17	17.17	14.38
Book value per share (Inc. surplus on revaluation of assets)	Rs.	36.41	28.66	25.86	23.07	20.00	17.33
Capital structure ratios							
Capital adequacy ratio	%	19.14	16.80	15.90	14.62	14.41	12.22
Tier 1 capital adequacy ratio	%	15.53	14.81	14.00	12.77	12.54	10.25
Leverage ratio	%	5.86	4.89	5.24	5.08	4.26	3.99
Total assets turnover ratio	%	4.50	3.81	3.95	4.20	4.54	4.69
Total assets to fixed assets turnover ratio	Times	26.05	51.66	43.25	43.03	45.56	41.94
Net assets per share	Rs.	36.41	28.66	25.86	23.07	20.00	17.33
DuoPont analysis							
Net operating margin	%	13.61	21.64	22.64	23.14	21.16	21.30
Asset utilization	%	4.90	4.77	4.31	4.13	4.18	4.61
Leverage ratio / Equity multiplier	Times	17.52	17.08	15.99	15.10	15.20	14.83
Net assets maturity wise (based on expected withdrawal pattern)							
(Rupees in Million)							
Upto one month		34,478	13,364	60,106	(33,399)	(85,534)	(60,796)
Over one month to three months		49,393	72,161	34,959	23,162	53,767	27,569
Over three months to six months		9,434	13,875	6,643	48,146	5,606	29,650
Over six months to one year		10,450	17,776	2,899	22,701	88,378	37,653
Over one year to two years		9,811	16,038	7,432	16,221	16,103	15,016
Over two years to three years		7,916	4,512	5,328	8,667	(1,738)	11,530
Over three years to five years		(8,494)	(5,636)	(18,545)	11,597	14,891	(10,065)
Over five years to ten years		(11,405)	(55,121)	(60,181)	(63,074)	(66,060)	(30,792)
Over ten years		(46,319)	(33,470)	605	987	4,939	6,538
Total net assets		55,264	43,499	39,246	35,008	30,352	26,303

Total Assets and Shareholders' Equity

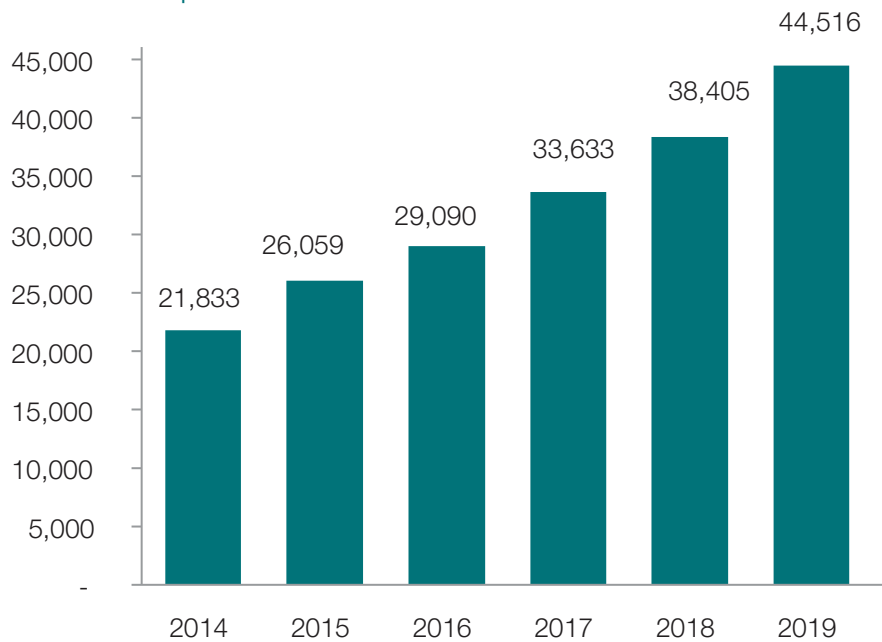
Total assets

Rupees in Million



Shareholders' equity

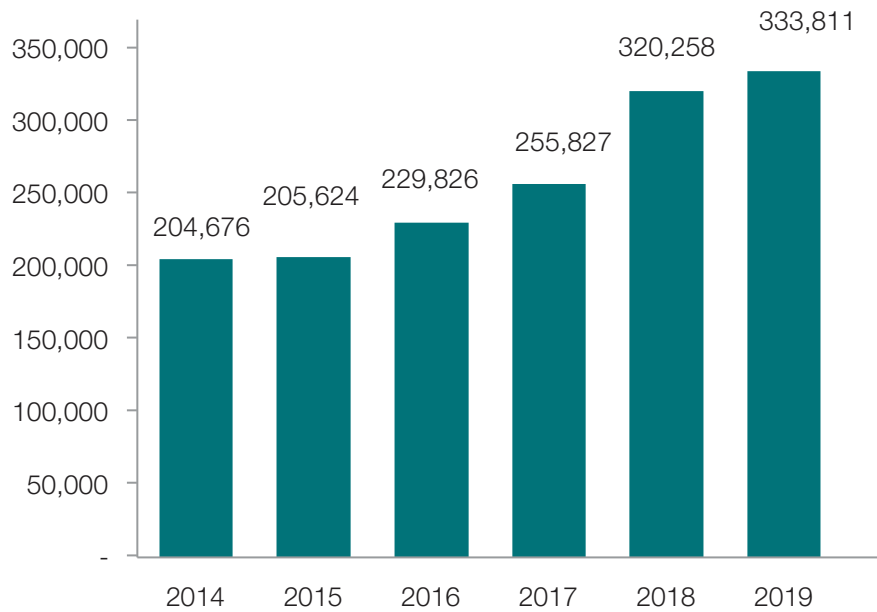
Rupees in Million



Gross Advances and Deposits

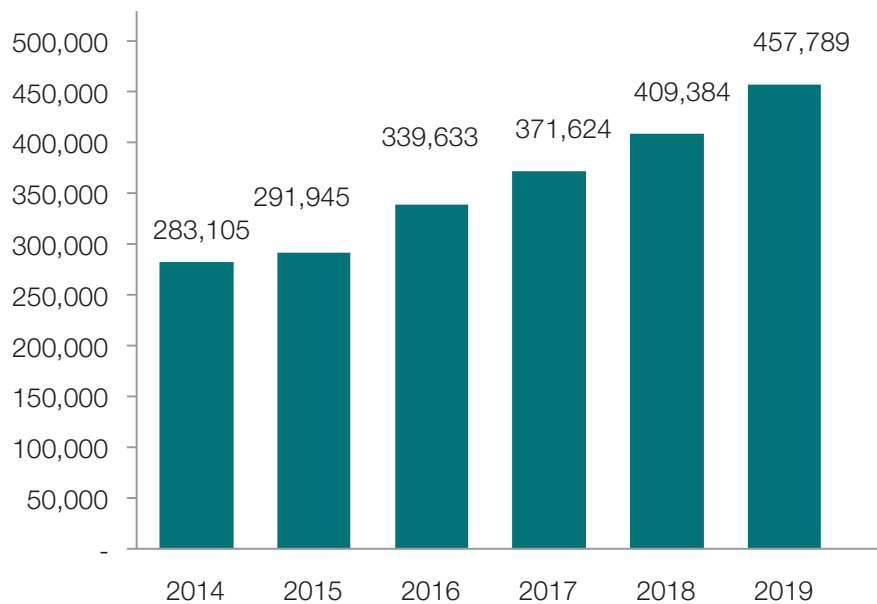
Gross Advances

Rupees in Million



Deposits

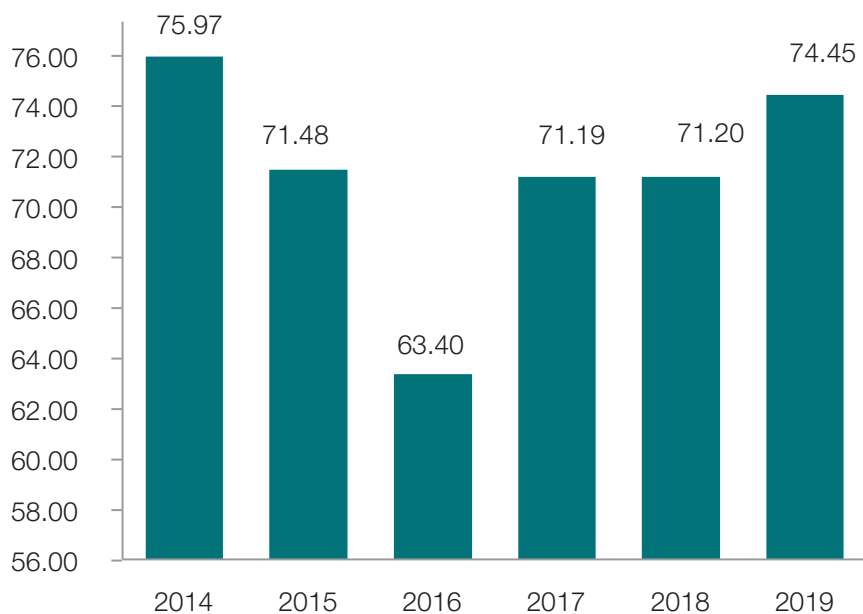
Rupees in Million



Key Profitability Ratios

Net interest income to total revenue

Percentage %



Cost to Income ratio

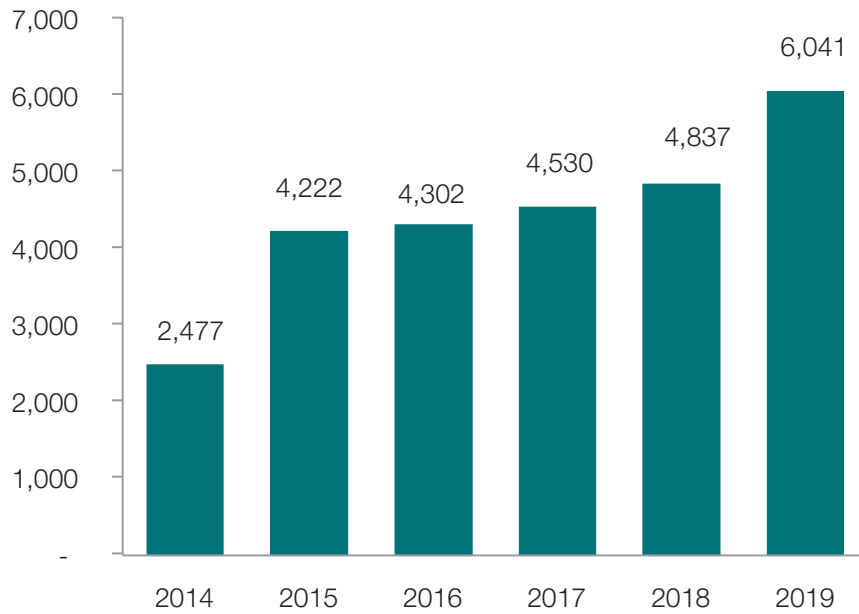
Percentage %



Profit after Tax and EPS

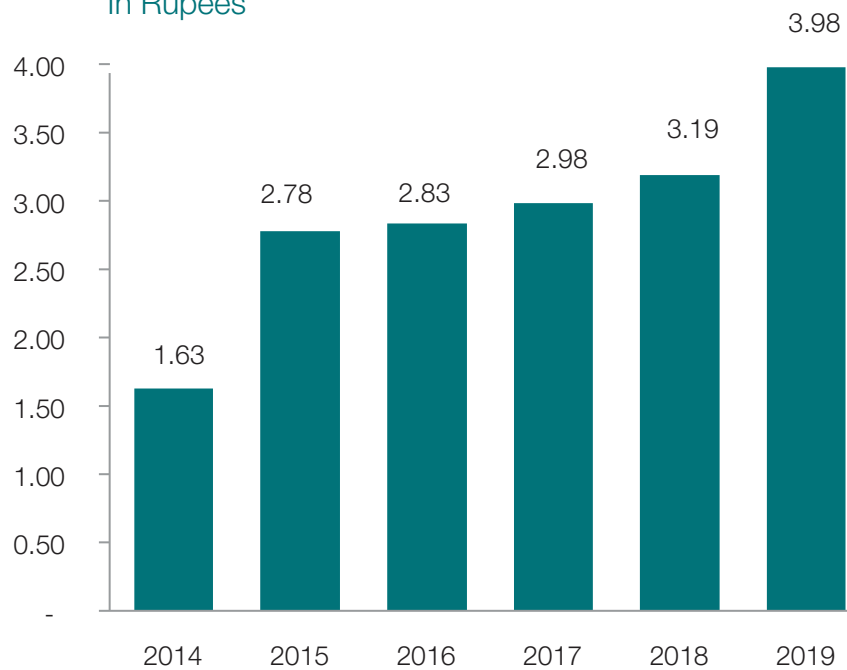
Profit after Tax

Rupees in Million



Earning per share

In Rupees



Horizontal Analysis

Statement of Financial Position

	2019	2019 vs	2018	2018 vs	2017	2017 vs	2016	2016 vs	2015	2015 vs	2014	2014 vs
	2018		2017		2016		2015		2014		2013	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
ASSETS												
Cash and balances with treasury banks	60,368	40%	43,174	14%	37,862	2%	37,239	43%	26,084	29%	20,286	-29%
Balances with other banks	2,836	53%	1,848	-1%	1,873	64%	1,139	7%	1,068	-25%	1,423	41%
Lendings to financial institutions	-	-100%	2,997	-67%	9,010	80%	5,000	1900%	250	100%	-	-100%
Investments	204,069	-5%	214,186	19%	179,728	6%	170,209	-13%	195,516	26%	155,211	37%
Advances	309,573	4%	296,445	28%	231,532	13%	204,831	13%	181,090	-1%	182,656	-1%
Fixed assets	24,183	108%	11,612	1%	11,444	9%	10,505	11%	9,440	2%	9,254	19%
Intangible assets	1,488	12%	1,332	-11%	1,496	-7%	1,607	-16%	1,903	-17%	2,289	-7%
Deferred tax assets	-	-100%	183	-89%	1,600	-29%	2,265	-27%	3,087	27%	2,429	-39%
Other assets	27,336	-3%	28,138	38%	20,389	6%	19,227	65%	11,635	-20%	14,579	6%
	629,853	5%	599,915	21%	494,934	9%	452,022	5%	430,073	11%	388,127	9%
LIABILITIES												
Bills payable	8,356	-65%	23,544	169%	8,761	32%	6,656	7%	6,194	11%	5,588	2%
Borrowings	72,747	-26%	98,352	80%	54,789	4%	52,806	-42%	90,565	49%	60,927	34%
Deposits and other accounts	457,789	12%	409,384	10%	371,624	9%	339,633	16%	291,945	3%	283,105	5%
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-100%	1,497	-50%	2,994	-0.03%	2,995	-14%
Deferred tax liabilities	2,764	100%	-	-	-	-	-	-	-	-	-	-
Other liabilities	32,933	31%	25,136	23%	20,514	25%	16,423	105%	8,022	-13%	9,210	14%
	574,589	3%	556,416	22%	455,688	9%	417,015	4%	399,720	10%	361,825	9%
	55,264	27%	43,499	11%	39,246	12%	35,007	15%	30,353	15%	26,302	19%
REPRESENTED BY												
Share capital	15,177	0%	15,177	15%	13,197	10%	11,998	-	11,998	15%	10,433	-
Reserves	9,831	12%	8,779	11%	7,936	11%	7,158	11%	6,423	13%	5,703	-13%
Surplus on revaluation of assets	10,748	111%	5,094	-9%	5,613	-5%	5,917	38%	4,294	-4%	4,470	183%
Unappropriated profit	19,508	35%	14,449	16%	12,500	26%	9,934	30%	7,638	34%	5,696	58%
	55,264	27%	43,499	11%	39,246	12%	35,007	15%	30,353	15%	26,302	19%

Horizontal Analysis

Profit and Loss Account

	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014	2014	2014 vs 2013
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Mark-up / return / interest earned	58,398	66%	35,200	22%	28,766	10%	26,179	-19%	32,306	-0.02%	32,312	16%
Mark-up / return / interest expensed	37,278	97%	18,925	28%	14,831	5%	14,134	-23%	18,358	-1%	18,480	9%
Net mark-up / interest income	21,120	30%	16,275	17%	13,935	16%	12,045	-14%	13,948	1%	13,832	27%
NON MARK-UP / INTEREST INCOME												
Fee and commission income	4,113	6%	3,871	25%	3,087	14%	2,715	18%	2,303	11%	2,076	-7%
Dividend income	424	149%	170	6%	160	-42%	276	-13%	319	75%	182	-62%
Foreign exchange income	2,833	44%	1,971	42%	1,385	1%	1,368	42%	965	-10%	1,073	13%
Income / (loss) from derivatives	176	48%	119	-302%	(59)	-592%	12	100%	-	-100%	250	6%
Gain on securities	(579)	-1235%	51	-94%	807	-62%	2,104	23%	1,711	248%	492	71%
Other income	282	-30%	402	55%	260	-46%	480	80%	266	-12%	301	-11%
	7,249	10%	6,584	17%	5,640	-19%	6,955	25%	5,564	27%	4,374	-3%
Total income	28,369	24%	22,859	17%	19,575	3%	19,000	-3%	19,512	7%	18,206	18%
NON MARK-UP / INTEREST EXPENSES												
Operating expenses	17,068	15%	14,816	18%	12,608	8%	11,661	10%	10,591	-13%	12,162	10%
Workers welfare fund	233	35%	173	12%	154	17%	132	-25%	177	79%	99	68%
Other charges	33	-63%	90	650%	12	-	12	-73%	44	-64%	123	112%
Total non-markup / interest expenses	17,334	15%	15,079	18%	12,774	8%	11,805	9%	10,812	-13%	12,384	11%
Profit before provisions	11,035	42%	7,780	14%	6,801	-5%	7,195	-17%	8,700	49%	5,822	39%
Reversal of provision and recoveries against written-off debts - net	843	-300%	(422)	-14%	(492)	-192%	536	-70%	1,780	-22%	2,270	12%
Extra ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	10,192	24%	8,202	12%	7,293	10%	6,659	-4%	6,920	95%	3,552	64%
Taxation	4,151	23%	3,365	22%	2,763	17%	2,357	-13%	2,698	151%	1,075	246%
PROFIT AFTER TAXATION	6,041	25%	4,837	7%	4,530	5%	4,302	2%	4,222	70%	2,477	34%
Basic / diluted earnings per share	3.98	25%	3.19	7%	2.98	5%	2.83	2%	2.78	70%	1.63	34%

Vertical Analysis

Statement of Financial Position

	2019		2018		2017		2016		2015		2014	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
ASSETS												
Cash and balances with treasury banks	60,368	9.6%	43,174	7.2%	37,862	7.6%	37,239	8.2%	26,084	6.1%	20,286	5.2%
Balances with other banks	2,836	0.5%	1,848	0.3%	1,873	0.4%	1,139	0.3%	1,068	0.2%	1,423	0.4%
Lendings to financial institutions	-	-	2,997	0.5%	9,010	1.8%	5,000	1.1%	250	0.1%	-	-
Investments	204,069	32.4%	214,186	35.7%	179,728	36.3%	170,209	37.7%	195,516	45.5%	155,211	40.0%
Advances	309,573	49.2%	296,445	49.4%	231,532	46.8%	204,831	45.3%	181,090	42.1%	182,656	47.1%
Fixed assets	24,183	3.8%	11,612	1.9%	11,444	2.3%	10,505	2.3%	9,440	2.2%	9,254	2.4%
Intangible assets	1,488	0.2%	1,332	0.2%	1,496	0.3%	1,607	0.4%	1,903	0.4%	2,289	0.6%
Deferred tax assets	-	-	183	0.03%	1,600	0.32%	2,265	0.50%	3,087	0.72%	2,429	0.63%
Other assets	27,336	4.3%	28,138	4.7%	20,389	4.1%	19,227	4.3%	11,635	2.7%	14,579	3.8%
	629,853	100.0%	599,915	100.0%	494,934	100.0%	452,022	100.0%	430,073	100.0%	388,127	100.0%
LIABILITIES												
Bills payable	8,356	1.3%	23,544	3.9%	8,761	1.8%	6,656	1.5%	6,194	1.4%	5,588	1.4%
Borrowings	72,747	11.5%	98,352	16.4%	54,789	11.1%	52,806	11.7%	90,565	21.1%	60,927	15.7%
Deposits and other accounts	457,789	72.7%	409,384	68.2%	371,624	75.1%	339,633	75.1%	291,945	67.9%	283,105	72.9%
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	1,497	0.3%	2,994	0.7%	2,995	0.8%
Deferred tax liabilities	2,764	0.4%	-	-	-	-	-	-	-	-	-	
Other liabilities	32,933	5.2%	25,136	4.2%	20,514	4.1%	16,423	3.6%	8,022	1.9%	9,210	2.4%
	574,589	91.2%	556,416	92.7%	455,688	92.1%	417,015	92.3%	399,720	92.9%	361,825	93.2%
	55,264	8.8%	43,499	7.3%	39,246	7.9%	35,007	7.7%	30,353	7.1%	26,302	6.8%
REPRESENTED BY												
Share capital	15,177	2.4%	15,177	2.5%	13,197	2.7%	11,998	2.7%	11,998	2.8%	10,433	2.7%
Reserves	9,831	1.6%	8,779	1.5%	7,936	1.6%	7,158	1.6%	6,423	1.5%	5,703	1.5%
Surplus on revaluation of assets	10,748	1.7%	5,094	0.8%	5,613	1.1%	5,917	1.3%	4,294	1.0%	4,470	1.2%
Unappropriated profit	19,508	3.1%	14,449	2.4%	12,500	2.5%	9,934	2.2%	7,638	1.8%	5,696	1.5%
	55,264	8.8%	43,499	7.3%	39,246	7.9%	35,007	7.7%	30,353	7.1%	26,302	6.8%

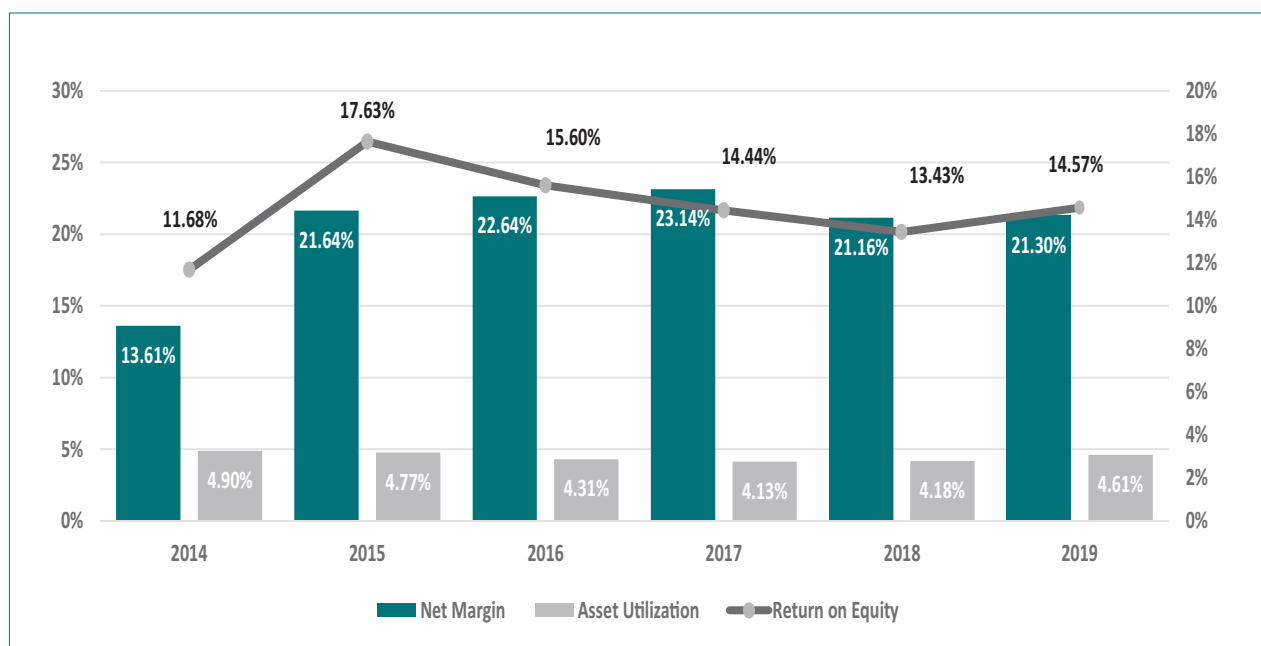
Vertical Analysis

Profit and Loss Account

	2019		2018		2017		2016		2015		2014	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Mark-up / return / interest earned	58,398	100.0%	35,200	100.0%	28,766	100.0%	26,179	100.0%	32,306	100.0%	32,312	100.0%
Mark-up / return / interest expensed	37,278	63.8%	18,925	53.8%	14,831	51.6%	14,134	54.0%	18,358	56.8%	18,480	57.2%
Net mark-up / interest income	21,120	36.2%	16,275	46.2%	13,935	48.4%	12,045	46.0%	13,948	43.2%	13,832	42.8%
NON MARK-UP / INTEREST INCOME												
Fee and commission income	4,113	7.0%	3,871	11.0%	3,087	10.7%	2,715	10.4%	2,303	7.1%	2,076	6.4%
Dividend income	424	0.7%	170	0.5%	160	0.6%	276	1.1%	319	1.0%	182	0.6%
Foreign exchange income	2,833	4.9%	1,971	5.6%	1,385	4.8%	1,368	5.2%	965	3.0%	1,073	3.3%
Income / (loss) from derivatives	176	0.3%	119	0.3%	(59)	-0.2%	12	0.05%	-	0.00%	250	0.77%
Gain on securities	(579)	-1.0%	51	0.1%	807	2.8%	2,104	8.0%	1,711	5.3%	492	1.5%
Other income	282	0.5%	402	1.1%	260	0.9%	480	1.8%	266	0.8%	301	0.9%
	7,249	12.4%	6,584	18.7%	5,640	19.6%	6,955	26.6%	5,564	17.2%	4,374	13.5%
Total income	28,369	48.6%	22,859	64.9%	19,575	68.0%	19,000	72.6%	19,512	60.4%	18,206	56.3%
NON MARK-UP / INTEREST EXPENSES												
Operating expenses	17,068	29.2%	14,816	42.1%	12,608	43.8%	11,661	44.5%	10,591	32.8%	12,162	37.6%
Workers welfare fund	233	0.4%	173	0.5%	154	0.5%	132	0.5%	177	0.5%	99	0.3%
Other charges	33	0.1%	90	0.3%	12	0.0%	12	0.05%	44	0.14%	123	0.38%
Total non-markup / interest expenses	17,334	29.7%	15,079	42.8%	12,774	44.4%	11,805	45.1%	10,812	33.5%	12,384	38.3%
Profit before provisions	11,035	18.9%	7,780	22.1%	6,801	23.6%	7,195	27.5%	8,700	26.9%	5,822	18.0%
Reversal of provision and recoveries against written-off debts - net	843	1.4%	(422)	-1.2%	(492)	-1.7%	536	2.0%	1,780	5.5%	2,270	7.0%
Extra ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	10,192	17.5%	8,202	23.3%	7,293	25.4%	6,659	25.4%	6,920	21.4%	3,552	11.0%
Taxation	4,151	7.1%	3,365	9.6%	2,763	9.6%	2,357	9.0%	2,698	8.4%	1,075	3.3%
PROFIT AFTER TAXATION	6,041	10.3%	4,837	13.7%	4,530	15.7%	4,302	16.4%	4,222	13.1%	2,477	7.7%

DuPont Analysis

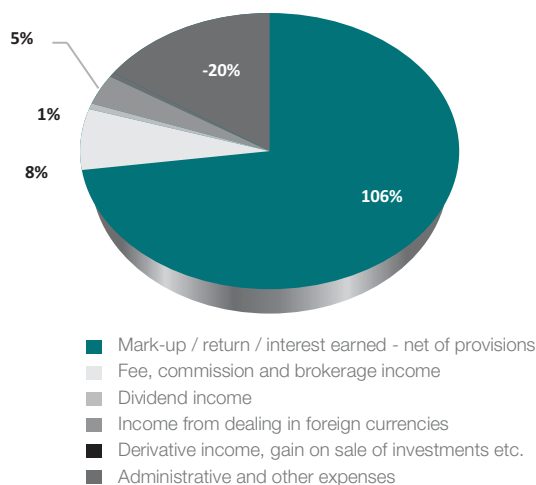
			2019	2018	2017	2016	2015	2014	
1	Net Operating Margin	PAT / Net Revenue	A	21.30%	21.16%	23.14%	22.64%	21.64%	13.61%
2	Asset Utilization	Net Revenue / Avg Assets	B	4.61%	4.18%	4.13%	4.31%	4.77%	4.90%
	Return on Assets		C = A x B	0.98%	0.88%	0.96%	0.98%	1.03%	0.67%
3	Leverage Ratio / Equity Multiplier	Avg Assets / Avg Equity	D	14.83	15.20	15.10	15.99	17.08	17.52
	Return on Equity		C x D	14.57%	13.43%	14.44%	15.60%	17.63%	11.68%



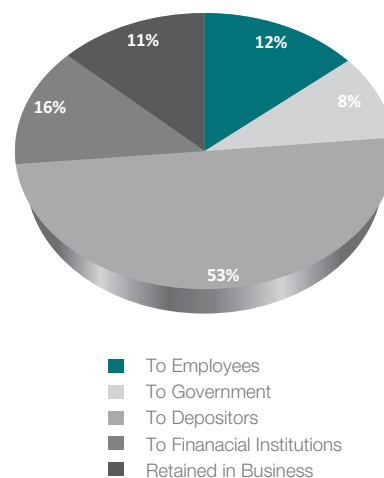
Statement of Value Added

	2019		2018	
	Rupees '000	%	Rupees '000	%
Mark-up / return / interest earned - net of provisions	57,555,248	106	35,621,905	110
Fee, commission and brokerage income	4,112,625	8	3,871,207	11
Dividend income	424,246	1	170,110	1
Income from dealing in foreign currencies	2,833,324	5	1,970,720	6
Derivative income, gain on sale of investments etc.	(122,838)	-	571,756	2
	64,802,605	120	42,205,698	130
Administrative and other expenses	10,756,240	(20)	9,840,138	(30)
Value Added	54,046,365	100	32,365,560	100
Distributed as follows:				
To Employees				
As remuneration	6,507,211	12	5,183,783	17
To Government				
As income tax	4,151,058	8	3,364,526	10
To Depositors				
As profit on investments	28,843,947	53	14,567,628	45
To Financial Institutions				
As profit on borrowings	8,434,086	16	4,357,231	13
To Society				
As donations	69,431	-	55,209	-
To Shareholders				
As dividends / bonus	-	-	-	-
Retained in Business				
As reserves and retained profits	6,040,632	11	4,837,183	15
	54,046,365	100	32,365,560	100

Income



Distribution



Quarterly Performance 2019 and 2018

Statement of Financial Position

	2019				2018			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
-----Rupees '000-----								
ASSETS								
Cash and balances with treasury banks	60,368	45,126	67,920	41,517	43,174	38,550	39,944	33,992
Balances with other banks	2,836	2,551	2,480	1,930	1,848	1,792	2,046	1,412
Lendings to financial institutions	-	7,000	6,249	33,655	2,997	250	8,654	26,557
Investments	204,069	194,659	152,146	125,836	214,186	130,353	180,753	141,885
Advances	309,573	306,796	304,231	297,850	296,445	296,738	294,018	253,382
Fixed assets	24,183	20,366	19,885	18,026	11,612	11,715	11,592	11,641
Intangible assets	1,488	1,383	1,332	1,316	1,332	1,096	1,150	1,207
Deferred tax assets	-	416	486	169	183	643	498	1,625
Other assets	27,336	23,677	34,549	25,370	28,138	15,265	15,678	13,047
	629,853	601,974	589,278	545,669	599,915	496,402	554,333	484,748
LIABILITIES								
Bills payable	8,356	7,205	9,699	8,671	23,544	12,879	11,620	9,557
Borrowings	72,747	78,600	40,511	40,387	98,352	37,800	96,764	34,097
Deposits and other accounts	457,789	433,731	454,288	422,133	409,384	393,233	390,412	383,021
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-
Deferred tax liabilities	2,764	-	-	-	-	-	-	-
Other liabilities	32,933	34,597	38,409	29,208	25,136	10,076	14,072	17,637
	574,589	554,133	542,907	500,399	556,416	453,988	512,868	444,312
	55,264	47,841	46,371	45,270	43,499	42,414	41,465	40,436
REPRESENTED BY								
Share capital	15,177	15,177	15,177	15,177	15,177	15,177	15,177	13,197
Reserves	9,831	8,652	8,681	8,711	8,779	7,843	7,874	9,885
Surplus on revaluation of assets	10,748	5,079	5,003	5,303	5,094	5,246	5,457	5,611
Unappropriated profit	19,508	18,933	17,510	16,079	14,449	14,148	12,957	11,743
	55,264	47,841	46,371	45,270	43,499	42,414	41,465	40,436
PROFIT AND LOSS ACCOUNT								
Mark-up / return / interest earned	17,130	15,538	13,525	12,205	11,178	8,710	8,088	7,224
Mark-up / return / interest expensed	11,147	10,455	8,415	7,261	5,955	4,872	4,254	3,844
Net mark-up / interest income	5,983	5,083	5,110	4,944	5,223	3,838	3,834	3,380
Provision / (reversal) and write-offs	115	57	878	(206)	403	(218)	(294)	(313)
Non mark-up / interest income	2,040	1,482	2,021	1,706	1,746	1,547	1,767	1,524
Non mark-up / interest expenses	5,191	4,272	4,011	3,859	4,605	3,614	3,648	3,212
Profit before taxation	2,717	2,236	2,242	2,997	1,961	1,989	2,247	2,005
Taxation	1,103	831	829	1,388	713	816	1,050	786
Profit after taxation	1,614	1,405	1,413	1,609	1,248	1,173	1,197	1,219

Notice of the Twenty Fifth Annual General Meeting

Notice is hereby given that the 25TH Annual General Meeting of Faysal Bank Limited (“FBL”) will be held on March 26, 2020 at 9:00 a.m. at Zaver Hall, Pearl Continental Hotel, Karachi to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 24th Annual General Meeting held on March 28, 2019.
2. To confirm the minutes of Extra Ordinary General Meeting held on October 24, 2019.
3. 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, 2019 together with the Directors’ and Auditors’ Reports thereon.
4. To elect Ten (10) Directors of FBL for a period of three years commencing from March 26, 2020 in accordance with the provisions of the Companies Act, 2017 and Memorandum and Articles of Association. The names of retiring Directors are as under:
 1. Mr. Farooq Rahmatullah Khan
 2. Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
 3. Mian Muhammad Younis
 4. Mr. Imtiaz Ahmad Pervez
 5. Mr. Juma Hasan Ali Abul
 6. Mr. Abdulelah Ebrahim Mohamed AlQasimi
 7. Mr. Abdulla Abdulaziz Ali Taleb
 8. Mr. Fuad Azim Hashimi
 9. Mr. Ali Munir

The Board of Directors has fixed the number of Directors to be elected at this meeting held on February 13, 2020. The retiring Directors shall be eligible to offer themselves for re-election in accordance with applicable Regulations.

5. To appoint External Auditors for the ensuing financial year 2020 at Rs.12,800,000/- (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 reappointment.
6. Any other business with the permission of the Chair.

Special Business:

7. To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2019 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 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2019 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved.”

8. To consider and approve Directors Remuneration Policy for Non-Executive/Independent Directors of FBL for attending the Board and Sub-Committees Meetings, which enumerates the scale of remuneration amongst other matters, and in that connection to pass the following resolution as Special Resolution, with or without modification, addition or deletion

“RESOLVED that in terms of the BPRD Circular No. 03 dated 17-08-2019 by the State Bank of Pakistan, the Directors Remuneration Policy of the Board of Directors of Faysal Bank Ltd., including the scale of remuneration for attending board and committee meetings, as circulated to the members along with the Notice of the 25th Annual General Meeting, be and hereby is approved:

9. To approve revised Memorandum & Articles of Association (MOA) of the Bank as per Companies Act, 2017 and Code of Corporate Governance 2019 and in that connection to pass the following resolutions as Special Resolutions, with or without modification, addition or deletion.

“RESOLVED that the revised Memorandum & Article of Association of Faysal Bank Limited are being made in line with Companies Act, 2017 and Code of Corporate Governance 2019 are submitted herewith be and is hereby approved, subject to all Regulatory approvals”.

FURTHER RESOLVED "that the Chief Executive Officer/Company Secretary /Chief Financial Officer of the Bank be and are hereby singly authorized and empowered to give effect to the above resolution 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".

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

By the order of the Board

Karachi dated: March 4, 2020



Aurangzeb Amin
Company Secretary & Head of Legal

Notes:

1. The Directors of the Company have fixed, under sub-section (1) of Section 159 of the Companies Act, 2017, the number of elected directors of the Company at Ten (10).
2. The Share Transfer Books of the Bank shall remain closed from March 19, 2020 to March 26, 2020 (both days inclusive). Transfer received at the Share Registrar of the Bank, by the close of business on March 18, 2020 will be treated in time.

3. 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.
4. 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.
5. 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.

6. Availability of Audited Financial Statements on Company's Website

The Company has placed the Audited Annual Financial Statements for the year ended December 31, 2019 along with Auditor's and Director's Reports thereon on its website: www.faysalbank.com

7. 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

8. Post Ballot:

Pursuant to the Companies (Postal Ballot) Regulations 2018, for the purpose of election of directors, where in case number of contestants are more than the number of directors to be elected member will be allowed to exercise their right to vote through postal ballot, that is voting by post in accordance with the requirements and procedures contained in the aforesaid regulations.

9. Consent for Video Conference Facility:

Members can also avail video conference facility. In this regard, please fill the following and submit the registered address of the Company 10 days before holding of the AGM.

If the Company receives consents from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Meeting through video conference at least 10 days prior to date of the Meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of the video conference facility at least 10 days before the date of AGM along with complete information necessary to enable them to access such facility.

“I/We _____ of _____ being a member of Faysal Bank Limited, holder of _____ Ordinary Shares as per registered Folio # CDC ID & A/C No. _____ hereby opt for video conference facility at _____.
My email address _____”

Signature of Shareholder

For any query/problem/information, members may contact our 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.

STATEMENTS UNDER SECTION 166 (3) OF THE COMPANIES ACT, 2017 IN RESPECT OF ELECTION OF DIRECTORS UNDER AGENDA ITEM NO.4

The term of office of the present Directors of the Company will expire on March 26, 2020. In terms of Section 159 (1) of the Companies Act, 2017 (“Act”), the Board of Directors have fixed the number of elected Directors at Ten (10) to be elected in the Annual General Meeting for the period of three years.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

Any person who seeks to contest election to the office of director shall, whether he is a retiring director or otherwise, file his/her consent with the Company at its Registered Office, Faysal Bank Limited, Faysal House, St-02, Commercial Lane, Main Shahrah-e- Faisal, Karachi not later than fourteen (14) days before the day of the meeting, along with the following documents:

- A. Notice of his / her intention to offer him / herself for the election to the Office of Director in terms of section 159(3).
- B. Consent to act as director of the Company along with consent on Form 28 prescribed under the Act.
- C. A detail profile along with office address as required under SECP’ SRO 634(1)2014 dated July 10, 2014.

- D. A director must be a member of the company at the time of filing of his/her consent for contesting election of directors except a person representing a member, which is not a natural person.
- E. Declaration under Clause 3 of the Listed Companies (Code of Corporate Governance) Regulations 2019.
- F. Declaration that he/she is not ineligible to become a director of FBL in terms of Section 153 of the Act.
- G. Independent Director(s) will be elected through the process of election of director in terms of section 159 of the Act and they shall meet the criteria laid down in Section 166 of the Act, and the Companies (Manner and Selection of Independent Directors) Regulations 2018, accordingly the following additional documents are to be submitted by the candidates intending to contest election of directors as an independent director:
- Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019.
 - Undertaking on non-judicial stamp paper that he / she meet the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF SPECIAL BUSINESS

Agenda Item No. 7:

To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2019 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 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2019 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved.”

Agenda Item No. 8:

To consider and approve Directors Remuneration Policy for Non-Executive/Independent Directors of FBL for attending the Board and Sub-Committees Meetings, which enumerates the scale of remuneration amongst other matters, and in that connection to pass the following resolution as Special Resolution, with or without modification, addition or deletion.

Keeping in view the BPRD Circular No. 03 dated 17-08-2019, issued by the State Bank of Pakistan, a policy pertaining to the remuneration of the Board has been drafted and the same has been approved by the Board of Directors of Faysal Bank Ltd., The Policy amongst other things also enumerates the scale of remuneration to be paid to the directors of Faysal Bank Ltd., for attending the Board and Committee meetings. Accordingly, the members are requested to consider and approve the said policy by adopting the below mentioned special resolution.

“**RESOLVED** that in terms of the BPRD Circular No. 03 dated 17-08-2019 by the State Bank of Pakistan, the Directors Remuneration Policy of the Board of Directors of Faysal Bank Ltd., including the scale of remuneration for attending board and committee meetings, as circulated to the members along with the Notice of the 25th Annual General Meeting, be and hereby is approved:

Agenda Item No. 9:

To approve revised Memorandum & Articles of Association (MOA) of the Bank as per Companies Act, 2017 and Code of Corporate Governance 2019 and in that connection to pass the following resolutions as Special Resolutions, with or without modification, addition or deletion.

The Board of Directors recommend the amendments in the Memorandum and Articles of Association to bring the Company's Memorandum & Articles of Association in line with the provisions of the Companies Act, 2017 and other legal and regulatory requirements. Certain amendments in the Memorandum & Articles were necessitated for the reason that Faysal Bank Ltd., is in the process transforming into a full fledge Shariah compliant Islamic Bank.

In accordance with Section 32 of the Companies Act, 2017, approval of the shareholders in a General Meeting is required by way of a special resolution to alter the Company's Memorandum and Articles of Association.

The proposed amendments in Memorandum & Articles of Association have been approved by the Board of Directors at its meeting held on February 13, 2020 subject to all Regulatory and shareholders approvals with changes, if any, as may be suggested by the Regulators and accepted by the Board of Directors. The revised Memorandum & Articles of Association are submitted herewith.

A copy of the Memorandum & Article of Association of the Bank as on date and also indicating the proposed amendments is available for inspection at the registered office of the Bank from 9:00 am to 5:00 pm on any working day, upto last working day before the date of AGM.

The Directors of the Company have no personal interest in the business except in their capacity as shareholders of the Bank to the extent of their respective shareholding.

For the purpose aforesaid, it is proposed to consider and, if thought fit, to pass the following resolutions as Special Resolutions with or without modifications, to amend the Memorandum & Article of Association of the Bank and adopt a new set of MOA of the Bank.

“**RESOLVED** that the revised Memorandum & Article of Association of Faysal Bank Limited are being made in line with Companies Act, 2017 and Code of Corporate Governance 2019 are submitted herewith be and is hereby approved, subject to all Regulatory approvals”.

FURTHER RESOLVED "that the Chief Executive Officer/Company Secretary /Chief Financial Officer of the Bank be and are hereby singly authorized and empowered to give effect to the above resolution 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"

Report of the Board Audit and Corporate Governance Committee

The Board Audit and Corporate Governance Committee (BACGC) comprises of three directors having vast experience and knowledge of Banking, Finance, Corporate Governance, Asset Management, Audit & Accounting. Out of three members, two are independent Directors and one is a non-Executive Director. 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 2019, SBP's Guidelines on Internal Audit Function and other guidelines issued by the Regulators and approved by the Board of Directors (BOD).

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. With respect to the acquisition of FAML, PPA exercise was reviewed. Going forward BACGC will also supervise & monitor the status of IFRS 9 regarding disclosures in the annual financial statements. The Committee also reviewed revisions in MOA/AOA of FBL in line with Companies Act 2017 and recommended it for the approval of BOD and Shareholders. Therefore, fully complied with its TORs.

The Committee not only approved the Internal Audit plan for 2019, revised Internal Audit Manual/ Charter but also approved Internal Shariah Audit Manual and Compliance Plan 2019 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 mandatory and one additional meeting during the year 2019.

Major activities undertaken by the Committee to improve the overall performance of FBL during 2019 are as follows:

- BACGC reviewed/examined the unconsolidated and consolidated quarterly, half yearly, and annual financial statements for the year 2019 along with director's review reports of FBL which were approved by the BOD 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 BOD's approval.
- BACGC also held detailed discussions with external auditors on audit scoping for the year 2019 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 2019 and their fee was approved by the Board on its recommendation. BACGC also reviewed the new format for the financial statements to be adopted for the annual accounts of 2018 with the external auditors keeping in view changes made in accounting procedure to be incorporated in the Financial Statements from 2019 as well as identified the reporting requirements as per Companies Act 2017 and Code of Corporate Governance 2019.
- BACGC reviewed/analyzed the performance of Income Tax consultant with note of satisfaction. Internal Audit Department (IAD) high risk observations were reviewed with the assurance that their monitoring and implementation are in accordance with targeted dates. 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 adequacy and quality of IAD resources.

- The BACGC 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. As per requirement, Strategy for 2019- 2023 of the IAD was finalized within the scope of overall strategy of FBL so that overall targets achievement could be ensured.
- BACGC reviewed and monitored the implementation of the Annual Compliance Plan for the year 2019 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 and an annual update of Fraud and Forgery cases & major findings of internal investigations in the area along with management's action thereon and noted with satisfaction the tangible reduction in these cases.
- 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.
- 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 conducted self-assessment of its performance for the year to comply with its TORs as per SECP Code of Corporate Governance requirement and presented it to the BOD. The Board appreciated the performance of the Committee 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, 2019 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2019.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: March 4, 2020

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

Faysal Bank Limited
Year ended: December 31, 2019

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are ten as per the following:

Gender	Number
Male	10
Female	Nil

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mian Muhammad Younis Mr. Fuad Azim Hashimi Mr. Ali Munir
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 Al Qasimi Mr. Abdulla Abdulaziz Ali Taleb
Executive Director	Mr. Yousaf Hussain, President & CEO

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
4. 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;
5. 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;
6. 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;
7. 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;
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has not arranged any directors' training program for the year ended December 31, 2019 as all the directors' are already certified;
10. 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;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

a) Board Audit & Corporate Governance Committee

Mian Muhammad Younis	Chairman / Independent Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Mr. Ali Munir	Member / Independent Director

b) Board Risk Management Committee

Mr. Imtiaz Ahmad Pervez	Chairman / Non-Executive Director
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member / Non-Executive Director
Mr. Abdulla Abdulaziz Ali Taleb	Member / Non-Executive Director
Mr. Yousaf Hussain	Member / President & CEO

c) Board Recruitment Nomination and Remuneration Committee

Mr. Ahmed Abdulrahim Mohamed	
Abdulla Bucheery	Chairman / Non-Executive Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Mian Muhammad Younis	Member / Independent Director
Mr. Fuad Azim Hashimi	Member / Independent Director
Mr. Ali Munir	Member / Independent Director

d) Board Strategy Committee

Mr. Farooq Rahmatullah Khan	Chairman / Non-Executive Director
Mr. Ahmed Abdulrahim Mohamed	
Abdulla Bucheery	Member / Non-Executive Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Mr. Fuad Azim Hashimi	Member / Independent Director
Mr. Yousaf Hussain	Member / President & CEO

e) Board IT Committee

Mr. Ali Munir	Chairman / Independent Director
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member / Non-Executive Director
Mr. Abdulla Abdulaziz Ali Taleb	Member / Non-Executive Director
Mr. Yousaf Hussain	Member / President & CEO

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

14. 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) Board Recruitment Nomination and Remuneration Committee	Quarterly Meetings
d) Board Strategy Committee	Quarterly Meetings
e) Board IT Committee	Quarterly meetings

15. 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;

16. 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;

17. 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;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is below:

- a) 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.

Karachi

Dated: February 13, 2020



Farooq Rehmatullah Khan
Chairman

Report of Shariah Board

For the year ending December 31, 2019

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلاة والسلام على خاتم الأنبياء والمرسلين محمد المصطفى الصادق الأمين وعلى آله وصحبه أجمعين

Faysal Bank Limited has completed another year of successful operations of its Islamic Banking. During the year, the Shariah Board (“SB”) 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 SB also met with BOD twice this year to have a detailed briefing on Shariah compliance environment.

SB 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 observed during the year 2019:

Conversion of Bank’s portfolio

Faysal Bank is rapidly expanding its Islamic branch network and converting its Conventional financing portfolio into Islamic. During the year, FBL opened 100 new Islamic branches and converted 59 branches from Conventional to Islamic banking, raising the total number of Islamic branch network to 414 branches (including 1 sub-branch) besides initiating 24 Islamic window operations in conventional branches to expedite the conversion process.

Likewise, around PKR 38 Bn worth of conventional financing portfolio with more than 77 customers was converted from conventional to Islamic financing. These facilities were converted as per Shariah approved process flows based on Islamic modes of Diminishing Musharakah, Running Musharakah, Istisna, Murabaha, Musawamah etc. Moreover, regarding fresh booking of long-term financing, consumer financing continued to be entirely booked on Islamic modes, whereas new Corporate, SME, Commercial financing was prioritized to be booked under Islamic modes of financing.

Product Development and Management

Under the guidance of SB, Product Development has worked for the enhancement of existing products as well as development of new products along with their related documentation. During the year, Faysal Bank Islamic further enriched its asset-side product menu through offering Finished goods financing product and SBP Islamic Financing product for Renewable Energy customers. Additionally, for SME, Commercial and Corporate customers, Murabaha variants including Finance against Imported Merchandise and Murabaha local spot with pledge were introduced. Moreover, Islamic Staff Personal Financing product i.e. based on Tawarruq, was offered to Bank’s staff. In addition, Faysal Bank Islamic enhanced its liability product side by launching Islamic Rehmat account for individuals and Islamic Rehmat Business account for institutions besides introducing Faysal Islamic Tez Tareen Asaan remittance account.

Structuring of Investment Banking Transactions

SB reviewed and approved 5 Islamic syndicated transactions including Islamic commercial paper based on Diminishing Musharakah for various purposes including capital expenditure, project finance, power generation etc.

Shariah Compliance Department

Shariah Compliance Department (“SCD”) has a team of professionals working under the guidance of the SB to perform its roles and responsibilities as covered in SBP’s Shariah Governance Framework including Shariah compliance reviews, research and analysis on Shariah issues, facilitation in training and implementing SB directives etc.

During the year, SCD reviewed Corporate, SME & Commercial, Treasury 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 followed as per the regulatory and SB’s guidelines. In addition, SCD jointly reviewed Islamic banking windows along with Internal Shariah Audit Unit.

Various interactive sessions were conducted with different departments to evaluate their capacity building requirements. Furthermore, as per directives of SB, RSBM & SCD visited different regional offices and Islamic branches in Islamabad, Lahore, Multan, Quetta, Hyderabad and Karachi, where interactive and awareness sessions were conducted with Bank’s staff.

During the year, SCD obtained approval for over 250 customer-specific process flows which include multiple Islamic financing structures comprising Murabaha, Istisna, Tijarah (Musawamah), Running Musharakah, Islamic Export Re-Finance (Both Part-I & Part-II), Diminishing Musharakah etc.

Subsequently, random physical inspections were also conducted by the SCD. As per the guidance of SB to have separate Bank-wide policies and procedures; 112 existing and new policies and standard operating procedure were reviewed by SCD and subsequently approved by the SB.

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 conduction of various training sessions at multiple locations of the country.

Shariah Audits

Internal & External Shariah Audit were undertaken as per the requirement of Shariah Governance Framework. Internal Shariah Audit Unit (ISAU) is an integral part toward strengthening of overall Shariah Compliance environment of the Bank. The ISAU carried out Shariah Audits during the last year for following products and segments: Corporate finance, Trade and Business Service, SME and Commercial Branch Banking, Retail Banking, Conversion process, Financial Control Unit and Profit distribution and Pool Management. Further, external Shariah audit was also carried out encompassing all relevant functions of Islamic Banking.

Charity

The opening balance of the charity funds was PKR 7.07 Mn and during the year an amount of PKR 17.109 Mn 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 1.024 Mn was also accordingly credited to the charity fund account. Additionally, during the Shariah reviews & audits conducted by SCD & ISAU, an amount of PKR 0.364 Mn was credited to Charity Fund due to Shariah non-compliance issues. During this period an amount of PKR 12 Mn was distributed to various charitable organizations with the approval of SB. Details of charity are available on note 4 of Annexure II.

Capacity building and Awareness Sessions

Trained human capital is the key to the success of Islamic Banking Industry. SB appreciate the efforts of Management and L&D to arrange different Islamic banking training programs and awareness sessions particularly “Banking the Islamic Way”. FBL in collaboration with CIE-Dar-ul-Uloom, Karachi conducted in-depth training programs for its

senior management. FBL conducted various Islamic finance awareness sessions for its customers, general public and Shariah scholars across the country. During the year, L&D organized more than 120 training sessions across the country to train the staff in Islamic banking in which approximately 6500 employees were trained under various online and classroom training programs. RSBM, SCD and IBD teams were actively engaged with L&D to facilitate the same. Besides in-house training programs, L&D also nominated staff for external trainings offered by NIBAF(SBP), IBA-CEIF and Pakistan Institute of Corporate Governance.

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 TVCs were reviewed and approved by Shariah Board. In addition, keeping in view the Bank's growing Islamic branch network, as well as its Islamic assets' portfolio, the bank also increased its emphasis on marketing of its Islamic Banking products and services.

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:

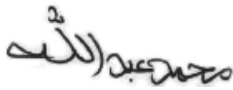
1. The Islamic Banking Division of the Bank by and large complied with the Shariah rules and principles in the light of resolutions / Fatawa, rulings and guidelines issued by the SB.
2. During review, matters requiring corrective measure have been noted and were resolved by the Management or ensured 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. L&D 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. The SB has been provided 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.
3. Efforts should be enhanced towards the conversion of SME and Agriculture finance.
4. The bank should develop an effective mechanism for its staff to acquire and retain Islamic banking trainings besides increasing its efforts for spreading awareness through customized training programs / seminars for customers and general public on Islamic Banking.

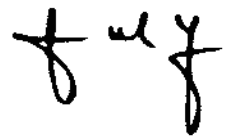
And Allah Subhanahu-wa-Taa'la knows the Best



Mufti Muhammad Abdullah
Resident Shariah Board Member



Dr. Mufti Khalil Ahmad Aazami
Shariah Board Member



Mufti Muhammad
Mohib ul Haq Siddiqui
Chairman Shariah Board

Dated: January 27, 2020 | 01 Jamadi us Sani, 1441 A.H.

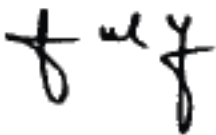
3. بینک تمام تر امور میں شریعہ کمپلائنس کو یقینی بنانے کے وسیع نظام کا حامل ہے۔
4. بینک انٹرنل شریعہ آڈٹ اور شریعہ کمپلائنس ڈپارٹمنٹ کی صورت میں ایک جامع، مربوط نظام رکھتا ہے جس کے ذریعہ سے اس بات کو یقینی بنایا جاتا ہے کہ غیر شرعی ذرائع اور طریقوں سے حاصل شدہ آمدنی کو چھیننے کا ڈنٹ میں منتقل اور صحیح طور سے خیراتی مقاصد میں خرچ کیا جائے۔
5. فنڈز کی تعیین، نفع و نقصان کی تقسیم اور پول منجمنٹ شریعت کے اصول و ضوابط اور SBP کی پول منجمنٹ سے متعلق ہدایات کے مطابق ہوتی ہے۔
6. بینک کا L&D پونٹ متعدد ترقیاتی 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 بردار ہونے کے قابل بنانے کے لئے مناسب وسائل مہیا کئے 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 ہموار منتقلی کو یقینی بنانے کے لئے ناقابل منتقلی پورٹ فولیو کی نشاندہی ہونی چاہیے اور 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 اس نظام کو مزید بہتر کرنے کی ضرورت ہے۔
- (3) SME اور زرعی فنانس کی منتقلی کی کوششوں میں اضافہ درکار ہے۔
- (4) بینک کو اپنے عملے کے لئے اسلامی بینکاری کی تربیت کے حصول اور اس کو برقرار رکھنے کے لئے ایک موثر طریقہ کار وضع کرنے کی ضرورت ہے۔ اس کے ساتھ اسلامی بینکاری سے متعلق کسٹمرز اور عوام الناس کے لئے حسب ضرورت ترقیاتی نشستوں / سیمینارز کے ذریعہ شعور کو اجاگر کرنے کی کوششوں میں اضافہ کرنا چاہئے۔

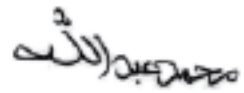
واللہ اعلم بالصواب



مفتی محمد محبت الحق صدیقی
سربراہ شریعیہ بورڈ



ڈاکٹر مفتی خلیل احمد اعظمی
شریعیہ بورڈ ممبر



مفتی محمد عبداللہ
رینٹرنٹ شریعیہ بورڈ ممبر

27 جنوری 2020ء، جمادی الثانیہ 1441ھ

استعداد کار ارتقاء اور آگاہی کے اجلاس

ترہیت یافتہ انسان سرمایہ اسلامی بینکاری صنعت کی کامیابی کی کلید ہے۔ شریعہ بورڈ، اسلامی بینکنگ ٹریڈنگ کے مختلف پروگرام اور آگاہی اجلاس بالخصوص ”اسلامک ویس بینکنگ“ کے انعقاد پر انتظامیہ اور L&D کی کوششوں کو سراہتا ہے۔ FBL نے CIE دارالعلوم کراچی کے تعاون سے اپنی سینئر مینجمنٹ کے لئے اعلیٰ ترین جہتی پروگرام کا انعقاد کیا۔

FBL نے ملک گیر سطح پر اپنے کسٹمرز، عوام الناس اور شریعہ اسکالرز کے لئے اسلامی فنانس سے آگاہی کے اجلاس کا انعقاد کیا۔ دوران سال L&D نے اسلامی بینکنگ کے عملے کی تربیت کے لئے ملک بھر میں 120 سے زائد تربیتی نشستوں کا انعقاد کیا جس میں تقریباً 6500 ملازمین کو متعدد آن لائن اور کلاس روم ٹریڈنگ پروگرامز کے تحت تربیت فراہم کی گئی۔ اس مقصد میں معاونت کے لئے L&D کے ساتھ SCD، RSBM اور IBD کی ٹیمیں بھی سرگرم عمل رہیں۔

اندرون خانہ تربیتی پروگرامز کے علاوہ L&D نے FIBAF، NIBAF، IBA-CE (SBP) اور پاکستان انشٹیٹیوٹ آف کارپوریٹ گورننس کی جانب سے فراہم کردہ، بیرونی تربیتوں کے لئے بھی عملے کو تیار کیا۔

اسلامی بینکنگ پروڈکٹس و خدمات کا فروغ اور مارکیٹنگ

بینک اپنے کارپوریٹ شناختی برانڈ کو تہدیل کرنے کے مراحل میں ہے اور اس دوران یہ میں TVCs سمیت مارکیٹنگ کے متعدد تجارتی مواد کا جائزہ لیا گیا اور شریعہ بورڈ سے منظوری حاصل کی گئی۔ اس کے علاوہ بینک کی بڑھتی ہوئی اسلامی شاخوں کے نیٹ ورک کے ساتھ اس کے اسلامی اگاہوں کے پورٹ فولیو کو مد نظر رکھتے ہوئے، بینک نے اپنی اسلامی بینکنگ کی پروڈکٹس اور خدمات کی تشہیر پر بھی زور دیا۔

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 لیجنڈ اسلامی بینکنگ کے امور کی انجام دہی اس طرح کی جائے جو ہر وقت شریعت کے اصولوں سے ہم آہنگ ہو، اس لئے ہم سے فیصل بینکنگ لیجنڈ، اسلامی بینکنگ کے مجموعی ماحول کے شریعت سے ہم آہنگ ہونے پر ایک رپورٹ پیش کرنے کا تقاضا کیا جاتا ہے۔

جیسا کہ اس رپورٹ سے عیاں ہے، ہماری رائے یہ ہے 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 اندرونی شریعیہ آڈٹ اور بیرونی شریعیہ آڈٹ کی رپورٹس کا تجزیہ کر چکے ہیں۔

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

1. اسلامی بینکنگ ڈویژن کے جملہ امور کو شریعہ بورڈ کی طرف سے جاری کردہ فتاویٰ حیات اقرار داد، ہدایات و احکامات کی روشنی میں شریعت کے اصول و ضوابط کے مطابق انجام دیا گیا ہے۔

2. جائزہ کے دوران کسی بھی قابل ہجج مسئلہ کو نوٹ کیا گیا اور مینجمنٹ نے اس کو حل کیا یا مستثنیٰ میں اس کی درنگی کی یقین دہانی کرائی۔ مابقی سے مربوط ہماری رائے میں اسلامی بینکنگ ڈویژن کے امور کو شریعت کے اصول و ضوابط، شریعہ کمپلائنس سے متعلق اسٹیٹ بینک پاکستان کی طرف سے جاری کردہ قرار دادوں، اصولوں، احکامات و ہدایات کے مطابق انجام دیا گیا ہے۔

شعبہ شریعہ کمپلائنس

شعبہ شریعہ کمپلائنس ("SCD") کے پاس پیشہ دارانہ صلاحیت کے حامل افراد کی ایک جماعت ہے جو کہ شریعہ بورڈ کی ہدایات کی روشنی میں اپنے کردار اور ذمہ داریوں کو بخوبی سمجھ رہے ہیں۔ جیسا کہ شریعہ گورننس فریم ورک میں طے کیا گیا ہے جس میں شریعت کے مطابق عملدرآمد کے جائزے، شرعی امور پر تحقیق و تجزیہ، تربیت اور شریعہ بورڈ کی ہدایات وغیرہ پر عملدرآمد شامل ہے۔

دوران سال SCD نے کارپوریٹ، SME و کمرشل، بزنس ریٹیل، شعبہ جات کے ساتھ ساتھ مختلف علاقوں میں بینک کے اسلامی سیرانچ میٹ 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۔ اس کے علاوہ SCD نے اسلامی بینکنگ و ڈیڈ وک انٹرنل شریعہ آڈٹ پونٹ کے ساتھ مشورہ کرنا شروع کیا۔

استعداد میں اضافہ کی ضرورت کے پیش نظر مختلف شعبہ جات کے لئے متعدد موثر نشستوں کا انعقاد کیا گیا۔ مزید برآں، شریعہ بورڈ کی ہدایت کے مطابق RSBM و SCD نے اسلام آباد، لاہور، ملتان، کوئٹہ، حیدرآباد اور کراچی میں مختلف علاقائی دفاتر اور اسلامی شاخوں کا دورہ کیا، جہاں بینک کے عملے کے ساتھ موثر اور آگاہی کی نشستیں منعقد کی گئیں۔

دوران سال SCD نے 250 سے زائد کسٹمر کے ساتھ مختص پراسس فلوز کی منظوری حاصل کی جو کہ متعدد اسلامی طریقہ کاروں کو قبول جیسے مضاربہ، احصناع، حجارۃ (مساومہ) رنگ مشارکہ، اسلامی ایکسپورٹ ری۔ ٹرانس (پارٹ-1 اور پارٹ-11) شرکت متناقصہ وغیرہ کو محیط ہے۔ SCD نے اتفاق بنیادوں پر عملی جانچ پڑتال بھی کی۔ شریعہ بورڈ کی ہدایات کے مطابق بینک کی تمام تر پالیسیوں اور طریقہ کاروں کو عمل میں لایا اور موجودہ اور جدید پالیسیوں اور طریقہ کاروں کو عمل میں لایا اور بعد ازاں اس کو شریعہ بورڈ نے منظور کیا۔

RSBM اور SCD نے عمل کی استعداد میں اضافہ کے لئے بھی بنیادی کردار ادا کیا، جس میں انہوں نے ترقیاتی مواد میں بہتری کے ساتھ ملک کے متعدد مقامات پر متعدد ترقیاتی نشستوں کے انعقاد کے ذریعے ان کو معاہدت فراہم کی۔

شریعہ آڈٹ

شریعہ گورننس فریم ورک کے تقاضوں کے مطابق اندرونی و بیرونی آڈٹ کو انجام دیا گیا۔ انٹرنل شریعہ آڈٹ پونٹ (ISAU) بینک کے مجموعی ماحول کو شریعت کے مطابق مضبوط بنانے کا ایک لازمی حصہ ہے۔ گزشتہ سال کے دوران ISAU نے مندرجہ ذیل پروڈکٹس اور شعبوں کے شرعی آڈٹ کو انجام دیا۔

کارپوریٹ ٹرانس، بزنس ریٹیل، بشمول فرنٹ و بیک آفسیس، مارکیٹنگ، ٹریڈ و بزنس سروس، SME و کمرشل برانچ بینکنگ، ریلیٹو بینکنگ، کنورژن کا عمل، ہیومن ریسورس و منافع کی تقسیم اور پول منجمنٹ، مزید یہ کہ اسلامی بینکاری کے تمام تر متعلقہ امور پر مشتمل بیرونی شریعہ آڈٹ کیا گیا۔

چیرٹی

چیرٹی فنڈز کی ابتدائی رقم 7.07 ملین روپے تھی اور دوران سال کسٹمرز سے ادائیگی میں تاخیر کی وجہ سے 17.109 ملین روپے کی رقم وصول کی گئی، کیونکہ چیرٹی فنڈز کو بینک کے مضاربہ پر مبنی اکاؤنٹس میں رکھا جاتا ہے، اس لئے مضاربہ سے حاصل شدہ 1.024 ملین روپے کا نفع بھی چیرٹی فنڈز کا ڈنٹ میں منتقل کیا گیا۔ اس کے علاوہ SCD اور ISAU کے جائزوں اور آڈٹ کے دوران شرعی اصولوں سے عدم مطابقت کی بنیاد پر 0.364 ملین روپے چیرٹی فنڈز میں منتقل کئے گئے۔ اس دوران ہی میں شریعہ بورڈ کی منظوری سے 12 ملین روپے مختلف خیراتی اداروں میں تقسیم کئے گئے۔ چیرٹی کی تفصیلات ضمیمہ 11 کے نوٹ 4 میں دستیاب ہیں۔

شریعت بورڈ رپورٹ

شریعت بورڈ کی رپورٹ برائے اہتمام پذیر سال 31 دسمبر 2019

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 لینڈ نے اپنی اسلامی بینکنگ کے کامیاب آپریٹرز کا مزید ایک سال مکمل کر لیا ہے۔ اس سال کے دوران شریعت بورڈ (SB) نے مختلف موجودہ اور نئی مصنوعات، پالیسیاں، عملدرآمد کے معیار، معاملات، معاہدات، طریقہ کار اور ان کی شریعت کے مطابق تبدیل کا جائزہ لینے کے لئے چار اجلاس منعقد کئے۔ شریعت گورننس فریم ورک کے تقاضوں کے مطابق شریعت بورڈ نے رواں سال میں دو دفعہ BOD سے بھی ملاقات کی، جس میں شریعت کے مطابق ماحول کے بارے میں تفصیل سے آگاہ کیا گیا۔

شریعت بورڈ بینک کے تمام تر معاملات کو اسلامی بینکنگ کی طرف منتقل کرنے سے متعلق بورڈ آف ڈائریکٹرز اور انتظامیہ کے عزم کو سراہتا ہے جیسا کہ کنورژن کی کوششوں سے واضح ہے۔

سال 2019 کے دوران مندرجہ ذیل پیش رفت کا ملاحظہ کیا گیا:

بینک کے پورٹ فولیو کی منتقلی

فیصل بینک اپنے اسلامی برانچ نیٹ ورک کو تیزی سے بڑھا رہا ہے اور اپنے روایتی مالیاتی پورٹ فولیو کو اسلامی میں منتقل کر رہا ہے۔ سال کے دوران FBL نے 100 نئی اسلامی برانچ کا افتتاح کیا اور 59 برانچ کو روایتی بینکنگ سے اسلامی بینکنگ کی طرف منتقل کیا، جس سے اسلامی برانچ کی مجموعی تعداد 414 ہو گئی ہے (شامل ایک ذیلی برانچ) اور منتقلی کے عمل کو تیز کرنے کے لئے روایتی بینکنگ برانچ میں 24 اسلامی دفاتر آپریٹرز کا آغاز کیا گیا۔

اسی طرح 38 بلین روپے مالیت کے روایتی فنانسنگ پورٹ فولیو کو 77 سے زائد کسٹمرز کے ساتھ اسلامی فنانسنگ کی طرف منتقل کیا گیا۔ ان سہولیات کی شریعت سے منظور شدہ طریقہ کار کی طرف منتقلی، شرکت قناتہ، رننگ مشارکہ، احصاء، مراہجہ، مسادہ وغیرہ جیسے اسلامی طریقہ کار کے مطابق عمل میں آئی ہے۔ مزید برآں نئے طویل مدتی فنانسنگ، کنزیومر فنانسنگ کی بنگ تسلسل کے ساتھ مکمل طور سے اسلامی طریقہ کار کی بنیاد پر کی گئی ہے۔ جبکہ نئے کارپوریٹ، SME کسٹمرز فنانسنگ کو ترجیحی بنیاد پر اسلامی طریقہ ہائے قبول کے تحت تک کیا گیا ہے۔

پروڈکٹ ڈیولپمنٹ و مینجمنٹ

شریعت بورڈ کی رہنمائی میں پروڈکٹ ڈیولپمنٹ نے موجودہ پروڈکٹس میں اضافے کے ساتھ نئی پروڈکٹس کی ترقی کے لئے مع مختلف دستاویزات کے پیش رفت کی ہے۔ دوران سال فیصل اسلامی بینکنگ نے اپنی اثاثہ جاتی پروڈکٹ کی فہرست میں تیار شدہ سامان کی مالیاتی پروڈکٹ اور SBP اسلامی فنانسنگ پروڈکٹ کی ہائیکیش کا اضافہ کیا ہے جو کہ قابل تجدید توانائی کے حصول کے صارفین کے لئے ہے۔ اضافی طور سے SME، کسٹمرز و کارپوریٹ کسٹمرز کے لئے مراہجہ کی مختلف انواع کو متعارف کروایا گیا ہے جو کہ درآمدی سامان اور مقامی مراہجہ مچلہ بیج رہن کے بالمتبادل قبول پر مشتمل ہے۔ مزید برآں بینک کے عملہ کے لئے "توزیق" کی بنیاد پر اسلامک اسٹاف پرسنل فنانسنگ پروڈکٹ کی ہائیکیش کی گئی ہے۔ اس کے علاوہ فیصل اسلامی بینک نے فیصل اسلامی تیز ترین آسان ریٹینس اکاؤنٹ کو متعارف کرواتے ہوئے عوام الناس کے لئے اسلامک رحمت اکاؤنٹ اور اداروں کے لئے اسلامک رحمت بزنس اکاؤنٹ کے آغاز کے ذریعہ اپنی لائیکلیٹی پروڈکٹ برانڈ میں بہتری پیدا کی ہے۔

انویسٹمنٹ بینکنگ کے حقوق کا اسٹریٹجی

شریعت بورڈ نے 5 اسلامی مشترکہ حقوق کا جائزہ لیا اور منظوری دی، جس میں شرکت قناتہ کی بنیاد پر اسلامک کسٹمرز بھی شامل ہے جو کہ سرمایہ جاتی اخراجات، پروڈیکٹ فنانس، پاور جنریشن وغیرہ جیسے مختلف مقاصد پر مشتمل 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, appreciates its value and significance; therefore, has designed the Bank’s Internal Control Program to provide reasonable assurance on the reliability of financial reporting, effectiveness of the operations and compliance with applicable laws and regulations. Although, the Internal Controls Program is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure, circumvention and overriding of controls. Accordingly, even an effective internal control system can provide reasonable but not absolute assurance that the system’s objective will be achieved.

Accordingly, 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 keep monitoring of 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 the conduct of on-site and off-site reviews of the processes in head office as well as in the branches. ICMU monitors and identifies gaps in the day to day operations and ensures prompt corrective actions. Further the ICMU ensure compliance of policies approved by the Board of Directors and the procedures as approved by the senior management and implements sound control procedures to maintain a suitable 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 those exceptions and are monitored by the Compliance Committee.

Additionally, the Bank has completed all stages of the ICFR roadmap, issued vide BSD Circular No. 05 dated February 24, 2009 of the State Bank of Pakistan (SBP). The Bank has adopted the “COSO Internal Control Integrated Framework” in relation to its internal control program in order to ensure consistency in the process of compliance with SBP’s Internal Control Guidelines involving documentation, risk assessment, gap analysis, controls testing and controls implementation. In the year 2017 State Bank of Pakistan granted exemption for 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, 2019 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's evaluation of internal controls and ICFR program.



Yousaf Hussain
President & CEO

Karachi

Dated: February 13, 2020

Remuneration Policy Disclosures

A) Directors' Remuneration

Remuneration is very important for overall success of a Bank as it helps to attract high quality professionals. Given that remuneration system is a key element in creating value, therefore, FBL Board has adopted the following principles for fixation of remuneration of FBL's Directors:

- Analyze the increase in the Role and Responsibilities of the BOD,
- Market practices local and international and comparison with the peers,
- Long-term value creation by attracting and retaining the best professional.
- Ensure equity and competitiveness with the market;
- Ensure transparency in the remuneration process/procedure.

Remuneration for the Non-executive and Independent Directors

Directors are paid attendance fees as remuneration for attending a board or committee meeting and are also reimbursed all expenses incurred on or in relation to travelling and lodging for attending a board or committee meeting.

The Board at the time of constituting or appointing may in its discretion fixes remuneration for attending the meetings of specially formed task force of the Board Members and for the attendances by a director for the special assignment entrusted to him/her.

The remuneration paid to Directors are disclosed in this Annual Report.

B) Shariah Board Members' Remuneration

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

C) Employees' Remuneration

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

Scope of the Policy

The **scope of the policy** covers all employees across the Bank who are materially responsible for risk taking or risk controlling activities. All other individuals who do not fall within the criteria of Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) are governed through the Bank's Human Resource (HR) Policy.

Objectives of the Policy

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 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 qualified employees**, but also 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 remuneration policy 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) review, approve and monitor implementation of the Bank-wide remuneration policy, based on the recommendations of Recruitment, Nomination and Remuneration Committee (RNRC). In addition, the BOD through RNRC, review remuneration structure including composition of fixed and variable remuneration of President & CEO, Chief Operating Officer (COO) and Senior Management.
- The RNRC oversees the Bank's remuneration program along with its other approved Terms of Reference. One of its key responsibility is to approve the list of employees identified as MRTs and MRCs, in accordance with the specified criteria.
- The President & CEO and COO with the support of HR develop and implement Remuneration policy amid review and recommend compensation structures of the Senior Management Team and approve structures for other MRTs/MRCs. The President & CEO and COO also review and recommend 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 by establishing the fund, appointing its trustees and ensuring close coordination with the trustees 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 MRT/MRC inclusion criteria and the Quantitative MRT inclusion criteria.

Qualitative Inclusion Criteria

The following qualitative criteria has been applied for identification of MRTs

- President & CEO and COO;
- Members of the Senior Management;
- Members of critical Management Committees; and
- Heads of critical functions responsible for managing business amid risks and controls.

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 and present to the President & CEO for review and recommending to the RNRC 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: -

a) **Fixed remuneration**

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

b) **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.

c) **Fixed and guaranteed bonuses**

Fixed and guaranteed bonuses are not consistent with the pay for performance and alignment of risks with compensation, hence these types of bonuses are not allowed for MRTs and MRCs.

d) **Other benefits**

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

e) **Sign-on/ Joining bonus**

Sign-on/ joining bonus, paid to new recruits as bonus within 12 months from joining the institution, is considered as variable pay, and is granted only in exceptional cases in accordance with the relevant HR policies.

f) **Severance pay**

Severance pay means any payment made to any employee at the time of his/ her retirement/ separation/ or termination of contract, over and above his/ her normal retirement/ separation/ termination benefits or dues (e.g. gratuity, provident fund, pensions etc.). It shall not be applicable in normal circumstances. However, the Bank may consider this in abnormal situation of an employee and be considered as part of fixed pay.

Performance measurement of MRTs and 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:

a) Introduction of 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 ensure establishing a correlation between and alignment of risks and rewards. These 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, or where the assessor determines that the overall performance or performance against any major factor or category has not been satisfactory. In such a scenario, the assessor may apply overriding factor by giving a separate (higher or lower) factor/ category score or overall score/performance rating.

In addition, 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 factor, category 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.

b) 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.

c) 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 is 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 in accordance with the conduct & accountability framework of the Bank, the entire or certain portion of the deferred remuneration is withheld and not paid to the MRT/MRC on its becoming due.

d) Settlement of deferred remuneration

As mentioned above, the amount withheld is 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 has been retired or terminated, except in case of malus. However, the entire deferred remuneration is paid immediately in the event of death.

Disclosure related to appointment and scope of work of external expert(s)

The Bank engaged an external consultant for assistance in implementation of the SBP's Revised Guidelines on Remuneration Practices. Following are the major activities performed by the consultants:

- Identification of Material Risk Takers (MRTs) and Material Risk Controllers (MRC)
- Development of risk-adjusted balanced scorecards for all MRTs and MRCs
- Identification of areas for improvement in existing business, operational, HR, risk etc.
- Development of Bank-wide remuneration policy

The Bank has in place processes to ensure that the consultants were independent, and no conflict of interest existed with any of the Bank's Board member or any of its key executive.

Financial Statements (Unconsolidated)



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حَسْبُ اللَّهِ وَالَّذِينَ آمَنُوا

ترجمہ: ہمارے لئے اللہ کافی ہے اور وہ بہترین کار ساز ہے۔ (سورۃ العمران ۱۷۳)

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, 2019.

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 modern banking services to all customer segments, i.e. Retail, Small & Medium Sized Enterprises, Commercial, Agri-based and Corporate.

Over the past couple of years FBL has been prudently expanding its outreach to customers by opening new branches. The Bank's footprint now spreads over 200 cities across the country with 555 branches. In line with FBL's strategy of transforming itself into a full-fledged Islamic bank, 75% of its branches are now offering dedicated sharia-compliant banking services. Alongside branch expansion, FBL is investing in technology to provide innovative, convenient and secured financial solutions to its clientele.

Economic Update

The economy has begun to show signs of stabilization in the second quarter of FY20 as Pakistan's decision to approach International Monetary Fund (IMF) and switch to market-based exchange rate mechanism posted encouraging results. The current account balance posted a surplus in October'19 for the first time in roughly four years, primarily owed to declining imports. That said, a dip in consumer confidence due to elevated inflation and subsequent higher interest rates is likely to constrain consumer spending. Further, on December 2, 2019 Moody's upgradation of Pakistan's credit rating outlook from negative to stable, and affirmation of its B3 rating, due to positive assessment of the current account and progress on fiscal reforms helped restore foreign investors' confidence as can be reflected in the subsequent Special Convertible Rupee Accounts (SCRA) reports. Moreover, on December 6, 2019 the approval from the Asian Development Bank of USD 1.3 billion loan to Pakistan lends support to the domestic economy and strengthened foreign exchange reserves.

Although, Pakistan's economy moved progressively along the adjustment path, inflation remained stubbornly high and reached the highest level during the last seven years. The average headline inflation for the 6MFY20, using the new base year (2015-16) in the Consumer Price Index (CPI) calculation methodology, clocked in at 11.10% as compared to 11.72% calculated using the old base (2007-08). These developments are broadly resultant of adjustment in utility prices and the rising food prices, which are expected to be temporary. In FY20, it is expected to hover in the range of 11-12%. As a result, the Monetary Policy Committee (MPC) in its latest meeting held in November'19 has kept policy rate unchanged at 13.25%.

Fiscal consolidation on account of broad-based tax reforms and control over public expenditure has helped gain traction to some extent. FBR will have to adopt innovative approach to achieve its uphill revenue collection target for FY20. On the financing front, the government has strictly adhered to its commitment of zero fresh budgetary borrowing from State Bank of Pakistan (SBP), which has not only helped the government meet its continuous performance criteria prescribed in the IMF program, but also bodes well for the inflation outlook. The government hopes to offset the shortfall in annual FBR tax collection target with non-tax revenue such as surplus profit of SBP and privatization proceeds.

On the external front, the Current Account Deficit (CAD) position improved considerably. After posting a surplus in Oct'19, CAD during July-Nov FY20 stood at US\$ 1,821 million as compared to US\$ 6,733 million during the same period last year. A reduction of 72 percent in CAD was primarily driven by contraction in imports, which fell from US\$ 23,218 million to US\$ 18,311 million.

Growth is projected to decelerate in FY20, dragged by slowing private consumption due to higher taxes and tight monetary conditions. In addition, weak public finances and geopolitical tensions pose downside risks to the outlook. The government is confident about avoiding black list of FATF in February 2020. That said, ongoing reforms should revive business confidence and support investment in the FY20.

Bank's Performance:

Conversion to Islamic

Alhamdulillah Faysal Bank continued on its mission towards full conversion into an Islamic Bank, whereby it opened 100 new Islamic branches and also converted 59 conventional branches to Islamic. By virtue of this strategy of growth coupled with active conversion efforts, Faysal Bank ended 2019 with 414 Islamic branches (including 1 sub-branch) out of a total of 555 branches. It translates into almost 75% of the network being fully Islamic, with Islamic branches spread all across Pakistan.

Faysal Bank, Masha'Allah, is now one of the biggest Islamic Banks in Pakistan. The Bank, through its committed and dedicated Islamic Banking product team and renowned Shariah scholars has developed a full suite of Shariah compliant products and solutions for Corporate, Commercial, SME and Retail customers. The Islamic banking conversion team has also ensured seamless conversion of conventional banking accounts to Islamic through required developments in our core banking system coupled with changes in processes and procedures, while fully adhering to regulatory guidelines.

The Bank has also led many Islamic Project and Structured Finance transactions, establishing itself as a lead player, specializing in Islamic Investment Banking. It has also pioneered many tailor-made customer specific solutions, including Short Term Islamic Commercial paper and Islamic Energy Sukuk.

Development and training of Human resources specialized in Islamic Banking has been another area of focus, whereby entire population of the Bank has gone through multiple training sessions on both fundamentals of Islamic Banking and specialized advanced level trainings. The entire senior management of the Bank, including the President & CEO of the Bank, have also gone through detailed Islamic Banking training sessions.

Islamic Code of Conduct was also rolled out, in order to deepen the Islamic value system and to embed Islamic culture across the Bank. Focused efforts are being put in to transform the ambiance of the branches to reflect Islamic heritage & designs.

Islamic Banking focused brand transformation including introduction of new branding followed by an effective advertising campaign has further entrenched our brand and positioning as a progressive and forward looking Islamic Bank. Insha'Allah Faysal Bank, during 2020 and beyond will maintain its strategy of responsible and paced up conversion into Islamic, while preserving stakeholder value including our customers and shareholders.

Project Financing & Syndication

FBL remained an active player in the market and provided loan to its customers to meet their short term, trade and long-term financing requirements of its clients. We actively participated in project financing and were the lead advisor, arranger in many syndications. Some of the significant deals closed during the year are listed below:

- FBL has been honored with Asset Triple A Asia Infrastructure Awards "Utility Deal of the Year" June 2019 and Asian Banking and Finance Syndicated loan of the Year-Pakistan June 2019 award for being the mandated lead arranger for facility of PKR 25 billion in combination of conventional and Islamic mode of financing for the largest electricity generation, transmission and distribution company of the country.
- FBL has been honored with Asset Triple A Asia Infrastructure Awards "Transport Deal of the Year" June 2019 for arranging PKR 10.5 billion under the Islamic and Conventional mode of financing for the largest state-owned marine transportation company of Pakistan.
- FBL, acting as mandated lead advisor and arranger successfully closed a first ever shariah compliant Pakistan Energy Sukuk having Statutory Liquidity Reserve eligibility amounting to PKR 200 billion.
- FBL acted as lead arranger in a syndicated long-term project finance facility of PKR 19.6 billion for the construction and development of a 330MW coal fired power project set-up under IPP mode.

- FBL acted as lead arranger in a syndicated long-term project finance facility of PKR 18.9 billion for the construction and development of a 330MW coal fired power project set up under Independent Power Producer (IPP) mode.
- FBL acted as mandated lead arranger for a syndicated long-term project finance facilities aggregating to PKR 9.7 billion for the construction, operation and maintenance of two wind power projects of 50 MW each. These projects will not only meet the growing energy demand but also contribute towards cleaner and greener environment in the country.
- FBL as mandated lead arranger successfully closed Shariah compliant commercial paper issue amounting to PKR 8 billion for the largest electricity distribution company of the country.

Retail Banking

To facilitate customers and provide banking services to them at their doorstep is the cornerstone of our retail banking strategy. With this strategic objective in mind the Bank embarked on its biggest ever branch expansion during the year with opening of 100 new branches.

With a view to offering innovative products to its customers Retail banking launched various initiatives and products during the year, some of these are given below:

- Faysal Islamic Rehmat Account was launched to facilitate customers with an unparalleled suite of fee waivers and value-added features underpinned by Shariah guidelines. This account offers a unique opportunity to customers of contributing towards charitable causes.
- Tez Tareen Remittance Account was developed to enable overseas Pakistanis to send remittances to their loved ones in the quickest and safest way with added account benefits.
- Payroll product proposition was further strengthened with added account features including exclusive rates on consumer finance products. Going forward the bank intends to further enhance its payroll product by improving and digitizing the onboarding and cross-sell process through advanced data insights and value-added services for our corporate clients.

In addition to the above branch-led SME model has started yielding positive results in the form of mobilization of additional deposits and provision of quality services to our SME clients tailored to their business needs.

On the financing side various campaigns and customer-focused initiatives were launched during the year aimed at increasing consumer finance portfolio. As a result of these initiatives the Bank was able to generate targeted volume in preferred segments and products.

Digital Banking Initiatives

Digital Banking is actively working as a bridge between business and information technology stakeholders, creating a digital first mindset with a key focus on enhancing customer experience and ease of banking in line with the strategy. A digital workgroup platform has been established for all stakeholders to obtain approvals, request status and take decisions cohesively. The Bank has recently become the first bank in Pakistan to partner with Ripple Net with the objective of facilitating fast, secure and convenient cross border inward remittances. Digital banking is also targeting other ecosystem players in creating partnerships and rethinking operational competencies for a reliable, fast and efficient user-driven model.

Human Resource

FBL believes that committed employees are the key in building a sustainable and productive organization. They help build customer loyalty by providing world class services fully meeting customer expectation. Customer satisfaction remains to be our top-most priority. This can be achieved by ensuring that the organization attracts, retains and develops great talent by creating an enabling, empowering and growth-oriented environment.

The Bank focused on encompassing following key pillars as part of HR's strategic priorities and initiatives:

- Raise the bar on performance
- Acquire and deploy talent
- Retain talent
- Build leadership capacity and capability
- Optimize the way we work
- Islamic conversion

In this context, talent management framework was designed, developed and implemented Bank-wide through talent identification, career progression, role competency, succession planning and attrition management.

In order to achieve the strategic objectives, an Employee initiative namely, "We Care" has been launched in 2019. It is a program focused on all the FBL's employees. It ensures constant efforts by the Bank to establish FBL as the Employer of Choice. Accordingly, the Bank has increased its focus on employees' career and professional growth plans, pay for performance, special incentives, job enrichment through internal placements and training.

Further, under the "We Care" initiative, 'Humaray Sitaray' Talent program was also launched, which encompasses the entire FBL population. It is a performance driven talent and career development program, for the best performing employees. In the first phase, focus has been on front line, whose top performing employees have gone through accelerated development, growth and rewards program for their consistent performance through HR's Talent Management platform.

A staff onboarding enhancement programme was launched with the objectives of reducing time to productivity of new joiners, provide them with a welcoming experience upon joining the Bank and help them integrate into Bank's systems and culture seamlessly.

Internal hiring framework has been rejuvenated to provide staff with career opportunities within the Bank as well as provide career progression to all staff. Jobs are being regularly published through email to all employees and eligible ones are shortlisted and transferred.

Based on the above mentioned initiatives, FBL secured "The Best Place to Work - Most Improved Score" Award.

Learning & Development Department followed a four-pillar learning strategy;

- Islamic Skill Development
- Managerial and Leadership Development
- Sales & Service Transformation
- Regulatory & Technical Training

In this context, a detailed training need assessment exercise was conducted and identified resources were provided different trainings in classroom and online during the year.

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 clients, as part of organizational culture. The Policy includes a framework for:

- Extending financing facilities to customers to help them in reducing carbon emission.
- Adopting environment friendly policies and practices in the Bank.
- Awareness for the bank's customers.

The Policy inter-alia includes: Environmental Risk Management (EnvRM) framework for extending financing facilities to the customers; areas where Bank can facilitate customers to reduce their carbon footprint; and ways to reduce Bank's own impact on the environment.

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. Furthermore, to create awareness on the environmental issues, regular trainings were conducted for the employees of the Bank. The Bank is also making effort to reduce its own carbon footprint and as a result has taken multiple initiatives leading to environment friendly operations. All the new equipment being procured for branches is energy star compliant. Energy efficiency has been at the core of decision making while shortlisting vendors and equipment to replace chillers and elevators at different locations. The Bank is also in the process of initiating LEED Certification program in flagship branches, which will help the Bank to gradually adopt global best practices.

A detailed Green Banking Initiative has also been developed with Karachi Relief Trust – a project that envisages plantation near Bank's Islamic branches & some nearby mosques. In the case of mosques, this initiative will involve recycling of wudu water for plantation. Regular monitoring of plants will also be the part of this initiative.

Corporate Social Responsibility (“CSR”)

FBL is fully cognizant of its responsibility to contribute due share to social causes. Faysal Bank makes donations on an ongoing basis to Waqf Faisal, a duly registered Non-Profit Organizations (NPOs) to support charitable causes. 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.

Financial Highlights

(Rs in million)

	2019	2018	Growth
Balance Sheet			
Investment	204,069	214,186	(4.7%)
Financing	309,573	296,445	4.4%
Total assets	629,853	599,914	5.0%
Deposits	457,789	409,384	11.8%
Profit and Loss Account			
Total revenue	28,368	22,859	24.1%
Non markup expenses	17,333	15,079	14.9%
Profit before tax and provision	11,035	7,780	41.9%
Net provision	843	(422)	(299.8%)
Profit before taxation	10,192	8,202	24.3%
Taxation	(4,151)	(3,365)	23.4%
Profit after taxation	6,041	4,837	24.9%
Earnings per share (rupees)	3.98	3.19	

The network expansion and optimization strategy to grow business and profitability is starting to yield desired results. Your Bank, despite very challenging business environment due to slow down in economy, achieved a strong growth of 11.8% in deposits during the year to close 2019 at PKR 457.8 billion. This growth was driven primarily by increase in Islamic banking deposits of PKR 49.7 billion.

The bank has a healthy Advances to Deposit Ratio and therefore, on the financing side net advances growth was managed at 4.4% to PKR 309.6 billion. Total assets of the bank increased to PKR 629.9 billion. Capital Adequacy Ratio of 19.14% as

at December 31, 2019 well above the regulatory requirement of 12.5% shows the balance sheet strength of the bank and the commitment of the sponsors to provide capital for future growth.

The increase in prevailing interest rates coupled with efficient deposit mobilization led to a healthy rise of 29.8% in net markup income. Non markup income increased by 10.1% over corresponding year. This was achieved despite a significant drop of Rs. 630 million in gain from securities primarily owing to bearish trend in the stock market during most part of the year. Due to opening of 100 branches, operating expenses increased by 15.2% to PKR 17.1 billion. As a result, profit before provisions posted a robust growth of 41.8% to PKR 11.0 billion. Due to a slight deterioration in non-performing loan ratio and decline in market value of some equity investments, the bank had to record provisions of PKR 843 million during the year under review as compared to net reversal of PKR 422 million during 2018.

Consequently, profit after tax for 2019 is PKR 6.041 billion or 24.9% higher than last year and earnings per share also improved from PKR 3.19 to PKR 3.98.

Appropriations

The directors in their meeting held on February 13, 2020 have proposed bonus share @ Nil% i.e. Nil million shares (bonus share 2018: Nil %), in respect of year ended December 31, 2019.

Investment in Faysal Asset Management Limited

Your Bank had acquired 99.99% interest in Faysal Asset Management Limited (FAML) last year and has already injected share capital of PKR 280 million in FAML bringing it in line with regulatory requirements. The Bank, after getting regulatory approvals, intends to provide further capital support of PKR 500 million to FAML to fully realize the potential of this subsidiary.

Outlook

Going forward FBL will continue to invest in network expansion and work towards improving efficiencies to enhance deposit share. 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 2020 FBL is targeting around 89% of its branch network to be Sharia Compliant.

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.

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 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. Any causal vacancy is filled in as per a well-defined procedure approved by the Board in accordance with Law.

The total number of the Directors is ten as per the following details.

Gender	Number
Male	10
Female	Nil

The Board of Directors comprises of the following Members:

Category	Name
Independent Directors	Mian Muhammad Younis Mr. Fuad Azim Hashimi Mr. Ali Munir
Non-Executive Directors	Mr. Farooq Rahmatullah Khan (Chairman) Mr. Ahmed Abulrahim Mohamed Abulla Bucheery (Vice Chairman) Mr. Juma Hasan Ali Abul Mr. Imtiaz Ahmad Pervez Mr. Abdulelah Ebrahim Mohamed AlQasimi Abdulla Mr. 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 three 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	Mr. Mian Muhammad Younis	Chairman
2	Mr. Juma Hasan Ali Abul	Member
3	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. Fuad Azim Hashimi	Member
5	Mr. Ali Munir	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 five 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	Mr. Fuad Azim Hashimi	Member
5	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 four 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. 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 for the year 2019 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 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.

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") who is independent from the Bank's operations. 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 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, 2019 is separately presented in this Annual Report.

Credit Rating

VIS Credit Rating Company Limited 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 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% (2018: 66.78%) of the shareholding in the Bank. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar 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 12, 2020 has recommended appointment of A. F. Ferguson & Co, Chartered Accountants, as the auditor of the Bank for the year 2020. 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 2020.

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 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 13, 2020 and signed by the Chief Executive Officer and a director.



President & CEO



Chairman / Director

Karachi

Dated: February 13, 2020

بعد از اوقات

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

توثیقی بیان:

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

منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 13 فروری 2020 کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔



چیئر مین ڈائریکٹرز



صدر اور سی ای او

کراچی

تاریخ: 13 فروری، 2020

طویل المیعاد:	AA
قلیل المیعاد:	A1+

مذکورہ بالا کریڈٹ ریٹنگ ایجنسیز نے منظم حالت کی درجہ بندی تقویض کی ہے۔

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

”AA ہائی کریڈٹ کو ایٹمی۔ حفاظتی عوامل مضبوط ہیں۔ خطرات بہت کم 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 تہاں 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 لیمنڈ (PACRA) کی جانب سے تقویض کردہ درجہ بندیوں کی تعریفات درج ذیل ہیں:

”AA: بہت اعلیٰ قرضیاتی میعاد۔ AA درجہ بندی سے مراد قرضوں کے خطرات کی بہت ہی کم امید ہے۔ اس سے اشارہ ملتا ہے کہ مالیاتی معاہدوں پر بروقت ادائیگی کی بہترین صلاحیت موجود ہے۔“

A1+: بروقت ادائیگی کے لیے بڑی یقین دہانی موجود ہے۔“

ہولڈنگ کمپنی

اتحاد بینک پی۔ 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 (2018 میں 66.78 فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتحاد بینک پی۔ ایس۔ سی (گلوڈ)، اتحاد ہولڈنگ پی۔ 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 کاسن ویٹھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور انجام دیے جائیں۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئینڈ سٹاک ایکسچینج سالانہ اجلاس عام کی تاریخ پر سبکدوش ہو جائیں گے اور دوبارہ تقرری کے لیے اہل ہیں۔ بورڈ کی آڈٹ اینڈ کارپوریت گورننس کمیٹی نے 12 فروری، 2020 کو مستعدہ اپنے اجلاس میں برائے سال 2020 اے۔ ایف۔ فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو بطور بینک آڈیٹر 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 2020 کے لیے بطور بینک آڈیٹرز مقرر کیا جائے۔

- بورڈ مجموعی طور پر
- انفرادی طور پر ڈائریکٹرز (آزاد، نان- ایگزیکٹو اور سی ای او)
- بورڈ کی کمیٹیاں

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 لینے ہوئے بیانے کے لیے ایک اسکیل استعمال کیا جاتا ہے، بورڈ کے ارکان کو اس اسکیل پر دیے گئے بیان کے سامنے اسے 10 تک نمبر دے کر ان کی کارکردگی کا اندازہ لگایا جاتا ہے۔ اس طریقہ کار کے استعمال سے خاص مقصد اور عمل پر جانچ پڑتال کیا جاتا ہے جو کہ بعد میں ایک مثال بن جاتی ہے۔

ڈائریکٹرز کے لیے مشاہرہ کی پالیسی

25 جنوری، 2017 کو BPRD سرکلر 1 کے تحت مشاہرے کی پالیسی کی تفصیلات اس سالانہ رپورٹ کے ساتھ الگ منسلک ہے۔

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 دیا گیا ہے۔ رسک مینجمنٹ فریم ورک کی مالیاتی گوشواروں کے نوٹ ۴۳ میں وضاحت کی گئی ہے۔

انٹرنل کنٹرول کا اسٹینڈ

بورڈ آف ڈائریکٹرز مکمل طور پر اپنی ذمہ داری کا احساس رکھتا ہے کہ یقینی بنایا جائے کہ انٹرنل کنٹرولز کا نظام موثر ہے جس پر بینک کے امداد ہر سطح پر عمل درآمد ہوتی ہے اور اسے بحال رکھا جاتا ہے۔ بورڈ آف ڈائریکٹرز انٹرنل کنٹرولز سے متعلق انتظامیہ کے تیار کردہ اسٹینڈ کی تصدیق کرتے ہوئے خوشی محسوس کرتا ہے۔ انٹرنل کنٹرول کا نظام تکمیل کے اعتبار سے بہتر ہے اور اس پر سکوڑ طریقے سے عمل کے نگرانی کی جاتی ہے۔ انٹرنل کنٹرول سے متعلق اسٹینڈ اس سالانہ رپورٹ میں شامل ہے۔

شیر ہولڈنگ کا طریقہ کار

31 دسمبر 2019 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 31 دسمبر، 2018 کے مالیاتی گوشواروں کی بنیاد پر درج ذیل درجہ بندی جاری کی ہے:

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 ۵ ممبران پر مشتمل ہے۔ کمیٹی کا چیئر مین ٹان ایگزیکٹو ڈائریکٹر ہے، جو بورڈ کا چیئر مین بھی ہے۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

نمبر شمار	نام	عہدہ
1	فاروق رحمت اللہ خان	چیئر مین
2	جناب احمد عبدالرحیم محمد عبداللہ بخیری	ممبر
3	جناب جمعہ حسن علی اہل	ممبر
4	جناب فواد عظیم ہاشمی	ممبر
5	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 آپریٹرز کو موثر انداز میں چلانے کے لیے ایک موثر اور محفوظ آئی ٹی نظام رکھتا ہے۔ یہ کمیٹی ۴ 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 عبدالاحد علی طالب	ممبر
4	جناب یوسف حسین	ممبر

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

کارپوریٹ گورننس کی بہترین روایات کے مطابق فیصل بینک لمیٹڈ کے بورڈ میں 2012 سے سالانہ بنیادوں پر بطور بیرونی سہولت کار پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے ذریعے اپنے جائزے کی روایت برقرار ہے، جو کہ کارپوریٹ گورننس میں مثالی ہے۔ پی آئی سی جی کے پاس کمپنیوں کے بورڈ کا جائزہ لینے کے لیے کنسلٹنٹ حضرات کی ایک ٹیم کام کرتی ہے۔ بینک دولت پاکستان کے بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ لینے کے لیے رہنما اصولوں پر عملدرآمد کو اگست 2016 لازمی قرار دیا گیا ہے، اور فیصل بینک لمیٹڈ کے بورڈ نے اس پر عمل کرتے ہوئے پی آئی سی جی کے ذریعے خود کو 2018 کی کارکردگی کا جائزہ لینے کے لیے پیش کیا۔ جائزے میں بورڈ کی کارکردگی کے مختلف پہلوؤں کو شامل کیا گیا، جن میں: بورڈ کا کردار، کمپنیاں، تربیت، حکمت عملی، رسک مینجمنٹ، اور بورڈ کے اجلاس شامل ہیں۔ جائزہ میں احاطہ کیا جاتا ہے:

آڈٹ اور کارپوریٹ گورننس کمیٹی

بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی تین 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 جمعہ حسن علی اہل	ممبر
3	جناب علی منیر	ممبر

رسک مینجمنٹ کمیٹی

بورڈ کی رسک مینجمنٹ کمیٹی اس بات کو یقینی بنانے کی پابند ہے کہ بینک کی جانب سے تمام خطرات اور غیر یقینیوں کی مناسب انداز میں نگرانی اور انتظام کیا گیا ہے۔ 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، ٹریننگ اور ریویو نریشن کمیٹی

بورڈ کی ریکروٹمنٹ، ٹریننگ اور ریویو نریشن 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 5 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:

نمبر شمار	نام	عہدہ
1	جناب احمد عبدالرحیم محمد عبداللہ بھیری	چیئرمین
2	جناب جمعہ حسن علی اہل	ممبر
3	میاں محمد یونس	ممبر
4	جناب فواد عظیم ہاشمی	ممبر
5	جناب علی منیر	ممبر

بورڈ آف ڈائریکٹرز

بینک کے بورڈ میں شیئر ہولڈنگ ادارے کے نمائندے، آزاد ڈائریکٹرز اور بینک کے صدر و چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ بورڈ کے تمام ڈائریکٹرز، کینیڈا ایکٹ 2017ء کے سیکشن 103 کے تحت (کوآآف کارپوریٹ گورننس) 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 عدت کی تکمیل پر نئے انتخابات کے ذریعے بورڈ کی تشکیل ہوتی ہے۔ خالی ہونے والی جگہ کو بھی قانون کے مطابق متعین کردہ طریقہ کار کے تحت پر کیا جاتا ہے۔

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

جنس	تعداد
مرد	10
خواتین	-

ڈائریکٹرز کا بورڈ درج ذیل ممبران پر مشتمل ہے:

وجہ	نام
آزاد ڈائریکٹرز	میاں محمد یونس جناب نواز عظیم ہاشمی جناب علی منیر
نان ایگزیکٹو ڈائریکٹرز	جناب فاروق رحمت اللہ خان (چئیر مین) جناب احمد عبدالرحیم محمد عبداللہ پھیری (وائس چئیر مین) جناب محمد حسن علی اہل جناب امتیاز احمد پرویز جناب عبداللہ ابراہیم محمد القاسمی عبداللہ جناب عبدالعزیز علی طالب
ایگزیکٹو ڈائریکٹر	جناب یوسف حسین (صدر اور سی ای او)

بورڈ کمیٹیاں

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

کے ساتھ 11.0 ارب روپے ہو گیا۔ نان پرفارمنگ لون کے تناسب میں معمولی گز بڑا اور ایکٹیوٹی کی کچھ سرمایہ کاریوں کی مارکیٹ قیمت میں کمی کے سبب سال 2018 میں 422 ملین روپے کے مقابلے میں زبردست سال کے دوران بینک کا 843 ملین روپے نیٹ ریورسل پروویژن ریکارڈ کیا گیا۔

اس کے نتیجے میں، 2019 کے لیے بینک کا بعد از حصول منافع گزشتہ سال کے مقابلے میں 24.9% اضافے کے ساتھ 6.041 ارب روپے ہے اور فی حصص منافع 3.19 روپے سے بڑھ کر 3.98 روپے ہو گیا۔

تخصیصات (Appropriations)

ڈائریکٹرز نے 13 فروری 2020 کو منعقدہ اجلاس عام میں 31 دسمبر، 2019 کو ختم شدہ سال کے لیے بونس شیئرز Nil کے حساب سے دینے کی تجویز دی ہے Nil ملین شیئرز (بونس شیئرز برائے 2018: Nil)۔

فیصل ایسٹ مینجمنٹ لمیٹڈ میں سرمایہ کاری

فیصل ایسٹ مینجمنٹ لمیٹڈ (FAML) سے گزشتہ سال آپ کے بینک کو 99.99% انٹریٹ حاصل ہوا اور FAML میں 280 ملین روپے کے شیئرز کی کپٹل کی امداد سے بینک کے قانونی تقاضے بھی پورے ہو گئے۔ FAML کو اپنا مکمل ذیلی ادارہ سمجھتے ہوئے شاہی کی منظوریوں کے بعد بینک مزید 500 ملین روپے کی کپٹل امداد کرنا چاہتا ہے۔

مستقبل پر نظر

مستقبل میں بھی فیصل بینک لمیٹڈ اپنا نیا نیا ورک بڑھانے اور ڈپازٹ کے زیادہ سے زیادہ حصے کو حاصل کرنے کے لیے متحرک طریقے سے کام کرنے پر 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 رہا ہے۔ سال 2020 کے آخر تک فیصل بینک لمیٹڈ اپنے برانچ نیٹ ورک کے 89% تک شریعہ کی پابندی میں تبدیل کرنے کا عزم رکھتا ہے۔

برانچ انفراسٹرکچر میں سرمایہ کاری کے ساتھ، بینک کی جدید ڈیجیٹل سروسز کی فراہمی پر بھی توجہ ہے اور فیصل بینک لمیٹڈ کی ڈیجیٹل پیشکشوں میں بہتری لانے کے لیے نئی ٹیکنالوجیز پر بھی سرمایہ کاری جاری رکھے گا۔

کارپوریٹ گورننس

بینک نے لسٹڈ کمپنیوں کے لیے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (یہاں پر 'دی کوڈ' کہلائے گا) کی تمام شرائط پر عملدرآمد کیا ہے۔ ریگولیشن 36 کی شرائط کے مطابق کوڈ کے ساتھ اسٹیٹمنٹ آف کمپلائنس شامل آڈیٹرز کی رپورٹ اس سالانہ رپورٹ کا حصہ بنائے گئے ہیں۔

مالیاتی جھلکیاں:

لمین روپے			
اضافہ	2018	2019	بیلنس شیٹ
-4.7%	214,186	204,069	سرمایہ کاری
4.4%	296,445	309,573	فنانسنگ
5.0%	599,914	629,853	کل اثاثہ جات
11.8%	409,384	457,789	ڈپازٹس
			پرافٹ اور لاس اکاؤنٹ (نفع و نقصان اکاؤنٹ)
24.1%	22,859	28,368	کل آمدنی
14.9%	15,079	17,333	مارک اپ کے بغیر اخراجات
41.9%	7,780	11,035	قبل از محصول منافع اور پروڈیون
-299.8%	-422	843	خالص پروڈیون
24.3%	8,202	10,192	قبل از محصول منافع
23.4%	-3,365	-4,151	محصولات
24.9%	4,837	6,041	بعد از محصول منافع
	3.19	3.98	فی حصص آمدن (روپے)

نیٹ ورک میں وسعت کے علاوہ کاروبار اور منافع میں اضافے کی حکمت عملی کے مطلوبہ نتائج آنا شروع ہو چکے ہیں۔ آپ کے بینک نے معاشی سست روی کی وجہ سے مشکل ترین کاروباری ماحول میں بھی ترقی کا سفر جاری رکھا اور سال 2019 کے اختتام پر 11.8% کے اضافے کے ساتھ 457.8 ارب روپے ڈپازٹس کا ہدف عبور کر لیا ہے۔ یہ اضافہ ابتدائی طور پر اسلامی بینکنگ کے ڈپازٹس میں 49.7 ارب روپے بڑھنے کی وجہ سے ریکارڈ کیا گیا۔

بینک کا ایڈوائس ٹو ڈپازٹ ریشٹو مستحکم ہے اور یہی وجہ ہے کہ فنانسنگ کی جانب نیٹ ایڈوائسز میں اضافے کو 4.4% کے ساتھ 309.6 ارب روپے تک برقرار رکھا گیا ہے۔ بینک کے اثاثے بڑھ کر 629.9 ارب روپے تک پہنچ گئے ہیں۔ 31 دسمبر، 2019 کو کیپٹل ایڈیکوئسی ریشٹو 19.4% رہا جو کہ مضابطے کے تقاضوں 12.5% سے کئی زیادہ رہا جس کا مطلب ہے کہ بینک کی بیلنس شیٹ میں استحکام ہے اور مستقبل میں ترقی کے لیے کیپٹل کی فراہمی کے عزم کا نمونہ پیش کرتا ہے۔

موجودہ شرح سود میں اضافے اور ڈپازٹس کی موثر موبلائزیشن کی وجہ سے نیٹ مارک اپ آمدنی میں 29.8% اضافہ ریکارڈ کیا گیا۔ گزشتہ سال نان مارک اپ آمدنی میں 10.1% اضافہ رہا۔ سال کے آخر حصوں کے دوران اسٹاک مارکیٹ میں شدید مندی کی وجہ سے ریٹیز سے حاصل ہونے والے منافع میں 630 لمین روپے کی بہت زیادہ کمی کے باوجود آمدنی میں اضافہ خوش آئند ہے۔ 100 شاخیں کھولنے کی وجہ سے، آپریٹنگ اخراجات 15.2% اضافے کے ساتھ 17.1 ارب روپے تک چاہئے۔ اس کے نتیجے میں، پروڈیون کی ادائیگی سے قبل منافع 41.8%

ماحولیاتی تحفظ

بینک نے جامع ”گرین بینکنگ پالیسی“ تشکیل دی ہے۔ اس پالیسی کا مقصد بینک کے ملازمین اور کلائنٹس میں ماحولیاتی شعور اجاگر کرنا ہے کیونکہ یہ ہمارے انتظامی ماحول کا حصہ ہے۔ اس پالیسی میں درج ذیل فریم ورک شامل ہے:

- کاربن کے اخراج میں کمی لانے والے صارفین کو مالیاتی سہولیات فراہم کرنا
- بینک میں ماحول دوست پالیسیاں اور تجربات کو فروغ دینا
- بینک کے صارفین کو آگاہی فراہم کرنا

پالیسی میں شامل ہیں: ماحولیاتی خطرے سے نمٹنے (EnvRM) کے لیے فریم ورک تشکیل دینا تاکہ صارفین کے لیے فنانسنگ کی سہولیات دیں جاسکے؛ ایسے شعبہ جات جہاں بینک اپنے صارفین کو کاربن کے اخراج میں کمی لانے کے لیے سہولت فراہم کر سکے؛ اور ماحول پر بینک کے اپنے ضمنی اثر کو کم سے کم کیا جاسکے۔

اس سلسلے میں قرضہ حاصل کرنے والے صارفین کے ماحولیاتی خطرے کی کنٹرول اور ان کے آپریٹنگ ریسک سے ماحول پر ضمنی اثر کا اندازہ لگانے کے لیے بینک نے انوائزمنٹل ریسک ریٹنگ (ERR) پمپی ماڈل رائج کیا ہے۔ مزید برآں، ماحولیاتی مسائل پر آگاہی پیدا کرنے کے لیے، بینک کے ملازمین کے لیے مستقل بنیادوں پر ترقیاتی پروگرام منعقد کیے گئے۔ بینک کی جانب سے کاربن کے اخراج کو کم کرنے کے لیے بھی کوششیں کی جارہی ہیں اور اس سلسلے میں مختلف ماحول دوست آپریٹنگ پر بھی عملدرآمد کیا جا رہا ہے۔ بینک کی شاخوں کے لیے خریدے جانے والے تمام آلات کو توانائی کی بچت کے معیار پر منتخب کیا گیا ہے۔ بینک کے مختلف مقامات پر ایئر کنڈیشنرز اور الیوٹریز کی تبدیلی کے لیے ویڈرز کے انتخاب کے فیصلے میں بھی توانائی کی بچت کو مد نظر رکھا گیا ہے۔ بینک اپنی ہائیگ سپ شاخوں میں LEED سرٹیفیکیشن پروگرام شروع کرنے کی تیاری میں ہے جس سے بینک کو مرحلہ وار عالمی سطح پر بہترین طریقے اپنانے میں مدد حاصل ہوگی۔

گرین بینکنگ کے بارے میں تفصیلی اقدامات کی تیاری میں کراچی ریلیف ٹرسٹ کے ساتھ مل کر کام کر رہے ہیں۔ اس پروجیکٹ میں بینک کی اسلامی شاخوں کے قریب اور کچھ مساجد کے اطراف میں پودے اور درخت لگانے جائیں گے۔ مساجد کی صورت میں، اس پروجیکٹ کے تحت وضو میں استعمال کے بعد پانی کو پودوں اور درختوں کے لیے استعمال کیا جائے گا۔ اس اقدام کے تحت پودوں اور درختوں کی مستقل بنیادوں پر دیکھ بھال اور نگرانی بھی کی جائے گی۔

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 (NPOs) ہیں جو سماجی بھلائی کے لیے امدادی کام کرتے ہیں۔ وقف فیصل تعلیم، سماجی بھلائی اور صحت کے شعبوں میں ترقی اور معاشرے کے محروم افراد کی ترقی کے لیے سچی ساکھ والی NPOs کی مدد کرتا ہے۔

- کام کرنے کے طریقے کا کو بہتر بنایا جائے
- اسلامی بینکاری کی طرف تبدیلی

اس ضمن میں، ٹیلنٹ منجمنٹ فریم ورک کو تیار کر کے ٹیلنٹ کی نشاندہی، کیریئر کی ترقی، کام پر مہارت، کامیاب منصوبہ بندی اور بہترین انتظام کے ذریعے بینک کے تمام شعبہ جات میں اس پر عملدرآمد کرایا گیا ہے۔

2019 میں حکمت عملی پر مبنی مقاصد حاصل کرنے کے لیے، ملازمین کے لیے "We Care" کے نام سے ایک مہم متعارف کرائی ہے۔ فیصل بینک لمیٹڈ کے تمام ملازمین پر خصوصی توجہ کے لیے یہ پروگرام متعارف کرایا گیا ہے۔ اس پروگرام کا مقصد بینک کی جانب سے مستقل ایسے اقدامات کو یقینی بنانا ہے کہ فیصل بینک لمیٹڈ میں لوگ اولین خواہش اور خوشی کے ساتھ ملازمت کر سکیں۔ اسی طرح، بینک نے اپنے ملازمین کے کیریئر اور پیشہ ورانہ ترقی کے منصوبوں، کارکردگی کے مطابق مشاہرے، خصوصی انعامات، انٹرنل پلیسمنٹ اور تربیت کے ذریعے ملازمت میں استحکام پر توجہ بڑھادی ہے۔

علاوہ ازیں، "We Care" کے اقدام کے تحت، "ہمارے ستارے" نامی پروگرام متعارف کرایا گیا، جس میں فیصل بینک کے تمام ملازمین کو شامل کیا گیا۔ یہ ایک کارکردگی بڑھانے اور کیریئر ڈیولپمنٹ کا پروگرام ہے، اس میں بہترین کارکردگی کے حامل ملازمین کو سراہا گیا۔ پہلے مرحلے میں، ایچ آر کے ٹیلنٹ منجمنٹ پلیٹ فارم کے ذریعے فرنٹ لائن پر توجہ دی گئی، جس میں بہترین کارکردگی کے حامل ملازمین کو ان کی مسلسل کامیابیوں کے اعتراف میں انعامات و اعزازات سے نوازا گیا۔

اسٹاف کے لیے پیشہ ورانہ ترقی کا پروگرام متعارف کرایا گیا جس کے مقاصد میں نئے شامل ہونے والے ملازمین میں کم از کم وقت کے اندر پیداواری صلاحیتیں اجاگر کرنا، انہیں بینک کی ملازمت اختیار کرنے پر کھلے دل سے ان کا استقبال کرنا اور کسی رکاوٹ کے بغیر بینک کے نظام اور ماحول سے ہم آہنگ ہونے میں ان کی مدد کرنا شامل ہیں۔

انٹرنل ہائرنگ فریم ورک پر نظر ثانی کر کے موجودہ ملازمین کو بینک کے اندر ہی بہتر مواقع فراہم کرنے کے ساتھ ساتھ ملازمت میں ترقی کے لیے ان کی اہم افزائی پر عملدرآمد کو یقینی بنایا گیا ہے۔ اسی سبب کے ذریعے تمام ملازمین کو مستقل بنیادوں پر نئی ملازمتوں کے بارے میں آگاہ کیا جاتا ہے اس طرح اہل افراد کا تبادلہ کر کے نئی ذمے داریاں سنبھالنے کا موقع دیا جاتا ہے۔

ذکورہ بالا اقدامات کی بنیاد پر، فیصل بینک لمیٹڈ نے "دی بیسٹ پلیس ٹو ورک۔ موٹ اپرووڈ اسکوڈ" کا ایوارڈ حاصل کیا ہے۔

لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ نے چار۔ نفاذ پر مبنی ترقی حکمت عملی تیار کی ہے:

- اسلامی بینکاری کی مہارتوں میں ترقی
- انتظامی اور سربراہانہ صلاحیتوں میں ترقی
- سیکر اینڈ سروس ٹرانسفریشن
- قانونی ضابطوں کے علاوہ تکنیکی تربیت

اس ضمن میں، تربیت کی ضرورت پر مبنی تفصیلی جانچ پڑتال کی مشق عمل میں لائی گئی اور رواں سال معروف ماہرین نے گلاس روچر کے علاوہ آن لائن تربیت کی سہولیات فراہم کیں۔

- تیز ترین ریجنٹس اکاؤنٹ متعارف کرایا گیا تاکہ سمندر پار پاکستانی اپنے پیاروں کو فوری اور محفوظ ترین طریقے سے رقم ارسال کر سکیں۔

- بے رول پروڈکٹ کی ٹیکس کو مزید منظم کرنے کے لیے اس میں اکاؤنٹ کی خصوصیات کا اضافہ کیا گیا جن میں کنزیومرفنانس پروڈکٹس پر خصوصی ریش شامل ہیں۔ اس کے علاوہ بینک اپنے بے رول پروڈکٹ کو مزید وسعت دینا چاہتا ہے جس کے لیے ایڈوانسڈ ڈیٹا کی تفصیلات اور ہمارے کارپوریٹ کلائنٹس کے لیے ویلیو ایڈیٹس سروسز کے ذریعے آن بورڈنگ اور کراس-سٹیل پروسیس کو مزید بہتر اور ڈیجیٹل کیا جا رہا ہے۔

مذکورہ بالا اقدامات کے علاوہ برانچ کی سطح پر ایس ایم ای ماڈل سے ڈپازٹس میں مزید اضافے اور ہمارے ایس ایم ای کلائنٹس کو ان کی کاروباری ضروریات کے مطابق معیاری سروسز کی فراہمی کی شکل میں مثبت پیداواری نتائج حاصل ہونا شروع ہو چکے ہیں۔

رواں سال فنانسنگ کے شعبے میں مختلف مہمات اور صارفین پر خصوصی توجہ کے حامل اقدامات اٹھائے گئے تاکہ کنزیومرفنانس پورٹ فولیو میں اضافہ کیا جاسکے۔ ان اقدامات کے نتیجے میں بینک نے ترقیاتی شعبوں اور پروڈکٹس میں سے مقررہ کردہ مالیاتی حجم کو حاصل کیا۔

ڈیجیٹل بینکنگ کے اقدامات

ڈیجیٹل بینکنگ کاروباری اور انفارمیشن ٹیکنالوجی کے اسٹیک ہولڈرز کے درمیان ایک پل کی طرح سرگرم عمل ہے، ڈیجیٹل بینکنگ کے ذریعے صارفین کے بینکاری میں شامل رہنے کے تجربے کو بڑھانے اور حکمت عملی کے تحت بینکاری میں آسانی پیدا کرنے پر خاص توجہ دیتے ہوئے ڈیجیٹل ذہنیت پیدا کر رہا ہے۔ تمام اسٹیک ہولڈرز کے لیے منظوری حاصل کرنے، انٹینسٹی کی درخواست اور درست فیصلوں کے لیے ایک ڈیجیٹل ورک گروپ پلیٹ فارم تیار کیا گیا ہے۔ فیصل بینک پاکستان میں پہلا بینک بن چکا ہے جس نے ریل ٹیٹ سے شراکت داری کی ہے تاکہ بیرون ملک سے آنے والے ریجنٹس کو تیز ترین، محفوظ اور آسان سہولت کے ساتھ حاصل کیا جاسکے۔ ڈیجیٹل بینکنگ دیگر انیکوسٹم پلیئرز کو بھی مدد بخا رہی ہے تاکہ شراکت داری پیدا کی جاسکے اور باڈوق، تیز اور موثر طور پر صارفین کے لیے قابل استعمال ماڈل کی آپریشنل مہارتوں پر نظر ثانی کی جائے۔

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 وقتاً دراز میں کامیابی کا اہم کردار ہوتا ہے۔ یہ لوگ صارفین کی توقعات کے عین مطابق عالمی سطح کی خدمات فراہم کر کے صارفین کے بھروسے کو مستحکم بناتے ہیں۔ صارفین کا اطمینان ہماری اولین ترجیح ہے۔ یہ سب کچھ حاصل کرنے کے لیے ہمیں ادارے میں قابل اور ماہر افراد بھرتی کرنا پڑیں گے تاکہ پیشہ ورانہ، خود بخود راہ ترقی پسند ماحول پر وہان چڑھایا جاسکے۔

بینک ہیومن ریسورس کی حکمت عملی کے مطابق درج ذیل ترجیحات اور اہم اقدامات پر توجہ دے رہا ہے:

- کارکردگی کو بہتر بنایا جائے
- ذہین افراد تلاش کر کے انہیں مقرر کیا جائے
- ذہانت کو کام میں لایا جائے
- لیڈرشپ کی صلاحیت پر وہان چڑھایا جائے

پروجیکٹ فنانسنگ اور سنڈیکیشن

فیصل بینک لمیٹڈ مارکیٹ میں سرگرم فریق کے طور پر معروف عمل رہا اور اپنے صارفین کی تھیل المدتی ضروریات کے علاوہ اپنے کلائنٹس کی تجارتی اور طویل المدتی ضروریات کو مد نظر رکھتے ہوئے قرضہ فراہم کیا۔ ہم نے پروجیکٹ فنانسنگ میں بھرپور حصہ لیا اور متحدہ سنڈیکیشنز میں لیڈ ایڈوائزر اور انرجی کے طور پر بھی حصہ لیا۔ رواں سال کے دوران کچھ اہم معاہدوں کی تفصیلات درج ذیل ہے:

- فیصل بینک لمیٹڈ کو ملک کی سب سے بڑی بجلی پیدا کرنے والی، ٹرانسمیشن اور ڈسٹری بیوٹن کمپنی کے لیے اسلامی اور روایتی طریقوں کے تحت 25 ارب روپے کی فنانسنگ میں لیڈ انرجی کے طور پر حصہ لینے کے اعتراف میں جون 2019 میں ایسٹ ٹریڈ اے ایشیا انفراسٹرکچر ایوارڈز "ایٹھٹی ڈیل آف دی ایئر" اور ایٹھٹی بینکنگ ایڈوائس سنڈیکیشنز میں لیڈ ایڈوائزر اور انرجی کے طور پر حصہ لینے کے اعتراف میں ایسٹ ٹریڈ اے ایشیا انفراسٹرکچر ایوارڈز "ٹرانسپورٹ ڈیل آف دی ایئر" جون 2019 سے نوازا گیا۔
- فیصل بینک لمیٹڈ پاکستان کی سب سے بڑی سرکاری میرین ٹرانسپورٹیشن کمپنی کے لیے اسلامی اور روایتی طریقوں کے تحت 5.10 ارب روپے کی فنانسنگ میں انرجی کے طور پر حصہ لینے کے اعتراف میں ایسٹ ٹریڈ اے ایشیا انفراسٹرکچر ایوارڈز "ٹرانسپورٹ ڈیل آف دی ایئر" جون 2019 سے نوازا گیا۔
- فیصل بینک لمیٹڈ نے سب سے پہلے 200 ارب روپے کے شریعہ کیلئے پاکستان انرجی سکوک کی کامیاب تکمیل میں لیڈ ایڈوائزر اور انرجی کے طور پر حصہ لیا یہ اسٹیٹیو ٹریڈ ایڈوائس ڈیوی ریز روکا حامل سکوک ہے۔
- فیصل بینک لمیٹڈ نے آئی پی پی موڈ کے تحت 330 میگا واٹ کولے سے بجلی پیدا کرنے والے پروجیکٹ کی تعمیر اور ترقی کے لیے 9.6 ارب روپے کی سنڈیکیشنز طویل مدتی پروجیکٹ فنانسنگ کے انتظام کے لیے لیڈ انرجی کے طور پر حصہ لیا۔
- فیصل بینک لمیٹڈ نے 50 میگا واٹس کے دو ونڈ پاور پراجیکٹس کی تعمیر، آپریشن اور دیگر بحال کے لیے سنڈیکیشنز طویل مدتی پروجیکٹ فنانسنگ کے انتظام کے لیے لیڈ ایڈوائزر کے طور پر حصہ لیا۔ یہ پراجیکٹس نہ صرف ملک میں توانائی کی بڑھتی ہوئی طلب کو پورا کریں گے بلکہ ماحول کو صاف اور سرسبز بنانے میں بھی مددگار ثابت ہوں گے۔
- فیصل بینک لمیٹڈ نے ملک کی سب سے بڑی الیکٹریک ڈسٹری بیوٹن کمپنی کے لیے 8 ارب روپے کے شریعہ کیلئے کمرشل بیچے جاری کرنے کے معاہدے کو کامیابی کے ساتھ مکمل کرنے میں لیڈ انرجی کے طور پر حصہ لیا۔

رشیل بینکنگ

صارفین کی معاونت اور انہیں ان کی دلچسپی پر بینکاری کی خدمات فراہم کرنا ہماری رشیل بینکنگ کی حکمت عملی کا سنگ بنیاد ہے۔ اس حکمت عملی کو ذہن میں رکھتے ہوئے بینک نے رواں سال 100 شعبوں کو کھول کر ایک سال میں سب سے زیادہ شعبوں کو کھولنے کا ریکارڈ قائم کر لیا ہے۔

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

- شرعی رہنما اصولوں پر مبنی بھرپور خصوصیات اور صارفین کے لیے فیس معافی کی بے مثال سہولیات کے حامل فیصل اسلامک رحمت اکاؤنٹ حصارف کرایا گیا۔ یہ اکاؤنٹ صارفین کو خیراتی مقاصد میں اپنا حصہ شامل کرنے کا موقع فراہم کرتا ہے۔

بیرونی محاذ پر کرنٹ اکاؤنٹ خسارہ (CAD) بتدریج کم ہوتا جا رہا ہے۔ اکتوبر 2019 میں سرپلس جمع کرنے کے بعد مالی سال 2020 میں جولائی۔ نومبر کے دوران کرنٹ اکاؤنٹ خسارہ 1,821 ملین امریکی ڈالر زریکارڈ کیا گیا جبکہ اس کے مقابلے میں گزشتہ سال اسی عرصے کے دوران یہ خسارہ 6,733 ملین امریکی ڈالر تھا۔ کرنٹ اکاؤنٹ خسارے میں 72 فیصد کمی کی بنیادی وجوہات میں درآمدات کی مد میں اخراجات پر قابو پانا تھا جو کہ 23,218 ملین امریکی ڈالر سے کم ہو کر 18,311 ملین ڈالر کی سطح پر آ گئے ہیں۔

مالی سال 2020 میں معاشی ترقی کی رفتار مست روی کا شکار رہنے کی توقع ہے کیونکہ زیادہ ٹیکسز اور سخت معاشی حالات کی وجہ سے نجی سرمایہ کاری بھی قفل کا شکار ہے۔ اس کے علاوہ عوام الناس کی کمزور مالی حالت اور قفلے میں تناؤ پڑنے پر سیاسی حالات کی وجہ سے معیشت کو بھی خطرات لاحق ہیں۔ حکومت پر اہم دہے کہ فروری 2020 میں پاکستان کو ایف اے ٹی ایف (FATF) کی بلیک لسٹ میں شامل نہیں کیا جائے گا۔ اس لیے توقع ہے کہ جاری اصلاحات کی بدولت مالی سال 2020 میں کاروباری اعتماد بحال اور سرمایہ کاری میں اضافہ ہوگا۔

بینک کی کارکردگی:

اسلامی بینکاری میں منتقلی

الحمد للہ فیصل بینک اپنے مکمل اسلامی بینک بننے کے مشن پر مسلسل عمل پیرا ہے، فیصل بینک کی 100 نجی اسلامی شاخیں کھولنے کے ساتھ 59 کنونشنل شاخوں کو بھی اسلامی شاخوں میں تبدیل کیا گیا ہے۔ ترقی کی حکمت عملی کے ساتھ ساتھ منتقلی کی کوششیں بھی جاری ہیں، 2019 کے اختتام پر فیصل بینک کی مجموعی 555 شاخوں میں سے 1414 اسلامی شاخیں ہیں۔ اس کا مطلب ہے کہ شاخوں کے پورے نیٹ ورک میں سے تقریباً 75 فیصد مکمل اسلامی شاخیں پورے پاکستان میں پھیلی ہوئی ہیں۔

ماشاء اللہ! فیصل بینک اب پاکستان کے سب سے بڑے اسلامی بینکوں میں سے ایک ہے۔ بینک نے اسلامی بینکاری کے لیے پرمز اور ماہر ٹیم کے علاوہ معروف شرعی علماء کی زیر نگرانی شرعی اصولوں کے عین مطابق تمام پروڈکٹس اور کارپوریٹ، کمرشل، ایس ایم ای اور ریشیل کسٹمر مکمل اسلامی بینکاری نظام رائج کر دیا ہے۔ اسلامی بینکاری میں منتقلی پر مامور ٹیم اس بات کو یقینی بناتی ہے کہ ہمارے بینکنگ سسٹم میں کچھ تبدیلیوں اور طریقہ کار میں ترامیم کے علاوہ قواعد و ضوابط کی مکمل پاسداری کے بعد کنونشنل بینکنگ اکاؤنٹس کو اسلامی بینکنگ اکاؤنٹس میں منتقل کیا جائے۔

بینک نے متعدد اسلامی پروڈیکٹ اور اسٹریٹجی ڈائنٹس ٹرانزیکشنز میں سربراہی کی ہے، بینک نے خود کو لینڈ پلیئر کے طور پر پیش کرتے ہوئے اسلامک انویسٹمنٹ بینکنگ میں مہارت حاصل کر لی ہے۔ لیبیل المدتی اسلامی کمرشل بچہ ز اور اسلامی انرجی سکوک سمیت بینک نے کسٹمر کے لیے سرمایہ کاری کے خصوصی حل میں بھی ہائی کی حیثیت برقرار رکھی ہے۔

ملازمین کی اسلامی بینکاری میں مہارت، ترقی اور تربیت پر توجہ ایک اور اہم اقدام ہے، اس سلسلے میں بینک کے تمام ملازمین کو دونوں طرح کے یعنی اسلامی بینکاری کے بنیادی اصول اور جدید ترین مہارت کی تربیت دی گئی ہے۔ بینک کی تمام سینئر انتظامیہ، بشمول بینک کے صدر اور سی ای او سب کو اسلامی بینکاری کی تربیت دی گئی ہے۔

اسلامی اقدار کے نظام کو اچھی طرح قابل عمل بنانے اور بینک کے تمام شعبہ جات میں اسلامی ماحول کو پروان چڑھانے کے لیے اسلامی ضابطہ اخلاق رائج کر دیا گیا ہے۔ اسلامی ورثہ اور ذریعہ ان کی عکاسی کے لیے شاخوں کی تزئین و آرائش پر خصوصی توجہ دی جا رہی ہے۔

اسلامی بینک کے مطابق موثر اشتہاری مہم کے ذریعے براہ رنگ میں ترقی اور نجی براہ رنگ سمیت موجودہ براہ رنگ کی اسلامی خدو خال میں منتقلی پر بھی توجہ دی جا رہی ہے۔ انشاء اللہ فیصل بینک، 2020 کے دوران اور اس کے بعد اپنی حکمت عملی کو ذمہ داری سے نبھاتے ہوئے اپنے اسٹیٹک ہولڈرز، کسٹمرز اور شیئرز ہولڈرز کے اقدار کا تحفظ کرتے ہوئے ترقی کی راہ پر گامزن مکمل اسلامی بینکاری میں تبدیلی کا عمل جاری رکھے گا۔

ڈائریکٹرز کا جائزہ

31 دسمبر، 2019 کو ختم ہونے والے سال کے لیے ان کنسولیدٹڈ مالیاتی گوشواروں پر ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں 31 دسمبر 2019 کو ختم ہونے والے سال کے لیے فیصل بینک لمیٹڈ ("ایف بی ایل" یا "دی بینک") کی ڈائریکٹرز رپورٹ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پر وفا کی

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 امداد راج پاکستان اسٹاک ایکسچینج میں ہے۔ فیصل بینک لمیٹڈ اپنے تمام کسٹمرز یعنی ریٹیل، سال اینڈ میڈیم سائزڈ انٹرپرائزز، کمرشل انگری میڈ اور کارپوریٹ شعبہ جات میں جدید بینکاری کی وسیع ترین خدمات فراہم کرتا ہے۔

گزشتہ چند سالوں کے دوران فیصل بینک لمیٹڈ نے صارفین تک رسائی میں اضافے کے لیے نئی شاخیں کھولنے کی سرگرمی کو وسعت دی ہے۔ فیصل بینک کی ملک بھر کے 200 سے زائد شہروں میں 555 شاخیں ہیں۔ فیصل بینک لمیٹڈ کو مکمل اسلامی بینک میں تبدیل کرنے کی حکمت عملی کے تحت ان شاخوں میں سے 75 فیصد شاخیں شرعی اصولوں کے عین مطابق خدمات فراہم کر رہی ہیں۔ شاخوں میں اضافے کے ساتھ فیصل بینک لمیٹڈ اپنے صارفین کو جدید، آسان اور محفوظ مالی خدمات کی فراہمی کے لیے ٹیکنالوجی پر بھی ہماری سرمایہ کاری کر رہا ہے۔

اقتصادی اپ ڈیٹ

مالی سال 2020 کی دوسری سہ ماہی میں پاکستان کی جانب سے انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) تک رسائی کے فیصلے سے معیشت کے استحکام کے آثار نظر آنا شروع ہو گئے اور مارکیٹ میں ایکسچینج ریٹ کا نظام عمل میں لانے سے خاطر خواہ نتائج سامنے آئے۔ سب سے پہلے درآمدات میں کمی کی وجہ سے تقریباً چار برسوں میں پہلی مرتبہ ایکٹو برنس کرنٹ اکاؤنٹ بیٹنس سرپلس ریکارڈ کیا گیا۔ دوسری طرف مہنگائی میں اضافے کے ساتھ شرح سود بڑھنے کی وجہ سے صارفین کی قوت خرید میں کمی آگئی تھی۔ مزید برآں، 2 دسمبر کو سوڈین کی جانب سے پاکستان کی کریڈٹ ریٹنگ آڈٹ لک کوٹھی سے مستحکم قرار دے کر B3 ریٹنگ تفویض کی گئی، کرنٹ اکاؤنٹ کی مثبت چالنج پڑتا ہے اور مالیاتی اصلاحات پر پیش رفت کے باعث غیر ملکی سرمایہ کاروں کا اعتماد بحال ہوا جس کا ذکر آنے والی آئی سی سی کنورٹبل رینیٹنگ ایجنسی (SCRA) رپورٹس میں کیا جاسکتا ہے۔ علاوہ ازیں، 6 دسمبر کو ایشین ڈیولپمنٹ بینک کی جانب سے پاکستان کے لیے 1.3 ارب امریکی ڈالر قرضے کی منظوری سے ملنے سے معیشت کو سہارا ملنا اور زرمبادلہ کے ذخائر مستحکم ہونے۔

اہلہ، پاکستان کی معیشت بہتری کے لیے ترقی کے راستے پر سرگرم عمل ہے، افریڈ اور اونچی سطح پر ہے، اور مہنگائی کا تناسب گزشتہ سات سال کے دوران سب سے زیادہ رہا۔ مالی سال 2020 کی پہلی سہ ماہی کے دوران کنزیومر پرائس انڈیکس (CPI) پرانے بنیادی سال (2007-08) کے استعمال سے حاصل شدہ 11.72 فیصد کے مقابلے میں نئے بنیادی سال (2015-16) کو استعمال کیا گیا تو سی پی آئی کی شرح 11.10 فیصد تک کم ریکارڈ کی گئی۔ سی پی آئی میں اضافے کی تمام تر صورت حال روزمرہ ضروریات کی اشیاء اور رکھانے کی بڑھتی ہوئی قیمتوں کے نتیجے میں پیش آئی ہے جس کو عارضی قرار دیا جا رہا ہے۔ مالی سال 2020 میں سی پی آئی کی شرح 12.11 فیصد کے درمیان رہنے کا امکان ہے۔ جس کے نتیجے میں مانیٹری پالیسی کمیٹی (MPC) نے نومبر میں اپنے گزشتہ اجلاس میں پالیسی شرح سود میں کوئی تبدیلی نہیں کی اور اسے 13.25 فیصد پر ہی برقرار رکھا۔

بڑے پیمانے پر نکلیں اصلاحات اور عوامی اخراجات پر قابو پانے کی وجہ سے مالی خسارے کی عدم کسی اعتبار سے کمی ہوئی۔ ایف بی آر کو مالی سال 2021 کے لیے نکلیں کلیننگ کا ہدف پورا کرنے کے لیے جدید طریقہ کار اختیار کرنا ہوگا۔ ننانسنگ کے کاڈ پر حکومت نے اسٹیٹ بینک آف پاکستان (SBP) سے نئے قرضے لینے کے عزم پر سختی سے عملدرآمد کو برقرار رکھا ہوا ہے، جس کی وجہ سے حکومت کو نہ صرف آئی ایم ایف کے مجوزہ پروگرام کے مطابق مسلسل کارکردگی دکھانے میں مدد ملی، بلکہ افریڈ اور قابو پانے میں بھی آسانی ہوگی۔ حکومت پر امید ہے کہ ایف بی آر کے سالانہ نکلیں کلیننگ کے ہدف میں کمی کو ناکلیں ریویو جیسا کہ اسٹیٹ بینک آف پاکستان کے سرپلس منافع اور نجکاری کے عمل سے حاصل ہونے والے فنڈز سے پورا کیا جائے گا۔



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, 2019, 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 35 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, 2019 and of the profit and other comprehensive income, 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.

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Provision against advances: (Refer note 11.4 to the unconsolidated financial statements).</p> <p>The Bank makes provision against advances on a time-based criteria that involves ensuring all non-performing</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p>

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>loans and 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>The Bank has recognised a net charge of provision against advances amounting to Rs. 645.343 million in the unconsolidated profit and loss account in the current year. As at December 31, 2019, the Bank holds a provision of Rs. 24,237.675 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 unconsolidated statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>We obtained an understanding of the design and tested the operating effectiveness of key controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing loans.</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 loan / mark-up installments and tested classification of non-performing loans based on the number of days overdue; and ▪ evaluated the management's assessment for classification of customers' loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and through discussion with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p>
2	<p>IFRS 16 Leases (Refer note 3.8 to the unconsolidated financial statements)</p> <p>The Bank has adopted IFRS 16 Leases with effect from January 1, 2019. IFRS 16 introduces a single on balance sheet lease accounting model for leases entered into by the lessees. A lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. On adoption of IFRS 16, the Bank has changed its accounting policy for operating leases which are now recognised on the statement of financial position. The Bank has accordingly recorded right-of-use assets and lease liability amounting to Rs 7,531.556 million and</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ obtained an understanding of the management's process for identification of agreements which contains leasing arrangements; ▪ evaluated the selection of accounting policies and methodology followed by the management for determination and measurement of right-of-use assets, corresponding lease liabilities and other related impacts; ▪ on a sample basis, tested the underlying data used by the management from the lease contracts for

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>Rs. 6,903.049 million respectively as at January 1, 2019. The comparative figures for the 2018 reporting period have not been restated, as permitted under the specific transitional provisions of the standard.</p> <p>The adoption of IFRS 16 involves estimation and judgement. Because of the significance of the impact of these judgements / estimates, we considered this area as a key audit matter.</p>	<p>determination of the right-of-use assets and corresponding lease liabilities. Further, performed re-computations on a test basis to assess the accuracy of computations performed by the management; and</p> <ul style="list-style-type: none"> ▪ assessed whether the presentation and disclosures related to the adoption of IFRS 16 in the unconsolidated financial statements are in compliance with the applicable financial reporting framework.

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. Shahbaz Akbar.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: March 4, 2020

Unconsolidated Statement of Financial Position

As at December 31, 2019

	Note	2019	2018
		-----Rupees '000-----	
ASSETS			
Cash and balances with treasury banks	7	60,368,417	43,173,993
Balances with other banks	8	2,835,570	1,847,595
Lendings to financial institutions	9	-	2,997,486
Investments	10	204,068,952	214,185,591
Advances	11	309,573,002	296,444,861
Fixed assets	12	24,183,424	11,612,007
Intangible assets	13	1,487,541	1,331,731
Deferred tax assets	18	-	183,206
Other assets	14	27,335,751	28,137,713
		629,852,657	599,914,183
LIABILITIES			
Bills payable	15	8,356,460	23,543,525
Borrowings	16	72,746,795	98,351,921
Deposits and other accounts	17	457,789,109	409,383,802
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	18	2,763,998	-
Other liabilities	19	32,932,422	25,136,420
		574,588,784	556,415,668
		55,263,873	43,498,515
NET ASSETS			
REPRESENTED BY			
Share capital	20	15,176,965	15,176,965
Reserves		9,830,958	8,778,908
Surplus on revaluation of assets - net	21	10,748,080	5,093,667
Unappropriated profit		19,507,870	14,448,975
		55,263,873	43,498,515
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, 2019

	Note	2019	2018
		-----Rupees '000-----	
Mark-up / return / interest earned	24	58,398,138	35,199,965
Mark-up / return / interest expensed	25	37,278,033	18,924,859
Net mark-up / interest income		21,120,105	16,275,106
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	4,112,625	3,871,207
Dividend income		424,246	170,110
Foreign exchange income		2,833,324	1,970,720
Income from derivatives		175,652	118,641
(Loss) / gain on securities	27	(579,429)	50,560
Other income	28	280,939	402,555
Total non-markup / interest income		7,247,357	6,583,793
Total income		28,367,462	22,858,899
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	17,067,653	14,816,097
Workers welfare fund		232,722	172,758
Other charges	30	32,507	90,275
Total non-markup / interest expenses		17,332,882	15,079,130
Profit before provisions		11,034,580	7,779,769
Provision / (reversal of provision) and recoveries against written-off debts - net	31	842,890	(421,940)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		10,191,690	8,201,709
Taxation	32	4,151,058	3,364,526
PROFIT AFTER TAXATION		6,040,632	4,837,183
		----- Rupees -----	
Basic / diluted earnings per share	33	3.98	3.19

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, 2019

	2019	2018
	-----Rupees '000-----	
Profit after taxation for the year	6,040,632	4,837,183
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in surplus on revaluation of investments - net of tax	3,819,861	(437,395)
Items that will not be reclassified to profit and loss account in subsequent periods:		
- Remeasurement gain / (loss) on defined benefit obligations - net of tax	56,094	(22,181)
- 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	(695)
	2,060,941	(22,876)
Total comprehensive income	<u>11,921,434</u>	<u>4,376,912</u>

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 Changes in Equity

For the year ended December 31, 2019

	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit	Total	
	Capital				Statutory reserve	Total	Investments	Fixed assets / non-banking assets	Total			
	Share capital	Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase								Reserve arising on amalgamation
Rupees '000												
Balance as at January 1, 2018	13,197,361	-	10,131	756,873	23,952	7,145,382	7,936,338	1,449	5,611,794	5,613,243	12,499,528	39,246,470
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	-	4,837,183	4,837,183
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	(437,395)	(695)	(438,090)	(22,181)	(460,271)
Total comprehensive (loss) / income	-	-	-	-	-	-	-	(437,395)	(695)	(438,090)	4,815,002	4,376,912
Transfer to statutory reserve	-	-	-	-	-	967,437	967,437	-	-	-	(967,437)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(81,486)	(81,486)	81,486	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(124,867)	-	-	(124,867)	-	-	-	-	(124,867)
Transactions with owners, recorded directly in equity												
- Transfer to reserve for issue of bonus shares	-	1,979,604	-	-	-	-	1,979,604	-	-	-	(1,979,604)	-
- Bonus shares issued	1,979,604	(1,979,604)	-	-	-	-	(1,979,604)	-	-	-	-	-
	1,979,604	-	-	-	-	-	-	-	-	-	(1,979,604)	-
Balance as at December 31, 2018	15,176,965	-	10,131	632,006	23,952	8,112,819	8,778,908	(435,946)	5,529,613	5,093,667	14,448,975	43,498,515
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	-	6,040,632	6,040,632
Other comprehensive income - net of tax	-	-	-	-	-	-	-	3,819,861	2,004,847	5,824,708	56,094	5,880,802
Total comprehensive income	-	-	-	-	-	-	-	3,819,861	2,004,847	5,824,708	6,096,726	11,921,434
Transfer to statutory reserve	-	-	-	-	-	1,208,126	1,208,126	-	-	-	(1,208,126)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(76,473)	(76,473)	76,473	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(93,822)	(93,822)	93,822	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(156,076)	-	-	(156,076)	-	-	-	-	(156,076)
Balance as at December 31, 2019	15,176,965	-	10,131	475,930	23,952	9,320,945	9,830,958	3,383,915	7,364,165	10,748,080	19,507,870	55,263,873

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, 2019

Note	2019	2018
	-----Rupees '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	10,191,690	8,201,709
Less: dividend income	(424,246)	(170,110)
	9,767,444	8,031,599
Adjustments:		
Depreciation	12.2 1,019,367	882,482
Amortisation of intangible assets	13.2 142,147	120,049
Depreciation on right-of-use assets	12.2 1,404,771	-
Depreciation on non-banking assets	14.1.1 11,707	14,257
Impairment of non-banking assets	-	47,780
Workers' welfare fund	232,722	172,758
Provision / (reversal of provision) against loans and advances - net	31 645,343	(433,611)
Provision for diminution in value of investments - net	31 307,614	92,891
(Reversal of other provision) / other provision - net	31 (5,388)	7,584
(Reversal of provision) / provision against off balance sheet obligations	31 (11,562)	24,148
(Gain) / loss on securities unrealised - held for trading - net	27 (12,069)	7,676
Gain on sale of fixed assets - net	28 (9,749)	(30,219)
Gain on sale of non-banking assets - net	28 (10,716)	-
Charge for defined benefit plan	29.1 177,503	123,622
Amortisation of prepaid employee benefits	-	66,688
Income from derivative contracts - net	(175,652)	(118,641)
Mark-up / return / interest expensed - lease liability against right-of-use assets	25 977,129	-
Bad debts written off directly	31 12,430	10,926
	4,705,597	988,390
	14,473,041	9,019,989
(Increase) / decrease in operating assets		
Lendings to financial institutions	2,997,486	6,012,849
Held-for-trading securities	568,730	1,932,768
Advances	(13,822,914)	(64,490,016)
Other assets (excluding advance taxation)	(939,610)	(7,465,371)
	(11,196,308)	(64,009,770)
Increase / (decrease) in operating liabilities		
Bills Payable	(15,187,065)	14,782,191
Borrowings from financial institutions	(25,902,222)	43,667,379
Deposits	48,405,307	37,759,647
Other liabilities (excluding current taxation)	(560,113)	4,602,965
	6,755,907	100,812,182
Income tax paid	(3,380,364)	(2,277,661)
Contribution to gratuity fund	(84,583)	-
Net cash flow generated from operating activities	6,567,693	43,544,740
CASH FLOW FROM INVESTING ACTIVITIES		
Net divestment / (investment) in available for sale securities	12,851,593	(35,738,792)
Net divestment / (investment) in held to maturity securities	2,630,928	(1,424,859)
Dividends received	424,246	181,079
Investment in operating fixed assets	(2,496,777)	(1,061,868)
Investment in intangible assets	(490,060)	(147,786)
Proceeds from sale of fixed assets	12,962	41,144
Proceeds from sale of non-banking assets	191,073	-
Net cash flow generated from / (used in) investing activities	13,123,965	(38,151,082)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(1,806,111)	-
Dividend paid	(244)	(2,603)
Net cash flow used in financing activities	(1,806,355)	(2,603)
Increase in cash and cash equivalents during the year		
Cash and cash equivalents at the beginning of the year	34 17,885,303	5,391,055
Cash and cash equivalents at the end of the year	34 44,879,962	39,488,907
	34 62,765,265	44,879,962

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, 2019

1 STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the Companies Act, 2017 (previously Companies Ordinance, 1984). Its shares are listed on Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank has a network of 555 branches (2018: 455); including 413 Islamic banking branches (2018: 254) and 1 Islamic sub-branch (2018: 1) in Pakistan.

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

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

- 1.2** The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited, based on the unconsolidated financial statements of the Bank for the period ended September 30, 2019 and December 31, 2018 respectively, have determined the Bank's long-term rating as 'AA' (December 31, 2018: 'AA') and the short term rating as 'A1+' (December 31, 2018: 'A1+').

2 BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2** The financial results of the Islamic banking branches have been included in these unconsolidated financial statements for reporting purposes only. Inter branch transactions and balances have been eliminated.
- 2.3** In accordance with the directives issued by the SBP, the statement of financial position and the profit and loss account of Islamic banking branches of the Bank are disclosed in Annexure II to these unconsolidated financial statements.
- 2.4** These unconsolidated financial statements are the separate financial statements of Faysal Bank Limited. In addition to these unconsolidated financial statements, consolidated financial statements of the Bank have also been prepared.

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).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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** 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.
- 3.3** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the year ended December 31, 2019, the Bank has adjusted amortisation of intangible assets amounting to Rs. 156.076 million (net of tax) from the NCR.
- 3.4** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, '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.
- 3.5** 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:**

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

- 3.6.1** IFRS 16: 'Leases', became effective from annual period beginning on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Bank's unconsolidated financial statements is disclosed in note 3.8 below.
- 3.6.2** 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, 2019 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 3 - 'Business combinations' (amendments)	January 1, 2020
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2020
- IFRS 9 - 'Financial instruments'	January 1, 2021 *

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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 impact on all the assets of the Bank which are exposed to credit risk.

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, 2020 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.

3.8 Change in accounting policy

Effective January 1, 2019, the Bank has adopted IFRS 16, 'Leases' which replaces existing guidance on accounting for leases, including IAS 17, 'Leases', IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15, 'Operating leases - incentive', and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease'. IFRS 16 introduces a single on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Bank has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019. The revised accounting policies are disclosed in note 6.23.

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

For leases previously classified as finance lease, the Bank recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use assets and the lease liability at the date of initial application. The measurement principles of IFRS 16 are applied only after that date. The remeasurements to the lease liabilities were recognised as an adjustment to the related right-of-use assets immediately after the date of initial application. On adoption of IFRS 16, the Bank has recognised lease liability amounting to Rs 6,903.049 million as at January 1, 2019 in respect of operating lease commitments of Rs 10,708.369 million as disclosed in the annual financial statements for the year ended December 31, 2018. The on balance sheet recognition of leases previously accounted for as operating leases were most significantly impacted by adjustments as a result of different treatment of extension and termination options under IFRS 16.

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognised in the unconsolidated statement of financial position as at December 31, 2019.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	December 31, 2019	January 1, 2019
	-----Rupees '000-----	
The recognised right-of-use assets relate to the following types of assets:		
Land and building	8,372,702	7,531,556
The effects of this change in accounting policy are as follows:		
Impact on the unconsolidated statement of financial position:		
- Increase in fixed assets - right-of-use assets	8,372,702	7,531,556
- Decrease in other assets - advances, deposits, advance rent and other prepayments	(836,020)	(628,507)
- Increase in other assets - advance taxation (payments less provisions)	305,488	-
Increase in total assets - net	<u>7,842,170</u>	<u>6,903,049</u>
- Increase in other liabilities - lease liability against right-of-use assets	8,319,984	6,903,049
Decrease in net assets	<u>(477,814)</u>	<u>-</u>

Impact on unconsolidated profit and loss account:

- Increase in markup / return / interest expense - lease liability against right-of-use assets	(977,129)
- Increase in operating expenses - depreciation on right-of-use assets	(1,404,771)
- Decrease in operating expenses - rent and taxes	<u>1,598,598</u>
- Decrease in profit before taxation	(783,302)
- Decrease in taxation	<u>305,488</u>
- Decrease in profit after taxation	<u>(477,814)</u>
	---- Rupees ----
- Decrease in EPS	<u>0.31</u>

Practical expedients applied:

In applying IFRS 16 for the first time, the Bank has used the following practical expedients permitted by the standard.

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on the previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

- The election for not to re-asses whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Bank relied on its arrangement made applying IAS 17 and IFRIC 4.

4 BASIS OF MEASUREMENT

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

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 combination (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 (note 6.10); and
- x) Lease liability and right-of-use assets (notes 6.23, 12.2, 19 and 25).

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 except for the change as disclosed in note 3.8 to these unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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 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 / Mudarabah placements

In Musharaka / Mudarabah, 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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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

Investments 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 below.

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. The amount of provision is charged to the unconsolidated profit and loss account. General provision against consumer and small enterprises financings portfolio is maintained as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan. 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 the customer create co-ownership in the asset by purchasing it jointly. The Bank then rents out its share of the asset to the customer. Besides the payment of rentals, customer

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

also purchases 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 the customer based on Shirkat-ul-Aqd or business partnership in the customer's operating business. Under this mechanism the 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, the 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 the 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 the customer. After the purchase of services, the Bank appoints the customer 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 unconsolidated statement of financial position as inventories of the Bank at cost price and after sale of goods by the customer to its ultimate buyers, Istisna financing will be booked.

(f) Musawamah

In Musawamah financing, the Bank purchases the goods and after taking the possession, sells them to the 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 at the unconsolidated statement of financial position as inventories of the Bank at cost price and after the sale of goods by the 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 the customer / seller against

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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 at the unconsolidated statement of financial position as inventories of the Bank at cost price and after the sale of goods by the 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.

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

(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 cost 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 of disposal. 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.

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 represents 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.

Notes to and forming part of the Unconsolidated Financial Statements

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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 and assets acquired in satisfaction of claims 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 value does not differ materially from their fair value. 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.

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 disclosed unless an inflow of economic benefits is virtually certain. 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

Notes to and forming part of the Unconsolidated Financial Statements

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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.
- 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 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 the customer.
- 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

- 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 basis.

6.15 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by 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 balance sheet date' 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 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 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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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.

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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

6.23 Bank's leasing arrangements

6.23.1 Lease liability and right-of-use assets

The Bank leases various branches 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 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 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

7 CASH AND BALANCES WITH TREASURY BANKS	Note	2019	2018
		-----Rupees '000-----	
In hand			
- Local currency		10,322,390	10,351,342
- Foreign currency		3,601,723	2,444,182
		13,924,113	12,795,524
With State Bank of Pakistan in			
- Local currency current account	7.1	32,960,190	17,961,225
- Foreign currency current account	7.2	1,873,656	1,684,395
- Foreign currency deposit account	7.3	5,325,652	4,977,571
		40,159,498	24,623,191
With National Bank of Pakistan in			
- Local currency current account		5,574,470	5,746,092
Prize bonds		710,336	9,186
		<u>60,368,417</u>	<u>43,173,993</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 15% maintained with the SBP in US dollars deposit account under the requirements of BSD Circular No.14 dated June 21, 2008, 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 0.70% (2018: 1.5%) per annum on monthly basis by the SBP.

8 BALANCES WITH OTHER BANKS	Note	2019	2018
		-----Rupees '000-----	
In Pakistan			
- In current account		1,426,975	1,388,625
Outside Pakistan			
- In current account		1,352,850	458,970
- In deposit account		55,745	-
		<u>2,835,570</u>	<u>1,847,595</u>
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings		-	-
Repurchase agreement lendings (reverse repo)	9.2	-	2,997,486
		<u>-</u>	<u>2,997,486</u>
Less: provision held against lending to financial institutions		-	-
Lending to financial institutions - net of provision		<u>-</u>	<u>2,997,486</u>
9.1 Particulars of lending			
In local currency		-	2,997,486
In foreign currencies		-	-
		<u>-</u>	<u>2,997,486</u>

9.2 This represents lendings to a commercial bank which carry mark-up at the rate of Nil (2018: 10.25%).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

9.3 Securities held as collateral against lending to financial institutions

2019			2018		
Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
-	-	-	3,000,000	-	3,000,000

Rupees '000

Market Treasury Bills

10 INVESTMENTS

10.1 Investments by type:

Note	2019				2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees '000							
Held-for-trading securities								
Federal Government securities	31,073,816	-	1,002	31,074,818	31,630,477	-	(11,067)	31,619,410
Available-for-sale securities								
Federal Government securities	104,109,013	-	115,329	104,224,342	151,416,453	-	(199,053)	151,217,400
Shares	8,322,582	1,745,897	878,857	7,455,542	9,134,281	1,429,123	(480,988)	7,224,170
Non Government debt securities	42,711,443	559,787	4,553,216	46,704,872	7,443,897	559,787	9,355	6,893,465
	155,143,038	2,305,684	5,547,402	158,384,756	167,994,631	1,988,910	(670,686)	165,335,035
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt securities	13,916,034	1,543,597	-	12,372,437	16,546,962	1,552,757	-	14,994,205
	15,513,082	1,543,597	-	13,969,485	18,144,010	1,552,757	-	16,591,253
Subsidiary *								
Fully paid up ordinary shares of Faysal Asset Management Limited	639,893	-	-	639,893	639,893	-	-	639,893
	202,369,829	3,849,281	5,548,404	204,068,952	218,409,011	3,541,667	(681,753)	214,185,591

* related party

10.2 Investments by segments

Federal Government securities

Note	2019				2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees '000							
- Market Treasury Bills	118,699,887	-	7,040	118,706,927	173,172,404	-	(10,088)	173,162,316
- Pakistan Investment Bonds	10,482,942	-	169,291	10,652,233	3,874,526	-	(92,632)	3,781,894
- Ijarah Sukuks	6,000,000	-	(60,000)	5,940,000	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	136,779,877	-	116,331	136,896,208	184,643,978	-	(210,120)	184,433,858

Shares

- Listed companies	7,622,916	1,096,231	848,512	7,375,197	8,434,615	779,457	(511,333)	7,143,825
- Unlisted companies	699,666	649,666	30,345	80,345	699,666	649,666	30,345	80,345
	8,322,582	1,745,897	878,857	7,455,542	9,134,281	1,429,123	(480,988)	7,224,170

Non Government debt securities

- Listed	35,770,632	51,476	4,555,178	40,274,334	1,099,690	51,476	7,975	1,056,189
- Unlisted	20,856,845	2,051,908	(1,962)	18,802,975	22,891,169	2,061,068	1,380	20,831,481
	56,627,477	2,103,384	4,553,216	59,077,309	23,990,859	2,112,544	9,355	21,887,670

Subsidiary *

Fully paid up ordinary shares of Faysal Asset Management Limited	639,893	-	-	639,893	639,893	-	-	639,893
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Total Investments

	202,369,829	3,849,281	5,548,404	204,068,952	218,409,011	3,541,667	(681,753)	214,185,591
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* related party

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

10.2.1 Market Treasury Bills have tenures of 3 months to 1 year. The Bank's return on these instruments ranges from 12.79% to 13.84% per annum (2018: 8.71% to 10.96% per annum) with maturities up to December 2020.

10.2.2 Pakistan Investment Bonds have tenures of 3 to 10 years. The Bank's return on these instruments ranges from 6.64% to 14.59% per annum (2018: 6.45% to 12.70% per annum) with maturities from July 2020 to August 2029.

10.2.3 GoP Ijarah Sukuk bonds have tenure of 3 years. The Bank's return on these instruments is 5.24% per annum (2018: 5.24% per annum) maturing in June 2020.

	2019	2018
	-----Rupees '000-----	
10.2.4 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(400,462)	(605,467)
Less: profit receivable shown in other assets	(215,115)	(10,110)
Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.84% per annum (2018: 12.84%) maturing in December, 2021.

10.2.5 These include Sukuks having tenures ranging from 5 to 15 years. The Bank's return on these instruments ranges from 13.99% to 16.85% per annum (2018: 8.56% to 11.92% per annum) with maturities up to May 2032.

	2019	2018
	-----Rupees '000-----	
10.3 Investments given as collateral		
- Market treasury bills	<u>21,747,989</u>	<u>59,034,240</u>
10.4 Provision for diminution in value of investments		
10.4.1 Opening balance	3,541,667	3,448,776
Charge / (reversals)		
Charge for the year	366,100	229,043
Reversals on disposals	(58,486)	(136,152)
	307,614	92,891
Closing Balance	<u>3,849,281</u>	<u>3,541,667</u>

10.4.2 Particulars of provision against debt securities

Category of classification

Domestic

- Loss

	2019		2018	
	Non-performing investments	Provision	Non-performing investments	Provision
	-----Rupees '000-----			
- Loss	<u>2,103,384</u>	<u>2,103,384</u>	<u>2,112,544</u>	<u>2,112,544</u>

10.5 Investment in subsidiary

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

Particulars of the assets and liabilities of the subsidiary

	Dec 31, 2019	Dec 31, 2018
	-----Rupees '000-----	
Revenue	144,748	110,012
Net loss	(36,860)	(54,234)
Total assets	390,402	380,646
Liabilities	100,713	74,945
Net assets	289,689	305,701
Percentage (%) holding of the Bank	99.99%	99.99%

10.5.1 During the year, the management assessed the recoverable amount of the Bank's investment in Faysal Asset Management Limited. As a result of this exercise, the management has concluded that there is no impairment against the Bank's investment in Faysal Asset Management Limited as at December 31, 2019.

In determining the recoverable amount, the management has used certain key assumptions regarding the future business, economic and market conditions. Key assumptions include discount rate and terminal growth rate. A change in these assumptions used may impact the value of investment.

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

	2019	2018
	-----Rupees '000-----	
	Cost	
	87,671,805	141,762,868
	10,437,208	3,653,585
	6,000,000	6,000,000
	104,109,013	151,416,453

Shares

Listed companies

Cement	291,028	332,380
Chemical	578,402	672,135
Commercial banks	1,677,348	1,612,705
Engineering	72,489	89,246
Fertilizer	629,798	669,138
Glass and ceramics	38	38
Investment banks / investment companies / securities	12,528	12,528
Oil and gas exploration company	903,551	885,828
Oil and gas marketing company	381,012	382,712
Open - end mutual funds	2,051,843	2,731,377
Paper and board	84,019	251,189
Pharmaceuticals	55,589	73,522
Power generation and distribution	687,796	484,988
Real estate	16,372	16,372
Refinery	19,033	56,913
Textile composite	98,204	106,735
Textile spinning	4,362	4,362
Textile weaving	1,271	1,271
Transport	57,974	50,917
Food and allied	243	243
Others	16	16
	7,622,916	8,434,615

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2019		2018	
	Cost	Breakup value	Cost	Breakup value
	----- Rupees '000 -----			
Unlisted companies				
1Link (Private) Limited	50,000	N/A	50,000	N/A
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	-	1,037	-
Pace Barka Properties Limited	52,000	90,168	52,000	90,168
Pakistan Export Finance Guarantee	5,686	-	5,686	-
	<u>699,666</u>	<u>2,301,357</u>	<u>699,666</u>	<u>2,301,357</u>

Non Government debt securities

Listed

- AA+, AA, AA-
- Unrated

Unlisted

- AA+, AA, AA-
- A+, A, A-
- Unrated

	2019	2018
	Cost	
	----- Rupees '000 -----	
	719,157	1,048,214
	35,051,476	51,476
	<u>35,770,633</u>	<u>1,099,690</u>
	2,402,000	1,002,876
	95,000	133,000
	4,443,810	5,208,331
	<u>6,940,810</u>	<u>6,344,207</u>
	1,597,048	1,597,048
	7,583,928	8,657,142
	-	566,667
	181,981	293,629
	1,499,110	1,499,110
	4,651,015	5,530,414
	<u>13,916,034</u>	<u>16,546,962</u>

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
- AA+, AA, AA-
- A+, A, A-
- CCC and below
- Unrated

10.7.1 The market value of securities classified as held-to-maturity as at December 31, 2019 amounted to Rs. 12,564.225 million (December 31, 2018: Rs. 15,490.626 million).

11 ADVANCES

	Note	Performing		Non performing		Total	
		2019	2018	2019	2018	2019	2018
		----- Rupees '000 -----					
Loans, cash credits, running finances, etc.	11.2	182,560,477	210,086,919	28,777,157	25,712,067	211,337,634	235,798,986
Islamic financing and related assets		114,980,031	78,493,045	1,096,671	475,784	116,076,702	78,968,829
Bills discounted and purchased		5,860,886	4,990,707	535,455	499,787	6,396,341	5,490,494
Advances - gross		<u>303,401,394</u>	<u>293,570,671</u>	<u>30,409,283</u>	<u>26,687,638</u>	<u>333,810,677</u>	<u>320,258,309</u>
Provision against advances	11.4	-	-	(23,475,724)	(23,135,261)	(23,475,724)	(23,135,261)
- specific		(761,951)	(678,187)	-	-	(761,951)	(678,187)
- general		(761,951)	(678,187)	(23,475,724)	(23,135,261)	(24,237,675)	(23,813,448)
Advances - net of provision		<u>302,639,443</u>	<u>292,892,484</u>	<u>6,933,559</u>	<u>3,552,377</u>	<u>309,573,002</u>	<u>296,444,861</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
11.1 Particulars of advances (gross)		
- in local currency	331,186,964	319,538,262
- in foreign currencies	2,623,713	720,047
	<u>333,810,677</u>	<u>320,258,309</u>

11.2 Includes net investment in finance lease as disclosed below:

	2019				2018			
	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	813,547	2,041,266	-	2,854,813	1,201,214	3,380,025	921	4,582,160
Residual value	446,191	480,015	-	926,206	590,283	907,626	682	1,498,591
Minimum lease payments	1,259,738	2,521,281	-	3,781,019	1,791,497	4,287,651	1,603	6,080,751
Financial charges for future periods	(86,118)	(19,577)	-	(105,695)	(98,931)	(22,002)	-	(120,933)
Present value of minimum lease payments	<u>1,173,620</u>	<u>2,501,704</u>	<u>-</u>	<u>3,675,324</u>	<u>1,692,566</u>	<u>4,265,649</u>	<u>1,603</u>	<u>5,959,818</u>

11.3 Advances include Rs. 30,409 million (2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

Category of classification	2019		2018	
	Non-performing loans	Provision	Non-performing loans	Provision
	-----Rupees '000-----			
Domestic				
- other assets especially mentioned	1,483,618	10	198,389	100
- substandard	1,528,058	262,576	1,241,631	158,324
- doubtful	4,305,081	1,164,514	1,525,467	660,373
- loss	23,092,526	22,048,624	23,722,151	22,316,464
Total	<u>30,409,283</u>	<u>23,475,724</u>	<u>26,687,638</u>	<u>23,135,261</u>

11.4 Particulars of provision against advances

Note	2019			2018		
	Specific	General	Total	Specific	General	Total
	-----Rupees '000-----					
Opening balance	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
Charge for the year	2,374,327	83,764	2,458,091	1,672,814	109,521	1,782,335
Reversals during the year	(1,812,748)	-	(1,812,748)	(2,215,946)	-	(2,215,946)
	561,579	83,764	645,343	(543,132)	109,521	(433,611)
Amounts written off	(220,887)	-	(220,887)	(48,008)	-	(48,008)
Amounts charged off - agriculture financing	(229)	-	(229)	-	-	-
Closing balance	<u>23,475,724</u>	<u>761,951</u>	<u>24,237,675</u>	<u>23,135,261</u>	<u>678,187</u>	<u>23,813,448</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

11.4.1 Particulars of provision against advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
In local currency	23,475,724	761,951	24,237,675	23,135,261	678,187	23,813,448

11.4.2 As allowed by the SBP the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,996.336 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at December 31, 2019. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,217.765 million (December 31, 2018: Rs 951.717 million).

11.4.3 Reversals of provision against advances include Rs 30 million related to an acquisition of non-banking asset in satisfaction of partial claim during the year.

	Note	2019	2018
		-----Rupees '000-----	
11.5 Particulars of write-offs - net of recoveries:			
11.5.1 Against provisions	11.4	221,116	48,008
Directly charged to profit and loss account			
- write-offs		12,430	10,926
- recoveries against write-offs		(105,547)	(123,878)
		(93,117)	(112,952)
		127,999	(64,944)
11.5.2 Write-offs of Rs. 500,000 and above			
- domestic	11.6	211,520	34,711
- overseas		-	-
Write-offs of below Rs. 500,000		22,026	24,223
Recoveries against write-offs		(105,547)	(123,878)
		127,999	(64,944)

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, 2019 is given in Annexure - I to these unconsolidated financial statements.

	Note	2019	2018
		-----Rupees '000-----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	1,158,140	475,098
Property and equipment	12.2	23,025,284	11,136,909
		24,183,424	11,612,007
12.1 Capital work-in-progress			
Civil works		393,327	188,143
Equipment		657,714	226,154
Furniture and fixture		44,591	47,460
Vehicles		62,508	13,341
		1,158,140	475,098

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

12.2 Property and equipment

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										
At January 1, 2019										
Cost / revalued amount	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
Accumulated depreciation	-	-	9,559	161,014	849,423	4,564,771	121,576	1,647,396	-	7,353,739
Net book value	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
Year ended December 31, 2019										
Opening net book value	1,110,502	3,059,916	166,489	4,437,807	210,403	1,105,830	93,124	952,838	-	11,136,909
Initial application of IFRS 16	-	-	-	-	-	-	-	-	7,531,556	7,531,556
Additions	-	-	-	-	121,397	1,213,071	27,013	452,254	2,245,917	4,059,652
Transfer from non-banking assets (note 12.2.2)	703,649	-	123,409	-	-	-	-	-	-	827,058
Movement in surplus on assets revalued during the year	400,165	491,230	139,963	866,102	-	-	-	-	-	1,897,460
Disposals	-	-	-	-	(3)	(281)	(2,929)	-	-	(3,213)
Depreciation charge	-	-	(12,153)	(161,319)	(40,585)	(571,710)	(18,712)	(214,888)	(1,404,771)	(2,424,138)
Other adjustments / transfers	-	1	(2)	(4)	(9)	4	(1)	11	-	-
Closing net book value	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
At December 31, 2019										
Cost / revalued amount	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
Accumulated depreciation	-	-	-	-	889,751	5,033,859	130,894	1,862,274	1,404,771	9,321,549
Net book value	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
Rate of depreciation (%)	-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-33%	11 months - 29 years	
2018										
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, 2018										
Cost / revalued amount	1,110,502	3,059,916	176,048	4,598,812	1,027,993	5,110,878	232,109	2,360,295	-	17,676,553
Accumulated depreciation	-	-	-	-	823,400	4,099,142	142,104	1,484,139	-	6,548,785
Net book value	1,110,502	3,059,916	176,048	4,598,812	204,593	1,011,736	90,005	876,156	-	11,127,768
Year ended December 31, 2018										
Opening net book value	1,110,502	3,059,916	176,048	4,598,812	204,593	1,011,736	90,005	876,156	-	11,127,768
Additions	-	-	-	-	36,315	594,336	30,825	241,054	-	902,530
Transfer from non-banking assets	-	-	-	-	-	-	-	-	-	-
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(60)	(1,190)	(9,647)	(28)	-	(10,925)
Depreciation charge	-	-	(9,559)	(161,014)	(30,455)	(498,980)	(18,059)	(164,415)	-	(882,482)
Other adjustments / transfers	-	-	-	9	10	(72)	-	71	-	18
Closing net book value	1,110,502	3,059,916	166,489	4,437,807	210,403	1,105,830	93,124	952,838	-	11,136,909
At December 31, 2018										
Cost / revalued amount	1,110,502	3,059,916	176,048	4,598,821	1,059,826	5,670,601	214,700	2,600,234	-	18,490,648
Accumulated depreciation	-	-	9,559	161,014	849,423	4,564,771	121,576	1,647,396	-	7,353,739
Net book value	1,110,502	3,059,916	166,489	4,437,807	210,403	1,105,830	93,124	952,838	-	11,136,909
Rate of depreciation (%)	-	-	2%-6%	2%-20%	10%	14%-50%	20%	10%-33%	N/A	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

12.2.1 Included in cost of operating fixed assets are fully depreciated items still in use having cost of Rs 5,618.564 million (2018: Rs 5,139.969 million).

12.2.2 During the year, the Bank has transferred three properties to fixed assets from non-banking assets having book values of Rs 827.058 million.

12.2.3 The Bank's freehold / leasehold land and buildings on freehold / leasehold land were revalued by Iqbal A. Nanjee Co. (Private) Limited on December 31, 2019 on the basis of professional assessments of the market values. As a result of revaluation of these assets, the market value of freehold / leasehold land and building on freehold / leasehold land were determined as Rs 11,325.755 million. The results of this revaluation exercise have determined a further surplus of Rs 1,897.460 million recognised during the current year.

12.2.4 Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2019 would have been Rs 3,725.226 million (2018: Rs 3,298.463 million).

12.2.5 Allocation of depreciation expense for the year is as follows;

Property expense
- owned assets
- right-of-use assets

Information technology expense
Other operating expenses

Note
2019
2018
-----Rupees '000-----

388,360	365,444
1,404,771	-
1,793,131	365,444
319,040	334,508
311,967	182,530
<u>2,424,138</u>	<u>882,482</u>
412,380	224,492
1,075,161	1,107,239
<u>1,487,541</u>	<u>1,331,731</u>
412,380	224,492

13 INTANGIBLE ASSETS

Capital work-in-progress
Intangibles

13.1	412,380	224,492
13.2	1,075,161	1,107,239
	<u>1,487,541</u>	<u>1,331,731</u>
	412,380	224,492

13.1 Capital work-in-progress

Computer software

13.2 Intangibles

	2019		
	Computer software	Customer relationship	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	<u>134,921</u>	<u>972,318</u>	<u>1,107,239</u>
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	<u>294,946</u>	<u>780,215</u>	<u>1,075,161</u>
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	<u>294,946</u>	<u>780,215</u>	<u>1,075,161</u>
Rate of amortisation (percentage)	<u>17%-33%</u>	<u>-</u>	
Useful life	<u>3-6 years</u>	<u>10-19 years</u>	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2018		
	Computer software	Customer relationship	Total
	----- Rupees '000 -----		
At January 1, 2018			
Cost	1,962,790	2,557,167	4,519,957
Accumulated amortisation	1,830,312	1,392,746	3,223,058
Net book value	132,478	1,164,421	1,296,899
Year ended December 31, 2018			
Opening net book value	132,478	1,164,421	1,296,899
Additions - directly purchased	122,492	-	122,492
Amortisation charge	(120,049)	(192,103)	(312,152)
Closing net book value	134,921	972,318	1,107,239
At December 31, 2018			
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
Rate of amortisation (percentage)	17%-33%	-	
Useful life	3-6 years	10-19 years	

13.2.1 The intangible assets include fully amortised items still in use having cost of Rs 1,947.364 million (2018: Rs 1,792.074 million).

13.2.2 This includes the 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 assets against non-distributable capital reserve.

13.2.3 The remaining amortisation period of these intangibles are ranging from 1 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 intangible assets against the portion of reserve which arose on account of such assets. Accordingly, the Bank has adjusted amortisation of intangible assets amounting to Rs. 156.076 million (2018: Rs. 124.867 million) (net of tax) from the non-distributable capital reserve.

Notes to and forming part of the Unconsolidated Financial Statements

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14 OTHER ASSETS	Note	2019	2018
		-----Rupees '000-----	
Income / mark-up accrued in local currency - net of provision		9,599,120	5,059,391
Income / mark-up accrued in foreign currency - net of provision		82,615	66,476
Advances, deposits, advance rent and other prepayments		891,027	1,226,008
Advance taxation (payments less provisions)		2,612,575	3,562,370
Non-banking assets acquired in satisfaction of claims	14.1	1,271,386	1,807,502
Mark to market gain on forward foreign exchange contracts		859,265	2,868,688
Fair value of derivative contracts	23.1	90,937	-
Acceptances	19	9,142,924	10,899,656
Credit cards and other products fee receivable		574,288	463,771
Receivable from brokers against sale of shares		183,606	447,272
Dividend receivable		75,348	75,348
Receivable from 1Link (Private) Limited		363,052	319,493
Rent and amenities receivable		45,008	54,973
Rebate receivable - net		54,505	4,295
Others		288,485	279,016
		<u>26,134,141</u>	<u>27,134,259</u>
Less: provision held against other assets	14.2	<u>(252,176)</u>	<u>(257,564)</u>
Other assets (net of provision)		25,881,965	26,876,695
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,453,786	1,261,018
Other assets - total		<u>27,335,751</u>	<u>28,137,713</u>
14.1 Market value of non-banking assets acquired in satisfaction of claims		<u>2,725,172</u>	<u>3,847,102</u>

The non-banking assets acquired in satisfaction of claims by the Bank have been revalued by independent professional valuer as at December 31, 2019. The revaluation was carried out by Iqbal A. Nanjee Company (Private) Limited on the basis of professional assessment of present market value.

14.1.1 Non-banking assets acquired in satisfaction of claims	2019	2018
	-----Rupees '000-----	
Opening Balance	3,068,520	3,130,557
Additions	37,000	-
Revaluation	638,774	-
Disposals	(180,357)	-
Transferred to fixed assets	(827,058)	-
Depreciation	(11,707)	(14,257)
Impairment	-	(47,780)
Closing Balance	<u>2,725,172</u>	<u>3,068,520</u>
14.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	191,073	-
Less: carrying value	180,357	-
Gain	<u>10,716</u>	<u>-</u>
14.2 Provision held against other assets		
Dividend receivable	75,348	75,348
SBP penalties	51,135	64,383
Fraud forgery theft and account receivable	21,662	13,802
Security deposits	22,994	22,994
Others	81,037	81,037
	<u>252,176</u>	<u>257,564</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		-----Rupees '000-----	
14.2.1 Movement in provision held against other assets			
Opening balance		257,564	249,980
Charge for the year		7,860	9,782
Reversals during the year		(13,248)	(2,198)
		(5,388)	7,584
Closing balance		252,176	257,564
15 BILLS PAYABLE			
In Pakistan		8,356,460	23,543,525
16 BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
- under export refinance scheme - part I and II	16.1	10,598,970	11,895,711
- under long term financing facility	16.2	2,426,974	1,786,815
- under long term financing facility for renewable power energy (RPE)	16.3	896,508	962,784
- under scheme of financing facility for storage of agricultural produce	16.4	86,316	117,219
- under Islamic export refinance scheme	16.5	8,087,560	4,107,833
		22,096,328	18,870,362
Repurchase agreement borrowings	16.6	21,721,810	58,968,300
Total secured		43,818,138	77,838,662
Unsecured			
Call borrowings	16.7	1,783,448	325,000
Overdrawn nostro accounts		438,722	141,626
Musharaka acceptances	16.8	18,020,000	7,700,000
Other borrowings	16.9	8,686,487	12,346,633
Total unsecured		28,928,657	20,513,259
		72,746,795	98,351,921

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 agreement, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. Borrowing from the SBP under the export refinance scheme is secured by the Bank's cash and security balances held by the SBP. The mark-up rates on this facility was 1% and 2% per annum (2018: 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. The markup rates on these facilities are ranging from 3% to 4.5% per annum (2018: 2% to 4.5% per annum) payable on quarterly basis, with maturities upto December 2026. As per the terms of the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the respective date of maturity of finances by directly debiting the current account of the Bank maintained with the SBP.

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 are 2% to 3% per annum (2018: 2% per annum), payable on quarterly basis, with maturities upto December 2028. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

- 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 (2018: 2.5% to 3.5%) payable on quarterly basis with maturities upto December 2023. As per the agreement, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP.
- 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 customers. As per the agreement, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. The average mark-up rate on this facility is 2.28% (2018: 2.28%) payable on quarterly basis with maturities upto 180 days from the date of grant.
- 16.6** These represent collateralised borrowings against market treasury bills. The mark-up rates on these borrowings are ranging from 13.10% to 13.32% per annum (2018: 10.24% per annum). These are payable by January 2020.
- 16.7** These borrowings are from financial institutions. The mark-up rates on these borrowings are 12.80% per annum (2018: 10.12% per annum) payable on maturity with maturities upto February 2020.
- 16.8** These Musharaka acceptances are on profit and loss sharing basis. The expected rates on these deals are expected to range between 8% to 12.15% per annum (2018: 9.5% to 9.8% per annum). These deals have maturities upto February 2020.
- 16.9** This represents borrowings from foreign financial institutions. The mark-up rates on these borrowings are ranging from 3.32% to 3.43% per annum (2018: 3.28% to 4.76%) with maturities upto May 2020.
- 16.10** Details and nature of securities pledged as collateral against borrowings are given in note 10.3 to these unconsolidated financial statements.

16.11 Particulars of borrowings with respect to currencies	2019	2018
	-----Rupees '000-----	
In local currency	64,060,308	86,005,288
In foreign currencies	8,686,487	12,346,633
	<u>72,746,795</u>	<u>98,351,921</u>

17 DEPOSITS AND OTHER ACCOUNTS

	2019			2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000 -----					
Customers						
Current deposits – remunerative	12,358,523	-	12,358,523	4,063,646	-	4,063,646
Current deposits – non-remunerative	117,835,756	16,723,542	134,559,298	112,565,332	14,367,150	126,932,482
Savings deposits	137,498,494	15,672,852	153,171,346	110,520,860	15,358,413	125,879,273
Term deposits	122,761,268	4,921,337	127,682,605	116,529,111	3,898,877	120,427,988
Margin deposits	2,715,024	19,177	2,734,201	2,721,574	47,179	2,768,753
	<u>393,169,065</u>	<u>37,336,908</u>	<u>430,505,973</u>	<u>346,400,523</u>	<u>33,671,619</u>	<u>380,072,142</u>
Financial institutions						
Current deposits	1,120,002	55,570	1,175,572	1,129,922	49,068	1,178,990
Savings deposits	19,638,764	-	19,638,764	20,950,300	-	20,950,300
Term deposits	6,468,800	-	6,468,800	7,182,370	-	7,182,370
	<u>27,227,566</u>	<u>55,570</u>	<u>27,283,136</u>	<u>29,262,592</u>	<u>49,068</u>	<u>29,311,660</u>
	<u>420,396,631</u>	<u>37,392,478</u>	<u>457,789,109</u>	<u>375,663,115</u>	<u>33,720,687</u>	<u>409,383,802</u>

Notes to and forming part of the Unconsolidated Financial Statements

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	2019	2018
	-----Rupees '000-----	
17.1 Composition of deposits		
- individuals	128,075,914	130,254,260
- Government (Federal and Provincial)	24,230,323	26,873,678
- public sector entities	22,531,784	11,902,407
- banking companies	2,830,392	788,086
- non-banking financial institutions	24,452,744	28,523,574
- private sector	255,667,952	211,041,797
	<u>457,789,109</u>	<u>409,383,802</u>

17.1.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 244.160 billion (2018: Rs 219.067 billion).

18 DEFERRED TAX (LIABILITIES) / ASSETS

2019			
At January 1, 2019	Recognised in P&L	Recognised in OCI	At December 31, 2019

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

Deductible temporary differences on

- provision for diminution in the value of investments	95,977	87,010	-	182,987
- provision against advances, off balance sheet, etc.	1,427,294	(120,027)	-	1,307,267
- provision against other assets	94,017	5,686	-	99,703
- surplus on revaluation of investments	234,738	-	(2,398,225)	(2,163,487)
	<u>1,852,026</u>	<u>(27,331)</u>	<u>(2,398,225)</u>	<u>(573,530)</u>

Taxable temporary differences on

- surplus on revaluation of fixed assets	(1,184,279)	48,893	(540,651)	(1,676,037)
- surplus on revaluation of non banking assets	(23,377)	-	9,264	(14,113)
- fair value adjustment relating to net assets acquired upon amalgamation	(340,314)	-	36,029	(304,285)
- accelerated tax depreciation	(120,850)	(75,183)	-	(196,033)
	<u>(1,668,820)</u>	<u>(26,290)</u>	<u>(495,358)</u>	<u>(2,190,468)</u>
	<u>183,206</u>	<u>(53,621)</u>	<u>(2,893,583)</u>	<u>(2,763,998)</u>

2018

At January 1, 2018	Recognised in P&L	Recognised in OCI	At December 31, 2018
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----- Rupees '000 -----

Deductible temporary differences on

- provision for diminution in the value of investments	476,211	(380,234)	-	95,977
- provision against advances, off balance sheet etc.	2,700,846	(1,273,552)	-	1,427,294
- provision against other assets	222,205	(128,188)	-	94,017
- surplus on revaluation of investments	(780)	-	235,518	234,738
	<u>3,398,482</u>	<u>(1,781,974)</u>	<u>235,518</u>	<u>1,852,026</u>

Taxable temporary differences on

- surplus on revaluation of fixed assets	(1,228,159)	43,880	-	(1,184,279)
- surplus on revaluation of non banking assets	(23,751)	-	374	(23,377)
- fair value adjustment relating to net assets acquired upon amalgamation	(407,550)	-	67,236	(340,314)
- accelerated tax depreciation	(139,037)	18,187	-	(120,850)
	<u>(1,798,497)</u>	<u>62,067</u>	<u>67,610</u>	<u>(1,668,820)</u>
	<u>1,599,985</u>	<u>(1,719,907)</u>	<u>303,128</u>	<u>183,206</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

19 OTHER LIABILITIES	Note	2019	2018
		-----Rupees '000-----	
Mark-up / return / interest payable in local currency		3,729,656	1,962,508
Mark-up / return / interest payable in foreign currency		27,021	19,891
Unearned commission and income on bills discounted		725,288	211,031
Accrued expenses		2,374,642	2,099,600
Acceptances	14	9,142,924	10,899,656
Unclaimed dividends		45,817	46,061
Mark to market loss on forward foreign exchange contracts		2,228,384	1,239,594
Branch adjustment account		-	5,301
Charity fund balance		2,278	1,409
Provision against off-balance sheet obligations	19.1	113,676	125,238
Security deposits against lease		1,201,214	2,067,095
Withholding tax payable		180,845	83,975
Federal excise duty payable		58,494	52,450
Payable to brokers against purchase of shares		77,747	897,109
Fair value of derivative contracts	23.1	1,032,154	771,326
Credit cards and other products payables		1,119,464	895,567
Lease liability against right-of-use asset		8,319,984	-
Token money against disposal of assets		565,357	572,276
Funds held as security		232,572	214,698
Payable to 1Link (Private) Limited		125,263	127,612
Insurance payable		144,552	237,073
Clearing and settlement accounts		1,172,824	1,988,417
Provision for gratuity	36	118,814	117,852
Others		193,452	500,681
		<u>32,932,422</u>	<u>25,136,420</u>
19.1 Provision against off-balance sheet obligations			
Opening balance		125,238	101,090
Charge for the year		-	57,434
Reversals during the year		(11,562)	(33,286)
		(11,562)	24,148
Closing balance		<u>113,676</u>	<u>125,238</u>

20 SHARE CAPITAL

20.1 Authorised capital

2019	2018		2019	2018
-----Number of shares-----			-----Rupees '000-----	
<u>2,200,000,000</u>	<u>1,800,000,000</u>	Ordinary shares of Rs.10 each	<u>22,000,000</u>	<u>18,000,000</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

20.2 Issued, subscribed and paid up

2019	2018		2019	2018
-----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, 2019, Ithmaar Bank B.S.C. (closed) (the holding company of the Bank) through its subsidiaries and nominees held 1,013,473,712 ordinary shares of Rs. 10 each (2018: 1,013,473,712 ordinary shares). These include 11,186,268 (2018: 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 has 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

	Note	2019	2018
		-----Rupees '000-----	
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	5,547,402	(670,686)
- Fixed assets	21.1	7,600,529	5,476,251
- Non-banking assets acquired in satisfaction of claims	21.2	1,453,786	1,261,018
		14,601,717	6,066,583
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(2,163,487)	234,740
- Fixed assets	21.1	(1,676,037)	(1,184,279)
- Non-banking assets acquired in satisfaction of claims	21.2	(14,113)	(23,377)
		(3,853,637)	(972,916)
		<u>10,748,080</u>	<u>5,093,667</u>
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		5,476,251	5,601,617
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		(125,366)	(125,366)
Surplus on revaluation of fixed assets as at December 31		7,600,529	5,476,251
Less: related deferred tax liability on:			
- revaluation as at January 1		(1,184,279)	(1,228,159)
- revaluation recognised during the year		(527,712)	-
- transferred from surplus on revaluation of non-banking assets		(12,939)	-
- incremental depreciation charged during the year		48,893	43,880
		(1,676,037)	(1,184,279)
		<u>5,924,492</u>	<u>4,291,972</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		-----Rupees '000-----	
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		1,261,018	1,262,087
Recognised during the year		638,774	(1,069)
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	1,261,018
Less: related deferred tax liability on:			
- revaluation as at January 1		(23,377)	(23,751)
- revaluation recognised during the year		(3,675)	374
- transferred to surplus on revaluation of fixed assets		12,939	-
		(14,113)	(23,377)
		<u>1,439,673</u>	<u>1,237,641</u>
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	24,074,333	17,988,308
Commitments	22.2	208,211,812	230,966,872
Other contingent liabilities	22.3	4,293,244	4,293,244
		<u>236,579,389</u>	<u>253,248,424</u>
22.1 Guarantees:			
Financial guarantees		7,099,400	1,417,536
Performance guarantees		4,870,710	7,068,425
Other guarantees		12,104,223	9,502,347
		<u>24,074,333</u>	<u>17,988,308</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		30,343,743	32,048,821
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	126,281,305	94,403,136
- forward government securities transactions	22.2.2	21,760,786	62,083,269
- derivatives - cross currency and interest rate swaps (notional principal)	22.2.3	9,244,773	4,483,600
- operating leases	22.2.4	-	10,708,369
- extending credit (irrevocable)	22.5	20,281,111	27,079,658
Commitments for acquisition of:			
- operating fixed assets		185,919	46,719
- intangible assets		114,175	113,300
		<u>208,211,812</u>	<u>230,966,872</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		84,264,725	66,533,034
Sale		42,016,580	27,870,102
		<u>126,281,305</u>	<u>94,403,136</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
22.2.2 Commitments in respect of forward government securities transactions		
Purchase	21,760,786	59,084,100
Sale	-	2,999,169
	<u>21,760,786</u>	<u>62,083,269</u>
22.2.3 Commitments in respect of derivatives		
Purchase	-	-
Sale	9,244,773	4,483,600
	<u>9,244,773</u>	<u>4,483,600</u>
22.2.4 Commitments in respect of operating leases		
Not later than one year	-	1,421,897
Later than one year and not later than five years	-	5,275,107
Later than five years	-	4,011,365
	<u>-</u>	<u>10,708,369</u>

As disclosed in note 3.8 to these unconsolidated financial statements, during the year, right-of-use assets and corresponding lease liability have been recorded in accordance with IFRS 16, therefore, all commitments with respect to operating leases are now on-balance sheet.

	Note	2019	2018
		-----Rupees '000-----	
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	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>4,293,244</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 has proposed revised rates for assessment of shops and flats "A" category in which a fresh sub-category "Banks (self-occupied)" has been introduced for the purpose of cantonment tax in the limit of KCB. This has resulted in additional demand of Rs 171 million (2018: Rs 171 million) by KCB which includes demand on reassessment for the years from 2013 to 2017. On the basis of legal grounds agreed in consultation with legal counsel, the Bank has filed a suit in the Honorable High Court of Sindh against such levy of tax. A stay order has been granted by the Honorable High Court of Sindh in respect of payment of this additional demand.

The impact of revised rates would result in an additional demand of Rs 103 million in respect of the years ended December 31, 2018 and 2019.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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 have disagreements on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs 1,154.701 million (2018: 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 and tax advisors of the Bank are confident that the matter will be decided in the Bank's favor and accordingly, no provision has been recorded in these unconsolidated financial statements in respect of this matter.

22.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 34,194 million (2018: Rs 31,579 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (2018: Rs 25,299 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and / or internal assessments, management is confident that the above matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these 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 facility is unilaterally withdrawn except for Rs 20,281 million (2018: Rs 27,080 million) which are irrevocable in nature.

23 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

Interest rate swap (notional principal)

	2019	2018
	-----Rupees '000-----	
	8,780,230	4,483,600
	464,543	-

Derivative instruments, such as forward rate agreement, interest rate swaps, cross currency swaps and FX options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All Derivative transactions are governed by the financial derivative business regulations (FDBR) issued by the State Bank of Pakistan (SBP).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

23.1 Product analysis

Counterparties	2019			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / loss	Notional principal	Mark to market gain / 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)
Counterparties	2018			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / loss	Notional principal	Mark to market gain / loss
	----- Rupees '000 -----			
With banks for				
Hedging	-	-	-	-
Market making	2,484,210	(457,384)	-	-
With other entities for				
Hedging	-	-	-	-
Market making	1,999,390	(313,942)	-	-
Total				
Hedging	-	-	-	-
Market making	4,483,600	(771,326)	-	-

23.2 Maturity analysis

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)
Remaining maturity	2018				
	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 to 2 years	1	416,586	(460,824)	362,674	(98,150)
2 to 3 years	1	1,157,182	(1,209,536)	949,056	(260,480)
3 to 5 years	-	-	-	-	-
5 to 10 years	4	2,909,832	(2,935,139)	2,522,443	(412,696)
Above 10 years	-	-	-	-	-
Total		4,483,600	(4,605,499)	3,834,173	(771,326)

23.3 Risk management related to derivatives is discussed in note 44.5 to these unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

24	MARK-UP / RETURN / INTEREST EARNED	Note	2019	2018
			-----Rupees '000-----	
	On:			
	a) loans and advances		38,936,257	24,049,513
	b) investments		17,344,535	10,666,953
	c) lendings to financial institutions		55,441	58,031
	d) balances with banks		83,616	48,878
	e) securities purchased under resale agreements		1,978,289	376,590
			<u>58,398,138</u>	<u>35,199,965</u>
25	MARK-UP / RETURN / INTEREST EXPENSED			
	Deposits		28,843,947	14,567,628
	Securities sold under repurchase agreements		1,574,001	1,757,545
	Other short term borrowings		94,641	278,742
	SBP borrowings		372,661	370,466
	Short sale of Pakistan Investment Bonds		340,548	317,765
	Bai Muajjal		91,828	-
	Musharaka acceptances		1,044,484	351,706
	Lease liability against right-of-use assets		977,129	-
	Cost of foreign currency swaps against foreign currency deposits / borrowings		3,938,794	1,281,007
			<u>37,278,033</u>	<u>18,924,859</u>
26	FEE AND COMMISSION INCOME			
	Branch banking customer fees		710,137	652,885
	Consumer finance related fees		366,770	298,265
	Card related fees (debit and credit cards)		1,675,923	1,597,620
	Credit related fees		99,368	144,149
	Investment banking fees		237,557	270,284
	Commission on trade		275,716	289,820
	Commission on guarantees		126,867	98,027
	Commission on cash management		59,183	94,752
	Commission on remittances including home remittances		119,313	40,632
	Commission on bancassurance		412,433	349,449
	Others		29,358	35,324
			<u>4,112,625</u>	<u>3,871,207</u>
27	(LOSS) / GAIN ON SECURITIES			
	Realised - net	27.1	(591,498)	58,236
	Unrealised - held for trading - net		12,069	(7,676)
			<u>(579,429)</u>	<u>50,560</u>
27.1	Realised (loss) / gain on:			
	Federal Government securities		4,313	(41,497)
	Shares		(616,277)	2,054
	Open end mutual funds		20,466	97,679
			<u>(591,498)</u>	<u>58,236</u>
28	OTHER INCOME			
	Rent on property		186,635	204,914
	Gain on sale of fixed assets - net		9,749	30,219
	Gain on sale of non-banking assets - net		10,716	-
	Gain on short sale of Pakistan Investment Bonds (PIBs)		66,919	150,373
	Notice pay		3,876	15,068
	Scrap income		1,456	1,021
	Others		1,588	960
			<u>280,939</u>	<u>402,555</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

29 OPERATING EXPENSES	Note	2019	2018
		-----Rupees '000-----	
Total compensation expense	29.1	6,507,211	5,183,783
Property expense			
Rent and taxes		176,227	1,485,006
Insurance		47,098	120,449
Utilities cost		670,109	638,371
Security (including guards)		692,131	544,379
Repair and maintenance (including janitorial charges)		457,313	406,385
Depreciation on owned fixed assets	12.2.5	388,360	365,444
Depreciation on non-banking assets		11,707	14,257
Depreciation on right-of-use assets	12.2.5	1,404,771	-
Others		92,464	92,751
		3,940,180	3,667,042
Information technology expenses			
Software maintenance		1,442,086	1,081,653
Hardware maintenance		310,875	277,698
Depreciation	12.2.5	319,040	334,508
Amortisation		142,148	120,049
Network charges		216,563	216,342
Others		1,792	-
		2,432,504	2,030,250
Other operating expenses			
Directors' fees and allowances	38.2	102,595	113,075
Legal and professional charges		107,941	186,304
Outsourced services costs - staff	35.1	364,348	882,963
Travelling and conveyance		138,540	89,970
NIFT clearing charges		46,054	43,546
Depreciation	12.2.5	311,967	182,530
Training and development		72,352	27,459
Postage and courier charges		122,095	111,268
Communication		137,287	159,134
Marketing, advertisement and publicity		500,400	396,113
Donations	29.2	69,431	55,209
Auditors remuneration	29.3	43,863	115,653
Insurance		633,644	459,317
Stationery and printing		324,443	229,101
Bank fees and charges		112,553	99,463
Brokerage and commission		55,337	36,610
Deposit protection premium		350,507	147,474
Credit card bonus points redemption		232,603	218,856
Others		461,798	380,977
		4,187,758	3,935,022
		17,067,653	14,816,097

Cost of outsourced activities is Rs 464.543 million. Out of this cost, Rs 204.687 million represent payments made to companies incorporated in Pakistan and 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	E-Services (Singapore) Private Limited	Credit card hosting and processing system	259,856
2	Euronet Pakistan Private Limited	Debit cards, prepaid cards and ATMs switch system host	90,162

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
29.1 Total compensation expense		
Managerial Remuneration		
i) Fixed	3,041,134	2,512,251
ii) Variable		
of which;		
a) Cash bonus / awards, etc.	618,797	498,338
b) Commission incentives	508,425	269,447
Charge for defined benefit plan	177,503	123,622
Contribution to defined contribution plan	190,548	146,545
Rent & house maintenance	932,530	764,959
Utilities	229,020	188,296
Medical	189,392	155,577
Conveyance	611,068	515,466
Others	394	389
Sub-total	6,498,811	5,174,890
Sign-on Bonus **	8,400	5,300
Severance Allowance **	-	3,593
Grand Total	<u>6,507,211</u>	<u>5,183,783</u>

** Sign on bonus was provided to 5 employees (2018: 4 employees) and severance allowance was given to Nil employees (2018: 2 employees).

	2019	2018
	-----Rupees '000-----	
29.2 Donations made during the year were as follows:		
Donee		
Waqf Faisal (Trust)	<u>69,431</u>	<u>55,209</u>

29.2.1 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.

	2019	2018
	-----Rupees '000-----	
29.3 Auditors' remuneration		
Statutory audit fee	3,465	3,300
Fee for consolidated financial statements	1,500	1,500
Fee for other statutory certifications	5,533	5,365
Fee for quarterly and annual group reporting	12,068	11,493
Fee for the review of the half yearly financial statements	945	900
Fee for audit of employee funds	160	80
Special certifications and sundry advisory services	10,192	83,510
Tax services	8,000	7,505
Out-of-pocket expenses	2,000	2,000
	<u>43,863</u>	<u>115,653</u>
30 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	32,507	43,563
Impairment charged against non-banking assets acquired in satisfaction of claims	-	46,712
	<u>32,507</u>	<u>90,275</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		-----Rupees '000-----	
31 PROVISION / (REVERSAL OF PROVISION) AND RECOVERIES AGAINST WRITTEN-OFF DEBTS - NET			
Provision for diminution in value of investments	10.4	307,614	92,891
Provision / (reversal of provision) against loans and advances	11.4	645,343	(433,611)
(Reversal of other provision) / other provision	14.2.1	(5,388)	7,584
Bad debts written off directly	11.5	12,430	10,926
Recovery of written off / charged off bad debts	11.5	(105,547)	(123,878)
(Reversal of provision) / provision against off balance sheet obligations	19.1	(11,562)	24,148
		<u>842,890</u>	<u>(421,940)</u>
32 TAXATION			
Current		4,456,618	3,308,310
Prior years		(359,181)	(1,663,691)
Deferred		53,621	1,719,907
		<u>4,151,058</u>	<u>3,364,526</u>
32.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>10,191,690</u>	<u>8,201,709</u>
Tax calculated at the rate of 39% (2018: 35%)		3,974,759	2,870,598
Effect of:			
- permanent differences		12,678	15,247
- prior year charge		80,528	146,051
- super tax		258,934	345,515
- impact of change in tax rate		(171,021)	-
- others		(4,820)	(12,885)
Tax charge for the year		<u>4,151,058</u>	<u>3,364,526</u>
32.1.1 The change in tax rate is due to the continuance of super tax through Finance Supplementary (Second Amendment) Bill, 2019.			
		2019	2018
		-----Rupees '000-----	
33 BASIC EARNINGS PER SHARE			
Profit for the year		<u>6,040,632</u>	<u>4,837,183</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>3.98</u>	<u>3.19</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, 2019 and December 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.			
		2019	2018
		-----Rupees '000-----	
34 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks		60,368,417	43,173,993
Balance with other banks		2,835,570	1,847,595
Overdrawn nostros		(438,722)	(141,626)
		<u>62,765,265</u>	<u>44,879,962</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Number of employees-----	
35 STAFF STRENGTH		
Permanent	6,916	6,118
On bank contract	22	23
Bank's own staff strength at the end of the year	6,938	6,141

35.1 In addition to the above, 968 (2018: 859) 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. Last year, 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, 2019.

	2019	2018
	-----Number of employees-----	
36.2 Number of Employees under the scheme		
The number of employees covered under the following defined benefit schemes are:		
- Gratuity fund	6,938	6,141

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2019 using the following significant assumptions:

	2019		2018	
	Conventional	Islamic	Conventional	Islamic
	----- % per annum -----			
Discount rate	11.75	11.75	13.75	13.75
Expected rate of return on plan assets	11.75	11.75	13.75	13.75
Expected rate of salary increase	11.75	11.75	13.75	13.75

	Note	2019		2018	
		Conventional	Islamic	Conventional	Islamic
		----- Rupees '000 -----			
36.4 Reconciliation of payable to defined benefit plans					
Present value of obligations	36.5	460,216	390,984	373,113	337,534
Fair value of plan assets	36.6	(372,980)	(359,406)	(314,357)	(278,438)
		87,236	31,578	58,756	59,096

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

Note	2019		2018	
	Conventional	Islamic	Conventional	Islamic
----- Rupees '000 -----				
36.5 Movement in defined benefit obligations				
Obligations at the beginning of the year	373,113	337,534	324,113	325,926
Transfers during the year	-	-	(3,249)	3,249
Current service cost	110,147	51,751	73,389	53,855
Interest cost	57,537	48,729	33,411	32,300
Benefits paid by the Bank	(74,353)	(3,754)	(68,107)	(55,896)
Re-measurement (gain) / loss	(6,228)	(43,276)	13,556	(21,900)
Obligations at the end of the year	<u>460,216</u>	<u>390,984</u>	<u>373,113</u>	<u>337,534</u>
36.6 Movement in fair value of plan assets				
Fair value at the beginning of the year	(314,357)	(278,438)	(374,804)	(315,129)
Transfer during the year	-	-	3,249	(3,249)
Interest income on plan assets	(49,962)	(40,699)	(38,013)	(31,320)
Contribution by the Bank - net	(44,550)	(40,033)	-	-
Benefits paid by the Bank	74,353	3,754	68,107	55,896
Re-measurements: Net return on plan assets over interest income (gain) / loss	36.8.2 (38,464)	(3,990)	27,104	15,364
Fair value at the end of the year	<u>(372,980)</u>	<u>(359,406)</u>	<u>(314,357)</u>	<u>(278,438)</u>
36.7 Movement in (receivable) / payable under defined benefit schemes				
Opening balance	58,756	59,096	(50,691)	10,797
Charge for the year	117,722	59,781	68,787	54,835
Contribution by the Bank - net	(44,550)	(40,033)	-	-
Re-measurement (gain) / loss recognised in OCI during the year	36.8.2 (44,692)	(47,266)	40,660	(6,536)
Closing balance	<u>87,236</u>	<u>31,578</u>	<u>58,756</u>	<u>59,096</u>
36.8 Charge for defined benefit plans				
36.8.1 Cost recognised in profit and loss				
Current service cost	110,147	51,751	73,389	53,855
Net interest on defined benefit asset / liability	7,575	8,030	(4,602)	980
	<u>117,722</u>	<u>59,781</u>	<u>68,787</u>	<u>54,835</u>
36.8.2 Re-measurements recognised in OCI during the year				
(Gain) / loss on obligation				
- demographic assumptions	-	-	-	-
- financial assumptions	(3,272)	(512)	3,535	3,198
- experience adjustment	(2,956)	(42,764)	10,021	(25,098)
Return on plan assets over interest income	(38,464)	(3,990)	27,104	15,364
Total re-measurements recognised in OCI	<u>(44,692)</u>	<u>(47,266)</u>	<u>40,660</u>	<u>(6,536)</u>
36.9 Components of plan assets				
Cash and cash equivalents - net	266,388	143,171	212,010	278,438
Government securities	106,312	-	102,052	-
Shares / mutual funds	280	216,235	295	-
	<u>372,980</u>	<u>359,406</u>	<u>314,357</u>	<u>278,438</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

The funds are primarily invested in Government securities (Market Treasury Bills, Pakistan Investment Bonds, Special Savings Certificates, etc) and mutual funds, accordingly do not carry any credit risk. These are subject to interest rate risk. Equity securities are subject to price risk which is being regularly monitored by the Trustees of the employee fund.

36.10 Historical information

	2019	2018	2017	2016	2015
	----- Rupees '000 -----				
Present value of defined benefit obligation	(851,200)	(710,647)	(650,039)	(592,711)	(504,297)
Fair value of plan assets	732,386	592,795	689,933	644,985	620,253
Surplus / (deficit)	<u>(118,814)</u>	<u>(117,852)</u>	<u>39,894</u>	<u>52,274</u>	<u>115,956</u>
Remeasurement of plan liabilities	<u>49,504</u>	<u>8,344</u>	<u>53,248</u>	<u>7,332</u>	<u>130,961</u>
Remeasurement of plan assets	<u>42,454</u>	<u>(42,468)</u>	<u>(14,209)</u>	<u>18,390</u>	<u>(15,863)</u>

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 unconsolidated statement of financial position. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption should be summarised as illustrated below:

	2019	
	Conventional	Islamic
	----- Rupees '000 -----	
1% increase in discount rate	205,329	(286,847)
1% decrease in discount rate	358,903	(263,116)
1% increase in expected rate of salary increase	359,931	(262,956)
1% decrease in expected rate of salary increase	203,247	(287,170)
1 year increase in expected life / withdrawal rate	252,270	(278,691)
1 year decrease in expected life / withdrawal rate	298,208	(273,583)

36.12 Expected maturity analysis of undiscounted obligation

Less than a year	32,701	4,551
Between 1-2 years	132,611	33,987
Between 2-5 years	314,816	80,396
Over 5 years	26,927,067	13,215,456
Total	<u>27,407,195</u>	<u>13,334,390</u>

36.13 Expected contributions to be paid to the funds in the next financial year

182,213	27,909
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36.14 Expected charge for the next financial year

182,213	27,909
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Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

36.15 Maturity profile

The weighted average duration of the defined benefit obligation is 9.6 years and 10.25 years for conventional and Islamic 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 almost entirely invested in Government bonds with mostly fixed income bonds. Almost 28.5% of the total investments (Rs. 106.312 million) is invested in Pakistan Investment Bonds. 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 60.2%. 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. This includes:

- 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.
- 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.

Notes to and forming part of the Unconsolidated Financial Statements

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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	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	1,500	43,000	90,203	108,401
b) 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

Particulars	2018			
	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
	----- Rupees '000 -----			
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	8,394	32,250	155,390	261,476
ii) Total variable	1,525	36,000	58,100	94,010
of which				
a) Cash bonus / awards	1,525	36,000	58,100	94,010
b) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	700	2,646	6,712	11,838
Contribution to defined contribution plan	-	3,225	6,986	13,014
Rent & house maintenance	540	4,922	38,850	63,754
Utilities	135	-	8,092	14,028
Medical	42	-	1,188	5,428
Conveyance	416	45	3,061	22,401
Signing in bonus	-	-	-	1,400
Others	-	-	132	190
Total	11,752	79,088	278,511	487,539
Number of persons	4*	1	18	72

* During the year ended December 31, 2018, Mufti Khawaja Noor ul Hassan vacated his office as the resident Shariah board member with effect from September 28, 2018 and Mufti Muhammad Abdullah was appointed as the resident Shariah board member of the Shariah Board of the Bank with effect from October 4, 2018. Amounts reported include remuneration of both the current and former resident Shariah board member .

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 Unconsolidated Financial Statements

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38.2 Remuneration paid to directors for participation in board and committee meetings

S.No.	Name of director	Board meetings	2019					Independent directors meeting	Total
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee		
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

S.No.	Name of director	Board meetings	2018					Independent directors meeting	Total
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee		
Rupees '000									
1	Mr. Farooq Rahmatullah Khan	18,020	-	1,811	-	-	-	-	19,831
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	11,210	2,909	1,917	-	-	-	-	16,036
3	Mian Muhammad Younis	6,007	2,776	-	2,307	-	-	496	11,586
4	Mr. Imtiaz Ahmad Pervez	6,007	-	-	-	-	1,811	-	7,818
5	Mr. Ali Munir	6,007	2,776	-	2,307	2,307	-	496	13,893
6	Mr. Juma Hasan Ali Abul	5,612	2,908	1,917	2,441	-	-	-	12,878
7	Mr. Abdulelah Ebrahim Mohamed AlQasimi	5,612	-	-	-	2,441	1,917	-	9,970
8	Mr. Abdulla Abdulaziz Ali Taleb	5,612	-	-	-	2,441	1,917	-	9,970
9	Mr. Fuad Azim Hashimi	6,007	2,776	1,814	-	-	-	496	11,093
Total amount paid		70,094	14,145	7,459	7,055	7,189	5,645	1,488	113,075

38.3 Remuneration paid to shariah board members

Description	2019			2018		
	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
Rupees '000						
Meeting fees and allowances	8,173	3,000	2,640	5,275	3,497	2,280
Others	-	3	-	-	-	-
	8,173	3,003	2,640	5,275	3,497	2,280
Number of persons	1	1	1	1	2	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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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).

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:

	2019			Total
	Level 1	Level 2	Level 3	
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	135,299,160	-	135,299,160
Shares	5,356,303	2,099,239	-	7,455,542
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
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	182,836,810	-	182,836,810
Shares	4,461,801	2,732,023	-	7,193,824
Non-Government debt securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	15,490,626	-	15,490,626
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,774,714	8,774,714
Non-banking assets acquired in satisfaction of claims	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	69,187,310	-	69,187,310
Forward sale of foreign exchange	-	28,895,283	-	28,895,283
Derivatives sales	-	4,483,600	-	4,483,600

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.

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 a company using the latest available audited financial statements.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk certificates are determined using the MUFAP rates.

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) announce 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 building)	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

For the year ended December 31, 2019

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2019					
	Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000						
Profit and loss						
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	8,399	(500,335)	7,247,357
Total Income	17,472,460	3,368,528	4,048,056	35,621	3,442,797	28,367,462
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	(597,395)	(1,811)	842,890
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
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)	-
Lendings to financial institutions	-	-	-	-	-	-
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
2018						
	Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000						
Profit and loss						
Net mark-up / return / profit	(6,444,848)	16,947,439	5,372,233	178,467	221,815	16,275,106
Inter segment revenue - net	17,461,403	(15,145,315)	(4,112,586)	(154,477)	1,950,975	-
Non mark-up / return / interest income	3,996,855	1,018,755	2,058,522	2,588	(492,927)	6,583,793
Total Income	15,013,410	2,820,879	3,318,169	26,578	1,679,863	22,858,899
Segment direct expenses	9,485,300	426,997	263,948	191,961	4,710,924	15,079,130
Inter segment expense allocation	3,901,788	530,132	121,442	106,570	(4,659,932)	-
Total expenses	13,387,088	957,129	385,390	298,531	50,992	15,079,130
Provisions	324,188	278,705	93,336	(1,140,444)	22,275	(421,940)
Profit before tax	1,302,134	1,585,045	2,839,443	868,491	1,606,596	8,201,709
Statement of financial position						
Cash and bank balances	19,912,358	-	25,109,230	-	-	45,021,588
Investments	-	21,886,526	191,461,086	3,298,820	1,080,826	217,727,258
- Investment provision	-	(53,648)	(584,443)	(2,903,576)	-	(3,541,667)
Net inter segment lending	329,612,992	-	-	-	(329,612,992)	-
Lendings to financial institutions	-	-	2,997,486	-	-	2,997,486
Advances - performing	61,398,861	229,378,051	-	199,356	2,594,403	293,570,671
Advances - non-performing	5,336,454	1,405,387	-	19,777,837	167,960	26,687,638
- Advances - provisions	(4,602,273)	(662,904)	-	(18,435,951)	(112,320)	(23,813,448)
Others	10,092,323	13,261,830	6,218,701	421,155	11,270,648	41,264,657
Total assets	421,750,715	265,215,242	225,202,060	2,357,641	(314,611,475)	599,914,183
Borrowings	1,893,185	16,327,177	80,131,559	-	-	98,351,921
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	389,819,208	18,218,136	-	102,865	1,243,593	409,383,802
Net inter segment borrowing	-	220,490,624	142,699,535	2,193,276	(365,383,435)	-
Others	30,038,322	10,179,305	2,806,862	61,500	5,593,956	48,679,945
Total liabilities	421,750,715	265,215,242	225,637,956	2,357,641	(358,545,886)	556,415,668
Equity	-	-	(435,896)	-	43,934,411	43,498,515
Total equity and liabilities	421,750,715	265,215,242	225,202,060	2,357,641	(314,611,475)	599,914,183
Contingencies and commitments	8,020,019	41,434,947	-	1,039,706	-	50,494,672

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:

Category	No. of IPS accounts	2019			
		Securities held (face value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
----- 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	-	-	-	-
	<u>2,215</u>	<u>16,583,840</u>	<u>8,597,000</u>	<u>-</u>	<u>25,180,840</u>

Category	No. of IPS accounts	2018			
		Securities held (face value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
----- Rupees '000 -----					
Corporate	37	4,663,440	477,500	-	5,140,940
Insurance companies	3	-	-	-	-
Asset management companies	48	23,000	-	-	23,000
Employees funds	160	2,854,985	3,915,000	-	6,769,985
Charitable institution / NGOs	21	1,227,930	120,000	-	1,347,930
Individuals	1,190	2,280,735	286,600	-	2,567,335
Related parties	7	185,580	106,700	-	292,280
Others	6	-	-	-	-
	<u>1,472</u>	<u>11,235,670</u>	<u>4,905,800</u>	<u>-</u>	<u>16,141,470</u>

Notes to and forming part of the Unconsolidated Financial Statements

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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:

	2019					2018						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees '000											
Investments												
Opening balance	-	-	-	639,893	-	5,183,885	-	-	-	-	23,169	3,782,571
Investment made during the year	-	-	-	-	-	14,126,928	-	-	-	616,724	-	2,693,897
Investment redeemed / disposed off during the year	-	-	-	-	-	(14,733,985)	-	-	-	-	-	(1,342,583)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	23,169	(23,169)	50,000
Closing balance	-	-	-	639,893	-	4,576,828	-	-	-	639,893	-	5,183,885
Provision for diminution in value of investments	-	-	-	-	-	2,364,199	-	-	-	-	-	2,321,301
Advances												
Opening balance	-	-	176,873	-	-	5,002,325	-	-	154,723	-	-	4,636,528
Addition during the year	-	-	90,859	-	-	5,579,340	-	-	95,950	-	-	472,248
Repaid during the year	-	-	(40,845)	-	-	(1,139,772)	-	-	(73,800)	-	-	(106,451)
Closing balance	-	-	226,887	-	-	9,441,893	-	-	176,873	-	-	5,002,325
Provision held against advances	-	-	-	-	-	2,925,840	-	-	-	-	-	2,930,659
Fixed assets - right-of-use assets												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	14,806	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	(2,056)	-	-	-	-	-	-	-	-
Closing balance	-	-	-	12,750	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	2,056	-	-	-	-	-	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

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	2019					2018						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Rupees '000												
Other assets												
Interest / mark-up accrued	-	-	189	-	-	1,900,806	-	-	127	-	-	860,805
Commission income receivable	-	-	-	-	-	11,279	-	-	-	13,165	-	-
Maintenance receivable	-	-	-	1,502	-	-	-	-	-	-	-	-
Rent receivable	-	-	-	5,544	-	-	-	-	-	-	-	-
Sale load receivable	-	-	-	8	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	2,004,043	-	-	-	-	-	1,702,747
Others	-	-	-	1,200	-	363,052	-	-	-	-	-	319,493
	-	-	189	8,254	-	4,279,180	-	-	127	13,165	-	2,883,045
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	182	26,496	159,986	2,734	-	3,416,265	182	19,324	114,085	-	2,801	3,139,284
Received during the year	-	58,204	1,415,830	13,478,138	-	84,679,688	-	39,208	1,639,205	832,914	9,162,055	73,641,910
Withdrawn during the year	-	(46,715)	(1,419,334)	(13,475,403)	-	(85,021,768)	-	(32,036)	(1,593,304)	(832,920)	(9,162,116)	(73,364,929)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	2,740	(2,740)	-
Closing balance	182	37,985	156,482	5,469	-	3,074,185	182	26,496	159,986	2,734	-	3,416,265
Other liabilities												
Interest / mark-up payable	-	196	28	-	-	9,970	-	62	196	-	-	9,055
Payable to staff retirement fund	-	-	-	-	-	118,814	-	-	-	-	-	177,503
Lease liability against right-of-use asset	-	-	-	10,132	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	125,263	-	-	-	-	-	127,612
	-	196	28	10,132	-	254,047	-	62	196	-	-	314,170
Contingencies and commitments												
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	29,397	-	-	-	-	-	29,397
Trade related commitments	-	-	-	-	-	407,541	-	-	-	-	-	-
	-	-	-	-	-	436,938	-	-	-	-	-	29,397

* 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.

Notes to and forming part of the Unconsolidated Financial Statements

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42.2 Details of outstanding investments and donations made during the year relating to related parties are given in notes 10 and 29.2 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, further extendable by 3 years.

RELATED PARTY TRANSACTIONS

	2019					2018						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Income												
Mark-up / return / interest earned	-	-	10,727	-	-	394,686	-	-	8,396	-	-	125,694
Fee and commission income	-	22	132	46	-	111,272	-	28	98	583	6,417	34,377
Distribution commission income	-	-	-	3,026	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	89,037	-	-	-	-	-	204
Net (loss) / gain on sale of securities	-	-	-	-	-	(35,136)	-	-	-	-	-	97,679
Maintenance income	-	-	-	6,006	-	-	-	-	-	-	-	-
Occupancy and conservancy income	-	-	-	22,176	-	-	-	-	-	-	-	-
Other income	-	-	-	1,200	-	-	-	-	-	-	-	-
Expense												
Mark-up / return / interest paid	-	2,279	14,110	2,235	-	250,576	-	2,148	1,942	119	1,313	157,812
Interest expense on lease liability	-	-	-	568	-	-	-	-	-	-	-	-
Director's fee and other expenses	-	102,595	-	-	-	-	-	113,075	-	-	-	-
Remuneration of key management personnel	-	-	457,637	-	-	-	-	-	358,107	-	-	-
Others												
Shares / units purchased during the year	-	-	-	-	-	14,126,928	-	-	-	-	-	2,693,897
Shares / units sold during the year	-	-	-	-	-	14,698,849	-	-	-	-	-	1,440,262
Government securities purchased during the year	-	-	650,434	-	-	3,248,638	-	-	868,847	-	-	484,029
Government securities sold during the year	-	-	657,890	-	-	9,161,054	-	-	863,792	-	-	5,560,191
Lease rentals during the year	-	-	-	5,242	-	-	-	-	-	-	-	-

Rupees '000

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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

Tier 1 Capital adequacy ratio

Total Capital adequacy ratio

	2019	2018
	-----Rupees '000-----	
Paid-up capital (net of losses)	15,176,965	15,176,965
Eligible common equity tier 1 (CET 1) capital	43,235,482	36,860,215
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	43,235,482	36,860,215
Eligible tier 2 capital	10,070,358	4,970,159
Total eligible capital (tier 1 + tier 2)	53,305,840	41,830,374
Risk weighted assets (RWAs):		
Credit risk	216,126,150	198,856,534
Market risk	18,811,120	14,200,024
Operational risk	43,523,481	35,913,323
Total	278,460,751	248,969,881
Common equity tier 1 capital adequacy ratio	15.53%	14.81%
Tier 1 Capital adequacy ratio	15.53%	14.81%
Total Capital adequacy ratio	19.14%	16.8%

Capital adequacy is regularly monitored by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as per the requirements of the SBP. The required information is submitted to the SBP on a quarterly basis.

As at December 31, 2019, the SBP requires each bank or banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10% and (c) maintain common equity tier I (CET1) ratio and tier 1 ratio of 6.% and 7.5% respectively.

With effect from December 31, 2019, 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.

The paid-up capital of the Bank for the year ended December 31, 2019, stood at Rs 15.177 billion (2018: Rs 15.177 billion). As at December 31, 2019, the Bank's CAR stood at 19.14% whereas CET1 and Tier 1 ratios both stood at 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 (%)

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 (%)

	2019	2018
	-----Rupees '000-----	
Eligible tier-1 capital	43,235,482	36,860,215
Total exposures	738,294,782	753,092,496
Leverage ratio (%)	5.86%	4.89%
Total high quality liquid assets	174,038,704	142,734,534
Total net cash outflow	122,919,223	98,435,120
Liquidity coverage ratio (Ratio)	1.416	1.450
Total available stable funding	406,300,952	359,743,076
Total required stable funding	299,630,986	275,300,061
Net stable funding ratio (%)	135.60%	130.67%

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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 credit 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

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- 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 independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with Compliance 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 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.

The Bank deals with many different types of borrowers and borrowing structures across the corporate, commercial,

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SME 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.

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

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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 II specific

The Bank has adopted the standardised approach under Basel. According to the regulatory statement submitted under the standardised approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 58.88% (2018: 64.34%) of the total credit risk weighted assets, 2.41% (2018: 3.33%) represents claims on PSEs and 16.23% (2018: 15.72%) 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.

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	
	2019	2018	2019	2018	2019	2018
	----- Rupees '000 -----					
Public / Government	-	2,997,486	-	-	-	-
Private	-	-	-	-	-	-
	<u>-</u>	<u>2,997,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	----- Rupees '000 -----					
Textile	51,476	51,476	51,476	51,476	51,476	51,476
Chemical and pharmaceuticals	2,296,663	2,672,858	1,543,597	1,552,757	1,543,597	1,552,757
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	51,252,852	18,541,887	-	-	-	-
Financial	618,234	646,829	-	-	-	-
Services	-	566,667	-	-	-	-
Others	1,899,941	1,002,831	-	-	-	-
	<u>56,627,477</u>	<u>23,990,859</u>	<u>2,103,384</u>	<u>2,112,544</u>	<u>2,103,384</u>	<u>2,112,544</u>

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	----- Rupees '000 -----					
Public / Government	51,128,014	18,333,972	-	-	-	-
Private	5,499,463	5,656,887	2,103,384	2,112,544	2,103,384	2,112,544
	<u>56,627,477</u>	<u>23,990,859</u>	<u>2,103,384</u>	<u>2,112,544</u>	<u>2,103,384</u>	<u>2,112,544</u>

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44.1.6 Advances	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
Credit risk by industry sector	----- Rupees '000 -----					
Agriculture, forestry, hunting and fishing	37,671,466	39,779,224	1,393,828	1,372,755	932,071	919,484
Mining and quarrying	10,643,302	7,411,598	3,451	3,451	3,451	3,451
Textile	33,179,852	37,117,793	8,694,000	9,464,229	8,427,536	8,884,742
Chemical and pharmaceuticals	10,065,770	8,669,856	718,432	753,970	611,552	629,826
Cement	6,257,485	8,322,480	41,608	54,353	39,108	51,853
Sugar	10,580,956	9,620,402	1,292,131	17,131	484,798	632
Footwear and leather garments	1,565,492	1,489,369	425,235	507,821	295,433	332,212
Automobile and transportation equipment	8,626,943	3,750,068	357,936	182,265	335,866	163,567
Electronics and electrical appliances	6,152,026	7,902,111	1,096,112	1,360,057	1,027,788	1,288,308
Construction	2,075,729	6,281,421	319,235	387,395	310,284	384,621
Power (electricity), gas, water, sanitary	57,535,304	52,604,299	4,690,628	3,148,005	3,143,913	2,953,642
Wholesale and retail trade	11,633,590	11,536,522	2,553,567	1,794,988	1,734,079	1,421,392
Exports / imports	-	2,036,183	-	581,075	-	492,294
Transport, storage and communication	4,030,862	20,960,502	251,613	107,514	145,996	83,616
Financial	3,900,437	4,686,196	50,853	50,853	50,309	50,309
Insurance	1,064	1,600	-	-	-	-
Services	15,069,623	17,993,500	474,018	718,969	392,480	654,562
Individuals	36,199,917	33,525,266	2,861,246	2,597,054	2,380,111	2,057,216
Others	78,620,859	46,569,919	5,185,390	3,585,753	3,160,949	2,763,534
	<u>333,810,677</u>	<u>320,258,309</u>	<u>30,409,283</u>	<u>26,687,638</u>	<u>23,475,724</u>	<u>23,135,261</u>
Credit risk by public / private sector						
Public / Government	75,934,491	72,231,146	-	-	-	-
Private	<u>257,876,186</u>	<u>248,027,163</u>	<u>30,409,283</u>	<u>26,687,638</u>	<u>23,475,724</u>	<u>23,135,261</u>
	<u>333,810,677</u>	<u>320,258,309</u>	<u>30,409,283</u>	<u>26,687,638</u>	<u>23,475,724</u>	<u>23,135,261</u>

44.1.7 Contingencies and Commitments

Credit risk by industry sector

	2019	2018
	----- Rupees '000 -----	
Agriculture, forestry, hunting and fishing	24,664	199,496
Mining and quarrying	401,842	363,746
Textile	12,314,035	7,489,876
Chemical and pharmaceuticals	2,178,731	2,875,575
Cement	1,180,988	1,592,654
Sugar	180,375	289,519
Footwear and leather garments	165,732	60,681
Automobile and transportation equipment	226,689	567,516
Electronics and electrical appliances	350,193	619,533
Construction	582,688	1,208,171
Power (electricity), gas, water, sanitary	3,733,267	7,074,714
Wholesale and retail trade	5,017,410	3,021,243
Exports / imports	95,358	75,870
Transport, storage and communication	1,768,837	2,541,034
Financial	35,547	2,330,244
Services	7,806,189	2,050,965
Individuals	1,099,705	645,273
Others	17,713,369	17,488,562
	<u>54,875,619</u>	<u>50,494,672</u>

Credit risk by public / private sector

Public / Government	1,857,056	9,486,232
Private	<u>53,018,563</u>	<u>41,008,440</u>
	<u>54,875,619</u>	<u>50,494,672</u>

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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 98,648 million (2018: Rs 98,957 million) are as following:

	2019	2018
	-----Rupees '000-----	
Funded	88,102,082	85,612,060
Non-funded	10,545,863	13,345,010
Total exposure	<u>98,647,945</u>	<u>98,957,070</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 168.3 billion (2018: Rs 139.4 billion).

There are no classified exposures under this category of advances.

44.1.9 Advances - province / region-wise disbursement and utilisation

Province / region	2019						
	Disburse-ments	Utilisation					AJK including Gilgit-Baltistan
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
----- 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>

Province / region	2018						
	Disburse-ments	Utilisation					AJK including Gilgit-Baltistan
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
----- Rupees '000 -----							
Punjab	413,258,605	411,569,657	464,381	60,183	4,843	1,158,683	858
Sindh	593,700,639	15,211,836	578,339,469	31,551	14,277	100,753	2,753
KPK including FATA	1,752,821	-	-	1,752,821	-	-	-
Balochistan	1,596	-	-	-	1,596	-	-
Islamabad	27,019,350	3,542,313	9,967	360,515	1,170	23,085,228	20,157
AJK including Gilgit-Baltistan	239,808	183,332	-	-	-	200	56,276
Total	<u>1,035,972,819</u>	<u>430,507,138</u>	<u>578,813,817</u>	<u>2,205,070</u>	<u>21,886</u>	<u>24,344,864</u>	<u>80,044</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

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- Rupees '000 -----						
Cash and balances with treasury banks	60,368,417	-	60,368,417	43,173,993	-	43,173,993
Balances with other banks	2,835,570	-	2,835,570	1,847,595	-	1,847,595
Lendings to financial institutions	-	-	-	2,997,486	-	2,997,486
Investments	27,830,930	176,238,022	204,068,952	30,101,316	184,084,275	214,185,591
Advances	309,573,002	-	309,573,002	296,444,861	-	296,444,861
Fixed assets	24,183,424	-	24,183,424	11,612,007	-	11,612,007
Intangible assets	1,487,541	-	1,487,541	1,331,731	-	1,331,731
Deferred tax assets	-	-	-	183,206	-	183,206
Other assets	27,335,751	-	27,335,751	28,137,713	-	28,137,713
	<u>453,614,635</u>	<u>176,238,022</u>	<u>629,852,657</u>	<u>415,829,908</u>	<u>184,084,275</u>	<u>599,914,183</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

For the year ended December 31, 2019

	2019				2018			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	Rupees '000							
Pakistan Rupee	614,326,820	520,288,044	(40,234,738)	53,804,038	588,933,096	505,370,611	(40,143,995)	43,418,490
United States Dollar	12,834,688	48,355,127	36,977,410	1,456,971	9,380,623	45,306,977	35,946,997	20,643
Great Britain Pound Sterling	1,752,207	3,901,237	2,155,516	6,486	933,973	3,854,846	2,926,748	5,875
Euro	910,522	2,041,078	1,129,859	(697)	602,876	1,883,214	1,280,833	495
Japanese Yen	227	1,861	2,138	504	2,091	20	-	2,071
Other currencies	28,193	1,437	(30,185)	(3,429)	61,524	-	(10,583)	50,941
	<u>629,852,657</u>	<u>574,588,784</u>	<u>-</u>	<u>55,263,873</u>	<u>599,914,183</u>	<u>556,415,668</u>	<u>-</u>	<u>43,498,515</u>

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 1% change in foreign exchange rates on				
- profit and loss account	-	14,598	-	800
- 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 State Bank of Pakistan for overall investment and per scrip exposure. Additionally, there are internal limits set to manage overall earnings in the form of stop loss limits and maintain a diverse portfolio through sector concentration limits.

	2019		2018	
	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	2,235	366,525	2,483	354,707

Notes to and forming part of the Unconsolidated Financial Statements

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44.2.4 Yield / interest rate risk in the banking book (IRRBB)-Basel II specific

Impact of 1% change in interest rates on
 - profit and loss account
 - other comprehensive income

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(88,712)	1,574,839	(601,472)	1,610,913
	-	(495,718)	-	(219,886)

Rupees '000

44.2.5 Mismatch of interest rate sensitive assets and liabilities

Effective yield / interest rate (%)	Total	Exposed to yield / interest risk										Non-interest bearing financial instruments
		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		
10.9	60,368,417	-	-	-	-	-	-	-	-	-	-	60,368,417
	2,835,570	-	-	-	-	-	-	-	-	-	-	2,835,570
12	203,429,065	48,714,042	112,592,317	22,561,664	10,428,428	1,676,915	143	7,455,536	210,113	1,210,500	-	6941,457
	309,573,002	115,374,935	79,172,287	66,819,608	38,611,338	365,005	271,793	595,966	210,113	1,210,500	-	20,553,475
	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	695,966	210,266	1,210,500	-	98,154,455

Rupees '000

On-balance sheet financial instruments

Assets

Cash and balances with treasury banks
 Balances with other banks
 Lending to financial institutions
 Investments
 Advances
 Other assets

Liabilities

Bills payable
 Borrowings
 Deposits and other accounts
 Liabilities against assets subject to finance lease
 Subordinated debt
 Other liabilities

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

	8,356,460	-	-	-	-	-	-	-	-	-	-	-	8,356,460
	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
	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
	-	-	-	-	-	-	-	-	-	-	-	-	-
	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	11,566,471	(668,568)	(1,584,095)	(793,241)	(1,822,465)	(1,210,500)	-	-	(70,268,190)
	18,555,099	-	-	-	-	-	-	-	-	-	-	-	-
	55,263,873	-	-	-	-	-	-	-	-	-	-	-	-
	84,264,725	29,003,488	32,935,391	20,824,098	1,501,748	-	-	-	-	-	-	-	-
	42,016,580	17,725,948	15,333,915	8,102,083	854,634	-	-	-	-	-	-	-	-
	21,760,786	21,760,786	-	-	-	-	-	-	-	-	-	-	-
	9,244,773	3,956,978	3,584,472	1,703,323	-	-	-	-	-	-	-	-	-
	11,242,586	(14,440,224)	14,017,004	11,018,692	647,114	-	-	-	-	-	-	-	-
	(110,304,520)	148,553,715	71,414,639	12,213,585	(668,568)	(793,241)	(1,584,095)	(1,822,465)	(1,210,500)	-	-	-	-
	(110,304,520)	38,249,195	109,663,834	121,877,419	121,208,851	119,624,756	118,831,515	117,009,050	118,219,550	-	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

		2018									
		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										
	Assets										
	Cash and balances with treasury banks	43,173,993	-	-	-	-	-	-	-	-	43,173,993
	Balances with other banks	1,847,595	-	-	-	-	-	-	-	-	1,847,595
	Lending to financial institutions	2,997,486	2,997,486	-	-	-	-	-	-	-	-
6.4	Investments	213,545,699	90,641,342	17,121,366	3,191,616	1,675,947	-	280,666	-	-	7,224,170
7.1	Advances	296,444,861	127,059,643	32,390,520	32,240,925	68,266	180,967	243,742	362,606	1,568,955	3,551,397
8.1	Other assets	20,280,815	-	-	-	-	-	-	-	-	20,280,815
		578,290,449	220,698,471	49,511,866	35,432,541	5,979,910	1,856,914	243,742	643,262	1,568,955	76,077,970
	Liabilities										
	Bills payable	23,543,525	-	-	-	-	-	-	-	-	23,543,525
6.8	Borrowings	98,351,921	71,787,088	12,379,365	653,131	400,150	-	455,048	1,860,047	-	141,625
3.8	Deposits and other accounts	409,383,802	194,893,035	35,751,500	25,597,130	1,389,865	1,607,035	135,508	-	-	134,861,860
	Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
	Subordinated debt	-	-	-	-	-	-	-	-	-	-
	Other liabilities	23,034,044	-	-	-	-	-	-	-	-	23,034,044
		554,313,292	266,680,123	48,130,865	25,676,668	2,007,185	590,556	(346,814)	1,860,047	-	181,581,054
	On-balance sheet gap	23,977,157	(45,981,652)	138,145,933	23,835,228	9,182,280	4,443,367	(150,271)	(1,216,785)	1,568,955	(105,503,084)
	Net non-financial assets	19,521,358									
	Total net assets	43,498,515									
	Off-balance sheet financial instruments										
	Commitments in respect of:										
	- forward foreign exchange contracts (lending)	66,533,034	18,455,924	18,006,425	27,737,492	2,333,193	-	-	-	-	-
	- forward foreign exchange contracts (borrowing)	27,870,102	13,024,486	6,798,868	3,338,812	4,707,936	-	-	-	-	-
	- forward government securities transactions (lending)	2,999,169	2,999,169	-	-	-	-	-	-	-	-
	- forward government securities transactions (borrowing)	59,084,100	59,084,100	-	-	-	-	-	-	-	-
	- cross currency and interest rate swaps	4,483,600	-	3,326,418	1,157,182	-	-	-	-	-	-
	- forward lending	(21,905,599)	(50,653,493)	7,881,139	23,241,498	(2,374,743)	-	-	-	-	-
	Off-balance sheet gap	(96,635,145)	146,027,072	47,076,726	6,807,537	4,443,367	(150,271)	(346,814)	(1,216,785)	1,568,955	
	Total yield / interest risk sensitivity gap	(96,635,145)	49,391,927	96,468,653	103,276,190	107,719,557	107,569,286	107,222,472	106,005,687	107,574,642	
	Cumulative yield / interest risk sensitivity gap										

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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.

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's liquidity risk management process, as carried out within the Bank and monitored by the management, includes:

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 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

2019

	Rupees '000													
	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	60,368,417	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,835,570	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	204,068,952	34,780,609	-	-	13,848,971	52,929,114	19,266,864	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	22,779,568	7,727,806	7,029,147	24,711,355	27,775,680	33,289,486	28,179,794
Fixed assets	24,183,424	12,811	76,824	89,628	204,863	384,708	381,581	577,182	275,617	283,174	1,161,454	1,267,714	1,947,832	17,520,036
Intangible 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
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	27,335,751	2,899,865	873,610	1,426,486	3,186,336	3,490,655	3,873,545	6,113,596	376,151	350,195	1,823,906	96,699	2,787,707	37,000
	629,852,657	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	43,023,716	102,187,824
Liabilities														
Bills payable	8,356,460	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	72,746,795	438,722	25,736,810	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	457,789,109	323,919,026	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	1,085,899	854,288	6,856,975
	574,568,784	333,172,706	38,855,216	12,149,533	28,170,692	26,908,252	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	-	-	-	-	-	-	-	-	-	-	-	-	-

This contains maturity analysis of lease liabilities based on contractual maturities which is shown below:

	Rupees '000													
	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	8,319,984	-	-	-	-	896	-	698	-	-	136,855	473,956	850,603	6,856,975

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2018

	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	43,173,993	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,847,595	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	2,997,486	2,997,486	-	-	-	-	-	-	-	-	-	-	-
Investments	214,185,591	89,938,626	125,273	83,994,430	1,344,658	3,029,943	5,241,797	3,294,000	8,987,961	4,885,682	4,801,787	8,521,979	
Advances	296,444,861	22,055,982	18,359,571	9,752,270	18,064,094	24,015,789	5,674,551	7,882,753	24,935,437	21,226,024	30,539,104	28,619,171	
Fixed assets	11,612,007	22,473	27,535	62,938	137,743	126,905	12,141	16,040	132,603	389,564	738,089	9,802,819	
Intangible assets	1,331,731	1,871	13,096	29,933	57,024	66,970	8,565	587	17,710	91,847	3,733	972,917	
Deferred tax assets	183,206	-	-	-	-	-	-	-	-	-	-	-	183,206
Other assets	28,137,713	2,126,166	5,018,656	3,690,004	2,185,474	1,605,711	4,882,721	578,755	889,458	1,340,829	3,767,708	-	
	599,914,183	69,247,535	112,435,198	43,714,740	96,107,982	21,209,230	32,122,328	11,515,809	12,110,923	34,963,169	27,933,946	39,850,421	48,100,092
Liabilities													
Bills payable	23,543,525	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	98,351,921	62,166,500	825,000	8,795,588	3,338,050	9,041,315	10,528,789	660,154	2,976	146,678	400,150	455,048	
Deposits and other accounts	409,383,802	281,992,267	13,118,572	23,873,887	14,258,504	21,492,996	15,147,869	10,483,780	15,113,350	1,389,865	1,607,035	135,507	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	25,136,420	86,377	4,919,340	3,747,087	1,996,037	1,947,214	3,426,887	1,329,143	2,139,853	2,139,877	2,378,829	2,212	
	556,415,668	305,763,795	16,514,510	36,416,562	19,592,591	32,481,525	29,103,545	12,463,077	17,256,179	3,676,420	4,386,014	590,555	1,862,259
Net assets	43,498,515	(236,516,260)	36,126,562	34,088,300	7,298,178	76,515,391	(11,272,295)	3,018,783	(947,288)	31,286,749	23,547,932	39,259,866	46,237,833
Share capital	15,176,965												
Reserves	8,778,908												
Surplus on revaluation of assets - net	5,093,667												
Unappropriated profit	14,448,975												
	43,498,515												

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

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.

	2019									
	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	Over 10 years	
Assets	Rupees '000									
Cash and balances with treasury banks	60,368,417	286,040	1,149,688	2,306,279	4,623,849	5,692,965	11,300,432	20,017,304	14,417,969	
Balances with other banks	2,835,570	13,436	54,002	108,328	217,187	267,405	530,794	940,235	677,227	
Lending to financial institutions	-	-	-	-	-	-	-	-	-	
Investments	204,068,952	48,629,580	2,868,121	11,592,804	5,114,720	2,701,606	4,814,400	54,925,918	1,225,825	
Advances	309,573,002	66,885,101	37,009,765	49,014,819	27,530,221	31,269,691	33,289,495	22,924,207	5,255,587	
Fixed assets	24,183,424	384,125	577,182	558,791	1,161,454	1,267,714	1,947,832	6,871,265	10,648,772	
Intangible assets	1,487,541	128,141	177,846	131,493	177,744	126,559	190,281	299,248	-	
Deferred tax assets	-	-	-	-	-	-	-	-	-	
Other assets	27,335,751	8,386,298	6,113,596	726,346	1,823,906	96,699	2,787,707	37,000	-	
	629,852,657	124,712,721	117,577,658	64,438,860	40,649,081	41,422,639	54,860,941	106,015,177	32,225,380	
Liabilities	Rupees '000									
Bills payable	8,356,460	-	-	-	-	-	-	-	-	
Borrowings	72,746,795	38,407,194	4,660,820	306,150	233,816	141,236	933,160	2,032,721	-	
Deposits and other accounts	457,789,109	38,337,027	30,439,377	49,430,391	27,169,720	32,286,233	61,567,403	107,140,505	77,171,104	
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	3,416,427	4,252,019	3,434,055	1,079,287	854,288	5,483,349	1,373,625	
	574,588,784	90,234,299	68,184,801	53,988,560	30,837,591	33,506,756	63,354,851	117,420,573	78,544,729	
Net assets	55,263,873	34,478,422	49,392,857	10,450,300	9,811,490	7,915,883	(8,493,910)	(11,405,396)	(46,319,349)	
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	-	-	-	-	-	-	-	-	

This contains maturity analysis of lease liabilities based on expected maturities which is shown below:

	2019									
	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	Over 10 years	
Liabilities	Rupees '000									
Lease liabilities	8,319,984	-	698	-	136,855	473,956	850,603	5,483,349	1,373,625	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

2018										
	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	43,173,993	202,918	405,836	818,147	1,638,453	3,287,700	4,043,244	8,149,091	14,355,353	10,273,251
Balances with other banks	1,847,595	8,684	17,367	35,012	70,116	140,694	173,027	348,734	614,325	439,636
Lendings to financial institutions	2,997,486	2,997,486	-	-	-	-	-	-	-	-
Investments	214,185,591	90,083,355	85,339,088	3,029,943	8,535,797	8,987,961	4,885,682	4,801,787	7,061,773	1,460,205
Advances	296,444,861	62,490,499	36,952,720	39,345,798	46,358,335	27,716,407	24,422,960	30,539,104	16,922,758	11,696,280
Fixed assets	11,612,007	136,549	257,299	126,905	28,180	132,603	369,564	738,089	1,101,622	8,701,196
Intangible assets	1,331,731	56,123	113,274	66,972	9,152	17,712	91,847	3,733	-	972,918
Deferred tax assets	183,206	-	-	-	-	-	-	-	183,206	-
Other assets	28,137,713	11,939,513	3,791,185	4,882,721	1,526,298	889,458	1,340,829	3,767,709	-	-
	599,914,183	167,915,127	126,876,769	48,305,498	58,166,331	41,172,535	35,347,153	48,348,247	40,239,037	33,543,486
Liabilities										
Bills payable	23,543,525	23,543,525	-	-	-	-	-	-	-	-
Borrowings	98,351,921	71,928,713	12,379,365	10,528,789	653,131	146,678	400,150	455,048	1,860,047	-
Deposits and other accounts	409,383,802	49,302,171	38,392,940	20,474,824	36,268,140	22,847,515	28,055,970	53,529,309	93,498,080	67,014,853
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	25,136,420	9,776,368	3,943,251	3,426,887	3,468,995	2,139,877	2,378,822	8	2,212	-
	556,415,668	154,550,777	54,715,556	34,430,500	40,390,266	25,134,070	30,834,942	53,984,365	95,360,339	67,014,853
Net assets	43,498,515	13,364,350	72,161,213	13,874,998	17,776,065	16,038,465	4,512,211	(5,636,118)	(55,121,302)	(33,471,367)
Share capital	15,176,965									
Reserves	8,778,908									
Surplus on revaluation of assets - net	5,093,667									
Unappropriated profit	14,448,975									
	43,498,515									

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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For the year ended December 31, 2019

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

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

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

Market risk

The risk that the value of a derivative contract will be adversely affected by movements in equity prices, interest rates, currency exchange rates and commodity prices. The authority for approving policies, limits and periodic reviews rest with the Board of Directors. The critical measures used to manage market risks are interest rate delta 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 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.

45 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on February 13, 2020 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 13, 2020 has proposed a stock dividend of Nil% amounting to Rs Nil (2018: 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

For the year ended December 31, 2019

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2019 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Fathers / 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	Sardar Khalid Javid	H.No. 20-B, Chak No. 208, RB Edan Garden, Faisalabad.	Sardar Khalid Javid	33100-8763471-7	Sardar Sultan Asad	48	-	1	49	677	11	3	691
2	Junaid Ahmad Khan	H.No. 90, St.No. 12, Zatoon Colony GT Road Daroghawala, Lahore.	Junaid Ahmad Khan	35201-9106391-1	Shahadat Husain Khan	419	9	15	443	459	34	11	504
3	Farhan Bashir	H.No. A-127, Sharifabad FB Area 1 Nr Jamia Masjid Faizan Hadeeq Bukshish, Karachi.	Farhan Bashir	42301-3834026-9	Bashir Ahmed	288	147	489	924	-	146	489	635
4	Zahid Iqbal	Flat No B-124, 2nd Floor, Baba-e-Arif Sector, 15-B Bufferzone, Karachi.	Zahid Iqbal	35202-2619941-3	Muhammad Ibrahim	479	111	-	590	70	154	366	590
5	Muhammad Arshad	C/O Fahad Telecom P-28, College Road Commercial, Kohinoor Town Faisalabad.	Muhammad Arshad	33100-4187946-5	Abdul Hameed	500	292	-	792	199	301	-	500
6	Zahid Iqbal	C/O Paragon Restaurant, 30 Commercial Zone, Liberty Market.	Zahid Iqbal	35202-2619941-3	Muhammad Ibrahim	496	880	30	1,406	-	833	30	863
7	Farhan Junejo	Plot No. C-60, Block-2, Scheme No.5, Clifton, Karachi.	Farhan Junejo	42301-5945284-9	Nabi Sher Junejo	19,529	22,147	-	41,676	-	18,295	-	18,295
8	Nadeem Arif Khan	House No. P/10, Street No. 2, Haseeb Shaheed Colony, Faisalabad.	Nadeem Arif Khan	33100-1927884-1	Muhammad Arif Khan	3,500	1,002	-	4,502	-	1,002	-	1,002
9	Tauseef Reza Khan	C/O Sun Rise Trading Co. D-130 KDA Scheme-1, Nr Royal Appt (Opp Navy Gate Karsaz).	Tauseef Reza Khan	42201-1775770-7	Abid Reza Khan	453	804	16	1,273	-	728	27	755
10	Khan Muhammad Jahanzaib Khan Khichi	Plot No 04, Bungalow No. 11, Survey No. 194/10, Allaudin Road Cantt, Lahore.	Khan Muhammad Jahanzaib Khan Khichi	35201-2508144-1	Khan Muhammad Nawaz Khan Khichi	13,858	7,616	-	21,474	-	7,722	-	7,722
11	Hamid Nazar Malik	C/O City Cargo Services, Off No. 20-F, D-1 Gulberg-III.	Hamid Nazar Malik	35202-2872124-3	Nazar Hussain Malik	500	974	31	1,505	-	832	31	863
12	Alta MUHAMMAD	H T 3960, 3rd Floor, Wazir Azam Afridi House, St 8 Sec D 2, Hijrat Colony Saddar, Karachi.	Alta Muhammad	42201-9785133-7	Faqir Muhammad Patthan	504	-	-	504	504	36	-	540
13	Muhammad Idrees	Khwat No. 4477, Khatooni, 5546 Khasra, Chak No. 203 Rd Situated at Canal Garden, Canal Road Tetsil City, Distt Faisalabad.	Muhammad Idrees	33100-6477681-9	Not Available	29,667	30,107	-	59,774	-	30,917	-	30,917
14	Syed Ansar Abbas	C/O Chanab Distributors Shop No. 22, United Centre, Murree Road Shamsabad.	Syed Ansar Abbas	37405-9627113-9	Syed Hussain Imnam	496	652	14	1,162	-	701	15	716

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For the year ended December 31, 2019

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Interest / Mark-up written-off	Principal 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													
15	Syed Hassan Akhtar	H No. 215/D, Sadaat Colony, Unit No. 9, Laifabad Hyderabad.	Syed Hassan Akhtar	41303-7614733-9	Syed Hassan Qaiser Zaidi	365	418	11	814	43	459	20	522
16	Mian Masood Ahmed	Residential House situated at Street -1-B, Sector F-10/3, Islamabad.	Mian Masood Ahmed	37405-0335717-3	Mian Abdul Hamid	7,910	6,696	-	14,606	-	6,997	-	6,997
17	Muhammad Riaz	Plot No. 19/II, Phase VII, DHA Creek, Lane No. 2, Karachi.	Muhammad Riaz	42101-1861575-5	Muhammad Kauser	17,350	15,158	-	32,508	-	9,476	-	9,476
18	Azhar Rasheed	House No. 729/1, F/2 Johar Town, Old Campus View Town Kwhwit No. 379, Kharooni No. 703, Hadbast Mouza, Jogiampura, Lahore.	Azhar Rasheed	35202-2882229-3	Rashid Ahmed	3,347	3,050	-	6,397	-	2,904	-	2,904
19	Muhammad Javed	Residential House, situated at House No. 119/ A, Block B, Revenue Employee Housing Society Ltd, Lahore.	Muhammad Javed	35202-5739792-1	Muhammad Rafique	1,768	1,785	-	3,553	-	644	-	644
20	Tariq Aziz	C-305, Moti Bazar, Masjid Wali Gali.	Tariq Aziz	37405-7599706-7	Muhammad Younas	500	615	18	1,133	-	699	18	717
21	Imran Hanana	C/O Hiran Radio Corporation, Ikhlaq Centre, 16-Hall Road.	Imran Hanana	35202-4527712-7	Abdul Hanan	393	698	37	1,128	-	725	37	762
22	Malik Muhammad Abid	House No. 289, Block 13, Sector B-1, Quaid-e-Azam Town Scheme (Township), Lahore.	Malik Muhammad Abid	35202-0416483-5	Malik Muhammad Sadiq	1,843	1,305	-	3,148	-	1,435	-	1,435
23	Muhammad Usman Idress	Usman Engineering, Basti Muhammad Husain near Ahmad Kanta, Moman Pura Road, Lahore.	Muhammad Usman Idress	35201-1702737-7	Muhammad Idrees	675	-	-	675	166	420	-	586
24	Tahir Javed Rahore	C/O Faizan Traders, G-3, Brothers Plaza 30, Hall Road.	Tahir Javed Rahore	35202-7622985-1	Ch Muhammad Yousof	500	786	16	1,302	-	724	16	740
25	Tahir Mahmood Bajwa	House No. 113 New 120, Old Canal Road Eden Villas, Lahore.	Tahir Mahmood Bajwa	34101-2693785-3	Zulfiqar Ali Bajwa	3,876	2,536	-	6,412	-	2,635	-	2,635
26	Muhammad Waqas Sufaraz Skiekh	169 Tariq Block, New Garden Town, Lahore.	Muhammad Waqas Sufaraz Skiekh	35202-6956171-1	Muhammad Sufaraz Mahmood	4,690	2,985	-	7,675	-	3,194	-	3,194
27	Muhammad Usman Khan	H-465, Sec G-10/1, Islamabad.	Muhammad Usman Khan	61101-5338757-7	Ishrat Ullah Khan	409	435	10	854	-	509	10	519
28	Jawad Ali Khan	395-G-1, Johar Town, Lahore.	Jawad Ali Khan	35202-8096393-3	Mahboob Ali Khan	3,364	1,394	-	4,758	-	1,340	-	1,340
29	Ayaz Hussain Memon	H No. A-75, Al-Abbas Town, Qasimabad, Phase-1 Near Masjid Rehmat-Ul-Asalamin / Aga Taj, Karachi.	Ayaz Hussain Memon	45303-0700082-7	Abdul Rehman	501	-	-	501	480	81	-	561
30	Jahanzeb Qureshi	C/O Dimension Four, 6-7 2nd Floor, Al-Lateef Center, Main Blvd Gulberg 3.	Jahanzeb Qureshi	35201-7999471-7	Pervaz Khalid	278	402	9	689	57	486	11	554

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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					Total (10+11+12)	
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off		Interest / Mark-up written-off
1	2	3	4	5	6	7	8	9	10	11	12	13
31	Kashif Ali Virk	M/S Ahmed Paper Cone, 13-Kin Shekhupura Road, Kot Abdul Malik, Near Firdous Flour Mills.	Kashif Ali Virk	35401-2865894-7	Rehmat Ali	379	317	31	727	73	404	508
32	Muhammad Arshad	C/O Fahad Telecom P-28, College Road Commercial, Kohinoor Town Faisalabad.	Muhammad Arshad	33100-4187946-5	Abdul Hameed	500	443	5	948	183	588	776
33	Farhan Bashir	67-1/B, Block-6, PECHS, Nursery near KFC.	Farhan Bashir	42301-3834026-9	Bashir Ahmed	391	722	61	1,174	-	832	901
34	Javed Siddique	Chak No. 219 RB House No. 260-B, People Colony, The City and Distt Faisalabad.	Javed Siddique	33100-7645400-9	Muhammad Siddique	38,668	4,265	-	42,933	-	6,357	6,357
35	Citipack	HL- 24, Sec 11-F, New Karachi.	Shakeel Ahmed	42101-2616677-7	Aziz Muhammad	-	7,640	-	7,640	-	7,640	7,640
36	Sadiqabad Oil & Gee Mills	18-D, Z-Block, Satellite Town 1, Rahim Yar Khan.	Shabir Ahmed	31304-1228455-1	Nazir Ahmed	-	926	-	926	-	926	926
37	Jam Brothers & Co.	Faisal Colony Burewala, Vehari.	Shahid Qayum	36601-8452377-5	Abdul Karim	-	607	-	607	-	607	607
38	Imran Drug Centre	Club Road Vehari.	Muhammad Tariq	36603-3973248-3	Bashir Ahmad	-	3,896	-	3,896	-	3,896	3,896
39	Al Madina Electric & Cooling Centre	Rahim Chowk, Masoom Shah Road, Multan.	Haji Muhammad Hanif	36302-0277120-3	Saeed Muhammad	-	1,038	50	1,088	-	1,038	1,088
40	Danish Tariq	Khuada Dad Street, Beghbanpura, Lahore.	Danish Tariq Majeed	35201-8568953-9	Tariq Majeed	-	6,098	-	6,098	-	6,098	6,098
41	Muhammad Jehangir Awan	215-10, Christian Street, Neekapur, Sialkot.	Muhammad Jehangir Awan	34603-8180293-1	Barkat Ali	29,000	58,734	-	87,734	-	58,892	58,892
42	Lahore Chicks	Lahore, Japan Center 2nd Floor, Room No.21, Main Shadman Market, Lahore.	1. Muhammad Zaman Khan 2. Attiqur Rehman Khan	1. 35201-2391001-3 2. 35201-6334088-3	1. Abdul Aziz Khan 2. Abdul Aziz Khan	-	54,697	-	54,697	-	54,697	54,697
43	Animol Feeds	Purana Kahma, Ferozepur Road, Lahore.	1. Muhammad Zaman Khan 2. Attiqur Rehman Khan	1. 35201-2391001-3 2. 35201-6334088-3	1. Abdul Aziz Khan 2. Abdul Aziz Khan	-	30,643	-	30,643	-	30,643	30,643
44	Farooq Jamil	13, Sunny Side Villas, Civil Lines Cantt, Karachi.	Farooq Jamil	42301-8636300-5	Khawaja Abdul Raouf	1,731	2,950	-	4,681	-	2,177	2,177
45	Arshad Anjad & Abid (Pvt) Ltd.	311-314, Muhammadi House I.I, Chundrigar Road, Karachi.	1. Arshad Farooq 2. Anjad Farooq 3. S.M. Farooq 4. Abid Farooq	1. 42000-038949-6 2. 42000-0397564-5 3. 42000-0412513-5 4. 517-57-205584	1. S.M. Farooq 2. S.M. Farooq 3. Mian Ahmed Din Magoon 4. S.M. Farooq	3,822	10,362	-	14,184	-	10,016	10,016
46	M/S. Crown Traders	H.No 5, Street 12-B, Chaklala Scheme III Rawalpindi.	Syed Shabbir Hussain Naqvi	37201-1741596-1	Syed Badir Hussain Naqvi	-	3,022	-	3,022	-	3,022	3,022
47	Tariq Mehmood Traders	06 Jangru Chowk, Rehmat Ullah Town, Okara.	Tariq Mehmood	35302-6196918-5	Muhammad Ramzan	3,000	4,395	-	7,395	-	3,947	3,947
48	Green Agro Marketing Co.	573 Phase II, DHA Officer's Housing Society, Gujranwala.	Muhammad Ather Latif Butt	34601-3963368-9	Muhammad Latif Butt	6,001	1,111	-	7,112	-	804	804

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S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Fathers / Husband's Name	Outstanding Liabilities at beginning of year							Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs			
1	2	3	4	5	6	7	8	9	10	11	12	13			
49	Fine Embroidery Gujranwala	Street No. 1, Shekh Colony, Gujranwala.	Rahat Ilyas	34101-7636445-4	Muhammad Ilyas	664	-	664	-	664	-	664	-	664	
50	Waqar Younas Traders	7 B, Small Industries Estate 1, Gujranwala.	Muhammad Younas	34101-1548341-7	Muhammad Hussain	6,489	4,598	11,087	-	4,000	-	4,000	-	4,000	
51	Sajjad & Co.	35 Warrach Town, Muragzar Colony, Gujranwala.	Sajjad Ahmad	34201-4725361-3	Habib Ullah	2,500	2,239	4,739	-	2,106	-	2,106	-	2,106	
52	Meer Sons	288 N Block Model Town, Lahore.	Amir Siddique Meer	35202-9425397-7	Muhammad Siddique Meer	591	7,918	8,509	-	7,020	-	7,020	-	7,020	
53	Fine Protein Farms	6 Km Mangla Raiwind Road, near Shahnawaz Tis Raiwind, Lahore.	1. Shahid Bashir 2. Shabir Hussain	1. 35202-2702891-7 2. 340-66-412760	1. Ch Bashir Ahmad 2. Muhammad Sharif	3,931	10,197	14,128	-	8,303	-	8,303	-	8,303	
54	Mohammad Rafique	676 Thappar, Chuburji, Lahore.	Mohammad Rafique	35202-9189036-3	Muhammad Ramzan	4,460	7,133	11,593	-	6,742	-	6,742	-	6,742	
55	A.S Hessian Corporation	16/98 B, Gali Molvi Asghar Wali Biji Ghar, Sialkot.	Zarrar Ahmed	34603-8930930-9	Mohd Iqbal	2,634	4,662	7,296	-	4,233	-	4,233	-	4,233	
56	Sunrise Textile	Green Villas, 69/1 FCC Road, Gulberg IV, Lahore.	1. Farhat Shahbaz 2. Ijaz Rasool Chaudhry 3. Khalid Shahbaz Chaudhry 4. Riffat Shahbaz Chaudhry 5. Shahbazuddin Chaudhry 6. Shahida Shahbaz Chaudhry 7. Tariq Shahbaz Chaudhry	1. 322-55-304387 2. 322-55-304487 3. 270-60-028623 4. 270-65-028624 5. 270-60-400884 6. 270-65-458962 7. 270-57-400552	1. Rashid Mejeed 2. Chaudhry Ghulam Rasool 3. Shahbazuddin Chaudhry 4. Chaudhry Javed Iqbal 5. Chaudhry Allah Ditta 6. Chaudhry Rafiq Bajwa 7. Shahbazuddin Chaudhry	20,718	42,824	63,542	-	31,769	-	31,769	-	31,769	
57	Tariq Shahbaz Chaudhry	69 F.C.C. Road, Green Villas, Lahore.	Tariq Shahbaz Chaudhry	270-51-400562	Shahbazuddin Ch.	6,497	13,599	20,096	-	10,137	-	10,137	-	10,137	
58	Khalid Shahbaz Chaudhry	69-1, FCC Road, Gulberg-IV, Lahore.	Khalid Shahbaz Chaudhry	35202-5112977-5	Ch. Shahbazuddin	5,977	12,484	18,461	-	9,300	-	9,300	-	9,300	
59	Shahbaz Ud Din Chaudhry	1-Green Villas, 69 F.C.C. Road Gulberg IV, Lahore.	Shahbaz Ud Din Chaudhry	999-99-999991	Ch. Allah Ditta	10,151	21,249	31,400	-	15,841	-	15,841	-	15,841	
60	Shan Textile	1 Plot No. 09 Sector R 12 A, North Karachi Industrial Area, Karachi.	Mohammad Sharif Sajid	42201-0169396-9	Khushi Mohammad	75,981	64,955	143,892	-	76,453	-	76,453	-	76,453	
61	Signworld Communications	5-C ST-12, Badar Commercial Phase 5, Ext. DHA, Karachi.	Syed Shahid Masood	42301-9720947-5	Syed Maqsood Shah	172	3,635	3,807	-	3,015	-	3,015	-	3,015	
62	Signworld Communications	5-C ST-12, Badar Commercial Phase 5, Ext. DHA, Karachi.	Syed Shahid Masood	42301-9720947-5	Syed Maqsood Shah	-	2,964	2,964	-	2,964	-	2,964	-	2,964	
63	H.A Traders	Mohallah Mori Gate, Qila Didar Singh Municipal Committee, Gujranwala.	Abdul Razaq	34101-2375948-7	Abdul Aziz	5,000	7,528	12,528	-	6,630	-	6,630	-	6,630	
64	Mian Iftikhar Ali Shah	House No. 426, Sector E-2 St No. 12, Phase 1, Hayatabad, Peshawar.	Mian Iftikhar Ali Shah	17301-8173491-9	Syed Amir Zada	480	836	1,316	-	690	-	690	-	690	
65	S.A Enterprises	73 Karim Block, Alama Iqbal Town, Lahore.	Muhammad Shoab	35202-9240234-1	Mohammad Din	11,497	4,519	16,016	-	4,418	-	4,418	-	4,418	

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs			
1	2	3	4	5	6	7	8	9	10	11	12	13			
66	M/S. Ashraf Sons	12-E-3, Gulberg-3, Lahore.	Abdull Wasie Ashraf	61101-2449826-9	Muhammad Ashraf	750	1,778	-	2,528	-	1,470	-	-	1,470	1,470
67	Distech (Pvt) Limited,	18 A, Zafar Ali Road, Lahore.	1. Zahid Hussain 2. Ghochar Afif Hussain	1. 33100-0542982-7 2. 501-86-506324	1. Abdul Rehman 2. Syed Kausar Hussain	15,055	29,861	-	44,916	-	24,463	-	-	24,463	24,463
68	Gnumman Bricks	Peero Chak, Tehsil Daska Sialkot.	Ch Muhammad Akbar	34601-9559089-9	Ch Khunshi	2,000	2,912	-	4,912	-	2,452	-	-	2,452	2,452
69	Nizam Associates	147 E2, Johar Town, Lahore.	Muhammad Yamin Malik	35202-6357349-5	Nizam Din	3,500	6,438	-	9,938	-	5,586	-	-	5,586	5,586
70	New Koh-i-noor Cloth House	50 Fatima Road, New Lalazar Colony, Okara.	Muhammad Nadeem	35302-4912292-9	Wali Muhammad	-	637	-	637	-	637	-	-	637	637
71	Mian Arabab Ahmed	119/1, Khayaban-e-Itehad Phase VII - DFA Karachi.	Mian Arabab Ahmed	42301-7314080-5	Mian Riaz Ahmed	11,538	14,665	-	26,203	-	14,498	-	-	14,498	14,498
72	Uniroyal Agro Chemicals	46-B, Ghalla Mandi, Vehari.	1. Ishaq Akhtar 2. Muhammad Ashraf Naeem	1. 36603-1394906-6 2. 36603-1461160-3	1. Muhammad Ashraf Naeem 2. Khair Muhammad	7,627	3,444	-	11,071	-	2,774	-	-	2,774	2,774
73	Oak Associates	Plot No. 1, Ry 10, Railway Quarters, M.T. Khan Road, Karachi.	1. Muhammad Amin 2. Muhammad Mustafa Omer 3. Khalid Masood	1. 42001-8684567-3 2. 42301-3778048-9 3. 42301-3778143-9	1. Muhammad Bashir Memon 2. Omer Ahmed 3. Syed Masood Hussain Zaidi	103	52	-	155	-	8,434	-	-	8,434	8,434
74	Saleem Textiles (Pvt) Ltd	Tariq Ismail Road, Jamal Chowk, Nesheman-e-Iqbal, Lahore.	1. Abida Shaheen 2. Muhammad Saleem	1. 35202-2329157-0 2. 90403-0116551-9	1. Muhammad Saleem 2. Jamal Din	7,836	43,706	-	51,542	-	41,788	-	-	41,788	41,788
75	Muhammad Javaid	Plot No. 9, Kashmir Block, Allama Iqbal Town, Lahore.	Muhammad Javaid	35202-6218478-7	M Ashiq	18,997	16,295	-	35,292	-	17,707	-	-	17,707	17,707
76	Koh-i-Noor Rice Mills	1 Circular Road, Daska Sialkot.	1. Zeba Sajid 2. Muhammad Sajid Dar 3. Junaid Dar	1. 34603-2220858-4 2. 34603-2310603-7 3. 34603-3283010-9	1. Muhammad Sajid Dar 2. Khawaja Muhammad Hanif 3. Muhammad Sajid Dar	15,694	3,474	-	19,168	-	2,507	-	-	2,507	2,507
77	Asim Raza	410, G1 Johar Town, Lahore.	Asim Raza	61101-8836707-9	Sheikh Mushtaq Ahmed	4,226	5,084	-	9,310	-	4,107	-	-	4,107	4,107
78	Adli Textile Mills Ltd	Adli House No. 213, Street 10, Cavalry Ground, Lahore.	1. Intisar Ahmad Mohar 2. Aamir Riaz 3. Masood Ahmed 4. Adli Mahmood 5. Rizwan Hameed 6. Nusrat Shaheen 7. Zulfiqar Ali	1. 35201-1536621-1 2. 35201-9335849-9 3. 35202-0675593-5 4. 35202-2700320-3 5. 35202-4938598-5 6. 35202-5065994-6 7. 35404-1565958-7	1. Ch. Bashir Ahmad 2. Riaz Ahmad Qureshi 3. Ghulam Muhammad 4. Haji Mahmood Sadiq 5. Hameed Akhter 6. Zafar Ahmad 7. Muhammad Allah Ditta	3,640	21,459	-	25,099	-	21,759	-	-	21,759	21,759
79	The Fastest Trading Company	Roras Road, New Malana Pura, Sialkot.	Muhammad Younas Choudhary	34603-6190789-1	Barkat Ali Sughr	3,499	3,399	-	6,898	-	3,040	-	-	3,040	3,040

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
80	M/S. D.M. Textile Mills	157 Peshawar Road, Islamabad.	1. Hussain Ahmed Qureshi 2. Mian Habibullah 3. Mian M. Saleem Omer 4. Mian Naeem Omer 5. S. Irshad Hussain Shah	1. 273-89-019043 2. 246-90-011850 3. 246-86-084916 4. 246-87-133613 5. 210-47-044332	1. Rauf Ahmed Qureshi 2. Mian Mohammad Omer 3. Mian Mohammad Omer 4. Mian Mohammad Omer 5. Syed Rehman Shah	3,600	19,139	-	22,739	-	-	19,463	
81	Abdul Hameed	H No. 64, P-II, Link Road, Model Town, Lahore.	Abdul Hameed	35202-3037535-1	Fazal Din	11,620	15,085	-	26,705	-	-	16,547	
82	Rendezvous International	1357 Main Rohi Drain, near Badian Road Moota Singh Village, Lahore.	1. Sama Haroon 2. Zubeida Rasheed	1. 270-70-563142 2. 270-92-188489	1. Haroon Rasheed Sheikh 2. Rasheed Ahmed Sheikh	3,673	6,371	-	10,044	-	-	5,836	
83	Daniyal Musharka Filling Station	New Musharka Balouchistan Petroleum Service, Multan.	Noor Shah	36203-1907169-7	Haji Habib Ullah	7,996	1,164	-	9,160	-	-	991	
84	M/S Waqas Hamid Bhatti Metal Works	Kothi Hamid Bhatti, Gujranwala.	Waqas Hamid Bhatti	34101-7718266-9	Hamid Pervaz Bhatti	7,610	2,105	-	9,715	-	-	2,620	
85	National Furnishers	107 D, Model Town, Gujrat.	Amjad Farooq	35202-3120797-7	Sooif Nazir Muhammad	-	10,555	-	10,555	-	-	7,055	
86	M/S Continental Beverages (Pvt) Ltd	D-210, Estate Avenue Site, Karachi.	1. Iqbal Ahmed 2. Jahanzab Iqbal Khan 3. Faisal Iqbal 4. Aqnan Iqbal Khan 5. Farhan Iqbal Khan 6. Mrs Nasim Iqbal	1. 42301-1202124-3 2. 42301-4538568-9 3. 42301-4539518-9 4. 42301-6309719-7 5. 42301-6413269-7 6. 42301-8107417-8	1. Muhd Yaqoob 2. Iqbal Ahmed Khan 3. Iqbal Ahmed 4. Iqbal Khan 5. Iqbal Ahmed Khan 6. Iqbal Ahmed	28,246	58,038	-	86,284	-	-	57,779	
87	D.S.I Corporation (Pvt.) Ltd	11/10, Sector-16, Korangi Industrial Area, Karachi.	1. Dawood Moosa Desai 2. Shabbir Ahmed Moosa Desai 3. Iqbal Ahmed Moosa Desai 4. Mr. Amin Dawood Desai 5. Mrs. Maryam Bibi G.M. Desai	1. 42301-1697255-1 2. 42301-2624689-9 3. 42301-4742374-5 4. 42301-8645590-1 5. 42301-9523263-2	1. Late Moosa Desai 2. Late Moosa Desai 3. Late Moosa Desai 4. Dawood Moosa Desai 5. Late Ghulam Mohammad Desai	109,777	154,240	-	264,017	-	-	169,229	
									81,471			250,700	

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S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Fathers / Husband's Name	Outstanding Liabilities at beginning of year						Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs					
1	2	3	4	5	6	7	8	9	10	11	12	13				
88	D.S.I Pakistan (Pvt.) Ltd	11/10, Sector-16, Korangi Industrial Area, Karachi.	1. Dawood Moosa Desai 2. Shabbir Ahmed Moosa Desai 3. Mr. Sadique Desai 4. Iqbal Ahmed Moosa Desai 5. Mr. Amin Dawood Desai 6. Mrs. Maryam Bibi G.M. Desai	1. 42301-1697255-1 2. 42301-2624689-9 3. 42301-2624784-9 4. 42301-4742374-5 5. 42301-8645590-1 6. 42301-9523263-2	1. Late Moosa Desai 2. Late Moosa Desai 3. Shabbir Ahmed Moosa Desai 4. Late Moosa Desai 5. Dawood Moosa Desai 6. Late Ghulam Mohammad Desai	207,398	153,496	-	360,894	127,138	176,412	-	303,550			
89	Danish Apparel Pvt Ltd	21 Km Off Ferozepur Road, Hadlra Drain, Post Office Khana Nau, Lahore.	1. Muhammad Khalil 2. Mr. Muhammad Azam	1. 267-69-054793 2. 267-62-006264	1. Mian Khalid Ahmed 2. Muhammad Noor Hussain	3,037	51,779	-	54,816	-	51,839	-	51,839			
90	Danish Apparel Pvt Ltd	21 Km Off Ferozepur Road, Hadlra Drain, Post Office Khana Nau, Lahore.	1. Muhammad Khalil 2. Mr. Muhammad Azam	1. 267-69-054793 2. 267-62-006264	1. Mian Khalid Ahmed 2. Muhammad Noor Hussain	9,755	20,729	-	30,484	-	21,829	-	21,829			
91	Ishad Jewellers	Bazar Sarafa, Gujrat.	Ishad Ahmed	34201-0387193-9	Abdul Latif	3,296	2,198	-	5,494	-	1,973	-	1,973			
92	Maax Fashion (Pvt) Ltd	24 Km Multan Road, 1-Km Defence Road, Lahore.	1. Asim Shafiq 2. Phinehas Salamat	1. 271-64-112678 2. 270-69-563456	1. Khawaja Shafiq Ahmed 2. Salamat Heera	25,500	40,809	-	66,309	-	35,493	-	35,493			
93	Track Knitwear (Pvt) Ltd	100 M, Defence Road, 24 K.M Off Multan Road, Lahore.	1. Kalim Ali 2. Muhammad Ishaq Ali Akhtar 3. Sana Khalil Karimi 4. Tariq Saeed	1. 270-57-341179 2. 270-85-393366 3. 274-89-353828 4. 271-49-000152	1. Ghulam Ali 2. Muhammad Yahya 3. Mian Abdul Khalil Karimi 4. Muhammad Saeed Ch	8,737	4,462	-	13,199	-	2,075	-	2,075			
94	Arshad Amjad & Abid (Pvt) Ltd.	311-314, Muhammadi House, I.I. Chundrigar Road, Karachi.	1. Arshad Farooq 2. Amjad Farooq 3. S. M. Farooq 4. Abid Farooq	1. 42000-038949-6 2. 42000-0397564-5 3. 42000-0412513-5 4. 517-57-205584	1. Shaikh Muhammad Farooq 2. Shaikh Muhammad Farooq 3. Mian Ahmed Din Magoon 4. Shaikh Muhammad Farooq	54,000	123,410	-	177,410	-	118,371	-	118,371			
95	Sohail Bashir	Chahal PO Badyana, Tehsil and District Sialkot.	Sohail Bashir	34603-5468122-7	Chaudhry Bashir Ahmed	-	618	11	629	-	618	11	629			
96	Muhammad Ahmed	Fazal Colony, Goth Ghana PO Sarnasatta Bahawalpur.	Muhammad Ahmed	31202-0333845-1	Peo Masood Ahmed	-	1,225	-	1,225	-	1,225	-	1,225			

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						Principal	Interest / Mark-up	Others	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs						
1	2	3	4	5	6	7	8	9	10	11	12	13	Rupees 000				
97	Muhammad Yasrab	Mouza Bliawalpur, Tehsil Kabirwala, Distt Khanewal.	Muhammad Yasrab	36102-73856871-3	Eis Muhammad	-	2,337	-	2,337	-	2,337	-	-	-	-	2,337	
98	Saeed Ullah Bhingo	Kot Roshan Din PO, Nawen Kot Sheikhpura, Faisalabad Road Sheikhpura.	Saeed Ullah Bhingo	35404-1020296-1	Arta Ullah Bhingu	944	1,979	-	2,923	-	1,565	-	-	-	-	1,565	
99	Al-Sabir Poultries	Chak No.90 A/6-R PO Chak 90/6-R Sahiwal.	Sabir Ali	36502-2129975-1	Muhammad Ali	-	759	-	759	-	659	-	-	-	-	659	
100	Armughan Ali Umar	H No. 373, Anwar Villas, Phase 2 Qasimabad Hyderabad.	Armughan Ali Umar	41306-5974686-9	M Saleem Umar	-	2,030	-	2,030	-	2,030	-	-	-	-	2,030	
101	Allah Buksh	Buksh Hold Mail Bahawalpur.	Allah Buksh	31202-3075436-1	Zahoor Ahmed	55	885	-	940	-	795	-	-	-	-	795	
102	Muhammad Sarwar Bhatti	Wara Tarikhana Handal PO, Kot Radha Kishan Kasur.	Muhammad Sarwar Bhatti	35102-3117926-7	Chudhry Sajawal Khan	838	1,003	-	1,841	-	681	-	-	-	-	681	
103	Sardar Amjad Ali Khan Malken	H No.49, Mohallah New Satellite Town Sargodha.	Sardar Amjad Ali Khan Malken	38404-7525551-3	Sardar Nabi Baksh Khan Malken	-	803	-	803	-	669	-	-	-	-	669	
104	Sardar Karamat Ali	House No.2 Garden Town Pattoki.	Sardar Karamat Ali	35101-2476411-7	Sardar Shaukat Ali	-	744	5	749	-	667	5	-	-	-	672	
105	Syed Tahir Hussain	House No.463 Karbala Road Sahiwal.	Syed Tahir Hussain	35202-7737289-1	Syed Ishaq Hussain	1,999	1,181	-	3,180	-	862	-	-	-	-	862	
106	Azman Ull Haq	PO Chohra, Lambarwaly Bhal Mureedke Distt. Sheikhpura.	Azman Ull Haq	35401-7222644-9	Walyat Ali	2,000	1,706	50	3,756	-	1,181	50	-	-	-	1,231	
107	Ehsan Elahi	Gulshan Tahir, Old Narang Road, Murtidke Distt Sheikhpura.	Ehsan Elahi	35401-1442048-5	Muhammad Hussain	2,000	1,642	5	3,647	-	1,322	5	-	-	-	1,327	
108	1. Ejaz Mehmood 2. Zubair Mehmood 3. Daryan Mehmood	Basti Bagar Gari, Tehsil Sadiqabad, Distt Rahim Yar Khan.	1. Ejaz Mehmood 2. Zubair Mehmood 3. Daryan Mehmood	1. 31304-8933165-3 2. 42002-8478273-3 3. 31304-1750344-0	Haji Mehmood Baksh	1,500	2,747	-	4,247	-	2,281	-	-	-	-	2,281	
109	Qadocs Brothers Poultry Farms	Mouza Badyana, Tehsil Paerur Distt Sialkot.	1. Abdul Salam 2. Abdul Qadocs 3. Abdul Sattar	1. 34603-2001439-1 2. 34603-7248603-3 3. 34603-3692141-5	Mern Muhammad Rafique	-	109,623	5	109,628	-	89,953	5	-	-	-	89,958	
110	Iqbal	Mouza Khai Kher Shah Jejjian Abbasian, Tehsil Khanpur Distt Rahim Yar Khan.	Iqbal	31301-1115068-5	Rehman	653	941	7	1,601	-	959	13	-	-	-	972	
111	Muhammad Saleem	Mouza Rukanpur Tehsil and Distt Lodhran	Muhammad Saleem	35203-8133247-3	Malik Bashir Ahmad	-	740	-	740	-	660	26	-	-	-	686	
112	Akhtar Chicks & Protein	H No. 53/2-L Distt Okara.	Muhammad Akhtar	35302-2037941-1	Nazir Ahmad	4,985	2,162	-	7,147	-	2,525	-	-	-	-	2,525	
113	Imran Qaisar	H 250 Sreet / Muhallah 9, Rachana Town, Rachana District Sheikhpura.	Imran Qaisar	35401-1637778-7	M Ashfaq	1,000	1,064	37	2,101	-	770	37	-	-	-	807	
114	Nazeer Ahmad Shakir	Kot Pindi Das Tehsil Ferozwala, Distt Sheikhpura.	Nazeer Ahmad Shakir	35401-2191592-3	Muhammad Ibrahim	2,500	2,086	30	4,616	-	1,773	40	-	-	-	1,813	
115	Muhammad Nawaz	Bharsapur PO, Depalpur Distt Okara.	Muhammad Nawaz	35301-4951100-1	Muhammad Ud-Din	3,798	1,228	-	5,026	-	1,137	-	-	-	-	1,137	
116	Sher Muhammad Khokhar	27-A Unit No. 3 Latifabad Hyderabad.	Sher Muhammad Khokhar	41307-7668542-3	Ghula Hussain	1,065	1,628	-	2,693	-	1,132	-	-	-	-	1,132	

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						Principal	Interest / Mark-up	Others	7	8	9					
1	2	3	4	5	6	7	8	9	10	11	12	13	Rupees 000			
117	Abdul Jabbar Abbasi	65 Muslim Housing Society, Qasimabad Hyderabad.	Abdul Jabbar Abbasi	41306-8245366-9	Muhammad Issa Abbasi	2,789	2,517	-	5,306	-	2,363	-	2,363	-	2,363	
118	Muhammad Asghar	Basti Shandhi Wala Basti, Shandhi Wala Bahawalpur.	Muhammad Asghar	36203-9530288-5	Muhammad Ashiq	-	1,508	42	1,550	-	1,191	42	1,191	42	1,233	
119	Khalid Hussain	Chak No.545, E.B.Mechhwal Tehsil and Distt. Vehari.	Khalid Hussain	36603-9116062-7	Nazir Ahmad	1,420	1,181	-	2,601	-	1,245	-	1,245	-	1,245	
120	Muhammad Farooq	H No P-1154, Stadium Doule Road, Rawalpindi.	Muhammad Farooq	37405-0170834-5	Khair Muhammad	1,309	1,869	-	3,178	-	1,314	-	1,314	-	1,314	
121	Muhammad Khaleeq Ur Rehman Boodla	Mouza Hootwala, Tehsil Jalalpur, Peerwala Distt. Multan.	Muhammad Khaleeq Ur Rehman Boodla	36304-8308089-1	Shabir Ahmed	903	569	-	1,472	-	524	-	524	-	524	
122	Fiaz Ahmed Khan	Khan House Qila Shah Dev Singh Marawala Distt Sheikhpura.	Fiaz Ahmed Khan	35404-3047289-1	Munir Ahmad Khan	500	1,127	-	1,627	-	932	-	932	-	932	
123	Shahbaz Traders	Village Gul Behar Kandhro, PO Rahri Distt Sukkur.	Ghulam Mustafa	45502-1495069-9	Muhammad Murad	2,200	1,380	-	3,580	-	1,345	-	1,345	-	1,345	
124	Syed Qaim Ali Shah	Village Riatabad Sahi Patt PO Saleh Patt, Tehsil Saleh Patt Distt Sukkur.	Syed Qaim Ali Shah	45503-6386669-1	Inayat Hussain Urf Muhammad Ali Shah	-	2,512	-	2,512	-	1,649	-	1,649	-	1,649	
125	Malik Muhammad Rafique	Mouza Reppar, Tehsil Kahror Pacca Lodhran.	Malik Muhammad Rafique	36202-6436306-9	Faiz Baksh	-	1,630	-	1,630	-	1,026	33	1,026	-	1,059	
126	Tanveer Ahmed	H No. A5/A, Qasim Town, Qasimabad Hyderabad.	Tanveer Ahmed	41103-3334011-9	Abdul Majeed	1,700	940	-	2,640	-	920	-	920	-	920	
127	New Al-Farid Poultries	House, No.275, Block O, Farid Town, Sahiwal.	1. Allah Ditta 2. Khalid Masood	1. 36502-2182859-5 2. 36502-3253717-1	1. Jan Muhammad 2. Masood Ahmad	3,193	4,548	-	7,741	-	3,951	-	3,951	-	3,951	
128	Muhammad Ahsan Shah	Mouza Hassan Shah, PO Karam Pur Tehsil Malji Distt Vehari.	Muhammad Ahsan Shah	36602-0925195-1	Syed Pir Shah	1,240	2,168	-	3,408	-	1,827	-	1,827	-	1,827	
129	A.Z Protein Farm	Moza Bhujiana Kalan near Ghumankay Tehsil Pattoki, Distt Kasur.	Rana Aurangzeb	35103-2855369-1	Rana M. Yasir	11,000	13,608	-	24,608	-	12,094	-	12,094	-	12,094	
130	Ali Rasheed	Jandwal PO, Hujra Shah Muqem Tehsil Depalpur, Distt Okara.	Ali Rasheed	35302-1603170-5	M Rasheed	1,200	1,188	5	2,393	-	1,067	5	1,072	-	1,072	
131	Rao Muhammad Ayub Khan	Mana Ahmedani Sharqi Teh And Distt D.G.Khan	Rao Muhammad Ayub Khan	32102-0432688-7	Roa Mehtboob	537	879	-	1,416	-	797	-	797	-	797	
132	Muhammad Arshad	Chak No. 26, Nb PO, Bahawalpur Distt Sargodha.	Muhammad Arshad	38401-3032858-7	M Altaf	886	646	-	1,532	-	728	-	728	-	728	
133	Shafiq Hussain	650/B, Unit No. 2, Latifabad Hyderabad.	Shafiq Hussain	41304-8336228-3	Not Available	800	1,284	-	2,084	-	777	-	777	-	777	
134	1. Sanaullah 2. Zuhran Waylet	Sanaullah Bhurgri 98-B/1, Main Khayaban-e-Shaheen Phase VI, DHA, Karachi.	1. Sanaullah 2. Zuhran Waylet	1. 42201-2569504-9 2. 42201-5468323-4	Attaullah Khan	-	1,814	-	1,814	-	1,610	-	1,610	-	1,610	
135	Muhamad Yaqoob	Chak 423, PO same Jhang.	Muhamad Yaqoob	33301-2055588-1	Aliak Rakha	-	977	-	977	-	906	-	906	-	906	
136	Awam Poultry Farm	H No. 86, L Block, Faysal Town Vehari.	Malik Arshad Javed	36603-4491725-7	Malik Muhammad Ashraf	1,200	3,163	-	4,363	-	2,380	-	2,380	-	2,380	
						992,021	1,508,296	3,997	2,504,314	211,520	1,474,487	1,512	1,474,487	1,512	1,687,521	

Annexure II to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

The Bank is operating 413 Islamic banking branches (2018: 254) and 1 Islamic sub-branch (2018: 1). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2019 are as follows:

(A) Statement of financial position as at December 31, 2019	Note	2019	2018
		-----Rupees '000-----	
ASSETS			
Cash and balances with treasury banks		13,320,776	7,941,153
Balances with other banks		432,379	105,205
Investments	1	31,443,777	27,620,400
Islamic financing and related assets - net	2	115,537,150	78,659,697
Fixed assets		8,798,322	1,954,626
Intangible assets		84,501	38,263
Other assets		10,256,104	2,264,354
		<u>179,873,009</u>	<u>118,583,698</u>
LIABILITIES			
Bills payable		2,029,226	5,666,023
Due to financial institutions		26,721,776	11,157,833
Deposits and other accounts	3	119,214,500	69,489,203
Due to head office		8,333,416	24,134,341
Other liabilities		10,965,857	1,102,813
		<u>167,264,775</u>	<u>111,550,213</u>
		<u>12,608,234</u>	<u>7,033,485</u>
NET ASSETS			
REPRESENTED BY			
Islamic banking fund		9,180,000	4,680,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		633,831	121,608
Unappropriated profit	5	2,794,403	2,231,877
		<u>12,608,234</u>	<u>7,033,485</u>
CONTINGENCIES AND COMMITMENTS			
	6		
(B) Profit and loss account			
Profit / return earned	7	15,605,063	7,359,568
Profit / return expensed	8	10,526,358	3,842,094
Net profit / return		<u>5,078,705</u>	<u>3,517,474</u>
Other income			
Fee and commission income		620,170	393,866
Dividend income		-	-
Foreign exchange income		135,693	115,673
Income / (loss) from derivatives		-	-
Loss on securities		-	(1,174)
Other income		4,282	6,697
Total other income		<u>760,145</u>	<u>515,062</u>
Total income		<u>5,838,850</u>	<u>4,032,536</u>
Other expenses			
Operating expenses		4,682,897	3,257,257
Workers welfare fund		-	-
Other charges		3,341	3,139
Total other expenses		<u>4,686,238</u>	<u>3,260,396</u>
Profit before provisions		<u>1,152,612</u>	<u>772,140</u>
Provisions and write offs - net		230,438	18,886
Profit before taxation		<u>922,174</u>	<u>753,254</u>
Taxation		359,648	263,639
Profit after taxation		<u>562,526</u>	<u>489,615</u>

Annexure II to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

2019				2018			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value

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

1 Investments by segments:

Federal Government securities:

- Ijarah Sukuks	6,000,000	-	(60,000)	5,940,000	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	7,597,048	-	(60,000)	7,537,048	7,597,048	-	(107,400)	7,489,648

Non Government Debt securities:

- Unlisted	23,258,691	-	648,038	23,906,729	20,129,372	-	1,380	20,130,752
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Total investments

	30,855,739	-	588,038	31,443,777	27,726,420	-	(106,020)	27,620,400
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2 Islamic financing and related assets

	Note	2019	2018
Ijarah		-	-
Murabaha	2.2	2,221,977	1,576,557
Musharaka		7,164	8,042
Diminishing Musharaka		68,640,076	56,773,632
Salam		-	-
Istisna		1,245,270	28,771
Musawamah		409	-
Running Musharaka		17,241,885	7,342,446
Fixed assets Ijarah financing - net	2.1	87,735	66,953
Musharaka - Islamic export refinance scheme		7,137,560	3,607,833
Advance against Murabaha financing		1,599,406	70,976
Advanced against Diminishing Musharaka		10,539,406	5,446,140
Advance against Ijarah		2,062,305	2,898,135
Advance against Istisna		3,787,505	1,092,956
Advance against Islamic export refinance - LTF		790,884	56,388
Inventory related to Islamic financing		715,120	-
Gross Islamic financing and related assets		116,076,702	78,968,829
Less: provision against Islamic financings			
- specific		(413,156)	(219,120)
- general		(126,396)	(90,012)
		(539,552)	(309,132)
Islamic financing and related assets - net of provision		115,537,150	78,659,697

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

Annexure II to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

2.1 Ijarah

	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 and machinery	94,960	52,435	147,395	28,007	31,653	59,660	87,735
Vehicles	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	94,960	52,435	147,395	28,007	31,653	59,660	87,735

	2018						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2018
	As at Jan 1, 2018	Additions / (deletions)	As at Dec 31, 2018	As at Jan 1, 2018	Charge for the year	As at Dec 31, 2018	
	----- Rupees '000 -----						
Plant & Machinery	78,533	16,427	94,960	60,868	(32,861)	28,007	66,953
Vehicles	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	78,533	16,427	94,960	60,868	(32,861)	28,007	66,953

Future Ijarah payments receivable

	2019				2018			
	Not later than 1 year	Later than 1 year & less than 5 years	Over years Five	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over years Five	Total
	----- Rupees '000 -----							
Ijarah rental receivables	89,840	-	-	89,840	67,272	-	-	67,272

The difference between net investment in Ijarah and Ijarah rental receivable represents element of profit in receivable.

2.2 Murabaha

	Note	2019	2018
		----- Rupees '000 -----	
Murabaha financing	2.2.1	2,221,977	1,576,557
Inventory for Murabaha		-	-
Advances for Murabaha		-	-
		<u>2,221,977</u>	<u>1,576,557</u>
2.2.1 Murabaha receivable - gross	2.2.2	2,355,357	1,609,591
Less: Deferred murabaha income	2.2.4	(68,180)	(4,775)
Profit receivable shown in other assets		(65,200)	(28,259)
Murabaha financings		<u>2,221,977</u>	<u>1,576,557</u>

Annexure II to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
2.2.2 The movement in Murabaha financing during the year is as follows:		
Opening balance	1,576,557	606,921
Sales during the year	5,626,772	2,577,173
Adjusted during the year	(4,981,352)	(1,607,537)
Closing balance	<u>2,221,977</u>	<u>1,576,557</u>
2.2.3 Murabaha sale price	2,355,357	1,609,591
Murabaha purchase price	<u>(2,221,977)</u>	<u>(1,576,557)</u>
	<u>133,380</u>	<u>33,034</u>
2.2.4 Deferred murabaha income		
Opening balance	4,775	8,775
Arising during the year	128,605	-
Less: Recognised during the year	(65,200)	(4,000)
Closing balance	<u>68,180</u>	<u>4,775</u>

3 Deposits	2019			2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000 -----					
Customers						
Current deposits	52,057,424	2,880,515	54,937,939	35,538,506	1,588,367	37,126,873
Savings deposits	27,174,303	845,567	28,019,870	11,065,460	688,077	11,753,537
Term deposits	20,396,083	360,828	20,756,911	13,726,680	292,710	14,019,390
	<u>99,627,810</u>	<u>4,086,910</u>	<u>103,714,720</u>	<u>60,330,646</u>	<u>2,569,154</u>	<u>62,899,800</u>
Financial institutions						
Current deposits	62,592	7,661	70,253	31,960	-	31,960
Savings deposits	11,985,727	-	11,985,727	6,051,443	-	6,051,443
Term deposits	3,443,800	-	3,443,800	506,000	-	506,000
	<u>15,492,119</u>	<u>7,661</u>	<u>15,499,780</u>	<u>6,589,403</u>	<u>-</u>	<u>6,589,403</u>
	<u>115,119,929</u>	<u>4,094,571</u>	<u>119,214,500</u>	<u>66,920,049</u>	<u>2,569,154</u>	<u>69,489,203</u>

	2019	2018
	-----Rupees '000-----	
3.1 Composition of deposits		
- Individuals	30,349,844	24,707,546
- Government / Public Sector Entities	3,857,189	2,257,553
- Banking Companies	2,008,491	9,873
- Non-Banking Financial Institutions	13,491,289	6,579,530
- Private Sector	<u>69,507,687</u>	<u>35,934,701</u>
	<u>119,214,500</u>	<u>69,489,203</u>

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 81.281 billion (2018: Rs 50.007 billion).

Annexure II to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
4 Charity Fund		
Opening balance	7,070	8,245
Additions during the period		
Received from customers on account of delayed payment	17,109	422
Dividend purification amount	-	-
Other Non-Shariah compliant income	364	6,504
Profit on charity saving account	1,024	399
	18,497	7,325
Payments / utilization during the period		
Education	3,000	5,000
Health	3,000	3,500
Social work	6,000	-
	12,000	8,500
Closing balance	13,567	7,070
Donee wise details of charity disbursements over Rs 0.5 million;		
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	-
Dar-ul-Uloom / Hira Foundation	-	5,000
National Institute of Child Health Karachi	-	3,500
There were no charity disbursement to related parties by the Bank.		
5 Islamic Banking Business Unappropriated Profit		
Opening balance	2,231,877	1,742,262
Add: Islamic Banking profit for the period	922,174	753,254
Less: taxation	(359,648)	(263,639)
Less: reserves	-	-
Remitted to Head Office	-	-
Closing balance	2,794,403	2,231,877
6 Contingencies and commitments		
Guarantees	5,104,218	313,552
Commitments	14,245,313	9,390,440
	19,349,531	9,703,992
7 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	12,001,983	5,362,300
Investments	3,603,080	1,997,268
	15,605,063	7,359,568

Annexure II to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
8 Profit on deposits and other dues expensed		
Deposits and other accounts	4,776,217	2,140,229
Other short term borrowings	5,138,031	1,701,865
Lease liability against right-of-use assets	612,110	-
	<u>10,526,358</u>	<u>3,842,094</u>

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 balance sheet 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

For the year ended December 31, 2019

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 account, 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 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	2019		2018	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	2,882,629	27.46	2,081,449	41.90
- Amount and percentage of Mudarib share transferred to depositors through Hiba	930,083	32.27	759,275	36.48
- Profit rate earned (annualised)	-	10.63	-	8.55
- Profit rate distributed (annualised)	-	7.33	-	4.35

Financial Statements (Consolidated)



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لَا يَنْبَغِي لَكُمْ أَنْ تَكْفُرُوا بِاللَّهِ

ترجمہ: اگر تم نے واقعی شکر ادا کیا تو میں تمہیں اور زیادہ ڈوں گا۔ (سورۃ ابراہیم۔ ۷)

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, 2019.

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 Group structure is as follows:

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

Financial Highlights

	(Rs in million)		
	2019	2018	Growth
Balance Sheet		Restated	
Investment	203,594	213,816	(4.8%)
Financing	309,573	296,445	4.4%
Total assets	629,861	599,938	5.0%
Deposits	457,785	409,384	11.8%
Profit and Loss Account			
Total revenue	28,477	22,899	24.4%
Non Markup expenses	17,476	15,097	15.8%
Profit before tax and provision	11,001	7,802	41.0%
Net provision	842	(422)	(299.6%)
Share of loss of associate	-	12	-
Profit before taxation	10,158	8,212	23.7%
Taxation	(4,154)	(3,384)	22.8%
Profit after taxation	6,004	4,828	24.4%
Earnings per share (rupees)	3.96	3.18	

Faysal Bank Ltd.'s consolidated profit for the year 2019 was PKR 6,004 million i.e. 24.4% higher than previous year, resulting in EPS of PKR 3.96.

2019 was the first full year of operation after FBL took control of FAML. During the year efforts were focused on putting in place best in class team capable of delivering the desired results. Despite being a challenging year for the asset management industry FAML was able to achieve remarkable growth in assets under management.

FAML incurred loss after tax of PKR 36.86 million in 2019 which was 32.0% lower than previous year. The reason for incurring loss is the fact that before acquisition by FBL, FAML's AUMs at around PKR 7.3 billion were very low. Since acquisition, AUMs have increased by 116% and accordingly total revenue has increased by 24.0% over 2018.

Outlook

The Group will continue its growth strategy by expanding branch network. FBL, after getting regulatory approvals, intends to provide further capital support of PKR 500 million to FAML to fully realize the potential of this subsidiary. FAML has made considerable progress on the path of recovery to profitable operations during 2019 and the Group's management is confident

that the coming year will be even better. This acquisition has enhanced FBL's Group's products portfolio as funds management and advisory services are also available for FBL customers.

Corporate Governance

The Bank has implemented 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

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, Listed Companies (Code of Corporate Governance) Regulations, 2019 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.

The total number of FAML Directors 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 Mr. Tahir Yaqoob Bhatti Mian Salman Ali Syed Muhammad Fraza 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.

Performance Evaluation of Board of Directors

Performance evaluation method is part of Directors' Report of Faysal Bank Ltd which is part of this Annual Report.

Remuneration Policy

Remuneration policy is part of 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 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 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.

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.

In view of the much-improved performance of FAML, VIS upgraded Asset Management rating to AM3+ and assigned Positive Outlook to the rating.

Holding Company

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain is the parent company holding directly and indirectly, 66.78% (2018: 66.78%) of the shareholding in the Faysal Bank Ltd. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the 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 2020.

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 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 13, 2020 and signed by the Chief Executive Officer and a director.



President & CEO



Chairman / Director

Karachi

Dated: February 13, 2020

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش کی توثیق کی ہے اور شیئر ہولڈرز کو سفارش کی ہے کہ اے ایف فرم کو اینڈ کیٹی، چارٹرڈ اکاؤنٹنٹس کو مالی سال 2020 کے لیے بلور بینک آڈیٹرز مقرر کیا جائے۔

بعد ازاں واقعات

مالی سال کے اختتام سے لیکر اس رپورٹ کی تاریخ کے دوران کنسولیدٹڈ مالیاتی گوشواروں میں ظاہر کردہ حوالہ کے علاوہ بینک کی مالی پوزیشن کو متاثر کرنے والے واقعات یا کسی طرح کی کوئی تبدیلی رونمائیں ہوئی۔

توثیقی بیان:

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

منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 13 فروری 2020 کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیے ہیں۔


چیرمین ڈائریکٹرز


صدر اور سی ای او

کراچی
تاریخ: 13 فروری، 2020

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 (BoD) کی جانب سے پورے بینک میں رسک مینجمنٹ فریم ورک لاگو کرنے کا اختیار دیا ہے۔ رسک مینجمنٹ فریم ورک کی مالیاتی گوشواروں کے نوٹ 44 میں وضاحت کی گئی ہے۔

انٹرنل کنٹرول کا اسٹینڈ

بورڈ آف ڈائریکٹرز مکمل طور پر اپنی ذمہ داری کا احساس رکھتا ہے کہ یقینی بنایا جائے کہ انٹرنل کنٹرولز کا نظام موثر ہے جس پر بینک کے اندر ہر سطح پر عمل درآمد ہوتی ہے اور اسے بحال رکھا جاتا ہے۔ بورڈ آف ڈائریکٹرز انٹرنل کنٹرولز سے متعلق انتظامیہ کے تیار کردہ اسٹینڈ کی تصدیق کرتے ہوئے خوشی محسوس کرتا ہے۔ انٹرنل کنٹرول کا نظام تکمیل کے اعتبار سے بہتر ہے اور اس پر منوٹر طریقے سے عمل کے گمرانی کی جاتی ہے۔ انٹرنل کنٹرول سے متعلق اسٹینڈ اس سالانہ رپورٹ میں شامل ہے۔

کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لیمنڈ (VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی لیمنڈ (PACRA) نے فیصل بینک لیمنڈ پبلسٹی کی بنیاد پر درج ذیل درجہ بندی جاری کی ہے:

طویل المیعاد:	AA
تفیل المیعاد:	A1+

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

FAML کی زیادہ بہتر کارکردگی کے پیش نظر، VIS نے ایٹ مینجمنٹ کی درجہ بندی AM3+ تک بڑھا دی ہے اور مستقبل میں مثبت درجہ بندی تفویض کی ہے۔

ہولڈنگ کمپنی

اتحاد بینک لی۔ ایس۔ سی (کلوزڈ)، جو کہ سینٹرل بینک آف بحریں کا انسٹنس یافتہ ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینک کے 66.78 فیصد (2018 میں 66.78 فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتحاد بینک لی۔ ایس۔ سی (کلوزڈ)، اتحاد ہولڈنگ لی۔ ایس۔ سی کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالعمال 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 دیے جاسکیں۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئینڈ سالاٹا اجلاس عام کی تاریخ پر سبکدوش ہو جائیں گے اور دوبارہ تقرری کے لیے اہل ہیں۔ بورڈ کی آڈٹ اینڈ کارپوریٹ گورننس کمیٹی نے 12 فروری، 2020 کو منعقدہ اپنے اجلاس میں برائے سال 2020 اے۔ ایف۔ فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو بطور بینک آڈیٹرز مقرر کرنے کی سفارش کی ہے۔

FAML ڈائریکٹرز کی کل تعداد چھ ہے جس کی تفصیل درج ذیل ہے:

جنس	تعداد
مرد	6
خواتین	-

ڈائریکٹرز کا بورڈ درج ذیل ممبران پر مشتمل ہے:

وجہ	نام
آزاد ڈائریکٹرز	جناب نادر رحمان جناب عثمان امیر خان
نان ایگزیکٹو ڈائریکٹرز	جناب سلمان احمد عثمانی جناب طاہر یعقوب بھٹی جناب میاں سلمان علی سید محمد فراز زیدی
ایگزیکٹو ڈائریکٹر	جناب غلدون بن لطیف (سی ای او)

بورڈ کمیٹیاں

بورڈ کمیٹیوں کی تفصیل فیصل بینک لمیٹڈ کی ڈائریکٹرز رپورٹ میں شامل ہے۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

کارکردگی کے جائزے کا طریقہ کار فیصل بینک لمیٹڈ کی ڈائریکٹرز رپورٹ کا حصہ ہے جو کہ اس سالانہ رپورٹ میں شامل ہے۔

ڈائریکٹرز کے لیے مشاہرہ کی پالیسی

مشاہرے کی پالیسی اس سالانہ رپورٹ کا حصہ ہے۔

فیصل بینک لیونڈ کا کنسولیدڈ منافع برائے سال 2019 گزشتہ سال کے مقابلے میں 24.4% اضافے کے ساتھ 6,004 ملین روپے رہا، جس کے نتیجے میں فی شخص آمدنی 3.96 روپے رہی۔

فیصل بینک لیونڈ کی جانب سے FAML کا کنٹرول سنبھالنے کے بعد 2019 کا پورا ایک سال مکمل ہوا۔ سال کے دوران بھر پور کوششیں کی گئیں تاکہ مطلوبہ نتائج حاصل کیے جاسکیں۔ ایسٹ منجمنٹ افسر کے لیے مشکل سال ہونے کے باوجود FAML نے ہمارے زیر انتظام شائع شدہ ترقی کا مظاہرہ کیا۔

FAML کا بعد از حصول خسارہ برائے سال 2019 گزشتہ سال کے مقابلے میں 32% کمی کے ساتھ 36.86 ملین روپے رہ گیا ہے۔ خسارے میں کمی سے یہ بات واضح ہوتی ہے کہ فیصل بینک لیونڈ کے زیر انتظام سے پہلے FAML کے AUMs تقریباً 7.3 ارب کی چھٹی سطح پر تھے۔ جب سے فیصل بینک لیونڈ نے FAML کا انتظام سنبھالا ہے، AUMs میں 116% فیصد اضافہ ہوا ہے اور اسی طرح 2018 کے مقابلے میں مجموعی آمدنی بھی 24.0% بڑھ گئی ہے۔

مستقبل پر نظر

گروپ اپنے برانچ نیٹ ورک میں وسعت کے ذریعے ترقی کی راہ پر گامزن رہے گا۔ فیصل بینک لمیٹڈ، مضابطے کی منظوریوں حاصل کرنے کے بعد، FAML کو اپنا مکمل ذیلی ادارہ سمجھتے ہوئے مزید 500 ملین روپے کی کپٹل امداد فراہم کرنے کا ارادہ رکھتا ہے۔ 2019 کے دوران FAML نے ریکوری سے لے کر منافع بخش آپریشنز تک ترقی کا بہتر سفر طے کیا ہے اور گروپ انتظامیہ کا بھروسہ ہے کہ آئندہ سال میں کارکردگی مزید بہتر ہوگی۔ FAML کا انتظام سنبھالنے سے فیصل بینک لیونڈ گروپ کے پروڈکٹ پورٹ فولیو میں وسعت پیدا ہوتی اس کے علاوہ فیصل بینک لیونڈ کے صارفین کے لیے بھی فنڈ منجمنٹ اور ایڈوائسری سروسز کی سہولیات مہیا ہیں۔

کارپوریٹ گورننس

بینک نے لسٹ کمپنیوں کے لیے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (یہاں پر ڈی کوڈ کہلائے گا) کی تمام شرائط پر عملدرآمد کیا ہے۔ ریگولیشن 36 کی شرائط کے مطابق کوڈ کے ساتھ اسٹینڈ آف کمپلائنس بشمول آڈیٹرز کی رپورٹ اس سالانہ رپورٹ کا حصہ بنائے گئے ہیں۔

بورڈ آف ڈائریکٹرز

بینک کے بورڈ میں شیئر ہولڈنگ ادارے کے نمائندے، آزاد ڈائریکٹرز اور بینک کے صدر و چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ بورڈ کے تمام ڈائریکٹرز، کھنیز ایکٹ 2017 بلڈ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 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۔ خالی ہونے والی جگہ کو بھی قانون کے مطابق متعین کردہ طریقہ کار کے تحت پر کیا جاتا ہے۔ ڈائریکٹرز کی تفصیلات فیصل بینک لیونڈ کی ڈائریکٹرز رپورٹ میں شامل ہے۔

ڈائریکٹرز کا جائزہ

31 دسمبر، 2019 کو ختم ہونے والے سال کے لیے کنسولیڈیٹڈ مالیاتی گوشواروں پر ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں 31 دسمبر، 2019 کو ختم ہونے والے سال کے لیے فیصل بینک لمیٹڈ کی ڈائریکٹرز رپورٹ - کنسولیڈیٹڈ، مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

گروپ پروفائل

فیصل بینک لمیٹڈ (FBL) نے فیصل ایسٹ میجمنٹ لمیٹڈ (FAML) کی 99.9% شیئر ہولڈنگ حاصل کر لی ہے۔ FAML ایک ان-سٹڈ پبلک لمیٹڈ کمپنی ہے جو کہ نان-بینکنگ فنانس کمپنی (NBFC) کے طور پر رجسٹرڈ ہے، جس کے پاس نان-بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) (رو، 2003 اور نان-بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹی ٹیز ریگولیشنز، 2008) کے تحت ایسٹ میجمنٹ اینڈ نوٹیفائیڈ ایڈوانسڈ سروسز کالائسنس ہے۔

فیصل بینک لمیٹڈ گروپ درج ذیل پر مشتمل ہے:

ہولڈنگ کمپنی	:	فیصل بینک لمیٹڈ
ذیلی ادارہ	:	فیصل ایسٹ میجمنٹ لمیٹڈ

مالیاتی جھلکیاں:

اضافہ	2018 دو بارہ بیان شدہ	2019	بیلنس شیٹ
-4.8%	213,816	203,594	سرمایہ کاری
4.4%	296,445	309,573	فنانسنگ
5.0%	599,938	629,861	کل اثاثہ جات
11.8%	409,384	457,785	ڈپازٹس
			پرافٹ اور لاس اکاؤنٹ (نفع و نقصان اکاؤنٹ)
24.4%	22,899	28,477	کل آمدنی
15.8%	15,097	17,476	مارک اپ کے بغیر اخراجات
41.0%	7,802	11,001	قبل از محصول منافع اور پروویژن
-299.6%	-422	842	خالص پروویژن
-	12	-	شئیر آف لاس آف ایبوسٹی ایٹ
23.7%	8,212	10,158	قبل از محصول منافع
22.8%	-3,384	-4,154	مصولات
24.4%	4,828	6,004	بعد از محصول منافع
	3.18	3.96	فی حصص آمدن (روپے)

Independent Auditor's Report

To the members of Faysal Bank Limited

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, 2019, 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, 2019, 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.

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Provision against advances: (Refer note 12.4 to the consolidated financial statements)</p> <p>The Group makes provision against advances on a time-based criteria that involves ensuring all non-performing loans and 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>The Group has recognised a net charge of provision against advances amounting to Rs. 645.343 million in the consolidated profit and loss account in the current year. As at December 31, 2019, the Group holds a provision of Rs.</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 key controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing loans.</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

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>24,237.675 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 statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>of provisions; and</p> <ul style="list-style-type: none"> ▪ 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 loan / mark-up installments and tested classification of non-performing loans based on the number of days overdue; and ▪ evaluated the management's assessment for classification of customers' loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and through discussion with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p>
<p>2</p>	<p>IFRS – 16, 'Leases' (Refer note 3.8 to the consolidated financial statements)</p> <p>The Group has adopted IFRS 16 Leases with effect from January 1, 2019. IFRS 16 introduces a single on balance sheet lease accounting model for leases entered into by the lessees. A lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. On adoption of IFRS 16, the Group has changed its accounting policy for operating leases which are now recognised on the statement of financial position. The Group has accordingly recorded right-of-use assets and lease liability amounting to Rs. 7,531.556 million and Rs. 6,903.049 million respectively as at January 1, 2019. The comparative figures for the 2018 reporting period have not been restated, as permitted under the specific transitional provisions of the standard.</p> <p>The adoption of IFRS 16 involves estimation and judgement. Because of the significance of the impact of these judgements / estimates, we considered this area as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ obtained an understanding of the management's process for identification of agreements which contains leasing arrangements; ▪ evaluated the selection of accounting policies and methodology followed by the management for determination and measurement of right-of-use assets, corresponding lease liabilities and other related impacts; ▪ on a sample basis, tested the underlying data used by the management from the lease contracts for determination of the right-of-use assets and corresponding lease liabilities. Further, performed re-computations on a test basis to assess the accuracy of computations performed by the management; and ▪ assessed whether the presentation and disclosures related to the adoption of IFRS 16 in the consolidated financial statements are in compliance with the applicable financial reporting framework.

S.No.	Key Audit Matters	How the matter was addressed in our audit
3	<p>Accounting for business combination (Refer note 7 to the consolidated financial statements)</p> <p>In 2018, the Group had acquired control of its associate Faysal Asset Management Limited. The Group had accounted for the assets acquired and liabilities assumed in this business combination at the provisional book values of the assets and liabilities appearing in the books of Faysal Asset Management Limited, as of the acquisition date, in accordance with the requirements of IFRS 3, Business Combination which allows the acquirer to complete the fair valuation of the assets acquired and the liabilities assumed in the business combination within the period of one year from the date of acquisition.</p> <p>The Group has completed its fair valuation exercise in the current year. Accordingly, provisional values recognised in the prior year's consolidated financial statements have been revised and incorporated in the consolidated financial statements of the current year with effect from the acquisition date by restating the comparative figures.</p> <p>As a result of the above fair valuation exercise, the Group has recognised goodwill and other intangibles and tangible assets amounting to Rs. 238.484 million, Rs. 114.6 million and Rs. 22.428 million respectively on the acquisition date.</p> <p>As this acquisition represents a significant transaction for the year due to its impact on the consolidated financial statements, we have considered accounting for this transaction as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ tested the design and implementation of the management's process to identify separately assets and liabilities acquired under business combination and methodology for determination of fair values of these assets and liabilities. ▪ assessed the reasonableness of the key assumptions used by the management by involving our internal valuation specialists. ▪ tested the completeness and accuracy of the data used by the management in the determination of the fair valuation of the assets acquired and liabilities assumed under business combination. ▪ checked that the disclosures relating to the business combination were in accordance with the applicable financial reporting framework.

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 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 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. Shahbaz Akbar.



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: March 4, 2020

Consolidated Statement of Financial Position

As at December 31, 2019

	Note	2019	2018
		-----Rupees '000-----	
			Restated
ASSETS			
Cash and balances with treasury banks	8	60,368,426	43,174,003
Balances with other banks	9	2,835,650	1,848,859
Lendings to financial institutions	10	-	2,997,486
Investments	11	203,594,303	213,815,803
Advances	12	309,573,002	296,444,861
Fixed assets	13	24,241,544	11,684,874
Intangible assets	14	1,840,624	1,684,924
Deferred tax assets	19	-	119,771
Other assets	15	27,406,984	28,167,363
		629,860,533	599,937,944
LIABILITIES			
Bills payable	16	8,356,460	23,543,524
Borrowings	17	72,746,795	98,351,921
Deposits and other accounts	18	457,785,183	409,383,501
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	2,816,798	-
Other liabilities	20	32,949,870	25,184,233
		574,655,106	556,463,179
		55,205,427	43,474,765
NET ASSETS			
REPRESENTED BY			
Share capital	21	15,176,965	15,176,965
Reserves		9,830,958	8,778,908
Surplus on revaluation of assets - net	22	10,748,080	5,093,667
Unappropriated profit		19,449,413	14,425,209
Total equity attributable to the equity holders of the parent		55,205,416	43,474,749
Non-controlling interest		11	16
		55,205,427	43,474,765
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes 1 to 48 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, 2019

	Note	2019	2018
		-----Rupees '000-----	
			Restated
Mark-up / return / interest earned	25	58,398,995	35,201,159
Mark-up / return / interest expensed	26	37,272,461	18,924,859
Net mark-up / interest income		<u>21,126,534</u>	<u>16,276,300</u>
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	4,228,311	3,878,747
Dividend income		428,588	170,110
Foreign exchange income		2,833,324	1,970,720
Income from derivatives		175,652	118,641
(Loss) / gain on securities	28	(565,986)	50,627
Other income	29	250,759	434,231
Total non-markup / interest income		<u>7,350,648</u>	<u>6,623,076</u>
Total income		<u>28,477,182</u>	<u>22,899,376</u>
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	17,211,009	14,834,287
Workers welfare fund		232,722	172,758
Other charges	31	32,707	90,275
Total non-markup / interest expenses		<u>17,476,438</u>	<u>15,097,320</u>
Profit before provisions		<u>11,000,744</u>	<u>7,802,056</u>
Provision / (reversal of provision) and recoveries against written-off debts - net	32	842,257	(421,992)
Share of loss of associate		-	(11,804)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>10,158,487</u>	<u>8,212,244</u>
Taxation	33	4,154,446	3,384,633
PROFIT AFTER TAXATION		<u>6,004,041</u>	<u>4,827,611</u>
Attributable to:			
Equity holders of the parent		6,004,046	4,827,611
Non-controlling interest		(5)	-
		<u>6,004,041</u>	<u>4,827,611</u>
-----Rupees-----			
Basic / diluted earnings per share	34	<u>3.96</u>	<u>3.18</u>

The annexed notes 1 to 48 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, 2019

	2019	2018
	-----Rupees '000-----	
		Restated
Profit after taxation for the year	6,004,041	4,827,611
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in surplus on revaluation of investments - net of tax	3,819,861	(437,395)
Items that will not be reclassified to profit and loss account in subsequent periods:		
- Remeasurement gain / (loss) on defined benefit obligations - net of tax	57,989	(22,181)
- 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	(695)
	2,062,836	(22,876)
Total comprehensive income	<u>11,886,738</u>	<u>4,367,340</u>
Attributable to:		
- Equity holders of the parent	11,886,743	4,367,340
- Non-controlling interest	(5)	-
	<u>11,886,738</u>	<u>4,367,340</u>

The annexed notes 1 to 48 and annexures I and II form an integral part of these consolidated financial statements.



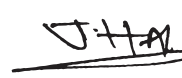
President & CEO



Chief Financial Officer



Chairman



Director



Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

	Reserves							Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total
	Capital					Statutory reserve	Total	Investments	Fixed assets / non-banking assets	Total			
	Share capital	Reserve for Issue of bonus shares	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation								
----- Rupees '000 -----													
Balance as at January 1, 2018	13,197,361	-	10,131	756,873	23,952	7,145,382	7,936,338	1,449	5,611,794	5,613,243	12,485,334	-	39,232,276
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	-	4,827,611	-	4,827,611
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	(437,395)	(695)	(438,090)	(22,181)	-	(460,271)
Total comprehensive (loss) / income	-	-	-	-	-	-	-	(437,395)	(695)	(438,090)	4,805,430	-	4,367,340
Non-controlling interest acquired	-	-	-	-	-	-	-	-	-	-	-	16	16
Transfer to statutory reserve	-	-	-	-	-	967,437	967,437	-	-	-	(967,437)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(81,486)	(81,486)	81,486	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(124,867)	-	-	(124,867)	-	-	-	-	-	(124,867)
Transactions with owners, recorded directly in equity													
- Transfer to reserve for issue of bonus shares	-	1,979,604	-	-	-	-	1,979,604	-	-	-	(1,979,604)	-	-
- Bonus shares issued	1,979,604	(1,979,604)	-	-	-	-	(1,979,604)	-	-	-	-	-	-
	1,979,604	-	-	-	-	-	-	-	-	-	(1,979,604)	-	-
Balance as at December 31, 2018 - restated	15,176,965	-	10,131	632,006	23,952	8,112,819	8,778,908	(435,946)	5,529,613	5,093,667	14,425,209	16	43,474,765
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	-	6,004,046	(5)	6,004,041
Other comprehensive income - net of tax	-	-	-	-	-	-	-	3,819,861	2,004,847	5,824,708	57,989	-	5,882,697
Total comprehensive income	-	-	-	-	-	-	-	3,819,861	2,004,847	5,824,708	6,062,035	(5)	11,886,738
Transfer to statutory reserve	-	-	-	-	-	1,208,126	1,208,126	-	-	-	(1,208,126)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(76,473)	(76,473)	76,473	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(93,822)	(93,822)	93,822	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(156,076)	-	-	(156,076)	-	-	-	-	-	(156,076)
Balance as at December 31, 2019	15,176,965	-	10,131	475,930	23,952	9,320,945	9,830,958	3,383,915	7,364,165	10,748,080	19,449,413	11	55,205,427

The annexed notes 1 to 48 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, 2019

	Note	2019	2018
-----Rupees '000-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		10,158,487	8,212,244
Less: dividend income		(428,588)	(170,110)
		<u>9,729,899</u>	<u>8,042,134</u>
Adjustments:			
Depreciation	13.2	1,024,904	882,711
Amortisation of intangible assets	14.2	142,257	120,067
Depreciation of right-of-use assets	13.2	1,402,715	-
Depreciation of non-banking assets	15.1.1	11,707	14,257
Impairment of non-banking assets		-	47,780
Workers' welfare fund		232,722	172,758
Provision / (reversal of provision) against loans and advances - net	32	645,343	(433,611)
Provision for diminution in value of investments - net	32	307,614	92,891
(Reversal of other provision) / other provision - net	32	(6,021)	7,532
(Reversal of provision) / provision against off balance sheet obligations	32	(11,562)	24,148
(Gain) / loss on securities unrealised - held for trading - net	28	(13,120)	7,609
Gain on sale of fixed assets - net	29	(9,780)	(30,219)
Gain on sale of non-banking assets - net	29	(10,716)	-
Charge for defined benefit plan	30.1	179,995	123,793
Amortisation of prepaid employee benefits		-	66,688
Income from derivative contracts - net		(175,652)	(118,641)
Share of loss of associate		-	11,804
Gain on revaluation of previously held equity interest in Faysal Asset Management Limited		-	(33,635)
Mark-up / return / interest expensed - lease liability against right-of-use assets	26	976,561	-
Recovery of written off / charged off bad debts - net	32	12,430	10,926
		<u>4,709,397</u>	<u>966,858</u>
		<u>14,439,296</u>	<u>9,008,992</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		2,997,486	6,012,849
Held-for-trading securities		569,781	1,662,691
Advances		(13,822,914)	(64,490,016)
Other assets (excluding advance taxation)		(822,830)	(7,479,547)
		<u>(11,078,477)</u>	<u>(64,294,023)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(15,187,064)	14,782,190
Borrowings from financial institutions		(25,902,222)	43,667,379
Deposits		48,401,682	37,759,346
Other liabilities (excluding current taxation)		(578,283)	4,603,527
		<u>6,734,113</u>	<u>100,812,442</u>
Income tax paid		(3,435,928)	(2,278,172)
Contribution to gratuity fund		(86,490)	(239)
Net cash flow generated from operating activities		<u>6,572,514</u>	<u>43,249,000</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net divestment / (investment) in available for sale securities		12,839,789	(35,131,789)
Net divestment / (investment) in held to maturity securities		2,630,928	(1,424,859)
Acquisition of subsidiary, net of cash acquired		-	(309,985)
Dividends received		428,588	181,079
Investment in operating fixed assets		(2,500,599)	(1,061,876)
Investment in intangible assets		(490,060)	(147,786)
Proceeds from sale of fixed assets		12,993	41,144
Proceeds from sale of non-banking assets		191,073	-
Net cash flow generated from / (used in) investing activities		<u>13,112,712</u>	<u>(37,854,072)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(1,800,869)	-
Dividend paid		(239)	(2,599)
Net cash flow used in financing activities		<u>(1,801,108)</u>	<u>(2,599)</u>
Increase in cash and cash equivalents during the year		<u>17,884,118</u>	<u>5,392,329</u>
Cash and cash equivalents at the beginning of the year	35	44,881,236	39,488,907
Cash and cash equivalents at the end of the year	35	<u>62,765,354</u>	<u>44,881,236</u>

The annexed notes 1 to 48 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, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

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

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 Companies Act, 2017 (previously Companies Ordinance, 1984). Its shares are listed on Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank has a network of 555 branches (2018: 455); including 413 Islamic banking branches (2018: 254) and 1 Islamic sub-branch (2018: 1) in Pakistan.

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

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

	Percentage of holding	
	2019	2018
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited, based on the unconsolidated financial statements of the Bank for the period ended September 30, 2019 and December 31, 2018 respectively, have determined the Bank's long-term rating as 'AA' (December 31, 2018: 'AA') and the short term rating as 'A1+' (December 31, 2018: 'A1+').

1.1.2 Subsidiary Company - Faysal Asset Management Limited

Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the provisions of the Companies Act, 2017 (previously Companies Ordinance, 1984) on August 6, 2003 as an unlisted public limited company. The Subsidiary Company commenced its operations on November 14, 2003.

The registered office of the Subsidiary Company is located at 7th Floor, West Wing, Faysal House, ST-02, 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 AM3+ (June 2019: Am3+) as at December 31, 2019.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

The Subsidiary Company currently manages the following open-end collective investment schemes:

	Net asset value as at	
	December 31, 2019	December 31, 2018
	-----Rupees in million-----	
Open-end collective investment schemes (CISs)		
Faysal Stock Fund	150	154
Faysal Income and Growth Fund	564	687
Faysal Savings Growth Fund	1,635	1,999
Faysal Asset Allocation Fund	73	139
Faysal Islamic Savings Growth Fund	1,790	982
Faysal Money Market Fund	5,835	4,172
Faysal Financial Sector Opportunity Fund	1,794	352
Faysal Islamic Asset Allocation Fund	108	351
Faysal MTS Fund	1,018	508
Faysal Shari'ah Planning Fund -		
Faysal Shari'ah Capital Preservation Plan	1,003	-
Faysal Shari'ah Capital Preservation Plan II	1,184	-
Open-end collective investment schemes (CISs)		
Faysal Halal Amdani Fund	2,374	-
Faysal Financial Planning Fund -		
Faysal Active Principal Preservation Plan	716	-
Faysal Financial Value Fund	192	-

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 mark-up thereon.

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

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

2.4 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-

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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 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.

3.3 As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the year ended December 31, 2019, the Group has adjusted amortisation of intangible assets amounting to Rs. 156.076 million (net of tax) from the NCR.

3.4 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' for Institutions offering Islamic Financial Services (IFS) 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 IFS. 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.

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.

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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:

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

3.6.1 IFRS 16: 'Leases', became effective from annual period beginning on or after January 1, 2019. The impacts of the adoption of IFRS 16 on the Group's consolidated financial statements are disclosed in note 3.8 below.

3.6.2 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, 2019 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 3 - 'Business combinations' (amendments)	January 1, 2020
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2020
- IFRS 9 - 'Financial instruments'	January 1, 2021 *

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 as currently followed. The ECL has impact on all the assets of the Group which are exposed to credit risk.

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, 2020 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.

3.8 Change in accounting policy

Effective January 1, 2019, the Group has adopted IFRS 16, 'Leases' which replaces existing guidance on accounting for leases, including IAS 17, 'Leases', IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15,

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For the year ended December 31, 2019

'Operating leases - incentive', and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease'. IFRS 16 introduces a single on balance sheet lease accounting model for leases. A lessee recognises a right of use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Group has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019. The revised accounting policies are disclosed in note 6.23.

On adoption of IFRS 16, the Group has recognised lease liabilities in respect of leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities were initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of January 1, 2019. The Group's weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 13.53%.

For leases previously classified as finance lease, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are applied only after that date. The remeasurements to the lease liabilities were recognised as an adjustment to the related right of use assets immediately after the date of initial application. On adoption of IFRS 16, the Group has recognised lease liability amounting to Rs 6,903.049 million as at January 1, 2019 in respect of operating lease commitments of Rs 10,708.369 million as disclosed in the annual consolidated financial statements for the year ended December 31, 2018. The on balance sheet recognition of leases previously accounted for as operating leases were most significantly impacted by adjustments as a result of different treatment of extension and termination options under IFRS 16.

The right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at December 31, 2019.

The recognised right of use assets relate to the following types of assets:

	December 31, 2019	January 1, 2019
	-----Rupees '000-----	
Land and building	8,359,952	7,531,556
The effects of this change in accounting policy are as follows:		
Impact on the consolidated statement of financial position:		
- Increase in fixed assets - right-of-use assets	8,359,952	7,531,556
- Decrease in other assets - advances, deposits, advance rent and other prepayments	(832,962)	(628,507)
- Increase in other assets - advance taxation (payments less provisions)	305,316	-
Increase in total assets - net	<u>7,832,306</u>	<u>6,903,049</u>
- Increase in other liabilities - lease liability against right-of-use asset	8,309,852	6,903,049
Decrease in net assets	<u>(477,546)</u>	<u>-</u>

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For the year ended December 31, 2019

**Year ended
December 31,
2019**

--Rupees '000--

Impact on consolidated profit and loss account:

- Increase in markup / return / interest expense - lease liability against right-of-use assets	(976,561)
- Increase in operating expenses - depreciation on right of use assets	(1,402,715)
- Decrease in operating expenses - rent and taxes	1,596,414
- Decrease in profit before taxation	(782,862)
- Decrease in taxation	305,316
- Decrease in profit after taxation	(477,546)
	<hr/>
	--- Rupees ---</td
- Decrease in EPS	0.31
	<hr/>

Practical expedients applied:

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standards.

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on the previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- The election for not to re-asses whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its arrangement made applying IAS 17 and IFRIC 4.

4 BASIS OF MEASUREMENT

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

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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- i) Business combination (note 6.1);
- ii) Classification and provisioning against investments (notes 6.4 and 11);
- iii) Income taxes (notes 6.8, 15 and 33);
- iv) Classification and provisioning against advances (notes 6.5 and 12);
- v) Depreciation / amortisation of fixed assets / intangibles / revaluations (notes 6.6 and 13);
- vi) Accounting for non-banking assets acquired in satisfaction of claims (notes 6.9 and 15);
- vii) Accounting for defined benefit plan (notes 6.11 and 37);
- viii) Impairment of assets (note 6.7);
- ix) Provisions and contingent assets and liabilities (note 6.10); and
- x) Lease liability and right-of-use assets (notes 6.23, 13.2, 20 and 26).

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 except for the change as disclosed in note 3.8 to these consolidated financial statements.

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 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 14.4 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.

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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.

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.

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(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 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 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

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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

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

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. The amount of provision is charged to the consolidated profit and loss account. General provision against consumer and small enterprises financings portfolio is maintained as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan. 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 the customer create co-ownership in the asset by purchasing it jointly. The Group then rents out its share of the asset to the customer. 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.

(c) Running Musharaka

In running Musharaka financing, the Group enters into financing with the customer based on Shirkat-ul-Aqd or business partnership in the customer's operating business. Under this mechanism the 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, the 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 the 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.

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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 the customer. After the purchase of services, the Group appoints the customer 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 the customer to its ultimate buyers, Istisna financing will be booked.

(f) Musawamah

In Musawamah financing, the Group purchases the goods and after taking the possession, sells them to the 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 at the consolidated statement of financial position as inventories of the Group at cost price and after the sale of goods by the 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 the 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 note and receipt of Tijarah goods, the same will be recorded at the consolidated statement of financial position as inventories of the Group at cost price and after the sale of goods by the 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

Notes to and forming part of the Consolidated Financial Statements

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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 13.2 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 repairs 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 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 cost 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 14 to these consolidated financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month of disposal. 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.

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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 represents 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 will 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 Group also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities, fixed assets and assets acquired in satisfaction of claims which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income taxes'.

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For the year ended December 31, 2019

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 value does not differ materially from their fair value. 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 disclosed unless an inflow of economic benefits is virtually certain. 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 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.

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.

Notes to and forming part of the Consolidated Financial Statements

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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 occurred 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 the customer.
- 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.
- 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 basis.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

6.15 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by 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 balance sheet date' 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 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.

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

Notes to and forming part of the Consolidated Financial Statements

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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 segment 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.

6.23 Group's leasing arrangements

6.23.1 Lease liability and right-of-use asset

The Group leases various branches, ATM placement spaces and warehouses. Rental contracts are typically for a fixed

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

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 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 asset, or is recorded in consolidated profit and loss account if the carrying amount of right-of-use asset 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 asset.

The right-of-use asset 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 asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset 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 asset 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

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7 BUSINESS COMBINATION

Acquisition of Faysal Asset Management Limited (FAML)

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

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

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

	---Rupees '000---
- Fair value of already held equity interest in associate	45,000
- Consideration paid / payable	314,940
Total purchase consideration	359,940
Proportion of fair values of identifiable net assets acquired from Faysal Asset Management Limited	121,455
Goodwill assumed in the business combination	238,485
Gain on remeasurement on previously held equity interest of associate	33,635
Computation of non-controlling interest (NCI) as at acquisition date:	
NCI percent as at acquisition date	0.0133%
Value of NCI	16

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

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

Particulars	FAML's carrying amounts as at November 22, 2018	Fair value adjustments	Fair values as at November 22, 2018
----- Rupees '000 -----			
ASSETS			
Non-current assets			
Fixed assets	50,853	137,028	187,881
Long-term loans	31	-	31
Long-term deposits	563	-	563
	51,447	137,028	188,475
Current assets			
Receivable from funds under management	6,806	-	6,806
Advances, prepayments and other receivables	2,691	-	2,691
Short-term investments	39	-	39
Taxation - net	40,628	-	40,628
Cash and bank balances	7,913	-	7,913
	58,077	-	58,077
TOTAL ASSETS	109,524	137,028	246,552
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up share capital	150,000	-	150,000
Accumulated losses	(112,115)	69,906	(42,209)
Surplus on revaluation of fixed assets	-	13,681	13,681
TOTAL EQUITY	37,885	83,587	121,472
Liabilities			
Unclaimed dividend	5	-	5
Trade and other payables	73,419	-	73,419
Deferred taxation	(1,785)	53,441	51,656
TOTAL LIABILITIES	71,639	53,441	125,080
TOTAL EQUITY AND LIABILITIES	109,524	137,028	246,552
%age of net assets acquired			99.9867%
Value of net assets acquired			121,455

The above adjustments have been incorporated in these consolidated financial statements with effect from the date of acquisition. The requirement of International Reporting Standards (IAS) 8, 'Accounting policies, changes in accounting estimates and errors' have been considered and the impacts of the above adjustments have been incorporated in these consolidated financial statements by restating the comparative figures. The consolidated statement of financial position as at the beginning of the preceding year has not been presented as there was no impact of this restatement as at that date. The effects are summarised below:

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

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

Intangibles acquired on business combination

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

Particulars	Note	---Rupees '000---
Management rights	14.2	114,600
	Expected useful life	Indefinite

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

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

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

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

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

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

The management has tested whether goodwill or management rights has suffered any impairment as at December 31, 2019. The recoverable amount for both goodwill and management rights is based on fair value less cost of disposal (FVLCO) calculations which require the use of assumptions. The management has considered the asset management business of Faysal Asset Management Limited as one cash generating unit (CGU) for the purpose of calculating FVLCO. Management has used 15 years forecast for FVLCO and cashflows beyond the 15 year period are extrapolated using the estimated growth rates.

The determination of FVLCO is most sensitive to certain key assumptions such as discount rate and terminal growth rate. Any significant change in the aforementioned key assumptions may trigger impairment of goodwill and management rights. The management believes that the Group will be able to achieve the forecasted growth rates and currently there are no impairment indications.

	Note	2019	2018
-----Rupees '000-----			
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- Local currency		10,322,399	10,351,352
- Foreign currency		3,601,723	2,444,182
		13,924,122	12,795,534
With State Bank of Pakistan in			
- Local currency current account	8.1	32,960,190	17,961,225
- Foreign currency current account	8.2	1,873,656	1,684,395
- Foreign currency deposit account	8.3	5,325,652	4,977,571
		40,159,498	24,623,191
With National Bank of Pakistan in			
- Local currency current account		5,574,470	5,746,092
Prize bonds		710,336	9,186
		<u>60,368,426</u>	<u>43,174,003</u>

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- 8.1** These include local currency current accounts maintained with the SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with 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.
- 8.2** This represents cash reserve of 5% maintained with the SBP in US dollars current account on deposits held under the New Foreign Currency Accounts (FE-25 deposits) as per BSD Circular No. 14 and 15 dated June 21, 2008.
- 8.3** These represent special cash reserve of 15% maintained with the SBP in US dollars deposit account under the requirements of BSD Circular No.14 dated June 21, 2008, 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 0.7% (2018: 1.5%) per annum on monthly basis by the SBP.

9	BALANCES WITH OTHER BANKS	Note	2019	2018
			-----Rupees '000-----	
In Pakistan				
	- In current account		1,426,987	1,388,636
	- In saving account		68	1,253
			1,427,055	1,389,889
Outside Pakistan				
	- In current account		1,352,850	458,970
	- In deposit account		55,745	-
			1,408,595	458,970
			<u>2,835,650</u>	<u>1,848,859</u>
10 LENDINGS TO FINANCIAL INSTITUTIONS				
Call / clean money lendings				
	Repurchase agreement lendings (reverse repo)	10.2	-	-
			-	2,997,486
			-	2,997,486
Less: provision held against lending to financial institutions				
			-	-
			-	2,997,486
10.1 Particulars of lending				
In local currency				
	In foreign currencies		-	2,997,486
			-	-
			-	2,997,486

10.2 This represents lendings to a commercial bank which carry mark-up at the rate of Nil (2018: 10.25%).

10.3 Securities held as collateral against lending to financial institutions

	2019			2018		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
----- Rupees '000 -----						
Market Treasury Bills	-	-	-	3,000,000	-	3,000,000

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

11 INVESTMENTS	2019				2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
11.1 Investments by type:	----- Rupees '000 -----							
Held-for-trading securities								
Federal Government securities	31,073,816	-	1,002	31,074,818	31,630,477	-	(11,067)	31,619,410
Shares	164,344	-	900	165,244	270,038	-	67	270,105
	31,238,160	-	1,902	31,240,062	31,900,515	-	(11,000)	31,889,515
Available-for-sale securities								
Federal Government securities	104,109,013	-	115,329	104,224,342	151,416,453	-	(199,053)	151,217,400
Shares	8,322,582	1,745,897	878,857	7,455,542	9,134,281	1,429,123	(480,988)	7,224,170
Non Government debt securities	42,711,443	559,787	4,553,216	46,704,872	7,443,897	559,787	9,355	6,893,465
	155,143,038	2,305,684	5,547,402	158,384,756	167,994,631	1,988,910	(670,686)	165,335,035
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt securities	13,916,034	1,543,597	-	12,372,437	16,546,962	1,552,757	-	14,994,205
	15,513,082	1,543,597	-	13,969,485	18,144,010	1,552,757	-	16,591,253
Total Investments	201,894,280	3,849,281	5,549,304	203,594,303	218,039,156	3,541,667	(681,686)	213,815,803

11.2 Investments by segments	Note	2019				2018			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		----- Rupees '000 -----							
Federal Government securities									
- Market Treasury Bills	11.2.1	118,699,887	-	7,040	118,706,927	173,172,404	-	(10,088)	173,162,316
- Pakistan Investment Bonds	11.2.2	10,482,942	-	169,291	10,652,233	3,874,526	-	(92,632)	3,781,894
- Ijarah Sukuks	11.2.3	6,000,000	-	(60,000)	5,940,000	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	11.2.4	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
		136,779,877	-	116,331	136,896,208	184,643,978	-	(210,120)	184,433,858
Shares									
- Listed companies		7,787,260	1,096,231	849,412	7,540,441	8,704,653	779,457	(511,266)	7,413,930
- Unlisted companies		699,666	649,666	30,345	80,345	699,666	649,666	30,345	80,345
		8,486,926	1,745,897	879,757	7,620,786	9,404,319	1,429,123	(480,921)	7,494,275
Non Government debt securities									
- Listed	11.2.5	35,770,632	51,476	4,555,178	40,274,334	1,099,690	51,476	7,975	1,056,189
- Unlisted		20,856,845	2,051,908	(1,962)	18,802,975	22,891,169	2,061,068	1,380	20,831,481
		56,627,477	2,103,384	4,553,216	59,077,309	23,990,859	2,112,544	9,355	21,887,670
Total Investments		201,894,280	3,849,281	5,549,304	203,594,303	218,039,156	3,541,667	(681,686)	213,815,803

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

11.2.1 Market Treasury Bills have tenures of 3 months to 1 year. The Group's return on these instruments ranges from 12.79% to 13.84% per annum (2018: 8.71% to 10.96% per annum) with maturities up to December 2020.

11.2.2 Pakistan Investment Bonds have tenures of 3 to 10 years. The Group's return on these instruments ranges from 6.64% to 14.59% per annum (2018: 6.45% to 12.70% per annum) with maturities from July 2020 to August 2029.

11.2.3 GoP Ijarah Sukuk bonds have tenure of 3 years. The Group's return on these instruments is 5.24% per annum (2018: 5.24% per annum) maturing in June 2020.

	2019	2018
	-----Rupees '000-----	
11.2.4 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(400,462)	(605,467)
Less: profit receivable shown in other assets	(215,115)	(10,110)
Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.84% per annum (2018: 12.84%) maturing in December, 2021.

11.2.5 These include Sukuks having tenures ranging from 5 to 15 years. The Group's return on these instruments ranges from 13.99% to 16.85% per annum (2018: 8.56% to 11.92% per annum) with maturities up to May 2032.

	2019	2018
	-----Rupees '000-----	
11.3 Investments given as collateral		
- Market treasury bills	<u>21,747,989</u>	<u>59,034,240</u>
11.4 Provision for diminution in value of investments		
11.4.1 Opening balance	3,541,667	3,448,776
Charge / (reversals)		
Charge for the year	366,100	229,043
Reversals on disposals	(58,486)	(136,152)
	<u>307,614</u>	<u>92,891</u>
Closing Balance	<u>3,849,281</u>	<u>3,541,667</u>

11.4.2 Particulars of provision against debt securities

Category of classification	2019		2018	
	Non-performing investments	Provision	Non-performing investments	Provision
	----- Rupees '000 -----			
Domestic				
- Loss	<u>2,103,384</u>	<u>2,103,384</u>	<u>2,112,544</u>	<u>2,112,544</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

11.5 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

2019	2018
Cost	
-----Rupees '000-----	
87,671,805	141,762,868
10,437,208	3,653,585
6,000,000	6,000,000
<u>104,109,013</u>	<u>151,416,453</u>

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
Food and allied
Others

291,028	332,380
578,402	672,135
1,677,348	1,612,705
72,489	89,246
629,798	669,138
38	38
12,528	12,528
903,551	885,828
381,012	382,712
2,051,843	2,731,377
84,019	251,189
55,589	73,522
687,796	484,988
16,372	16,372
19,033	56,913
98,204	106,735
4,362	4,362
1,271	1,271
57,974	50,917
243	243
16	16
<u>7,622,916</u>	<u>8,434,615</u>

2019		2018	
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

50,000	N/A	50,000	N/A
265,938	357,675	265,938	357,675
5	5	5	5
325,000	1,853,509	325,000	1,853,509
1,037	-	1,037	-
52,000	90,168	52,000	90,168
5,686	-	5,686	-
<u>699,666</u>	<u>2,301,357</u>	<u>699,666</u>	<u>2,301,357</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

Non Government debt securities

Listed

- AA+, AA, AA-
- Unrated

Unlisted

- AA+, AA, AA-
- A+, A, A-
- Unrated

	2019	2018
	Cost	
	-----Rupees '000-----	
	719,157	1,048,214
	35,051,476	51,476
	<u>35,770,633</u>	<u>1,099,690</u>
	2,402,000	1,002,876
	95,000	133,000
	4,443,810	5,208,331
	<u>6,940,810</u>	<u>6,344,207</u>
	1,597,048	1,597,048
	7,583,928	8,657,142
	-	566,667
	181,981	293,629
	1,499,110	1,499,110
	4,651,015	5,530,414
	<u>13,916,034</u>	<u>16,546,962</u>

11.6 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
- AA+, AA, AA-
- A+, A, A-
- CCC and below
- Unrated

11.6.1 The market value of securities classified as held-to-maturity as at December 31, 2019 amounted to Rs. 12,564.225 million (December 31, 2018: Rs. 15,490.626 million).

12 ADVANCES

	Note	Performing		Non performing		Total	
		2019	2018	2019	2018	2019	2018
-----Rupees '000-----							
Loans, cash credits, running finances, etc.	12.2	182,560,477	210,086,919	28,777,157	25,712,067	211,337,634	235,798,986
Islamic financing and related assets		114,980,031	78,493,045	1,096,671	475,784	116,076,702	78,968,829
Bills discounted and purchased		5,860,886	4,990,707	535,455	499,787	6,396,341	5,490,494
Advances - gross		<u>303,401,394</u>	<u>293,570,671</u>	<u>30,409,283</u>	<u>26,687,638</u>	<u>333,810,677</u>	<u>320,258,309</u>
Provision against advances	12.4						
- specific		-	-	(23,475,724)	(23,135,261)	(23,475,724)	(23,135,261)
- general		(761,951)	(678,187)	-	-	(761,951)	(678,187)
		<u>(761,951)</u>	<u>(678,187)</u>	<u>(23,475,724)</u>	<u>(23,135,261)</u>	<u>(24,237,675)</u>	<u>(23,813,448)</u>
Advances - net of provision		<u>302,639,443</u>	<u>292,892,484</u>	<u>6,933,559</u>	<u>3,552,377</u>	<u>309,573,002</u>	<u>296,444,861</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

12.1 Particulars of advances (gross)	2019	2018
	-----Rupees '000-----	
- in local currency	331,186,964	319,538,262
- in foreign currencies	2,623,713	720,047
	<u>333,810,677</u>	<u>320,258,309</u>

12.2 Includes net investment in finance lease as disclosed below:

	2019				2018			
	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	813,547	2,041,266	-	2,854,813	1,201,214	3,380,025	921	4,582,160
Residual value	446,191	480,015	-	926,206	590,283	907,626	682	1,498,591
Minimum lease payments	1,259,738	2,521,281	-	3,781,019	1,791,497	4,287,651	1,603	6,080,751
Financial charges for future periods	(86,118)	(19,577)	-	(105,695)	(98,931)	(22,002)	-	(120,933)
Present value of minimum lease payments	<u>1,173,620</u>	<u>2,501,704</u>	-	<u>3,675,324</u>	<u>1,692,566</u>	<u>4,265,649</u>	<u>1,603</u>	<u>5,959,818</u>

12.3 Advances include Rs. 30,409 million (2018: Rs. 26,688 million) which have been placed under non-performing status as detailed below:-

Category of classification	2019		2018	
	Non-performing loans	Provision	Non-performing loans	Provision
	-----Rupees '000-----			
Domestic				
- other assets especially mentioned	1,483,618	10	198,389	100
- substandard	1,528,058	262,576	1,241,631	158,324
- doubtful	4,305,081	1,164,514	1,525,467	660,373
- loss	23,092,526	22,048,624	23,722,151	22,316,464
Total	<u>30,409,283</u>	<u>23,475,724</u>	<u>26,687,638</u>	<u>23,135,261</u>

12.4 Particulars of provision against advances

Note	2019			2018		
	Specific	General	Total	Specific	General	Total
	-----Rupees '000-----					
Opening balance	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
Charge for the year	2,374,327	83,764	2,458,091	1,672,814	109,521	1,782,335
Reversals during the year	(1,812,748)	-	(1,812,748)	(2,215,946)	-	(2,215,946)
	561,579	83,764	645,343	(543,132)	109,521	(433,611)
Amounts written off	(220,887)	-	(220,887)	(48,008)	-	(48,008)
Amounts charged off - agriculture financing	(229)	-	(229)	-	-	-
Closing balance	<u>23,475,724</u>	<u>761,951</u>	<u>24,237,675</u>	<u>23,135,261</u>	<u>678,187</u>	<u>23,813,448</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

12.4.1 Particulars of provision against advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
In local currency	23,475,724	761,951	24,237,675	23,135,261	678,187	23,813,448

12.4.2 As allowed by the SBP the Holding Company has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,996.336 million (December 31, 2018: Rs 1,464.180 million) relating to advances while determining the provisioning requirement against non-performing financing as at December 31, 2019. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2019 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,217.765 million (December 31, 2018: Rs 951.717 million).

12.4.3 Reversals of provision against advances include Rs 30 million related to an acquisition of non-banking asset in satisfaction of partial claim during the year.

	Note	2019	2018
		-----Rupees '000-----	
12.5 Particulars of write-offs - net of recoveries:			
12.5.1 Against provisions	12.4	221,116	48,008
Directly charged to profit and loss account			
- write-offs		12,430	10,926
- recoveries against write-offs		(105,547)	(123,878)
		(93,117)	(112,952)
		127,999	(64,944)
12.5.2 Write-offs of Rs. 500,000 and above			
- domestic	12.6	211,520	34,711
- overseas		-	-
Write-offs of below Rs. 500,000		22,026	24,223
Recoveries against write-offs		(105,547)	(123,878)
		127,999	(64,944)

12.6 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, 2019 is given in Annexure - I to these consolidated financial statements.

	Note	2019	2018
		-----Rupees '000-----	
13 FIXED ASSETS			
Capital work-in-progress	13.1	1,158,440	475,098
Property and equipment	13.2	23,083,104	11,209,776
		24,241,544	11,684,874
13.1 Capital work-in-progress			
Civil works		393,327	188,143
Equipment		658,014	226,154
Furniture fixture		44,591	47,460
Vehicles		62,508	13,341
		1,158,440	475,098

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

13.2 Property and equipment

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										
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	26,152,269
Accumulated depreciation	-	-	9,559	173,979	854,558	4,578,905	126,117	1,667,819	-	7,410,937
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	18,741,332
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	-	11,209,776
Initial application of IFRS 16	-	-	-	-	-	-	-	-	7,531,556	7,531,556
Additions	-	-	-	-	121,518	1,213,846	29,640	452,253	2,231,111	4,048,368
Transfer from non-banking assets	703,649	-	123,409	-	-	-	-	-	-	827,058
Movement in surplus on assets revalued during the year	400,165	491,230	139,963	866,102	-	-	-	-	-	1,897,460
Disposals	-	-	-	-	(3)	(281)	(2,929)	-	-	(3,213)
Depreciation charge	-	-	(12,153)	(163,071)	(40,802)	(572,354)	(21,636)	(214,888)	(1,402,715)	(2,427,619)
Impairment charge	-	-	-	(282)	-	-	-	-	-	(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	23,083,104
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	32,512,056
Accumulated depreciation	-	-	-	-	889,751	5,147,564	126,648	1,862,274	1,402,715	9,428,952
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
Rate of depreciation (%)	-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-33%	11 months - 29 years	-
2018										
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, 2018										
Cost / revalued amount	1,110,502	3,059,916	176,048	4,598,812	1,027,993	5,110,878	232,109	2,360,295	-	17,676,553
Accumulated depreciation	-	-	-	-	823,400	4,099,142	142,104	1,484,139	-	6,548,785
Net book value	1,110,502	3,059,916	176,048	4,598,812	204,593	1,011,736	90,005	876,156	-	11,127,768
Year ended December 31, 2018										
Opening net book value	1,110,502	3,059,916	176,048	4,598,812	204,593	1,011,736	90,005	876,156	-	11,127,768
Additions	-	-	-	-	37,158	593,501	30,825	241,054	-	902,538
Transfer from non-banking assets	-	-	-	-	-	-	-	-	-	-
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Acquisitions through business combination	-	-	-	66,818	-	1,662	4,608	-	-	73,088
Disposals	-	-	-	-	(60)	(1,190)	(9,647)	(28)	-	(10,925)
Depreciation charge	-	-	(9,559)	(161,116)	(30,455)	(499,043)	(18,124)	(164,414)	-	(882,711)
Write-off	-	-	-	-	-	-	-	-	-	-
Other adjustments / transfers	-	-	-	9	10	(72)	-	71	-	18
Closing net book value	1,110,502	3,059,916	166,489	4,504,523	211,246	1,106,594	97,667	952,839	-	11,209,776
At December 31, 2018										
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	-	18,620,713
Accumulated depreciation	-	-	9,559	173,979	854,558	4,578,905	126,117	1,667,819	-	7,410,937
Net book value	1,110,502	3,059,916	166,489	4,504,523	211,246	1,106,594	97,667	952,839	-	11,209,776
Rate of depreciation (%)	-	-	2%-6%	2%-20%	10%	14%-50%	20%	10%-33%	N/A	-

13.2.1 Included in cost of operating fixed assets are fully depreciated items still in use having cost of Rs 5,618.564 million (2018: Rs 5,139.969 million).

13.2.2 During the year, the Holding Company has transferred three properties to fixed assets from non-banking assets having book value of Rs 827.058 million.

13.2.3 The Group's freehold / leasehold land and buildings on freehold / leasehold land were revalued by Iqbal A. Nanjee Co. (Private) Limited and K. G. Traders (Private) Limited on December 31, 2019 on the basis of professional assessments of the market values. As a result of revaluation of these assets, the market value of freehold / leasehold land and building on freehold / leasehold land were determined as Rs 11,390.438 million. The results of this revaluation exercise have determined a further surplus of Rs 1,897.460 million recognised during the current year.

13.2.4 Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2019 would have been Rs 3,789.908 million (2018: Rs 3,298.463 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

13.2.5 Allocation of depreciation expense of the year is as follows;

Property expense
- owned assets
- right-of-use assets

Information technology expense
Other operating expenses

Note	2019	2018
	-----Rupees '000-----	
	390,329	365,545
	1,402,715	-
	1,793,044	365,545
	319,684	334,554
	314,891	182,612
	<u>2,427,619</u>	<u>882,711</u>
	<u>412,380</u>	<u>224,492</u>
14.1	412,380	224,492
14.2	1,428,244	1,460,432
	<u>1,840,624</u>	<u>1,684,924</u>
	<u>412,380</u>	<u>224,492</u>

14 INTANGIBLE ASSETS

Capital work-in-progress
Intangibles

14.1 Capital work-in-progress

Computer software

14.2 Intangibles

	2019				
	Goodwill	Management rights	Computer software	Customer relationship	Total
	----- 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)
Management rights	-	-	-	-	-
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%	-	
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, 2019

	Restated				
	2018				
	Goodwill	Management rights	Computer software	Customer relationship	Total
	----- Rupees'000 -----				
At January 1, 2018					
Cost	-	-	1,962,790	2,557,167	4,519,957
Accumulated amortisation	-	-	1,830,312	1,392,746	3,223,058
Net book value	<u>-</u>	<u>-</u>	<u>132,478</u>	<u>1,164,421</u>	<u>1,296,899</u>
Year ended December 31, 2018					
Opening net book value	-	-	132,478	1,164,421	1,296,899
Additions - directly purchased	-	-	122,492	-	122,492
Through business combination	238,484	-	127	-	238,611
Amortisation charge	-	-	(120,067)	(192,103)	(312,170)
Management rights	-	114,600	-	-	114,600
Closing net book value	<u>238,484</u>	<u>114,600</u>	<u>135,030</u>	<u>972,318</u>	<u>1,460,432</u>
At December 31, 2018					
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>
Rate of amortisation (percentage)	<u>N/A</u>	<u>N/A</u>	<u>17%-33%</u>	<u>-</u>	
Useful life	<u>N/A</u>	<u>N/A</u>	<u>3-6 years</u>	<u>10-19 years</u>	

14.2.1 The intangible assets include fully amortised items still in use having cost of Rs 1,947.364 million (2018: Rs 1,792.074 million).

14.2.2 This includes the 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 14.3 to these consolidated financial statements, the SBP allowed the Holding Company to adjust the amortisation charge arising on this intangible assets against non-distributable capital reserve.

14.2.3 The remaining amortisation period of these intangibles are ranging from 1 to 9 years.

14.3 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 intangible assets against the portion of reserve which arose on account of such assets. Accordingly, the Holding Company has adjusted amortisation of intangible assets amounting to Rs. 156.076 million (2018: Rs. 124.867 million) (net of tax) from the non-distributable capital reserve.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
-----Rupees '000-----			
15 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		9,599,119	5,059,391
Income / mark-up accrued in foreign currency - net of provision		82,615	66,476
Advances, deposits, advance rent and other prepayments		898,295	1,231,145
Advance taxation (payments less provisions)		2,653,656	3,602,872
Non-banking assets acquired in satisfaction of claims	15.1	1,271,386	1,807,502
Mark to market gain on forward foreign exchange contracts		859,265	2,868,688
Fair value of derivative contracts		90,937	-
Acceptances	20	9,142,924	10,899,656
Credit cards and other products fee receivable		574,288	463,771
Receivable from brokers against sale of shares		183,606	447,272
Dividend receivable		75,348	75,348
Receivable from 1Link (Private) Limited		363,052	319,493
Rent and amenities receivable		45,008	54,973
Rebate receivable - net		54,505	4,295
Others		315,416	267,706
		<u>26,209,420</u>	<u>27,168,588</u>
Less: provision held against other assets	15.2	<u>(256,222)</u>	<u>(262,243)</u>
Other assets (net of provision)		25,953,198	26,906,345
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>1,453,786</u>	<u>1,261,018</u>
Other assets - total		<u>27,406,984</u>	<u>28,167,363</u>
15.1 Market value of non-banking assets acquired in satisfaction of claims		<u>2,725,172</u>	<u>3,847,102</u>

The non-banking assets acquired in satisfaction of claims by the Group have been revalued by independent professional valuer as at December 31, 2019. The revaluation was carried out by Iqbal A. Nanjee Company (Private) Limited on the basis of professional assessment of present market value.

	2019	2018
-----Rupees '000-----		
15.1.1 Non-banking assets acquired in satisfaction of claims		
Opening Balance	3,068,520	3,130,557
Additions	37,000	-
Revaluation	638,774	-
Disposals	(180,357)	-
Transferred to fixed assets	(827,058)	-
Depreciation	(11,707)	(14,257)
Impairment	-	(47,780)
Closing Balance	<u>2,725,172</u>	<u>3,068,520</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		-----Rupees '000-----	
15.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		191,073	-
Less: carrying value		180,357	-
Gain		<u>10,716</u>	<u>-</u>
15.2 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		51,135	64,383
Fraud forgery theft and account receivable		21,662	13,802
Security deposits		22,994	22,994
Others		85,083	85,716
		<u>256,222</u>	<u>262,243</u>
15.2.1 Movement in provision held against other assets			
Opening balance		262,243	249,980
Acquisition of FAML		-	4,731
Charge for the year		7,860	9,782
Reversals during the year		(13,881)	(2,250)
		(6,021)	7,532
Closing balance		<u>256,222</u>	<u>262,243</u>
16 BILLS PAYABLE			
In Pakistan		<u>8,356,460</u>	<u>23,543,524</u>
17 BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
- under export refinance scheme - part I and II	17.1	10,598,970	11,895,711
- under long term financing facility	17.2	2,426,974	1,786,815
- under long term financing facility for renewable power energy (RPE)	17.3	896,508	962,784
- under scheme of financing facility for storage of agricultural produce	17.4	86,316	117,219
- under Islamic export refinance scheme	17.5	8,087,560	4,107,833
		22,096,328	18,870,362
Repurchase agreement borrowings	17.6	21,721,810	58,968,300
Total secured		<u>43,818,138</u>	<u>77,838,662</u>
Unsecured			
Call borrowings	17.7	1,783,448	325,000
Overdrawn nostro accounts		438,722	141,626
Musharaka acceptances	17.8	18,020,000	7,700,000
Other borrowings	17.9	8,686,487	12,346,633
Total unsecured		<u>28,928,657</u>	<u>20,513,259</u>
		<u>72,746,795</u>	<u>98,351,921</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

- 17.1** 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 agreement, the Holding Company has granted the SBP the right to recover the outstanding amount from the Holding Company at the date of maturity of the finance by directly debiting the current account maintained by the Holding Company with the SBP. Borrowing from the SBP under the export refinance scheme is 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 (2018: 1% to 2% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.
- 17.2** These represent borrowings from the SBP under scheme for long term financing facility. The markup rates on these facilities are ranging from 3% to 4.5% per annum (2018: 2% to 4.5% per annum) payable on quarterly basis, with maturities upto December 2026. As per the terms of the agreement, the Holding Company has granted the SBP a right to recover the outstanding amount 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.
- 17.3** These represent borrowings from the SBP under scheme for long term financing facility for renewable power energy (RPE). The mark-up rates on these facilities are 2% to 3% per annum (2018: 2% per annum), payable on quarterly basis, with maturities upto December 2028. As per the agreement, the Holding Company has granted the SBP a right to recover the outstanding amount from the Holding Company at the maturity date of finances by directly debiting the current account of the Holding Company maintained with the SBP.
- 17.4** 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 (2018: 2.5% to 3.5%) payable on quarterly basis with maturities upto December 2023. As per the agreement, the Holding Company has granted the SBP the right to recover the outstanding amount from the Holding Company at the date of maturity of the finance by directly debiting the current account maintained by the Holding Company with the SBP.
- 17.5** 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 customers. As per the agreement, the Holding Company has granted the SBP the right to recover the outstanding amount from the Holding Company at the date of maturity of the finance by directly debiting the current account maintained by the Holding Company with the SBP. The average mark-up rate on this facility is 2.28% (2018: 2.28%) payable on quarterly basis with maturities upto 180 days from the date of grant.
- 17.6** These represent collateralised borrowings against market treasury bills. The mark-up rates on these borrowings are ranging from 13.10% to 13.32% per annum (2018: 10.24% per annum). These are payable by January 2020.
- 17.7** These borrowings are from financial institutions. The mark-up rates on these borrowings are 12.80% per annum (2018: 10.12% per annum) payable on maturity with maturities upto February 2020.
- 17.8** These Musharaka acceptances are on profit and loss sharing basis. The expected rates on these deals are expected to range between 8% to 12.15% per annum (2018: 9.5% to 9.8% per annum). These deals have maturities upto February 2020.
- 17.9** This represents borrowings from foreign financial institutions. The mark-up rates on these borrowings are ranging from 3.32% to 3.43% per annum (2018: 3.28% to 4.76%) with maturities upto May 2020.
- 17.10** Details and nature of securities pledged as collateral against borrowings are given in note 10.3 to these consolidated financial statements.

17.11 Particulars of borrowings with respect to currencies

In local currency
In foreign currencies

2019	2018
-----Rupees '000-----	
64,060,308	86,005,288
8,686,487	12,346,633
<u>72,746,795</u>	<u>98,351,921</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

18 DEPOSITS AND OTHER ACCOUNTS

	2019			2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits – remunerative	12,358,523	-	12,358,523	4,063,646	-	4,063,646
Current deposits – non-remunerative	117,835,756	16,723,542	134,559,298	112,565,332	14,367,150	126,932,482
Savings deposits	137,494,568	15,672,852	153,167,420	110,521,161	15,358,413	125,879,574
Term deposits	122,761,268	4,921,337	127,682,605	116,528,810	3,898,877	120,427,687
Margin deposits	2,715,024	19,177	2,734,201	2,721,574	47,179	2,768,753
	393,165,139	37,336,908	430,502,047	346,400,523	33,671,619	380,072,142
Financial institutions						
Current deposits	1,120,002	55,570	1,175,572	1,129,922	49,068	1,178,990
Savings deposits	19,638,764	-	19,638,764	20,949,999	-	20,949,999
Term deposits	6,468,800	-	6,468,800	7,182,370	-	7,182,370
	27,227,566	55,570	27,283,136	29,262,291	49,068	29,311,359
	420,392,705	37,392,478	457,785,183	375,662,814	33,720,687	409,383,501

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

18.1 Composition of deposits

- individuals	128,075,914	130,254,260
- Government (Federal and Provincial)	24,230,323	26,873,678
- public sector entities	22,531,784	11,902,407
- banking companies	2,830,392	788,086
- non-banking financial institutions	24,452,744	28,523,574
- private sector	255,664,026	211,041,496
	<u>457,785,183</u>	<u>409,383,501</u>

18.1.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 244.160 billion (2018: Rs 219.067 billion).

19 DEFERRED TAX (LIABILITIES) / ASSETS

	2019				
	At January 1, 2019	On business combination	Recognised in P&L	Recognised in OCI	At December 31, 2019
----- Rupees '000 -----					
Deductible temporary differences on					
- provision for diminution in the value of investments	95,977	-	87,010	-	182,987
- provision against advances, off balance sheet etc.	1,427,294	-	(120,027)	-	1,307,267
- provision against other assets	94,017	-	5,686	-	99,703
- surplus on revaluation of investments	234,738	-	-	(2,398,225)	(2,163,487)
- defined benefit obligation	243	-	-	(199)	44
- unused tax losses	10,945	-	993	-	11,938
	1,863,214	-	(26,338)	(2,398,424)	(561,548)
Taxable temporary differences on					
- surplus on revaluation of fixed assets	(1,184,279)	-	48,893	(540,651)	(1,676,037)
- surplus on revaluation of non banking assets	(23,377)	-	-	9,264	(14,113)
- fair value adjustment relating to net Assets acquired upon amalgamation	(340,314)	-	-	36,029	(304,285)
- fair value adjustment relating to net assets acquired upon business combination	(53,441)	-	945	-	(52,496)
- accelerated tax depreciation	(130,260)	-	(64,941)	-	(195,201)
- fair valuation of previously held equity interest of FAML	(11,772)	-	(1,345)	-	(13,117)
	(1,743,443)	-	(16,449)	(495,358)	(2,255,250)
	119,771	-	(42,787)	(2,893,782)	(2,816,798)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

Restated				
2018				
At January 1, 2018	On business combination	Recognised in P&L	Recognised in OCI	At December 31, 2018
-----Rupees '000-----				
Deductible temporary differences on				
- provision for diminution in the value of investments	476,211	-	(380,234)	95,977
- provision against advances, off balance sheet etc.	2,700,846	-	(1,273,552)	1,427,294
- share of loss from associate	7,640	-	(7,640)	-
- provision against other assets	222,205	-	(128,188)	94,017
- surplus on revaluation of investments	(780)	-	235,518	234,738
- defined benefit obligation	-	243	-	243
- unused tax losses	-	10,882	63	10,945
	3,406,122	11,125	(1,789,551)	235,518
				1,863,214
Taxable temporary differences on				
- surplus on revaluation of fixed assets	(1,228,159)	-	43,880	(1,184,279)
- surplus on revaluation of non banking assets	(23,751)	-	-	374
- fair value adjustment relating to net assets acquired upon amalgamation	(407,550)	-	67,236	(340,314)
- fair value adjustment relating to net assets acquired upon business combination	-	(53,441)	-	(53,441)
- accelerated tax depreciation	(139,037)	(9,403)	18,180	(130,260)
- fair valuation of previously held equity interest of FAML	-	-	(11,772)	(11,772)
	(1,798,497)	(62,844)	50,288	67,610
	1,607,625	(51,719)	(1,739,263)	303,128
				119,771

20 OTHER LIABILITIES	Note	2019	2018
		-----Rupees '000-----	
Mark-up / return / interest payable in local currency		3,729,655	1,962,508
Mark-up / return / interest payable in foreign currency		27,021	19,891
Unearned commission and income on bills discounted		725,288	211,031
Accrued expenses		2,382,341	2,121,235
Acceptances	15	9,142,924	10,899,656
Unclaimed dividends		45,822	46,061
Mark to market loss on forward foreign exchange contracts		2,228,384	1,239,594
Branch adjustment account		-	5,301
Charity fund balance		2,278	1,409
Provision against off-balance sheet obligations	20.1	113,676	125,238
Security deposits against lease		1,201,214	2,067,095
Withholding tax payable		189,403	91,141
Federal excise duty payable		58,494	52,450
Payable to brokers against purchase of shares		77,747	897,109
Fair value of derivative contracts	24.1	1,032,154	771,326
Credit cards and other products payables		1,119,464	895,567
Lease liability against right-of-use asset		8,309,852	-
Token money against disposal of assets		565,357	572,276
Funds held as security		232,572	214,698
Payable to 1Link (Private) Limited		125,263	127,612
Insurance payable		144,552	237,073
Clearing and settlement accounts		1,172,824	1,988,417
Provision for gratuity	37	118,965	118,621
Others		204,620	518,924
		32,949,870	25,184,233

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
20.1 Provision against off-balance sheet obligations		
Opening balance	125,238	101,090
Charge for the year	-	57,434
Reversals during the year	(11,562)	(33,286)
	(11,562)	24,148
Closing balance	113,676	125,238

21 SHARE CAPITAL

21.1 Authorised capital

	2019	2018		2019	2018
	-----Number of shares-----			-----Rupees '000-----	
	2,200,000,000	1,800,000,000	Ordinary shares of Rs.10 each	22,000,000	18,000,000

21.2 Issued, subscribed and paid up

	2019	2018		2019	2018
	-----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

21.2.1 As at December 31, 2019, Ithmaar Bank B.S.C. (closed) (the parent company of the Holding Company) through its subsidiaries and nominees held 1,013,473,712 ordinary shares of Rs. 10 each (2018: 1,013,473,712 ordinary shares). These include 11,186,268 shares (2018: 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 has been vacated. However, the Holding Company has subsequently filed a constitutional petition with the Honorable High Court of Sindh in respect of this matter.

22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	2019	2018
		-----Rupees '000-----	
Surplus / (deficit) on revaluation of			
- Available for sale securities	11.1	5,547,402	(670,686)
- Fixed assets	22.1	7,600,529	5,476,251
- Non-banking assets acquired in satisfaction of claims	22.2	1,453,786	1,261,018
		14,601,717	6,066,583
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(2,163,487)	234,740
- Fixed assets	22.1	(1,676,037)	(1,184,279)
- Non-banking assets acquired in satisfaction of claims	22.2	(14,113)	(23,377)
		(3,853,637)	(972,916)
		10,748,080	5,093,667

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		-----Rupees '000-----	
22.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		5,476,251	5,601,617
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		(125,366)	(125,366)
Surplus on revaluation of fixed assets as at December 31		7,600,529	5,476,251
Less: related deferred tax liability on:			
- revaluation as at January 1		(1,184,279)	(1,228,159)
- revaluation recognised during the year		(527,712)	-
- transferred from surplus on revaluation of non-banking assets		(12,939)	-
- incremental depreciation charged during the year		48,893	43,880
		(1,676,037)	(1,184,279)
		<u>5,924,492</u>	<u>4,291,972</u>
22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		1,261,018	1,262,087
Recognised during the year		638,774	(1,069)
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	1,261,018
Less: related deferred tax liability on:			
- revaluation as at January 1		(23,377)	(23,751)
- revaluation recognised during the year		(3,675)	374
- transferred to surplus on revaluation of fixed assets		12,939	-
		(14,113)	(23,377)
		<u>1,439,673</u>	<u>1,237,641</u>
23 CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	24,074,333	17,988,308
Commitments	23.2	208,211,812	230,966,872
Other contingent liabilities	23.3	4,293,244	4,293,244
		<u>236,579,389</u>	<u>253,248,424</u>
23.1 Guarantees:			
Financial guarantees		7,099,400	1,417,536
Performance guarantees		4,870,710	7,068,425
Other guarantees		12,104,223	9,502,347
		<u>24,074,333</u>	<u>17,988,308</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		-----Rupees '000-----	
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		30,343,743	32,048,821
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	126,281,305	94,403,136
- forward government securities transactions	23.2.2	21,760,786	62,083,269
- derivatives - cross currency swaps (notional principal)	23.2.3	9,244,773	4,483,600
- operating leases	23.2.4	-	10,708,369
- extending credit (irrevocable)	23.4	20,281,111	27,079,658
Commitments for acquisition of:			
- operating fixed assets		185,919	46,719
- intangible assets		114,175	113,300
		<u>208,211,812</u>	<u>230,966,872</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		84,264,725	66,533,034
Sale		42,016,580	27,870,102
		<u>126,281,305</u>	<u>94,403,136</u>
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		21,760,786	59,084,100
Sale		-	2,999,169
		<u>21,760,786</u>	<u>62,083,269</u>
23.2.3 Commitments in respect of derivatives			
Purchase		-	-
Sale		9,244,773	4,483,600
		<u>9,244,773</u>	<u>4,483,600</u>
23.2.4 Commitments in respect of operating leases			
Not later than one year		-	1,421,897
Later than one year and not later than five years		-	5,275,107
Later than five years		-	4,011,365
		<u>-</u>	<u>10,708,369</u>

As disclosed in note 3.8 to these consolidated financial statements, during the year, right-of-use asset and corresponding lease liability have been recorded in accordance with IFRS 16, therefore, all commitments with respect to operating leases are now on-balance sheet.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

23.3 Other contingent liabilities

23.3.1 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

Indemnity issued favouring the Honorable High Court in one of the cases Cantonment tax Karachi Cantonment Board (KCB)

Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan

Note	2019	2018
	-----Rupees '000-----	
	2,510,000	2,510,000
	457,543	457,543
(i)	171,000	171,000
(ii)	1,154,701	1,154,701
	<u>4,293,244</u>	<u>4,293,244</u>

- (i) The Executive Officer, Karachi Cantonment Board (KCB), vide its notice CBR No. 1 dated March 08, 2017 has proposed revised rates for assessment of shops and flats "A" category in which a fresh sub-category "Banks (self-occupied)" has been introduced for the purpose of cantonment tax in the limit of KCB. This has resulted in additional demand of Rs 171 million (2018: Rs 171 million) by KCB which includes demand on reassessment for the years from 2013 to 2017. On the basis of legal grounds agreed in consultation with legal counsel, the Holding Company has filed a suit in the Honorable High Court of Sindh against such levy of tax. A stay order has been granted by the Honorable High Court of Sindh in respect of payment of this additional demand.

The impact of revised rates would result in an additional demand of Rs 103 million in respect of the years ended December 31, 2018 and 2019.

- (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 have disagreements on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs 1,154.701 million (2018: Rs 1,154.701 million). Subsequently, the Commissioner Inland Revenue (Appeals) [(CIR(A)] has deleted the said additional tax liability, however the income tax department has filed an appeal with the Appellate Tribunal Inland Revenue against the order of CIR(A). The management and tax advisors of the Holding Company are confident that the matter will be decided in the Holding Company's favor and accordingly, no provision has been recorded in these consolidated financial statements in respect of this matter.

23.3.2 There are certain claims against the Holding Company not acknowledged as debt amounting to Rs 34,194 million (2018: Rs 31,579 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (2018: Rs 25,299 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

23.3.3 Subsidiary Company:

- (i) The income tax returns of the Subsidiary Company for the tax years 2004 to 2018 (financial year ended June 30, 2004 to 2018) 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 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
			<u>818</u>

The management is of the view that WWF was not applicable for tax year 2008. In tax year 2013, subsequent to clarification decision by the SHC, 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 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 schemes through their trustees, has filed a petition on July 8, 2014 in the SHC 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 current period, the audit of the tax year 2013 (financial year ended June 30, 2013) has been 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 4,964,364 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 financial statements in respect of this liability.

Notes to and forming part of the Consolidated Financial Statements

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23.4 Commitments to extend credits

The Group makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 20,281 million (2018: Rs 27,080 million) which are irrevocable in nature.

24 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

Interest rate swap (notional principal)

	2019	2018
	-----Rupees '000-----	
Cross currency swaps (notional principal)	8,780,230	4,483,600
Interest rate swap (notional principal)	464,543	-

Derivative instruments, such as forward rate agreement, interest rate swaps, cross currency swaps and FX options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Holding Company. All Derivative transactions are governed by the financial derivative business regulations (FDBR) issued by the State Bank of Pakistan (SBP).

24.1 Product analysis

Counterparties	2019			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / loss	Notional principal	Mark to market gain / 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)
	----- Rupees '000 -----			
	2018			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / loss	Notional principal	Mark to market gain / loss
	----- Rupees '000 -----			
With banks for				
Hedging	-	-	-	-
Market making	2,484,210	(457,384)	-	-
With other entities for				
Hedging	-	-	-	-
Market making	1,999,390	(313,942)	-	-
Total				
Hedging	-	-	-	-
Market making	4,483,600	(771,326)	-	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

24.2 Maturity analysis

Remaining maturity	2019				
	----- Rupees '000 -----				
	No. of contracts	Notional principal	Mark to market		
		Negative	Positive	Net	
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)

Remaining maturity	2018				
	----- Rupees '000 -----				
	No. of contracts	Notional principal	Mark to market		
		Negative	Positive	Net	
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	1	416,586	(460,824)	362,674	(98,150)
2 to 3 years	1	1,157,182	(1,209,536)	949,056	(260,480)
3 to 5 years	-	-	-	-	-
5 to 10 years	4	2,909,832	(2,935,139)	2,522,443	(412,696)
Above 10 years	-	-	-	-	-
Total		4,483,600	(4,605,499)	3,834,173	(771,326)

24.3 Risk management related to derivatives is discussed in note 45.5 to these consolidated financial statements.

	2019	2018
	----- Rupees '000 -----	
25 MARK-UP / RETURN / INTEREST EARNED		
On:		
a) loans and advances	38,936,305	24,049,514
b) investments	17,344,534	10,666,953
c) lendings to financial institutions	55,441	58,031
d) balances with banks	84,426	50,071
e) securities purchased under resale agreements	1,978,289	376,590
	58,398,995	35,201,159
26 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	28,838,943	14,567,628
Securities sold under repurchase agreements	1,574,001	1,757,545
Other short term borrowings	94,641	278,742
SBP borrowings	372,661	370,466
Short sale of Pakistan Investment Bonds	340,548	317,765
Bai Muajjal	91,828	-
Musharaka acceptances	1,044,484	351,706
Lease liability against right-of-use assets	976,561	-
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,938,794	1,281,007
	37,272,461	18,924,859

Notes to and forming part of the Consolidated Financial Statements

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	Note	2019	2018
		-----Rupees '000-----	
27 FEE AND COMMISSION INCOME			
Branch banking customer fees		710,137	652,885
Consumer finance related fees		366,770	298,265
Card related fees (debit and credit cards)		1,675,923	1,597,620
Credit related fees		99,368	144,149
Investment banking fees		237,557	270,284
Commission on trade		275,717	289,820
Commission on guarantees		126,867	98,027
Commission on cash management		59,183	94,752
Commission on remittances including home remittances		119,313	40,632
Commission on bancassurance		409,407	349,012
Management fee		108,567	7,568
Advisory fee		2,392	223
Sales load		7,752	186
Others		29,358	35,324
		<u>4,228,311</u>	<u>3,878,747</u>
28 (LOSS) / GAIN ON SECURITIES			
Realised - net	28.1	(579,106)	58,236
Unrealised - held for trading - net		13,120	(7,609)
		<u>(565,986)</u>	<u>50,627</u>
28.1 Realised (loss) / gain on:			
Federal Government securities		4,313	(41,497)
Shares		(603,885)	2,054
Open end mutual funds		20,466	97,679
		<u>(579,106)</u>	<u>58,236</u>
29 OTHER INCOME			
			Restated
			-----Rupees '000-----
Rent on property		156,251	202,944
Gain on sale of fixed assets - net		9,780	30,219
Gain on sale of non-banking assets - net		10,716	-
Gain on short sale of Pakistan Investment Bonds (PIBs)		66,919	150,373
Notice pay		3,876	15,068
Scrap income		1,456	1,021
Gain on revaluation of previously held equity interest of FAML		-	33,635
Others		1,761	971
		<u>250,759</u>	<u>434,231</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		-----Rupees '000-----	
30 OPERATING EXPENSES			Restated
Total compensation expense	30.1	6,597,389	5,197,053
Property expense			
Rent and taxes		170,223	1,485,013
Insurance		47,291	120,449
Utilities cost		671,947	638,461
Security (including guards)		692,131	544,379
Repair and maintenance (including janitorial charges)		459,295	406,973
Depreciation on owned fixed assets	13.2.5	390,329	365,545
Depreciation on non-banking assets		11,707	14,257
Depreciation on right-of-use assets	13.2.5	1,402,715	-
Others		93,032	92,751
		3,938,670	3,667,828
Information technology expenses			
Software maintenance		1,446,842	1,081,729
Hardware maintenance		311,065	277,719
Depreciation	13.2.5	319,684	334,554
Amortisation		142,257	120,067
Network charges		216,563	216,632
Others		1,792	-
		2,438,203	2,030,701
Other operating expenses			
Directors' fees and allowances		106,370	113,075
Legal and professional charges		113,114	197,039
Outsourced services costs - staff	36.1	364,489	882,963
Travelling and conveyance		140,133	90,011
NIFT clearing charges		46,054	43,546
Depreciation	13.2.5	314,891	182,612
Training and development		72,805	27,459
Postage and courier charges		122,263	111,343
Communication		139,037	159,181
Marketing, advertisement and publicity		500,565	396,113
Donations	30.2	69,631	55,209
Auditors remuneration	30.3	44,728	115,653
Insurance		635,157	459,339
Stationery and printing		324,443	229,156
Bank fees and charges		113,108	99,463
Brokerage and commission		63,933	36,610
Deposit protection premium		350,491	147,474
Credit card bonus points redemption		232,603	218,856
Distribution commission		-	1,211
Others		482,932	372,392
		4,236,747	3,938,705
		17,211,009	14,834,287

Cost of outsourced activities is Rs 464.543 million. Out of this cost, Rs 204.687 million represent payments made to a company incorporated in Pakistan and 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 Group are listed below:

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

S.No	Name of outsourced agency	Nature of service	Estimated cost (Rupees '000)
1	E-Services (Singapore) Private Limited	Credit card hosting and processing system	259,856
2	Euronet Pakistan Private Limited	Debit cards, prepaid cards and ATMs switch system host	90,162

30.1 Total compensation expense

	2019 -----Rupees '000-----	2018 -----Rupees '000-----
Managerial Remuneration		
i) Fixed	3,086,505	2,519,331
ii) Variable		
of which;		
a) Cash bonus / awards, etc.	623,405	498,726
b) Commission incentives	520,731	269,447
Charge for defined benefit plan	179,995	123,793
Contribution to defined contribution plan	192,747	146,712
Rent and house maintenance	948,847	767,347
Utilities	232,697	188,836
Medical	192,342	156,151
Conveyance	611,326	517,328
Amortisation of prepaid staff cost	-	-
Others	394	489
Sub-total	6,588,989	5,188,160
Sign-on Bonus **	8,400	5,300
Severance Allowance **	-	3,593
Grand Total	6,597,389	5,197,053

** Sign on bonus was provided to 5 employees (2018: 4 employees) and severance allowance was given to Nil employees (2018: 2 employees)

30.2 Donations made during the year were as follows:

Donee

	2019 -----Rupees '000-----	2018 -----Rupees '000-----
Waqf Faisal (Trust)	69,631	55,209

30.2.1 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.

30.3 Auditors' remuneration

	2019 -----Rupees '000-----	2018 -----Rupees '000-----
Statutory audit fee	4,330	3,300
Fee for consolidated financial statements	1,500	1,500
Fee for other statutory certifications	5,533	5,365
Fee for quarterly and annual group reporting	12,068	11,493
Fee for the review of the half yearly financial statements	945	900
Fee for audit of employee funds	160	80
Special certifications and sundry advisory services	10,192	83,510
Tax services	8,000	7,505
Out-of-pocket expenses	2,000	2,000
	44,728	115,653

Notes to and forming part of the Consolidated Financial Statements

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	Note	2019	2018
		-----Rupees '000-----	
31 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		32,507	43,563
Penalties imposed by the Securities Exchange Commission of Pakistan (SECP)		200	-
Impairment charged against non-banking assets acquired in satisfaction of claims		-	46,712
		<u>32,707</u>	<u>90,275</u>
32 PROVISION / (REVERSAL OF PROVISION) AND RECOVERIES AGAINST WRITTEN-OFF DEBTS - NET			
Provision for diminution in value of investments	11.4	307,614	92,891
Provision / (reversal of provision) against loans and advances	12.4	645,343	(433,611)
(Reversal of other provision) / other provision	15.2.1	(6,021)	7,532
Bad debts written off directly	12.5	12,430	10,926
Recovery of written off / charged off bad debts	12.5	(105,547)	(123,878)
(Reversal of provision) / provision against off balance sheet obligations	20.1	(11,562)	24,148
		<u>842,257</u>	<u>(421,992)</u>
		2019	2018
		-----Rupees '000-----	
33 TAXATION			Restated
Current		4,471,101	3,277,575
Prior years		(359,442)	(1,663,691)
Deferred		42,787	1,770,749
		<u>4,154,446</u>	<u>3,384,633</u>
33.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>10,158,487</u>	<u>8,212,244</u>
Tax calculated at the rate of 39% (2018: 35%)		3,961,810	2,874,285
Effect of:			
- permanent differences		12,678	15,247
- prior year charge		80,528	146,051
- super tax		258,934	345,515
- additional super tax on opening balance		(171,021)	-
- Impact of subsidiary's acquisition and tax rate differential		16,337	16,420
- others		(4,820)	(12,885)
Tax charge for the year		<u>4,154,446</u>	<u>3,384,633</u>
33.1.1 The change in tax rate is due to the continuance of super tax by Finance Supplementary (Second Amendment) Bill, 2019.			
		2019	2018
		-----Rupees '000-----	
34 BASIC EARNINGS PER SHARE			Restated
Profit for the year		<u>6,004,041</u>	<u>4,827,611</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>3.96</u>	<u>3.18</u>

Notes to and forming part of the Consolidated Financial Statements

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34.1 Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue at December 31, 2019 and December 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

35 CASH AND CASH EQUIVALENTS

	Note	2019	2018
-----Rupees '000-----			
Cash and balance with treasury banks	8	60,368,426	43,174,003
Balance with other banks	9	2,835,650	1,848,859
Overdrawn nostros	17	(438,722)	(141,626)
		<u>62,765,354</u>	<u>44,881,236</u>

36 STAFF STRENGTH

Holding Company

Permanent
On contract

Subsidiary Company

Permanent
On contract

	2019	2018
Number of employees		
Permanent	6,916	6,118
On contract	22	23
	<u>6,938</u>	<u>6,141</u>
Permanent	59	68
On contract	1	1
	<u>60</u>	<u>69</u>

36.1 In addition to the above, 968 (2018: 859) 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.

37 DEFINED BENEFIT PLAN

37.1 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. Last year, 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, 2019.

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 at June 30, 2019.

37.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2019	2018	2019	2018
	Number of employees		Number of employees	
	Holding Company		Subsidiary Company	
- Gratuity fund	6,938	6,141	51	49

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

37.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2019 of the Holding Company and June 30, 2019 of the Subsidiary Company using the following significant assumptions:

	2019			2018		
	December 31			December 31		June 30
	Conventional	Islamic	Conventional	Conventional	Islamic	Conventional
	----- % per annum -----					
	Holding Company		Subsidiary Company	Holding Company		Subsidiary Company
Discount rate	11.75	11.75	11.25	13.75	13.75	9.00
Expected rate of return on plan assets	11.75	11.75	11.25	13.75	13.75	9.00
Expected rate of salary increase	11.75	11.75	11.25	13.75	13.75	9.00

37.4 Reconciliation of payable to defined benefit plans of the Group

Note

	Note	2019		2018	
		Conventional	Islamic	Conventional	Islamic
		----- Rupees '000 -----			
Present value of obligations	37.5	467,350	390,984	381,895	337,534
Fair value of plan assets	37.6	(379,963)	(359,406)	(322,370)	(278,438)
		<u>87,387</u>	<u>31,578</u>	<u>59,525</u>	<u>59,096</u>

37.5 Movement in defined benefit obligations of the Group

Obligations at the beginning of the year		381,895	337,534	324,113	325,926
Transfers during the year		-	-	(3,249)	3,249
Through business combination		-	-	8,555	-
Current service cost		112,562	51,751	73,554	53,855
Interest cost		58,433	48,729	33,473	32,300
Benefits paid by the Group		(78,153)	(3,754)	(68,107)	(55,896)
Re-measurement (gain) / loss		(7,387)	(43,276)	13,556	(21,900)
Obligations at the end of the year		<u>467,350</u>	<u>390,984</u>	<u>381,895</u>	<u>337,534</u>

37.6 Movement in fair value of plan assets of the Group

Fair value at the beginning of the year		(322,370)	(278,438)	(374,804)	(315,129)
Transfer during the year		-	-	3,249	(3,249)
Through business combination		-	-	(7,718)	-
Interest income on plan assets		(50,781)	(40,699)	(38,069)	(31,320)
Contribution by the Group - net		(46,457)	(40,033)	(239)	-
Benefits paid by the Group		78,153	3,754	68,107	55,896
Re-measurements: Net return on plan assets over interest income (gain) / loss	37.8.2	(38,508)	(3,990)	27,104	15,364
Fair value at the end of the year		<u>(379,963)</u>	<u>(359,406)</u>	<u>(322,370)</u>	<u>(278,438)</u>

37.7 Movement in (receivable) / payable under defined benefit schemes of the Group

Opening balance		59,525	59,096	(50,691)	10,797
Charge for the year		120,214	59,781	68,958	54,835
Contribution by the Group - net		(46,457)	(40,033)	(239)	-
Re-measurement (gain) / loss recognised in OCI during the year	37.8.2	(45,895)	(47,266)	40,660	(6,536)
Through business combination		-	-	837	-
Closing balance		<u>87,387</u>	<u>31,578</u>	<u>59,525</u>	<u>59,096</u>

Notes to and forming part of the Consolidated Financial Statements

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2019		2018	
Conventional	Islamic	Conventional	Islamic

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

37.8 Charge for defined benefit plans of the Group

37.8.1 Cost recognised in consolidated profit and loss account

Current service cost	112,562	51,751	73,554	53,855
Net interest on defined benefit asset / liability	7,652	8,030	(4,596)	980
	<u>120,214</u>	<u>59,781</u>	<u>68,958</u>	<u>54,835</u>

37.8.2 Re-measurements recognised in consolidated OCI during the year

(Gain) / loss on obligation				
- demographic assumptions	-	-	-	-
- financial assumptions	(3,272)	(512)	3,535	3,198
- experience adjustment	(4,115)	(42,764)	10,021	(25,098)
Return on plan assets over interest income	(38,508)	(3,990)	27,104	15,364
Total re-measurements recognised in OCI	<u>(45,895)</u>	<u>(47,266)</u>	<u>40,660</u>	<u>(6,536)</u>

37.9 Components of plan assets of the Group

Cash and cash equivalents - net	273,371	143,171	214,076	278,438
Government securities	106,312	-	102,052	-
Shares / mutual funds	280	216,235	6,242	-
	<u>379,963</u>	<u>359,406</u>	<u>322,370</u>	<u>278,438</u>

The funds are primarily invested in Government securities (Market Treasury Bills, Pakistan Investment Bonds, Special Savings Certificates, etc) and mutual funds, accordingly do not carry any credit risk. These are subject to interest rate risk. Equity securities are subject to price risk which is being regularly monitored by the Trustees of the employee fund.

Historical information

	2019	2018	2017	2016	2015
--	------	------	------	------	------

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

Present value of defined benefit obligation	(858,334)	(719,429)	(650,039)	(592,711)	(504,297)
Fair value of plan assets	739,369	600,808	689,933	644,985	620,253
Surplus / (deficit)	<u>(118,965)</u>	<u>(118,621)</u>	<u>39,894</u>	<u>52,274</u>	<u>115,956</u>
Remeasurement of plan liabilities	<u>50,663</u>	<u>8,344</u>	<u>53,248</u>	<u>7,332</u>	<u>130,961</u>
Remeasurement of plan assets	<u>42,498</u>	<u>(42,468)</u>	<u>(14,209)</u>	<u>18,390</u>	<u>(15,863)</u>

37.10 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

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increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption should be summarised as illustrated below:

	2019	
	Conventional	Islamic
	----- Rupees '000 -----	
1% increase in discount rate	198,779	(286,847)
1% decrease in discount rate	352,452	(263,116)
1% increase in expected rate of salary increase	353,474	(262,956)
1% decrease in expected rate of salary increase	196,702	(287,170)
1 year increase in expected life / withdrawal rate	245,136	(278,691)
1 year decrease in expected life / withdrawal rate	291,074	(273,583)
37.11 Expected contributions to be paid to the funds in the next financial year by the Holding Company *	<u>182,213</u>	<u>27,909</u>
37.12 Expected charge for the next financial year for the Holding Company *	<u>182,213</u>	<u>27,909</u>

* Expected contribution and charge of the Subsidiary Company are not presented here as the same are not material to the Group.

37.13 Maturity profile

The weighted average duration of the defined benefit obligation is 9.6 years and 10.25 years for conventional and Islamic funds of the Holding Company respectively whereas 8.83 years for the Subsidiary Company.

37.14 Funding policy

The policy followed by the Group for funding the staff retirement benefit schemes is disclosed in note 6.11 of these consolidated financial statements.

37.15 The gratuity scheme exposes the Group to the following risks:

Asset volatility

The defined benefit gratuity conventional fund is almost entirely invested in Government bonds with mostly fixed income bonds. Almost 28% of the total investments (Rs. 106.312 million) is invested in PIBs and TBills. 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 60.2%. 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.

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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. This includes:

- 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.

38 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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39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Holding Company:

2019				
Particulars	Members shariah board	President & CEO	Key Management Personnel	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	1,500	43,000	90,203	108,401
b) 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

2018				
Particulars	Members shariah board	President & CEO	Key Management Personnel	Other material risk takers / controllers
----- Rupees '000 -----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	8,394	32,250	155,390	261,476
ii) Total variable	1,525	36,000	58,100	94,010
of which				
a) Cash bonus / awards	1,525	36,000	58,100	94,010
b) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	700	2,646	6,712	11,838
Contribution to defined contribution plan	-	3,225	6,986	13,014
Rent & house maintenance	540	4,922	38,850	63,754
Utilities	135	-	8,092	14,028
Medical	42	-	1,188	5,428
Conveyance	416	45	3,061	22,401
Signing in bonus	-	-	-	1,400
Others	-	-	132	190
Total	11,752	79,088	278,512	487,537
Number of persons	4*	1	18	72

* During the year ended December 31, 2018, Mufti Khawaja Noor ul Hassan vacated his office as the resident Shariah board member with effect from September 28, 2018 and Mufti Muhammad Abdullah was appointed as the resident Shariah board member of the Shariah Board of the Bank with effect from October 4, 2018. Amounts reported include remuneration of both the current and former resident Shariah board member.

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Subsidiary Company:

2019				
Particulars	Members shariah board	Chief executive	Key Management Personnel	Other material risk takers / controllers
----- Rupees '000 -----				
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	-
2018				
Particulars	Members shariah board	Chief executive	Key Management Personnel	Other material risk takers / controllers
----- Rupees '000 -----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	-	6,051	2,032	-
ii) Total variable	-	-	-	-
of which				
a) Cash bonus / awards	-	-	-	-
b) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	-	-	90	-
Contribution to defined contribution plan	-	-	108	-
Rent & house maintenance	-	448	485	-
Utilities	-	100	117	-
Medical	-	-	108	-
Conveyance	-	-	-	-
Signing in bonus	-	-	-	-
Others	-	-	-	-
Total	-	6,599	2,940	-
Number of persons	-	2	16	-

39.1 The President & CEO is provided with the Bank's maintained cars in accordance with the terms of employment.

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39.2 Remuneration paid to directors for participation in board and committee meetings

Holding Company

2019									
S.No.	Name of director	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

2018									
S.No.	Name of director	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	18,020	-	1,811	-	-	-	-	19,831
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	11,210	2,909	1,917	-	-	-	-	16,036
3	Mian Muhammad Younis	6,007	2,776	-	2,307	-	-	496	11,586
4	Mr. Imtiaz Ahmad Pervez	6,007	-	-	-	-	1,811	-	7,818
5	Mr. Ali Munir	6,007	2,776	-	2,307	2,307	-	496	13,893
6	Mr. Juma Hasan Ali Abul	5,612	2,908	1,917	2,441	-	-	-	12,878
7	Mr. Abdulelah Ebrahim Mohamed AlQasimi	5,612	-	-	-	2,441	1,917	-	9,970
8	Mr. Abdulla Abdulaziz Ali Taleb	5,612	-	-	-	2,441	1,917	-	9,970
9	Mr. Fuad Azim Hashimi	6,007	2,776	1,814	-	-	-	496	11,093
Total amount paid		70,094	14,145	7,459	7,055	7,189	5,645	1,488	113,075

Subsidiary Company

2019					
S.No.	Name of director	Meeting fees and allowances paid			Total
		Board meetings	BHRC	Board Audit Committee	
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

* There were no meeting held from the date of acquisition till December 31, 2018

39.3 Remuneration paid to shariah board members

Description	2019			2018		
	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
Rupees '000						
Meeting fees and allowances	8,173	3,000	2,640	5,275	3,497	2,280
Others	-	3	-	-	-	-
	8,173	3,003	2,640	5,275	3,497	2,280
Number of persons	1	1	1	1	2	1

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40 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.

40.1 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:

	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	5,356,303	2,264,483	-	7,620,786
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)	-	-	11,390,437	11,390,437
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	-	8,780,230	-	8,780,230

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	2018			Total
	Level 1	Level 2	Level 3	
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	182,836,810	-	182,836,810
Shares	4,461,801	3,032,474	-	7,494,275
Non-Government debt securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	15,490,626	-	15,490,626
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,841,430	8,841,430
Non-banking assets acquired in satisfaction of claims	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	69,187,310	-	69,187,310
Forward sale of foreign exchange	-	28,895,283	-	28,895,283
Derivatives sales	-	4,483,600	-	4,483,600

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

There were no transfers between levels 1 and 2 during the 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 a company using the latest available audited financial statements.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk certificates are determined using the MUFAP rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the 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) announce 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 building)	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 State Bank of Pakistan. 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.

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41 SEGMENT INFORMATION

41.1 Segment details with respect to business activities

	2019					
	Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000						
Profit and loss						
Net mark-up / return / profit	(18,300,251)	29,332,925	9,635,849	334,820	123,191	21,126,534
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	8,399	(397,044)	7,350,648
Total Income	17,472,460	3,368,528	4,048,056	35,621	3,552,517	28,477,182
Segment direct expenses	11,606,786	507,192	310,658	134,028	4,917,774	17,476,438
Inter segment expense allocation	4,169,128	529,603	108,916	105,144	(4,912,791)	-
Total expenses	15,775,914	1,036,795	419,574	239,172	4,983	17,476,438
Provisions	507,879	654,996	279,221	(597,395)	(2,444)	842,257
Profit before tax	1,188,667	1,676,737	3,349,261	393,844	3,549,978	10,158,487
Statement of financial position						
Cash and bank balances	22,325,193	-	40,878,883	-	-	63,204,076
Investments	-	19,516,432	184,463,090	3,298,820	165,242	207,443,584
- Investment provision	-	-	(883,015)	(2,966,266)	-	(3,849,281)
Net inter segment lending	348,653,144	-	-	-	(348,653,144)	-
Lendings to financial institutions	-	-	-	-	-	-
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	27,481,482	53,489,152
Total Assets	445,740,402	273,477,879	225,811,429	2,168,383	(317,337,560)	629,860,533
Borrowings	1,931,729	20,088,523	50,726,543	-	-	72,746,795
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	428,356,703	27,972,150	-	115,674	1,340,656	457,785,183
Net inter segment borrowing	-	216,745,546	170,558,318	1,985,797	(389,289,661)	-
Others	15,451,970	8,671,660	1,142,652	66,912	18,789,934	44,123,128
Total liabilities	445,740,402	273,477,879	222,427,513	2,168,383	(369,159,071)	574,655,106
Equity	-	-	3,383,916	-	51,821,511	55,205,427
Total Equity and liabilities	445,740,402	273,477,879	225,811,429	2,168,383	(317,337,560)	629,860,533
Contingencies and commitments	8,944,978	44,725,691	-	1,204,950	-	54,875,619
2018						
	Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000						
Profit and loss						
Net mark-up / return / profit	(6,444,848)	16,947,439	5,372,233	178,467	211,205	16,264,496
Inter segment revenue - net	17,461,403	(15,145,315)	(4,112,586)	(154,477)	1,950,975	-
Non mark-up / return / interest income	3,996,855	1,018,755	2,058,522	2,588	(453,644)	6,623,076
Total Income	15,013,410	2,820,879	3,318,169	26,578	1,708,536	22,887,572
Segment direct expenses	9,485,300	426,997	263,948	191,961	4,729,114	15,097,320
Inter segment expense allocation	3,901,788	530,132	121,442	106,570	(4,659,932)	-
Total expenses	13,387,088	957,129	385,390	298,531	69,182	15,097,320
Provisions	324,188	278,705	93,336	(1,140,444)	22,223	(421,992)
Profit before tax	1,302,134	1,585,045	2,839,443	868,491	1,617,131	8,212,244
Statement of financial position						
Cash and bank balances	19,912,358	-	25,109,230	-	1,274	45,022,862
Investments	-	21,886,526	191,461,086	3,298,820	711,038	217,357,470
- Investment provision	-	(53,648)	(584,443)	(2,903,576)	-	(3,541,667)
Net inter segment lending	329,612,992	-	-	-	(329,612,992)	-
Lendings to financial institutions	-	-	2,997,486	-	-	2,997,486
Advances - performing	61,398,861	229,378,051	-	199,356	2,594,403	293,570,671
Advances - non-performing	5,336,454	1,405,387	-	19,777,837	167,960	26,687,638
- Advances - provisions	(4,602,273)	(662,904)	-	(18,435,951)	(112,320)	(23,813,448)
Others	10,092,323	13,261,830	6,218,701	421,155	11,662,923	41,656,932
Total Assets	421,750,715	265,215,242	225,202,060	2,357,641	(314,587,714)	599,937,944
Borrowings	1,893,185	16,327,177	80,131,559	-	-	98,351,921
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	389,819,208	18,218,136	-	102,865	1,243,292	409,383,501
Net inter segment borrowing	-	220,490,624	142,699,535	2,193,276	(365,383,435)	-
Others	30,038,322	10,179,305	2,806,862	61,500	5,641,768	48,727,757
Total liabilities	421,750,715	265,215,242	225,637,956	2,357,641	(358,498,375)	556,463,179
Equity	-	-	(435,896)	-	43,910,661	43,474,765
Total Equity and liabilities	421,750,715	265,215,242	225,202,060	2,357,641	(314,587,714)	599,937,944
Contingencies and commitments	8,020,019	41,434,947	-	1,039,706	-	50,494,672

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41.2 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.

42 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:

Category	2019				
	No. of IPS accounts	Securities held (face value)			Total
		Market Treasury Bills	Pakistan Investment	Government Ijarah Sukuks	
					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

Category	2018				
	No. of IPS accounts	Securities held (face value)			Total
		Market Treasury Bills	Pakistan Investment	Government Ijarah Sukuks	
					Rupees '000
Corporate	37	4,663,440	477,500	-	5,140,940
Insurance companies	3	-	-	-	-
Asset management companies	48	23,000	-	-	23,000
Employees funds	160	2,854,985	3,915,000	-	6,769,985
Charitable institution / NGOs	21	1,227,930	120,000	-	1,347,930
Individuals	1,190	2,280,735	286,600	-	2,567,335
Related parties	7	185,580	106,700	-	292,280
Others	6	-	-	-	-
	1,472	11,235,670	4,905,800	-	16,141,470

2019

2018

Under discretionary advisory :

Number of portfolios	22	28
Total portfolio at cost (Rs. '000)	1,314,059	798,113
Total portfolio at market value (Rs. '000)	1,318,410	788,046

Under non discretionary advisory :

Number of portfolios	6	-
Total portfolio at cost (Rs. '000)	1,451,211	-
Total portfolio at market value (Rs. '000)	1,519,826	-

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43 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, 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:

	2019					2018				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Investments										
Opening balance	-	-	-	-	5,453,991	-	-	-	23,169	3,782,571
Through business combination	-	-	-	-	-	-	-	-	-	39
Investment made during the year	-	-	-	-	16,502,481	-	-	-	-	2,963,964
Investment redeemed / disposed off during the year	-	-	-	-	(17,214,362)	-	-	-	-	(1,342,583)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(23,169)	50,000
Closing balance	-	-	-	-	4,742,110	-	-	-	-	5,453,991
Provision for diminution in value of investments	-	-	-	-	2,364,199	-	-	-	-	2,321,301
Advances										
Opening balance	-	-	176,873	-	5,002,325	-	-	154,723	-	4,636,528
Addition during the year	-	-	90,859	-	5,579,340	-	-	95,950	-	472,248
Repaid during the year	-	-	(40,845)	-	(1,139,772)	-	-	(73,800)	-	(106,451)
Closing balance	-	-	226,887	-	9,441,893	-	-	176,873	-	5,002,325
Provision held against advances	-	-	-	-	2,925,840	-	-	-	-	2,930,659
Other assets										
Interest / mark-up accrued	-	-	189	-	1,900,806	-	-	127	-	860,805
Commission income receivable	-	-	-	-	11,279	-	-	-	-	-
Remuneration receivable	-	-	-	-	11,110	-	-	-	-	-
Receivable against reimbursement of expenses	-	-	-	-	3,541	-	-	-	-	-
Receivable from defined contribution plan	-	-	-	-	647	-	-	-	-	-
Front end load receivable	-	-	-	-	2,209	-	-	-	-	-
Maintenance receivable	-	-	-	-	-	-	-	-	-	-
Rent receivable	-	-	-	-	-	-	-	-	-	-
Sale load receivable	-	-	-	-	2,004,043	-	-	-	-	1,702,747
Acceptances	-	-	2,293	-	378,175	-	-	123	-	319,493
Others	-	-	2,482	-	4,311,810	-	-	250	-	2,883,045
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	182	26,496	159,986	-	3,416,265	182	19,324	114,085	2,801	3,139,284
Received during the year	-	58,204	1,415,830	-	84,679,688	-	39,208	1,639,205	9,162,055	73,641,910
Withdrawn during the year	-	(46,715)	(1,419,334)	-	(85,021,768)	-	(32,036)	(1,593,304)	(9,162,116)	(73,364,929)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(2,740)	-
Closing balance	182	37,985	156,482	-	3,074,185	182	26,496	159,986	-	3,416,265
Other liabilities										
Interest / mark-up payable	-	196	28	-	9,970	-	62	196	-	9,055
Payable to staff retirement fund	-	-	-	-	118,965	-	-	-	-	177,503
Other liabilities	-	2,625	320	-	125,263	-	-	-	-	127,612
	-	2,821	348	-	254,198	-	62	196	-	314,170

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	2019				2018					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Guarantees issued favouring related parties or on their behalf*	-	-	-	-	29,397	-	-	-	-	29,397
Trade related commitments	-	-	-	-	407,541	-	-	-	-	-
	-	-	-	-	436,938	-	-	-	-	29,397

Rupees '000

Contingencies and commitments

Guarantees issued favouring related parties or on their behalf*

Trade related commitments

* represents outstanding guarantee

43.1 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.

43.2 Details of outstanding investments and donations made during the year relating to related parties are given in notes 11 and 30.2 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 37 and 38 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 39 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 21.2.1 to these consolidated financial statements. Details of assets held under trust arrangement on behalf of the related parties are given in note 42 to these consolidated financial statements.

RELATED PARTY TRANSACTIONS

	2019				2018					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Income										
Mark-up / return / interest earned	-	-	10,746	-	394,686	-	-	8,396	-	125,694
Fee and commission income	-	22	132	-	212,471	-	28	98	6,417	42,131
Distribution commission income	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	93,379	-	-	-	-	204
Net gain / (loss) on sale of securities	-	-	-	-	(22,554)	-	-	-	-	97,679
Maintenance income	-	-	-	-	-	-	-	-	-	-
Occupancy and conservancy income	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest paid	-	2,279	14,110	-	250,576	-	2,148	1,942	1,313	157,812
Reimbursement of expenses	-	-	-	-	440	-	-	-	-	(312)
Director's fee and other expenses	-	106,370	-	-	-	-	113,075	-	-	-
Remuneration of key management personnel	-	-	500,511	-	-	-	-	358,107	-	-
Others										
Shares / units purchased during the year	-	-	-	-	16,501,582	-	-	-	-	2,980,009
Shares / units sold during the year	-	-	-	-	17,191,809	-	-	-	-	1,458,300
Government securities purchased during the year	-	-	650,434	-	3,248,638	-	-	868,847	-	484,029
Government securities sold during the year	-	-	657,890	-	9,161,054	-	-	863,792	-	5,560,191

Rupees '000

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44 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

Tier 1 Capital adequacy ratio

Total Capital adequacy ratio

	2019	2018
	-----Rupees '000-----	
Paid-up capital (net of losses)	15,176,965	15,176,965
Eligible common equity tier 1 (CET 1) capital	42,824,225	36,482,780
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	42,824,225	36,482,780
Eligible tier 2 capital	10,070,358	4,970,159
Total eligible capital (tier 1 + tier 2)	52,894,583	41,452,939
Risk weighted assets (RWAs):		
Credit risk	214,599,394	197,048,682
Market risk	18,939,653	14,879,119
Operational risk	43,587,833	35,994,871
Total	277,126,880	247,922,672
Common equity tier 1 capital adequacy ratio	15.45%	14.72%
Tier 1 Capital adequacy ratio	15.45%	14.72%
Total Capital adequacy ratio	19.09%	16.72%

Capital adequacy is regularly monitored by the Holding Company's management, employing techniques based on the guidelines developed by the Basel Committee, as per the requirements of the SBP. The required information is submitted to the SBP on a quarterly basis.

As at December 31, 2019, the SBP requires each bank or banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10% and (c) maintain common equity tier I (CET1) ratio and tier 1 ratio of 6.0% and 7.5% respectively.

With effect from December 31, 2019, 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.

The paid-up capital of the Holding Company for the year ended December 31, 2019, stood at Rs 15.177 billion (2018: Rs 15.177 billion). As at December 31, 2019, the Group's consolidated CAR stood at 19.09% whereas CET1 and Tier 1 ratios both stood at 15.45%.

The Holding Company is also in compliance with the conservation buffer requirements.

Leverage ratio (LR):

Eligible tier-1 capital

Total exposures

Leverage ratio (%)

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 (%)

	2019	2018
	-----Rupees '000-----	
Eligible tier-1 capital	42,824,225	36,482,780
Total exposures	737,934,261	752,762,576
Leverage ratio (%)	5.80%	4.85%
Total high quality liquid assets	174,038,707	176,430,499
Total net cash outflow	123,796,400	136,979,152
Liquidity coverage ratio (Ratio)	1.406	1.288
Total available stable funding	406,344,452	359,777,496
Total required stable funding	299,623,500	275,381,669
Net stable funding ratio (%)	135.62%	130.65%

44.1 The link to the full disclosure is available at <https://www.faysalbank.com/en/capital-adequacy-ratio-car/>

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45 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 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:

- clearly defined risk management policies;
- well constituted organisational structure; and
- mechanism for ongoing review of credit policies and procedures and risk exposures.

The 'risk management framework' is built on the following elements:

- comprehensive risk governance; and
- effective risk processes.

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.

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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 independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with Compliance 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.

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 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.

45.1 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 and 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 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

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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.

45.1.1 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.

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

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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.

45.1.2 Credit risk: general disclosures Basel II 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 59.29% (2018: 64.94%) of the total credit risk weighted assets, 2.43% (2018: 3.36%) represents claims on PSEs and 16.35% (2018: 15.87%) exposure pertains to claims categorised as retail portfolio.

45.1.3 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 Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

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45.1.4 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2019	2018	2019	2018	2019	2018
	Rupees '000					
Public / Government	-	2,997,486	-	-	-	-
Private	-	-	-	-	-	-
	-	2,997,486	-	-	-	-

45.1.5 Investment in debt securities

Credit risk by industry sector

	Gross lendings		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	Rupees '000					
Textile	51,476	51,476	51,476	51,476	51,476	51,476
Chemical and pharmaceuticals	2,296,663	2,672,858	1,543,597	1,552,757	1,543,597	1,552,757
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	51,252,852	18,541,887	-	-	-	-
Financial	618,234	646,829	-	-	-	-
Services	-	566,667	-	-	-	-
Others	1,899,941	1,002,831	-	-	-	-
	56,627,477	23,990,859	2,103,384	2,112,544	2,103,384	2,112,544

Credit risk by public / private sector

Public / Government	51,128,014	18,333,972	-	-	-	-
Private	5,499,463	5,656,887	2,103,384	2,112,544	2,103,384	2,112,544
	56,627,477	23,990,859	2,103,384	2,112,544	2,103,384	2,112,544

45.1.6 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	Rupees '000					
Agriculture, forestry, hunting and fishing	37,671,466	39,779,224	1,393,828	1,372,755	932,071	919,484
Mining and quarrying	10,643,302	7,411,598	3,451	3,451	3,451	3,451
Textile	33,179,852	37,117,793	8,694,000	9,464,229	8,427,536	8,884,742
Chemical and pharmaceuticals	10,065,770	8,669,856	718,432	753,970	611,552	629,826
Cement	6,257,485	8,322,480	41,608	54,353	39,108	51,853
Sugar	10,580,956	9,620,402	1,292,131	17,131	484,798	632
Footwear and leather garments	1,565,492	1,489,369	425,235	507,821	295,433	332,212
Automobile and transportation equipment	8,626,943	3,750,068	357,936	182,265	335,866	163,567
Electronics and electrical appliances	6,152,026	7,902,111	1,096,112	1,360,057	1,027,788	1,288,308
Construction	2,075,729	6,281,421	319,235	387,395	310,284	384,621
Power (electricity), gas, water, sanitary	57,535,304	52,604,299	4,690,628	3,148,005	3,143,913	2,953,642
Wholesale and retail trade	11,633,590	11,536,522	2,553,567	1,794,988	1,734,079	1,421,392
Exports / imports	-	2,036,183	-	581,075	-	492,294
Transport, storage and communication	4,030,862	20,960,502	251,613	107,514	145,996	83,616
Financial	3,900,437	4,686,196	50,853	50,853	50,309	50,309
Insurance	1,064	1,600	-	-	-	-
Services	15,069,623	17,993,500	474,018	718,969	392,480	654,562
Individuals	36,199,917	33,525,266	2,861,246	2,597,054	2,380,111	2,057,216
Others	78,620,859	46,569,919	5,185,390	3,585,753	3,160,949	2,763,534
	333,810,677	320,258,309	30,409,283	26,687,638	23,475,724	23,135,261

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Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	-----Rupees '000-----					
Public / Government	75,934,491	72,231,146	-	-	-	-
Private	257,876,186	248,027,163	30,409,283	26,687,638	23,475,724	23,135,261
	<u>333,810,677</u>	<u>320,258,309</u>	<u>30,409,283</u>	<u>26,687,638</u>	<u>23,475,724</u>	<u>23,135,261</u>

45.1.7 Contingencies and Commitments

Credit risk by industry sector

	2019	2018
	-----Rupees '000-----	
Agriculture, forestry, hunting and fishing	24,664	199,496
Mining and quarrying	401,842	363,746
Textile	12,314,035	7,489,876
Chemical and pharmaceuticals	2,178,731	2,875,575
Cement	1,180,988	1,592,654
Sugar	180,375	289,519
Footwear and leather garments	165,732	60,681
Automobile and transportation equipment	226,689	567,516
Electronics and electrical appliances	350,193	619,533
Construction	582,688	1,208,171
Power (electricity), gas, water, sanitary	3,733,267	7,074,714
Wholesale and retail trade	5,017,410	3,021,243
Exports / imports	95,358	75,870
Transport, storage and communication	1,768,837	2,541,034
Financial	35,547	2,330,244
Services	7,806,189	2,050,965
Individuals	1,099,705	645,273
Others	17,713,369	17,488,562
	<u>54,875,619</u>	<u>50,494,672</u>

Credit risk by public / private sector

Public / Government	1,857,056	9,486,232
Private	53,018,563	41,008,440
	<u>54,875,619</u>	<u>50,494,672</u>

45.1.8 Concentration of advances

The Group's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 98,648 million (2018: Rs 98,957 million) are as following:

	2019	2018
	-----Rupees '000-----	
Funded	88,102,082	85,612,060
Non-funded	10,545,863	13,345,010
Total exposure	<u>98,647,945</u>	<u>98,957,070</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 168.3 billion (2018: Rs 139.4 billion).

There are no classified exposures under this category of advances.

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45.1.9 Advances - province / region-wise disbursement and utilisation

Province / region	2019						
	Disbursements	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

Province / region	2018						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	-----Rupees '000-----						
Punjab	413,258,605	411,569,657	464,381	60,183	4,843	1,158,683	858
Sindh	593,700,639	15,211,836	578,339,469	31,551	14,277	100,753	2,753
KPK including FATA	1,752,821	-	-	1,752,821	-	-	-
Balochistan	1,596	-	-	-	1,596	-	-
Islamabad	27,019,350	3,542,313	9,967	360,515	1,170	23,085,228	20,157
AJK including Gilgit-Baltistan	239,808	183,332	-	-	-	200	56,276
Total	1,035,972,819	430,507,138	578,813,817	2,205,070	21,886	24,344,864	80,044

45.2 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.

45.2.1 Consolidated statement of financial position split by trading and banking books

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	-----Rupees '000-----					
Cash and balances with treasury banks	60,368,426	-	60,368,426	43,174,003	-	43,174,003
Balances with other banks	2,835,650	-	2,835,650	1,848,859	-	1,848,859
Lendings to financial institutions	-	-	-	2,997,486	-	2,997,486
Investments	27,191,037	176,403,266	203,594,303	29,391,946	184,423,857	213,815,803
Advances	309,573,002	-	309,573,002	296,444,861	-	296,444,861
Fixed assets	24,241,544	-	24,241,544	11,684,874	-	11,684,874
Intangible assets	1,840,624	-	1,840,624	1,684,924	-	1,684,924
Deferred tax assets	-	-	-	119,771	-	119,771
Other assets	27,406,984	-	27,406,984	28,167,363	-	28,167,363
Total	453,457,267	176,403,266	629,860,533	415,514,087	184,423,857	599,937,944

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45.2.2 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.

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.

	2019				2018			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	Rupees '000							
Pakistan Rupee	614,334,696	520,354,366	(40,234,738)	53,745,592	588,956,857	505,418,122	(40,143,995)	43,394,740
United States Dollar	12,834,688	48,355,127	36,977,410	1,456,971	9,380,623	45,306,977	35,946,997	20,643
Great Britain Pound Sterling	1,752,207	3,901,237	2,155,516	6,486	933,973	3,854,846	2,926,748	5,875
Euro	910,522	2,041,078	1,129,859	(697)	602,876	1,883,214	1,280,833	495
Japanese Yen	227	1,861	2,138	504	2,091	20	-	2,071
Other currencies	28,193	1,437	(30,185)	(3,429)	61,524	-	(10,583)	50,941
	<u>629,860,533</u>	<u>574,655,106</u>	<u>-</u>	<u>55,205,427</u>	<u>599,937,944</u>	<u>556,463,179</u>	<u>-</u>	<u>43,474,765</u>

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 1% change in foreign exchange rates on				
- profit and loss account	-	14,598	-	800
- other comprehensive income	-	-	-	-

45.2.3 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 State Bank of Pakistan for overall investment and per scrip exposure. Additionally, there are internal limits set to manage overall earnings in the form of stop loss limits and maintain a diverse portfolio through sector concentration limits.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 5% change in equity prices on				
- profit and loss account	-	8,262	-	13,505
- other comprehensive income	2,235	366,525	2,483	354,707

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45.2.4 Yield / interest rate risk in the banking book (IRRBB)-Basel II specific

Impact of 1% change in interest rates on
 - profit and loss account
 - other comprehensive income

		2019		2018	
		Banking book	Trading book	Banking book	Trading book
Rupees '000					
		(40,983)	1,574,839	(601,472)	1,610,913
		4,336	(495,718)	-	(219,886)

45.2.5 Mismatch of interest rate sensitive assets and liabilities

Effective yield / interest rate (%)	Total	Exposed to yield / interest risk							Non-interest bearing financial instruments			
		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	
0.7	60,388,426	5,202,879	-	-	-	-	-	-	-	-	-	55,165,547
1.5	2,835,650	55,813	-	-	-	-	-	-	-	-	-	2,779,837
10.9	203,594,303	48,714,042	112,592,317	22,561,684	10,428,428	1,676,915	143	-	-	-	-	7,620,774
12	309,573,002	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
	597,410,305	169,347,669	191,764,604	89,381,292	49,039,766	2,041,920	271,793	595,966	210,256	1,210,500	-	93,546,639

On-balance sheet financial instruments

Assets													
Cash and balances with treasury banks	0.7	60,388,426	5,202,879	-	-	-	-	-	-	-	-	-	55,165,547
Balances with other banks	1.5	2,835,650	55,813	-	-	-	-	-	-	-	-	-	2,779,837
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-	-	-
Investments	10.9	203,594,303	48,714,042	112,592,317	22,561,684	1,676,915	143	-	-	-	-	-	7,620,774
Advances	12	309,573,002	115,374,935	79,172,287	66,819,608	365,005	271,793	595,966	210,113	1,210,500	-	-	6,941,457
Other assets		21,038,924	-	-	-	-	-	-	-	-	-	-	21,038,924
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	141,236	933,160	2,032,721	-	-	-	438,722
Deposits and other accounts	6.8	457,785,183	221,980,875	31,196,195	24,324,525	37,167,145	1,714,652	456,047	-	-	-	-	138,469,072
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities		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	1,989,207	2,032,721	-	-	168,441,667
		37,344,454	(90,601,678)	134,536,711	60,395,947	11,566,471	(668,568)	(1,584,095)	(793,241)	(1,822,465)	1,210,500	-	(74,895,128)
On-balance sheet gap		17,860,973	-	-	-	-	-	-	-	-	-	-	-
Net non-financial assets		55,205,427	-	-	-	-	-	-	-	-	-	-	-

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

	(105,041,902)	148,553,715	71,414,639	12,213,585	(668,568)	(1,584,095)	(793,241)	(1,822,465)	1,210,500
	(105,041,902)	43,511,813	114,926,452	127,140,037	126,471,469	124,887,374	124,094,133	122,271,668	123,482,168

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Effective yield / interest rate (%)	2018										Non-interest bearing financial instruments	
	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	Above 10 years		
----- Rupees '000 -----												
On-balance sheet financial instruments												
Assets												
	43,174,003	-	-	-	-	-	-	-	-	-	-	43,174,003
Cash and balances with treasury banks	1,848,859	-	-	-	-	-	-	-	-	-	-	1,848,859
Balances with other banks	2,997,486	2,997,486	-	-	-	-	-	-	-	-	-	2,997,486
Lending to financial institutions	213,815,803	90,641,342	87,498,958	17,121,366	3,191,616	5,911,644	1,675,947	-	280,656	-	-	7,494,274
Investments	296,444,861	127,059,643	98,777,840	32,390,520	32,240,925	68,266	180,967	243,742	362,606	1,568,955	-	3,551,397
Advances	20,264,826	-	-	-	-	-	-	-	-	-	-	20,264,826
Other assets	578,545,838	220,698,471	186,276,798	49,511,886	35,432,541	5,979,910	1,856,914	243,742	643,262	1,568,955	-	76,333,359
Liabilities												
Bills payable	23,543,524	-	-	-	-	-	-	-	-	-	-	23,543,524
Borrowings	98,351,921	71,787,088	12,379,365	10,528,789	653,131	146,678	400,150	455,048	1,860,047	-	-	141,625
Deposits and other accounts	409,383,501	194,893,035	35,751,500	15,147,869	25,597,130	1,389,865	1,607,035	135,508	-	-	-	134,861,559
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	23,074,691	-	-	-	-	-	-	-	-	-	-	23,074,691
On-balance sheet gap	554,353,637	266,680,123	48,130,865	25,676,658	26,250,261	1,536,543	2,007,185	590,556	1,860,047	1,568,955	-	181,621,399
Net non-financial assets	24,192,201	(45,981,652)	138,145,933	23,835,228	9,182,280	4,443,367	(150,271)	(346,814)	(1,216,785)	1,568,955	(105,288,040)	-
Net total assets	19,341,053	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts (lending)	66,533,034	18,455,924	18,006,425	27,737,492	2,333,193	-	-	-	-	-	-	-
- forward foreign exchange contracts (borrowing)	27,870,102	13,024,486	6,798,868	3,338,812	4,707,936	-	-	-	-	-	-	-
- forward government securities transactions (lending)	2,989,169	2,989,169	-	-	-	-	-	-	-	-	-	-
- forward government securities transactions (borrowing)	59,084,100	59,084,100	-	-	-	-	-	-	-	-	-	-
- cross currency and interest rate swaps	4,483,600	-	3,326,418	1,157,182	-	-	-	-	-	-	-	-
- forward lending	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	(21,905,599)	(50,653,493)	7,881,139	23,241,498	(2,374,745)	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap	(96,635,145)	146,027,072	47,076,726	6,807,537	6,807,537	4,443,367	(150,271)	(346,814)	(1,216,785)	1,568,955	-	-
Cumulative yield / interest risk sensitivity gap	(96,635,145)	49,391,927	96,468,653	103,276,190	107,719,557	107,569,286	107,222,472	106,005,687	107,574,642	107,574,642	-	-

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 Group 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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45.3 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.

45.4 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.

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 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. 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 Group remains sufficiently liquid at all times.

The market and liquidity risk under enterprise risk management function overseas liquidity risk. The Group's Asset and

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Liability Committee manages the liquidity position on a continuous basis. The Group's liquidity risk management process, as carried out within the Group and monitored by the management, includes:

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.

45.4.1 Maturities of assets and liabilities - based on contractual maturities

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
Assets														
Cash and balances with treasury banks	60,368,426	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,835,650	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	203,594,303	34,780,609	10,000	-	14,001,652	52,931,677	19,286,864	2,868,121	8,307,534	3,285,270	5,114,720	2,701,606	4,814,400	55,511,850
Advances	308,573,002	37,839,483	31,850,951	17,845,641	42,583,626	12,012,495	15,947,950	22,779,568	7,727,806	7,029,147	24,711,356	27,775,680	33,289,495	28,779,794
Fixed assets	24,241,544	12,811	76,824	89,628	205,007	384,854	381,726	577,920	276,538	283,639	1,163,488	1,269,999	1,964,333	17,564,999
Intangible assets	1,840,624	4,271	25,628	29,900	68,342	128,141	128,088	177,846	74,422	57,071	177,744	126,559	190,281	692,331
Deferred tax assets	27,406,984	2,899,865	886,251	1,426,486	3,186,337	3,491,086	3,882,130	6,413,668	407,205	353,509	1,826,760	96,707	2,787,707	49,273
Other assets	629,860,533	138,741,125	32,849,654	19,397,655	60,044,964	68,948,253	38,606,758	32,877,123	16,793,303	11,008,636	32,894,048	31,970,551	43,086,216	101,985,247
Liabilities														
Bills payable	8,356,460	8,356,460	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	72,746,795	438,722	25,736,810	2,330,500	9,901,162	8,407,148	17,624,550	4,660,820	245,505	60,645	233,816	141,236	933,160	2,032,721
Deposits and other accounts	457,785,183	323,915,100	12,480,638	8,864,286	15,389,943	15,575,868	15,620,327	24,324,525	8,599,408	28,587,737	2,476,672	1,714,652	456,047	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	2,816,798	-	-	-	-	-	-	-	-	-	-	-	-	2,816,798
Other liabilities	32,949,870	453,716	640,768	1,154,767	2,890,360	2,927,967	4,962,561	3,405,476	1,154,315	3,128,656	3,433,962	1,085,899	854,288	6,857,135
Net assets	574,655,106	333,163,988	38,859,216	12,149,533	28,181,465	26,910,893	38,207,438	32,900,821	9,999,278	31,757,038	6,144,430	2,941,787	2,243,495	11,706,654
	55,205,427	(194,422,873)	(6,008,562)	(7,242,122)	(31,863,489)	(42,037,270)	(1,399,520)	(28,302)	(6,794,075)	(20,748,402)	(26,849,588)	(29,028,764)	(40,792,721)	(90,251,583)
Share capital	15,176,965	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	9,830,958	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	10,748,080	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	19,449,413	-	-	-	-	-	-	-	-	-	-	-	-	-
Total equity attributable to the equity holders of the parent	55,205,416	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	11	-	-	-	-	-	-	-	-	-	-	-	-	-
	55,205,427	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

This contains maturity analysis of lease liabilities based on contractual maturities which is shown below:

	2019												
	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	
Total	8,309,852	-	-	-	896	-	698	-	-	136,855	473,956	850,603	6,846,843
Rupees '000													
	2018												
	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	
Total	43,174,003	-	-	-	-	-	-	-	-	-	-	-	-
Rupees '000													
Assets													
Cash and balances with treasury banks	43,174,003	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,848,859	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	2,997,486	2,997,486	-	-	-	-	-	-	-	-	-	-	-
Investments	213,815,803	19,465	125,273	39,806,592	83,948,207	1,298,434	2,937,496	5,149,350	3,201,553	8,987,961	4,885,682	4,801,787	8,521,979
Advances	296,444,361	89,938,626	18,359,571	45,543,523	9,752,270	18,064,094	24,015,789	5,674,551	7,652,753	24,935,437	21,226,024	30,539,104	28,619,171
Fixed assets	11,684,874	22,473	27,535	62,938	119,855	137,743	126,905	12,141	16,423	133,283	388,752	739,478	9,873,046
Intangible assets	1,684,924	1,871	13,085	29,932	56,252	57,023	67,080	8,565	587	17,710	91,847	3,733	1,326,004
Deferred tax assets	119,771	-	-	-	-	-	-	-	-	-	-	-	119,771
Other assets	28,167,363	1,104,150	5,018,029	3,688,694	2,184,259	1,604,496	4,882,089	577,155	946,585	886,889	1,340,829	3,808,112	-
	599,937,944	69,248,719	112,434,660	43,713,429	96,060,543	21,161,790	32,029,359	11,421,762	12,017,901	34,961,280	27,934,134	39,892,214	48,459,971
Liabilities													
Bills payable	23,543,524	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	98,351,921	62,166,500	825,000	8,795,588	3,338,050	9,041,315	10,528,789	650,154	2,976	146,678	400,150	455,048	1,860,047
Deposits and other accounts	409,383,501	13,118,572	10,770,170	23,873,887	14,258,504	21,492,996	15,147,869	10,483,780	15,113,350	1,389,865	1,607,035	135,508	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	25,184,233	86,625	1,025,043	3,751,033	2,000,277	1,951,455	3,442,940	1,334,465	2,145,175	2,145,112	2,378,822	8	2,212
	556,463,179	3,057,637,740	76,310,115	36,420,508	19,596,831	32,465,766	29,119,598	12,468,399	17,261,501	3,681,655	4,386,007	590,564	1,882,259
Net assets	43,474,765	(2,365,15,021)	36,124,545	7,292,921	76,463,712	(11,323,976)	2,909,761	(1,046,637)	(5,243,600)	31,279,625	23,546,127	39,301,650	46,597,712
Share capital	15,176,965												
Reserves	8,778,908												
Surplus on revaluation of assets - net	5,083,667												
Unappropriated profit	14,425,209												
Total equity attributable to the equity holders of the parent	43,474,749												
Non-controlling interest	16												
	43,474,765												

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

45.4.2 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.

	2019									
	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	Rupees '000									
Cash and balances with treasury banks	286,049	573,891	1,149,688	2,306,279	4,623,849	5,692,965	11,300,432	20,017,304	14,417,969	
Balances with other banks	13,516	26,956	54,002	108,328	217,187	267,405	530,794	940,235	677,227	
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	
Investments	48,792,261	72,198,541	2,868,121	11,592,804	5,114,720	2,701,606	4,814,400	54,925,918	585,932	
Advances	66,885,101	36,394,116	37,009,765	49,014,819	27,530,221	31,269,691	33,289,495	22,924,207	5,255,587	
Fixed assets	384,270	766,580	577,920	559,975	1,163,468	1,269,989	1,954,333	6,879,890	10,685,109	
Intangible assets	128,141	256,229	177,846	131,493	177,744	126,559	190,281	652,331	-	
Deferred tax assets	-	-	-	-	-	-	-	-	-	
Other assets	8,398,939	7,373,216	6,113,668	760,714	1,826,760	96,707	2,787,707	49,273	-	
	629,860,533	124,888,277	117,589,529	47,951,010	64,474,412	40,653,949	41,424,932	106,389,158	31,621,824	
Liabilities	Rupees '000									
Bills payable	8,356,460	-	-	-	-	-	-	-	-	
Borrowings	38,407,194	26,031,698	4,660,820	306,150	233,816	141,236	933,160	2,032,721	-	
Deposits and other accounts	38,333,101	34,247,349	30,439,377	49,430,391	27,169,720	32,286,233	61,567,403	107,140,505	77,171,104	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	
Subordinated debt	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	
Other liabilities	5,139,611	7,908,921	3,437,047	4,239,526	3,434,055	1,079,287	854,288	2,816,798	-	
	90,236,366	68,187,968	38,537,244	53,976,067	30,837,591	33,506,756	63,354,851	117,484,018	78,534,245	
Net assets	34,651,911	49,401,561	9,413,766	10,498,345	9,816,358	7,918,176	(8,487,409)	(11,094,860)	(46,912,421)	
Share capital	15,176,965	-	-	-	-	-	-	-	-	
Reserves	9,830,958	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets - net	10,748,080	-	-	-	-	-	-	-	-	
Unappropriated profit	19,449,413	-	-	-	-	-	-	-	-	
Total equity attributable to the equity holders of the parent	55,205,416	-	-	-	-	-	-	-	-	
Non-controlling interest	11	-	-	-	-	-	-	-	-	
	55,205,427	-	-	-	-	-	-	-	-	

This contains maturity analysis of lease liabilities based on expected maturities which is shown below:

	2019									
	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	
Liabilities	Rupees '000									
Lease liabilities	-	896	698	-	136,855	473,956	850,603	5,483,349	1,363,493	

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

		2018									
		Rupees '000									
		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											
Cash and balances with treasury banks		43,174,003	202,918	405,836	818,147	1,638,453	3,287,700	4,043,245	8,149,093	14,355,356	10,273,255
Balances with other banks		1,848,859	8,690	17,379	35,036	70,164	140,791	173,146	348,972	614,746	439,935
Lendings to financial institutions		2,997,486	2,997,486	-	-	-	-	-	-	-	-
Investments		213,815,803	90,083,355	85,246,641	2,937,496	8,350,903	8,987,961	4,885,682	4,801,787	7,061,773	1,460,205
Advances		296,444,861	62,490,499	36,952,720	39,345,798	46,358,335	27,716,407	24,422,960	30,539,104	16,922,758	11,696,280
Fixed assets		11,684,874	136,549	257,299	126,905	28,563	133,283	389,752	739,478	1,101,622	8,771,423
Intangible assets		1,684,924	56,123	113,274	67,080	9,152	17,711	91,847	3,733	-	1,326,004
Deferred tax assets		119,771	-	-	-	-	-	-	-	119,771	-
Other assets		28,167,363	11,936,949	3,788,755	4,882,089	1,523,739	886,899	1,340,829	3,808,103	-	-
		599,937,944	167,912,569	126,781,904	48,212,551	57,979,309	41,170,752	35,347,461	48,390,270	40,176,026	33,967,102
Liabilities											
Bills payable		23,543,524	-	-	-	-	-	-	-	-	-
Borrowings		98,351,921	71,928,713	12,379,365	10,528,789	653,131	146,678	400,150	455,048	1,860,047	-
Deposits and other accounts		409,383,501	49,301,870	38,392,940	20,474,824	36,268,140	22,847,515	28,055,970	53,529,309	93,498,080	67,014,853
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities		-	-	-	-	-	-	-	-	-	-
Other liabilities		25,184,233	9,783,768	3,951,732	3,442,940	3,479,639	2,145,112	2,378,822	8	2,212	-
		556,463,179	154,557,875	54,724,037	34,446,553	40,400,910	25,139,305	30,834,942	53,984,365	96,360,339	67,014,853
Net assets		43,474,765	13,354,694	72,057,867	13,765,998	17,578,399	16,031,447	4,512,519	(5,594,096)	(5,184,313)	(33,047,751)
Share capital		15,176,965									
Reserves		8,778,908									
Surplus on revaluation of assets - net		5,093,667									
Unappropriated profit		14,425,209									
Total equity attributable to the equity holders of the parent		43,474,749									
Non-controlling interest		16									
		43,474,765									

45.5 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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

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.

46 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 13, 2020 by the Board of Directors of the Holding Company.

47 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.

48 EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 13, 2020 has proposed a stock dividend of Nil% amounting to Rs Nil (2018: 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

For the year ended December 31, 2019

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2019 as referred in note 11.5 to these 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						Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13		
1	Sardar Khalid Javid	H.No. 20-B, Chak No. 208, RB Eden Garden, Faisalabad.	Sardar Khalid Javid	33100-8763471-7	Sardar Sultan Asad	48	-	1	49	677	11	3	691	
2	Junaid Ahmad Khan	H.No. 90, St.No. 12, Zaitoon Colony GT Road Daroghawala, Lahore.	Junaid Ahmad Khan	35201-9106391-1	Shehbazat Husain Khan	419	9	15	443	459	34	11	504	
3	Farhan Bashir	H.No. A-127, Shariabad FB Area 1 Nr. Jamia Masjid Faizan Hadeeq Bukhshish, Karachi.	Farhan Bashir	42301-3834026-9	Bashir Ahmed	288	147	489	924	-	146	489	635	
4	Zahid Iqbal	Flet No B-124, 2nd Floor, Baba-e-Arif Sector, 15-B Bufferzone, Karachi.	Zahid Iqbal	35202-2619941-3	Muhammad Ibrahim	479	111	-	590	70	154	366	590	
5	Muhammad Arshad	C/O Fatah Telecom P-28, College Road Commercial, Kohinoor Town Faisalabad.	Muhammad Arshad	33100-4187946-5	Abdul Hameed	500	292	-	792	199	301	-	500	
6	Zahid Iqbal	C/O Paragon Restaurant, 30 Commercial Zone, Liberty Market.	Zahid Iqbal	35202-2619941-3	Muhammad Ibrahim	496	880	30	1,406	-	833	30	863	
7	Farhan Junego	Plot No. C-60, Block-2, Scheme No.5, Clifton, Karachi.	Farhan Junego	42301-5945284-9	Nabi Sher Junego	19,529	22,147	-	41,676	-	18,295	-	18,295	
8	Nadeem Arif Khan	House No. P710, Street No. 2, Haseeb Shaheed Colony, Faisalabad.	Nadeem Arif Khan	33100-1927884-1	Muhammad Arif Khan	3,500	1,002	-	4,502	-	1,002	-	1,002	
9	Tauseef Raza Khan	C/O Sun Rise Trading Co. D-130 KDA Scheme-1, Nr Royal Appt (Opp Navy Gate Karachi).	Tauseef Raza Khan	42201-1775770-7	Abid Raza Khan	453	804	16	1,273	-	728	27	755	
10	Khan Muhammad Jahanzab Khan Khichi	Plot No 04, Bungalow No. 11, Survey No. 194/10, Alauddin Road Cantt, Lahore.	Khan Muhammad Jahanzab Khan Khichi	35201-2508144-1	Khan Muhammad Nawaz Khan Khichi	13,858	7,616	-	21,474	-	7,722	-	7,722	
11	Hamid Nazar Malik	C/O City Cargo Services, Off No. 20-F, D-1 Gulberg-II.	Hamid Nazar Malik	35202-2872124-3	Nazar Hussain Malik	500	974	31	1,505	-	832	31	863	
12	Alta MUHAMMAD	H.T. 3960, 3rd Floor, Wazir Azam Afridi House, St 8 Sec D2, Hjratt Colony Saadler, Karachi.	Alta Muhammad	42201-9785133-7	Faqir Muhammad Pathan	504	-	-	504	504	36	-	540	
13	Muhammad Irees	Khwatt No. 4477, Khatooni, 5546 Khaira, Chak No. 203 Rd Situated at Canal Garden, Canal Road Tehsil City, Distt Faisalabad.	Muhammad Irees	33100-6477681-9	Not Available	29,667	30,107	-	59,774	-	30,917	-	30,917	
14	Syed Anzar Abbas	C/O Charab Distributors Shop No. 22 United Centre, Murree Road Shamsabad.	Syed Anzar Abbas	37405-9527113-9	Syed Hussain Imnam	496	652	14	1,162	-	701	15	716	
15	Syed Hassan Akhtar	H.No. 215/D, Sadaat Colony, Unit No. 9, Laffiabad Hyderabad.	Syed Hassan Akhtar	41303-7614733-9	Syed Hassan Ceiser Zaidi	385	418	11	814	43	459	20	522	
16	Mian Masood Ahmed	Residential House situated at Street 1- B, Sector F-10/3, Islamabad.	Mian Masood Ahmed	37405-0335717-3	Mian Abdul Hamid	7,910	6,696	-	14,606	-	6,997	-	6,997	
17	Muhammad Riaz	Plot No. 19/II, Phase VII, DHA Creek, Lane No. 2, Karachi.	Muhammad Riaz	42101-1861575-5	Muhammad Kauser	17,350	15,158	-	32,508	-	9,476	-	9,476	
18	Azhar Rasheed	House No. 723/1, F/ 2 Johar Town, Old Campus View Town Kwhit No. 379, Kharooni No. 703, Hedbaat Mouza, Joganpura, Lahore.	Azhar Rasheed	35202-2882229-3	Rasheed Ahmed	3,347	3,050	-	6,397	-	2,904	-	2,904	

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For the year ended December 31, 2019

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs			
1	2	3	4	5	6	7	8	9	10	11	12	13			
19	Muhammad Javed	Residential House, situated at House No. 119/A, Block B, Revenue Employee Housing Society Ltd, Lahore.	Muhammad Javed	35202-5739792-1	Muhammad Rafique	1,768	1,785	-	3,553	-	-	644	-	644	
20	Tariq Aziz	C/O Fuzhat Cloth House Shop No. C-305, Moti Bazar, Masjid Wali Gali.	Tariq Aziz	37405-7599706-7	Muhammad Younas	500	615	18	1,133	-	-	699	18	717	
21	Imran Hanana	C/O Hanan Radio Corporation, Khliaq Centre, 16-Hall Road.	Imran Hanana	35202-4527712-7	Abdul Hanan	393	698	37	1,128	-	-	725	37	762	
22	Malik Muhammad Abid	House No. 289, Block 13, Sector B-1, Quid-e-Azam Town Scheme (Township), Lahore.	Malik Muhammad Abid	35202-0416483-5	Malik Muhammad Saadiq	1,843	1,305	-	3,148	-	-	1,435	-	1,435	
23	Muhammad Usman Idrees	Usman Engineering, Besti Muhammad Husan near Ahmad Kanta, Moman Pura Road, Lahore.	Muhammad Usman Idrees	35201-1702737-7	Muhammad Idrees	675	-	-	675	166	-	420	-	586	
24	Tahir Javed Raehore	C/O Faizan Traders, G-3, Brothers Plaza 30, Hall Road.	Tahir Javed Raehore	35202-7622985-1	Ch Muhammad Yousaf	500	786	16	1,302	-	-	724	16	740	
25	Tahir Mahmood Bajwa	House No. 113 New 120, Old Canal Road Eden Canal Villas, Lahore.	Tahir Mahmood Bajwa	34101-2693795-3	Zulfiqar Ali Bajwa	3,876	2,536	-	6,412	-	-	2,635	-	2,635	
26	Muhammad Waqas Surfaraz Sheikh	169 Tariq Block, New Garden Town, Lahore.	Muhammad Waqas Surfaraz Sheikh	35202-6956171-1	Muhammad Surfaraz Mahmood	4,690	2,985	-	7,675	-	-	3,194	-	3,194	
27	Muhammad Usman Khan	H-465, Sec G-10/1, Islamabad.	Muhammad Usman Khan	61101-5339757-7	Ishrat Ullah Khan	409	435	10	854	-	-	509	10	519	
28	Jawad Ali Khan	395-G-1, Johar Town, Lahore.	Jawad Ali Khan	35202-8096393-3	Mahboob Ali Khan	3,364	1,394	-	4,758	-	-	1,340	-	1,340	
29	Ayaz Hussain Memon	H No. A-75, Al-Abbas Town, Qasimabad, Phase-1 Near Masjid Rehmat-Ul-Aalamin / Aga Taj, Karachi.	Ayaz Hussain Memon	45303-0700082-7	Abdul Rehman	501	-	-	501	480	-	81	-	561	
30	Jahanzeb Qureshi	C/O Dimension Four, 6-7 2nd Floor, Al-Lateef Center, Main Blvd Gulberg 3.	Jahanzeb Qureshi	35201-7999471-7	Pervaz Khalid	278	402	9	689	57	-	486	11	554	
31	Kashif Ali Virk	M/S Ahmed Paper Cone, 13-Km Sheikhpura Road, Kot Abdul Malik, Near Firdous Four Mills.	Kashif Ali Virk	35401-2865694-7	Rehmat Ali	379	317	31	727	73	-	404	31	508	
32	Muhammad Arshad	C/O Farhad Telecom P-28, College Road Commercial, Kohinoor Town Faisalabad.	Muhammad Arshad	33100-4187946-5	Abdul Hameed	500	443	5	948	183	-	588	5	776	
33	Farhan Bashir	67-1/B, Block-6, PECHS, Nursery near KFC.	Farhan Bashir	42301-3534026-9	Bashir Ahmed	391	722	61	1,174	-	-	832	69	901	
34	Javed Siddique	Chak No. 219 RB House No. 280-B, People Colony, The City and Distt Faisalabad.	Javed Siddique	33100-7645400-9	Muhammad Siddique	38,668	4,265	-	42,933	-	-	6,357	-	6,357	
35	Clitpac	H.L-24, Sec T1-F, New Karachi.	Shakeel Ahmed	42101-2616677-7	Aziz Muhammad	-	7,640	-	7,640	-	-	7,640	-	7,640	
36	Sadiqabad Oil & Gee Mills	18-D, Z-Block, Satellite Town 1, Rahim Yar Khan.	Shahid Ahmed	31304-1228455-1	Nazir Ahmed	-	926	-	926	-	-	926	-	926	
37	Jam Brothers & Co.	Faisal Colony Burewala, Vehari.	Shahid Qayyum	36601-8452377-5	Abdul Karim	-	607	-	607	-	-	607	-	607	
38	Imran Drug Centre	Club Road, Vehari.	Muhammad Tariq	36603-3973248-3	Bashir Ahmed	-	3,896	-	3,896	-	-	3,896	-	3,896	
39	Al Madina Electric & Cooling Centre	Rahim Chowk, Masoom Shah Road, Multan.	Haji Muhammad Hanif	36302-0277120-3	Saeed Muhammad	-	1,038	50	1,088	-	-	1,038	50	1,088	
40	Danish Tariq Majeed	Khuda Dad Street, Baghbanpura, Lahore.	Danish Tariq Majeed	35201-8569893-9	Tariq Majeed	-	6,098	-	6,098	-	-	6,098	-	6,098	

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						Principal	Interest / Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
41	Muhammad Jehangir Awan	215-10, Christian Street, Neekapur, Seikot.	Muhammad Jehangir Awan	34603-8180283-1	Barkat Ali	29,000	58,734	-	87,734	-	58,892	-	58,892
42	Lahore Chicks	Lahore Japan Center 2nd Floor, Room No.21, Main Shadman Market, Lahore.	1. Muhammad Zaman Khan 2. Atiqur Rehman Khan	1. 35201-2391001-3 2. 35201-6334088-3	1. Abdul Aziz Khan 2. Abdul Aziz Khan	-	54,897	-	54,897	-	54,897	-	54,897
43	Annol Feeds	Purana Kahna, Ferozpur Road, Lahore.	1. Muhammad Zaman Khan 2. Atiqur Rehman Khan	1. 35201-2391001-3 2. 35201-6334088-3	1. Abdul Aziz Khan 2. Abdul Aziz Khan	-	30,643	-	30,643	-	30,643	-	30,643
44	Farooq Jamil	13, Sunny Side Villas, Civil Lines Cantt. Karachi.	Farooq Jamil	42301-8636300-5	Khwaja Abdul Raof	1,731	2,960	-	4,691	-	2,177	-	2,177
45	Arshad Amjad & Abid (Pvt) Ltd.	311-314, Muhammad House I.I, Chundigar Road, Karachi.	1. Arshad Farooq 2. Arshad Farooq 3. S.M. Farooq 4. Abid Farooq	1. 42000-0389449-6 2. 42000-0397564-5 3. 42000-0412513-5 4. 517-57-205584	1. S.M. Farooq 2. S.M. Farooq 3. Men Ahmed Din Megoon 4. S.M. Farooq	3,822	10,362	-	14,184	-	10,016	-	10,016
46	M/S. Crown Traders	H No 5, Street 12-B, Chaklala Scheme III Rawalpindi.	Syed Shabbir Hussain Naqvi	37201-1741596-1	Syed Baqir Hussain Naqvi	-	3,022	-	3,022	-	3,022	-	3,022
47	Tariq Mehmood Traders	06 Jangru Chowk, Rehmat Ullah Town, Okara.	Tariq Mehmood	35302-6196918-5	Muhammad Ramzan	3,000	4,395	-	7,395	-	3,947	-	3,947
48	Green Agro Marketing Co.	573 Phase II, DHA Officer's Housing Society, Gujranwala.	Muhammad Ather Latif Butt	34601-3963388-9	Muhammad Latif Butt	6,001	1,111	-	7,112	-	804	-	804
49	Fine Embroidery	Street No.1, Sheikh Colony, Gujranwala.	Rahat Ilyas	34101-763645-4	Muhammad Ilyas	-	664	-	664	-	664	-	664
50	Waqar Younas Traders	7 B, Small Industries Estate 1, Gujranwala.	Muhammad Younas	34101-1546341-7	Muhammad Hussain	6,489	4,998	-	11,087	-	4,000	-	4,000
51	Sajjad & Co.	35 Warraich Town, Miragzar Colony, Gujranwala.	Sajjad Ahmad	34201-4725361-3	Habb Ullah	2,500	2,239	-	4,739	-	2,106	-	2,106
52	Meer Sons	268 N Block Model Town, Lahore.	Amir Siddique Meer	35202-9425397-7	Muhammad Siddique Meer	591	7,918	-	8,509	-	7,020	-	7,020
53	Fine Protein Farms	6 Km Menga Rawind Road, near Shahmawaz Tis Rawand, Lahore.	1. Shahid Bashir 2. Shaibr Hussain	1. 35202-2702691-7 2. 340-66-412760	1. Ch. Bashir Ahmad 2. Muhammad Sharif	3,991	10,197	-	14,128	-	8,303	-	8,303
54	Mohammad Rafique	676 Thappaar, Chaburi, Lahore.	Mohammad Rafique	35202-9189036-3	Muhammad Ramzan	4,460	7,133	-	11,593	-	6,742	-	6,742
55	A.S Hassan Corporation	1698 B, Gall Mohi/Asghar Wall Billi Ghar, Sialkot.	Zarrar Ahmed	34603-8830930-9	Mohd Iqbal	2,634	4,662	-	7,296	-	4,233	-	4,233
56	Sunrise Textile	Green Villas, 69/1 FCC Road, Gulberg IV, Lahore.	1. Farhat Shahbaz 2. Ijaz Rasool Chaudhry 3. Khalid Shahbaz Chaudhry 4. Rifat Shahbaz 5. Shahbazuddin Chaudhry 6. Shahida Shahbaz 7. Tariq Shahbaz Chaudhry	1. 322-55-304387 2. 322-55-304487 3. 270-60-028623 4. 270-65-028624 5. 270-60-400884 6. 270-65-458962 7. 270-57-400562	1. Rashid Majeed 2. Chaudhry Ghulam Rasool 3. Shahbazuddin Chaudhry 4. Chaudhry Javed Iqbal 5. Chaudhry Allah Ditta 6. Chaudhry Farooq Balwala 7. Shahbazuddin Chaudhry	20,718	42,824	-	63,542	-	31,769	-	31,769
57	Tariq Shahbaz Chaudhry	69 F.C.C. Road, Green Villas, Lahore.	Tariq Shahbaz Chaudhry	270-51-400562	Shahbazuddin Ch.	6,497	13,599	-	20,096	-	10,137	-	10,137
58	Khalid Shahbaz Chaudhry	69-1, FCC Road, Gulberg-IV, Lahore.	Khalid Shahbaz Chaudhry	35202-5112977-5	Ch. Shahbazuddin	5,977	12,484	-	18,461	-	9,300	-	9,300
59	Shahbaz Udi Din Chaudhry	1-Green Villas, 69 F.C.C. Road Gulberg IV, Lahore.	Shahbaz Udi Din Chaudhry	999-99-999991	Ch. Allah Ditta	10,151	21,249	-	31,400	-	15,841	-	15,841
60	Shan Textile	1 Plot No. 09 Sector R 12 A, North Karachi Industrial Area, Karachi.	Mohammad Sharif Sajid	42201-0168396-9	Khushi Mohammad	75,981	64,955	2,956	143,892	-	76,453	-	76,453
61	Signworld Communications	5-C ST-12, Badar Commercial Phase 5, Ext. DHA, Karachi.	Syed Shahid Masood	42301-9720947-5	Syed Mansoor Shah	172	3,635	-	3,807	-	3,015	-	3,015
62	Signworld Communications	5-C ST-12, Badar Commercial Phase 5, Ext. DHA, Karachi.	Syed Shahid Masood	42301-9720947-5	Syed Mansoor Shah	-	2,964	-	2,964	-	2,964	-	2,964

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off		Interest / Mark-up written-off	Other Financial Reliefs
1	2	3	4	5	6	7	8	9	10	11	12	13	
63	H.A.Traders	Mohallah Mori Gate, Oila Didar Singh Municipality Committee, Gujranwala.	Abdul Razaq	34101-2375948-7	Abdul Aziz	5,000	7,528	-	12,528	-	6,630	-	6,630
64	Mian Iftikhar Ali Shah	House No. 426, Sector E-2 St.No. 12, Phase 1, Hayatabad, Peshawar.	Mian Iftikhar Ali Shah	17301-8173491-9	Syed Amir Zada	480	836	-	1,316	-	690	-	690
65	S.A Enterprises	73 Kairim Block, Alama Iqbal Town, Lahore.	Muhammad Shoab	35202-9240234-1	Mohammad Dn	11,497	4,519	-	16,016	-	4,418	-	4,418
66	M/S. Ashraf Sons Distech (Pvt) Limited.	12-E-3, Gulberg-3, Lahore.	Abdul Wasie Ashraf	61101-2448926-9	Muhammad Ashraf	750	1,778	-	2,528	-	1,470	-	1,470
67		18-A, Zafar Ali Road, Lahore.	1. Zahid Hussain 2. Ghohar Aftab Hussain	1. 33100-0542982-7 2. 501-86-505324	1. Abdul Rehman 2. Syed Kausar Hussain	15,055	29,861	-	44,916	-	24,463	-	24,463
68	Ghannam Brocks	Peero Chak, Tehsil Deska Sialkot.	Ch Muhammad Akbar	34601-9559093-9	Ch Khurshi	2,000	2,912	-	4,912	-	2,452	-	2,452
69	Nizam Associates	147 E2, Johar Town, Lahore.	Muhammad Yamin Malik	35202-6357349-5	Nizam Dn	3,500	6,438	-	9,938	-	5,866	-	5,866
70	New Koh-noor Cloth House	50 Fatima Road, New Lalazar Colony, Okara.	Muhammad Nadeem	35302-4912292-9	Waj Muhammad	-	637	-	637	-	637	-	637
71	Mian Abab Ahmed	119/1, Khayaban-e-Ittehad Phase VII - DHA Karachi.	Mian Abab Ahmed	42301-7314080-5	Mian Riaz Ahmed	11,538	14,665	-	26,203	-	14,498	-	14,498
72	Uniroyal Agro Chemicals	46-B, Ghalla Mandi, Vehari.	1. Ishaq Akhtar 2. Muhammad Ashraf Naeem	1. 36603-1394906-6 2. 36603-1461160-3	1. Muhammad Ashraf Naeem 2. Khair Muhammad	7,627	3,444	-	11,071	-	2,774	-	2,774
73	Oak Associates	Plot No. 1, Ry.10, Railway Quarters, M.T. Khan Road, Karachi.	1. Muhammad Amin 2. Muhammad Mustafa Omer 3. Khair Masood	1. 42001-8884567-3 2. 42301-3778048-9 3. 42301-3778143-9	1. Muhammad Bashir Memon 2. Omer Ahmed 3. Syed Masood Hussain Zaidi	103	52	-	155	-	8,434	-	8,434
74	Saleem Textiles (Pvt) Ltd	Tarqi Ismail Road, Jamal Chowk, Nasheman-e-Iqbal, Lahore.	1. Abida Shaheen 2. Muhammad Saleem	1. 35202-2329157-0 2. 30403-0116551-9	1. Muhammad Saleem 2. Jamal Dn	7,856	43,706	-	51,542	-	41,788	-	41,788
75	Muhammad Jaraid	Plot No. 9, Kashmir Block, Alama Iqbal Town, Lahore.	Muhammad Jaraid	35202-6218478-7	M Ashiq	18,997	16,295	-	35,292	-	17,707	-	17,707
76	Koh-i-Noor Rice Mills	1 Circular Road, Deska Sialkot.	1. Zaba Sajid 2. Muhammad Sajid Dar 3. Junaid Dar	1. 34603-2220858-4 2. 34603-2310603-7 3. 34603-3283010-9	1. Muhammad Sajid Dar 2. Khawaja Muhammad Hanif 3. Muhammad Sajid Dar	15,694	3,474	-	19,168	-	2,507	-	2,507
77	Asim Raza	410, G1 Johar Town, Lahore.	Asim Raza	61101-8886707-9	Sheekh Mushtaq Ahmed	4,226	5,084	-	9,310	-	4,107	-	4,107
78	Adil Textile Mills Ltd	Adil House No. 213, Street 10, Cavalry Ground, Lahore.	1. Intisar Ahmed Mohar 2. Amir Riaz 3. Mansoor Ahmed 4. Adil Mahmood 5. Rizwan Hameed 6. Nusrat Shaheen 7. Zulfiqar Ali	1. 35201-1536621-1 2. 35201-9335849-9 3. 35202-0675593-5 4. 35202-2700320-3 5. 35202-4938598-5 6. 35202-5065994-6 7. 35404-1585958-7	1. Ch. Bashir Ahmad 2. Riaz Ahmed Qureshi 3. Ghulam Muhammad 4. Haji Mahmood Siddiq 5. Hameed Akhter 6. Zafar Ahmad 7. Muhammad Allah Ditta	3,640	21,459	-	25,099	-	21,759	-	21,759
79	The Fastest Trading Company	Roras Road, New Maiana Pura, Sialkot.	Muhammad Younes Choudhary	34603-6190789-1	Barkat Ali Sudghr	3,499	3,399	-	6,898	-	3,040	-	3,040
80	M/S. D.M. Textile Mills	157 Peshawar Road, Islamabad.	1. Hussain Ahmed Qureshi 2. Mian Habibullah 3. Mian M. Saleem Omer 4. Mian Naeem Omer 5. S. Ishaq Hussain Shah	1. 273-89-019043 2. 246-90-011850 3. 246-86-084916 4. 246-87-133613 5. 210-47-044332	1. Rauf Ahmed Qureshi 2. Mian Mohammad Omer 3. Mian Mohammad Omer 4. Mian Mohammad Omer 5. Syed Rehman Shah	3,600	19,139	-	22,739	-	19,463	-	19,463
81	Abdul Hameed	H No. 64 P-II, Lrk Road, Model Town, Lahore.	Abdul Hameed	35202-3037535-1	Fazal Dn	11,620	15,085	-	26,705	-	16,547	-	16,547
82	Pendzvous International	1357 Main Rofi Drain, near Badian Road Moolia Singh Village, Lahore.	1. Saima Haroon 2. Zubeida Rasheed	1. 270-70-563142 2. 270-92-189489	1. Haroon Rasheed Sheikh 2. Rasheed Ahmed Sheikh	3,673	6,371	-	10,044	-	5,836	-	5,836
83	Daniyal Mushtarka Filling Station	New Mushtarka Babouchistan Petroleum Service, Multan.	Noor Shah	36203-1907189-7	Haji Habib Ullah	7,996	1,164	-	9,160	-	991	-	991
84	M/S Waqas Hamid Bhatti Metal Works	Kothi Hamid Bhatti, Gujranwala.	Waqas Hamid Bhatti	34101-7718266-9	Hamid Pervaiz Bhatti	7,610	2,105	-	9,715	-	2,620	-	2,620

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						Principal	Interest/ Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
85	National Furnishers	107 D, Model Town, Gujrat.	Amjad Farooq 1. Iqbal Ahmed 2. Jahanzab Iqbal Khan 3. Faisal Iqbal 4. Aqran Iqbal Khan 5. Farhan Iqbal Khan 6. Mrs Nasim Iqbal	35202-3120797-7 1. 42301-1202124-3 2. 42301-4638568-9 3. 42301-4539518-9 4. 42301-6309719-7 5. 42301-6413269-7 6. 42301-8107417-8	Soothi Nazar Muhammad 1. Muhd Yaqoob 2. Iqbal Ahmed Khan 3. Iqbal Ahmed 4. Iqbal Khan 5. Iqbal Ahmed Khan 6. Iqbal Ahmed	-	10,555	-	10,555	-	7,055	-	7,055
86	M/S Continental Beverages (Pvt) Ltd	D-210, Estate Avenue Site, Karachi.	1. Iqbal Ahmed 2. Jahanzab Iqbal Khan 3. Faisal Iqbal 4. Aqran Iqbal Khan 5. Farhan Iqbal Khan 6. Mrs Nasim Iqbal	1. 42301-1697255-1 2. 42301-2624689-9 3. 42301-4742374-5 4. 42301-8645590-1 5. 42301-9523263-2 6. Mrs. Maryam Bibi G.M. Desai	1. Late Moosa Desai 2. Late Moosa Desai 3. Late Moosa Desai 4. Dawood Moosa Desai 5. Late Ghulam Mohammad Desai	28,246	58,038	-	86,284	-	57,779	-	57,779
87	D.S.I Corporation (Pvt) Ltd	11/10, Sector-16, Korangi Industrial Area, Karachi.	1. Dawood Moosa Desai 2. Shabbir Ahmed Moosa Desai 3. Iqbal Ahmed Moosa Desai 4. Mr. Amin Dawood Desai 5. Mrs. Maryam Bibi G.M. Desai	1. 42301-1697255-1 2. 42301-2624689-9 3. 42301-4742374-5 4. 42301-8645590-1 5. 42301-9523263-2 6. Mrs. Maryam Bibi G.M. Desai	1. Late Moosa Desai 2. Late Moosa Desai 3. Late Moosa Desai 4. Dawood Moosa Desai 5. Late Ghulam Mohammad Desai	109,777	154,240	-	264,017	81,471	169,229	-	250,700
88	D.S.I Pakistan (Pvt) Ltd	11/10, Sector-16, Korangi Industrial Area, Karachi.	1. Dawood Moosa Desai 2. Shabbir Ahmed Moosa Desai 3. Mr. Saadique Desai 4. Iqbal Ahmed Moosa Desai 5. Mr. Amin Dawood Desai 6. Mrs. Maryam Bibi G.M. Desai	1. 42301-1697255-1 2. 42301-2624689-9 3. 42301-4742374-5 4. 42301-8645590-1 5. 42301-9523263-2 6. Mrs. Maryam Bibi G.M. Desai	1. Late Moosa Desai 2. Late Moosa Desai 3. Shabbir Ahmed Moosa Desai 4. Late Moosa Desai 5. Dawood Moosa Desai 6. Late Ghulam Mohammad Desai	207,388	153,486	-	360,874	127,138	176,412	-	303,550
89	Danish Apparel Pvt Ltd	21 Km Off Ferozpur Road, Hadra Drain, Post Office Khana Nau, Lahore.	1. Muhammad Khalique 2. Mr. Muhammad Azam	1. 267-69-054793 2. 267-62-006264	1. Mian Khalid Ahmed 2. Muhammad Noor Hussain	3,037	51,779	-	54,816	-	51,839	-	51,839
90	Danish Apparel Pvt Ltd	21 Km Off Ferozpur Road, Hadra Drain, Post Office Khana Nau, Lahore.	1. Muhammad Khalique 2. Mr. Muhammad Azam	1. 267-69-054793 2. 267-62-006264	1. Mian Khalid Ahmed 2. Muhammad Noor Hussain	9,755	20,729	-	30,484	-	21,829	-	21,829
91	Ishad Jewelers	Bazar Sarafa, Gujrat.	Ishad Ahmed	34201-0387183-9	Abdul Latif	3,296	2,198	-	5,494	-	1,973	-	1,973
92	Maax Fashion (Pvt) Ltd	24 Km Multan Road, 1-Km Defence Road, Lahore.	1. Asim Shafiq 2. Phinehas Salamat	1. 271-64-112678 2. 270-69-563456	1. Khawaja Shafiq Ahmed 2. Salamat Heera	25,500	40,809	-	66,309	-	35,493	-	35,493
93	Track Knitwear (Pvt) Ltd	100 M. Defence Road, 24 K/M Off Multan Road, Lahore.	1. Kalim Ali 2. Muhammad Ishaq Ali Akhtar 3. Sana Khalique Karimi 4. Tariq Saeed	1. 270-57-341179 2. 270-85-993366 3. 274-89-533828 4. 271-49-000152	1. Ghulam Ali 2. Muhammad Yahya 3. Mian Abdul Khalique Karimi 4. Muhammad Saeed Ch	8,757	4,462	-	13,199	-	2,075	-	2,075
94	Ashad Anjad & Abid (Pvt) Ltd.	311-314, Muhammad House, I.I. Chundhgar Road, Karachi.	1. Anshad Farooq 2. Amjad Farooq 3. S. M. Farooq 4. Abid Farooq	1. 42000-0389449-6 2. 42000-0397564-5 3. 42000-0412513-5 4. 517-57-205584	1. Shaikh Muhammad Farooq 2. Shaikh Muhammad Farooq 3. Mian Ahmed Din Magoon 4. Shaikh Muhammad Farooq	54,000	123,410	-	177,410	-	118,371	-	118,371
95	Sohal Bashir	Chahal PO Badayana, Tehsil and District Sialkot.	Sohal Bashir	34603-5468122-7	Chaudhry Bashir Ahmed	-	618	11	629	-	618	11	629
96	Muhammad Ahmed	Fazal Colony, Goth Ghana PO Samasatta Bahawalpur.	Muhammad Ahmed	31202-0333845-1	Rao Masood Ahmed	-	1,225	-	1,225	-	1,225	-	1,225
97	Muhammad Yasrab	Mouza Bialwalpur, Tehsil Kabirwala, Dist Khanewal.	Muhammad Yasrab	36102-7385871-3	Ees Muhammad	-	2,337	-	2,337	-	2,337	-	2,337
98	Saeed Ullah Bhingo	Kot Roshan Din PO, Nawan Kot Sheikhpura, Faisalabad Road Sheikhpura.	Saeed Ullah Bhingo	35404-1020296-1	Atta Ullah Bhingu	944	1,979	-	2,923	-	1,565	-	1,565
99	Al-Sabir Poultryies	Chek No.90 A/6-R/PO Chak 90/6/R Sahwal.	Sabir Ali	36502-2129975-1	Muhammad Ali	-	759	-	759	-	659	-	659
100	Armughan Ali Uhar	H No. 373, Anwar Villas, Phase 2 Qasimbabad Hyderabad.	Armughan Ali Uhar	41306-5974686-9	M Saleem Uhar	-	2,030	-	2,030	-	2,030	-	2,030
101	Allah Buksh	Buksh Hddi Mail Bahawalpur.	Allah Buksh	31202-3075436-1	Zahoor Ahmed	55	885	-	940	-	785	-	795

Annexure I to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

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)	9				
1	2	3	4	5	6	7	8	9	10	11	12	13		
102	Muhammad Sarwar Bhatti	Wara Tankhana Handaal PO, Kot Pacha, Kishan Kasur.	Muhammad Sarwar Bhatti	35102-3117926-7	Chudhry Sajawal Khan	838	1,003	-	1,841	-	-	681	-	681
103	Sardar Anjad Ali Khan Maiken	H No.49, Mohallah New Satellite Town, Sargodha.	Sardar Anjad Ali Khan Maiken	38404-7525551-3	Sardar Nabi Baksh Khan Maiken	-	803	-	803	-	-	669	-	669
104	Sardar Karim Ali	House No.2, Garden, Town Pattoki, Sahiwal.	Sardar Karim Ali	35101-2476411-7	Sardar Shaukat Ali	-	744	5	749	-	-	667	5	672
105	Syed Tahir Hussain	House No.463 Karbala Road Sahiwal.	Syed Tahir Hussain	35202-7737289-1	Syed Irtisad Hussain	1,999	1,181	-	3,180	-	-	862	-	862
106	Azman Ul Haq	PO Cholra, Lambarwaly Bhal Mureedke Distt Shekhpura.	Azman Ul Haq	35401-7222644-9	Wajid Ali	2,000	1,706	50	3,756	-	-	1,181	50	1,231
107	Ehsan Elahi	Gushan Tahir, Old Narang Road, Mirdke Distt Shekhpura.	Ehsan Elahi	35401-1442048-5	Muhammad Hussain	2,000	1,642	5	3,647	-	-	1,322	5	1,327
108	1. Ejaz Mehmood 2. Zubair Mehmood 3. Daryam Mehmood	Basti Bagar Gan, Tehsil Sadqabad, Distt Rahim Yar Khan.	1. Ejaz Mehmood 2. Zubair Mehmood 3. Daryam Mehmood	1. 31304-8933165-3 2. 42002-8478273-3 3. 31304-1750344-0	Haji Mehmood Bakhtsh	1,500	2,747	-	4,247	-	-	2,281	-	2,281
109	Qadobos Brothers Poultry Farms	Mouza Baoyana, Tehsil Pasur Distt Sialkot.	1. Abul Salam 2. Abul Qadobos 3. Abul Sattar	1. 34603-2001439-1 2. 34603-7248603-3 3. 34603-3692141-5	Miehr Muhammad Rafique	-	109,623	5	109,628	-	-	89,953	5	89,958
110	Iqbal	Mouza Khai Kher Shah Jajlan Abbasian, Tehsil Khanpur Distt Rahim Yar Khan.	Iqbal	31301-1115088-5	Rehman	653	941	7	1,601	-	-	959	13	972
111	Muhammad Saleem	Mouza Rukanpur Tehsil and Distt Lodhran.	Muhammad Saleem	36203-8133247-3	Malik Bashir Ahmad	-	740	-	740	-	-	660	26	686
112	Akhtar Chicks & Protein	H No. 53/2-L, Distt Okara.	Muhammad Akhtar	35302-2037941-1	Nazir Ahmad	4,985	2,162	-	7,147	-	-	2,525	-	2,525
113	Imran Qaisar	H 250 Street / Muhallah 9, Rachana Town, Rachana District Shekhpura.	Imran Qaisar	35401-1837778-7	Mr Asiflaq	1,000	1,064	37	2,101	-	-	770	37	807
114	Nazeer Ahmad Shekar	Kot Pind Das Tehsil Ferozwalla, Distt Shekhpura.	Nazeer Ahmad Shakhir	35401-2191592-3	Muhammad Ibrahim	2,500	2,086	30	4,616	-	-	1,773	40	1,813
115	Muhammad Nawaz	Bharepur PO, Depeapur Distt Okara.	Muhammad Nawaz	35301-4951100-1	Muhammad Ud-Din	3,798	1,228	-	5,026	-	-	1,137	-	1,137
116	Sher Muhammad Khokhar	27-A Unit No. 3 Lallabad Hyderabad.	Sher Muhammad Khokhar	41307-7668542-3	Ghula Hussain	1,065	1,628	-	2,693	-	-	1,132	-	1,132
117	Abdul Jabbar Abbasi	65 Muslim Housing Society, Qasimabad Hyderabad.	Abdul Jabbar Abbasi	41306-8245365-9	Muhammad Issa Abbasi	2,769	2,517	-	5,306	-	-	2,363	-	2,363
118	Muhammad Asghar	Basti Shandhi Wala Basti, Shandhi Wala Behawalpur.	Muhammad Asghar	36203-9530288-5	Muhammad Ashiq	-	1,508	42	1,550	-	-	1,191	42	1,233
119	Khalid Hussain	Chak No.545, E.B.Machhwal Tehsil and Distt Vehari.	Khalid Hussain	36603-9116082-7	Nazir Ahmad	1,420	1,181	-	2,601	-	-	1,245	-	1,245
120	Muhammad Farooq	H No PO-1154, Stadium Doule Road, Rawalpindi.	Muhammad Farooq	37405-0170834-5	Khatir Muhammad	1,309	1,869	-	3,178	-	-	1,314	-	1,314
121	Muhammad Khaleeq Ur Rehman Bodla	Mouza Hootwala, Tehsil Jalalpur, Peerwala Distt Multan.	Muhammad Khaleeq Ur Rehman Bodla	36304-8308089-1	Shabir Ahmed	903	569	-	1,472	-	-	524	-	524
122	Fiaz Ahmed Khan	Khan House Olla Shah Dev Singh Manawala Distt Shekhpura.	Fiaz Ahmed Khan	35404-3047289-1	Munir Ahmad Khan	500	1,127	-	1,627	-	-	932	-	932
123	Shahbaz Traders	Village Gul Bahar Kandhro, PO Rahi Distt Sukkur.	Ghulam Mustafa	45502-1495088-9	Muhammad Murad	2,200	1,380	-	3,580	-	-	1,945	-	1,945
124	Syed Oamir Ali Shah	Village Riazabad Sehi Patt PO Saleh Patt, Tehsil Saleh Patt Distt Sukkur.	Syed Oamir Ali Shah	45503-6386658-1	Inayat Hussain Ur Muhammad Ali Shah	-	2,512	-	2,512	-	-	1,649	-	1,649
125	Malik Muhammad Rafique	Mouza Rappar, Tehsil Kairror Pacca Lodhran.	Malik Muhammad Rafique	36202-6436306-9	Faz Baksh	-	1,630	-	1,630	-	-	1,026	33	1,059

Annexure I to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

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
						Principal	Interest / Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
126	Tanveer Ahmed	H No. AS/A, Qasim Town, Qasimbabad Hyderabad.	Tanveer Ahmed	41103-3334011-9	Abdul Majeed	1,700	940	-	2,640	-	920	-	920
127	New Al-Farid Poultryies	House, No 275, Block O, Farid Town, Sahawal.	1. Alan Ditta 2. Khalid Masood	1. 36502-2182659-5 2. 36502-3253717-1	1. Jan Muhammad 2. Masood Ahmad	3,193	4,548	-	7,741	-	3,951	-	3,951
128	Muhammad Ahsan Shah	Mauza Hassan Shah, PO Karam Pur Tehsil Masi Distt Vehari.	Muhammad Ahsan Shah	36602-0925195-1	Syed Pr. Shah	1,240	2,168	-	3,408	-	1,827	-	1,827
129	A.Z Protein Farm	Moza Bhugana Kalan near Ghumankey Tehsil Pattoki, Distt Kasur.	Rana Aurangzeb	35103-26565368-1	Rana M. Yasin	11,000	13,608	-	24,608	-	12,094	-	12,094
130	Ali Rasheed	Jandwal PO, Huja Shah Mugeem Tehsil Depalpur, Distt Okara.	Ali Rasheed	35302-1603170-5	M Rasheed	1,200	1,188	5	2,393	-	1,067	5	1,072
131	Rao Muhammad Ayub Khan	Mana Ahmedani Sharqi Teh And Distt D.G.Khan	Rao Muhammad Ayub Khan	32102-0432683-7	Roa Mehboob	637	879	-	1,416	-	797	-	797
132	Muhammad Arshad	Chak No. 26, Nb PO, Bahawalpur Distt Sargodha.	Muhammad Arshad	38401-3032858-7	M Allaf	886	646	-	1,532	-	728	-	728
133	Shafiqat Hussain	650/B, Unit No. 2, Laffabad Hyderabad.	Shafiqat Hussain	41304-8336228-3	Not Available	800	1,284	-	2,084	-	777	-	777
134	1. Sanaullah 2. Zuhran Waylet	Sanaullah Bhurgri 98-B/I, Main Khayaban-e-Shaheen Phase VI, DHA, Karachi.	1. Sanaullah 2. Zuhran Waylet	1. 42201-2688504-9 2. 42201-5468323-4	Attaullah Khan	-	1,814	-	1,814	-	1,610	-	1,610
135	Muhammad Yaqoob	Chak-423, PO same Jhang.	Muhammad Yaqoob	33301-2055586-1	Ali Raikha	-	977	-	977	-	906	-	906
136	Avan Poultry Farm	H No. 86, L Block, Faysal Town Vehari.	Malik Arshad Javed	36603-4491725-7	Malik Muhammad Ashraf	1,200	3,163	-	4,363	-	2,380	-	2,380
						992,021	1,508,298	3,997	2,504,314	211,520	1,474,487	1,512	1,687,321

Annexure II to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

The Holding Company is operating 413 Islamic banking branches (2018: 254) and 1 Islamic sub-branch (2018: 1). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2019 are as follows:

(A) Statement of financial position as at December 31, 2019	Note	2019	2018
		-----Rupees '000-----	
ASSETS			
Cash and balances with treasury banks		13,320,776	7,941,153
Balances with other banks		432,379	105,205
Investments	1	31,443,777	27,620,400
Islamic financing and related assets - net	2	115,537,150	78,659,697
Fixed assets		8,798,322	1,954,626
Intangible assets		84,501	38,263
Other assets		10,256,104	2,264,354
		<u>179,873,009</u>	<u>118,583,698</u>
LIABILITIES			
Bills payable		2,029,226	5,666,023
Due to financial institutions		26,721,776	11,157,833
Deposits and other accounts	3	119,214,500	69,489,203
Due to head office		8,333,416	24,134,341
Other liabilities		10,965,857	1,102,813
		<u>167,264,775</u>	<u>111,550,213</u>
NET ASSETS			
		<u>12,608,234</u>	<u>7,033,485</u>
REPRESENTED BY			
Islamic banking fund		9,180,000	4,680,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		633,831	121,608
Unappropriated profit	5	2,794,403	2,231,877
		<u>12,608,234</u>	<u>7,033,485</u>
CONTINGENCIES AND COMMITMENTS			
	6		
(B) Profit and loss account			
Profit / return earned	7	15,605,063	7,359,568
Profit / return expensed	8	10,526,358	3,842,094
Net profit / return		<u>5,078,705</u>	<u>3,517,474</u>
Other income			
Fee and commission income		620,170	393,866
Dividend income		-	-
Foreign exchange income		135,693	115,673
Income / (loss) from derivatives		-	-
Loss on securities		-	(1,174)
Other income		4,282	6,697
Total other income		<u>760,145</u>	<u>515,062</u>
Total income		<u>5,838,850</u>	<u>4,032,536</u>
Other expenses			
Operating expenses		4,682,897	3,257,257
Workers welfare fund		-	-
Other charges		3,341	3,139
Total other expenses		<u>4,686,238</u>	<u>3,260,396</u>
Profit before provisions		1,152,612	772,140
Provisions and write offs - net		230,438	18,886
Profit before taxation		<u>922,174</u>	<u>753,254</u>
Taxation		359,648	263,639
Profit after taxation		<u>562,526</u>	<u>489,615</u>

Annexure II to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

1 Investments by segments:

	2019				2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----								
Federal Government securities:								
- Ijarah Sukuks	6,000,000	-	(60,000)	5,940,000	6,000,000	-	(107,400)	5,892,600
- Other Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
	7,597,048	-	(60,000)	7,537,048	7,597,048	-	(107,400)	7,489,648
Non Government Debt securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	23,258,691	-	648,038	23,906,729	20,129,372	-	1,380	20,130,752
	23,258,691	-	648,038	23,906,729	20,129,372	-	1,380	20,130,752
Total investments	30,855,739	-	588,038	31,443,777	27,726,420	-	(106,020)	27,620,400

2 Islamic financing and related assets

	Note	2019	2018
-----Rupees '000-----			
Murabaha	2.2	2,221,977	1,576,557
Musharaka		7,164	8,042
Diminishing Musharaka		68,640,076	56,773,632
Salam		-	-
Istisna		1,245,270	28,771
Musawamah		409	-
Running Musharaka		17,241,885	7,342,446
Fixed assets Ijarah financing - net	2.1	87,735	66,953
Musharaka - Islamic export refinance scheme		7,137,560	3,607,833
Advance against Murabaha financing		1,599,406	70,976
Advanced against Diminishing Musharaka		10,539,406	5,446,140
Advance against Ijarah		2,062,305	2,898,135
Advance against Istisna		3,787,505	1,092,956
Advance against Islamic export refinance - LTF		790,884	56,388
Inventory related to Islamic financing		715,120	-
Gross Islamic financing and related assets		116,076,702	78,968,829
Less: provision against Islamic financings			
- specific		(413,156)	(219,120)
- general		(126,396)	(90,012)
		(539,552)	(309,132)
Islamic financing and related assets - net of provision		115,537,150	78,659,697

Annexure II to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

2.1 Ijarah

	2019						Book value as at Dec 31, 2019
	Cost			Accumulated depreciation			
	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 and Machinery	94,960	52,435	147,395	28,007	31,653	59,660	87,735
Vehicles	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	94,960	52,435	147,395	28,007	31,653	59,660	87,735

	2018						Book value as at Dec 31, 2018
	Cost			Accumulated depreciation			
	As at Jan 1, 2018	Additions / (deletions)	As at Dec 31, 2018	As at Jan 1, 2018	Charge for the year	As at Dec 31, 2018	
	----- Rupees '000 -----						
Plant and Machinery	78,533	16,427	94,960	60,868	(32,861)	28,007	66,953
Vehicles	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	78,533	16,427	94,960	60,868	(32,861)	28,007	66,953

Future Ijarah payments receivable

	2019				2018			
	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total
	----- Rupees '000 -----							
Ijarah rental receivables	89,840	-	-	89,840	67,272	-	-	67,272

The difference between net investment in Ijarah and Ijarah rental receivable represents element of profit in receivable.

2.2 Murabaha

	Note	2019	2018
		----- Rupees '000 -----	
Murabaha financing	2.2.1	2,221,977	1,576,557
Inventory for Murabaha		-	-
Advances for Murabaha		-	-
		<u>2,221,977</u>	<u>1,576,557</u>
2.2.1 Murabaha receivable - gross	2.2.3	2,355,357	1,609,591
Less: Deferred murabaha income	2.2.4	(68,180)	(4,775)
Profit receivable shown in other assets		(65,200)	(28,259)
Murabaha financings		<u>2,221,977</u>	<u>1,576,557</u>

Annexure II to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
2.2.2 The movement in Murabaha financing during the year is as follows:		
Opening balance	1,576,557	606,921
Sales during the year	5,626,772	2,577,173
Adjusted during the year	(4,981,352)	(1,607,537)
Closing balance	<u>2,221,977</u>	<u>1,576,557</u>
2.2.3 Murabaha sale price	2,355,357	1,609,591
Murabaha purchase price	(2,221,977)	(1,576,557)
	<u>133,380</u>	<u>33,034</u>
2.2.4 Deferred murabaha income		
Opening balance	4,775	8,775
Arising during the year	128,605	-
Less: Recognised during the year	(65,200)	(4,000)
Closing balance	<u>68,180</u>	<u>4,775</u>

3 Deposits	2019			2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	-----Rupees '000-----					
Customers						
Current deposits	52,057,424	2,880,515	54,937,939	35,538,506	1,588,367	37,126,873
Savings deposits	27,174,303	845,567	28,019,870	11,065,460	688,077	11,753,537
Term deposits	20,396,083	360,828	20,756,911	13,726,680	292,710	14,019,390
	<u>99,627,810</u>	<u>4,086,910</u>	<u>103,714,720</u>	<u>60,330,646</u>	<u>2,569,154</u>	<u>62,899,800</u>
Financial institutions						
Current deposits	62,592	7,661	70,253	31,960	-	31,960
Savings deposits	11,985,727	-	11,985,727	6,051,443	-	6,051,443
Term deposits	3,443,800	-	3,443,800	506,000	-	506,000
	<u>15,492,119</u>	<u>7,661</u>	<u>15,499,780</u>	<u>6,589,403</u>	<u>-</u>	<u>6,589,403</u>
	<u>115,119,929</u>	<u>4,094,571</u>	<u>119,214,500</u>	<u>66,920,049</u>	<u>2,569,154</u>	<u>69,489,203</u>

	2019	2018
	-----Rupees '000-----	
3.1 Composition of deposits		
- Individuals	30,349,844	24,707,546
- Government / Public Sector Entities	3,857,189	2,257,553
- Banking Companies	2,008,491	9,873
- Non-Banking Financial Institutions	13,491,289	6,579,530
- Private Sector	69,507,687	35,934,701
	<u>119,214,500</u>	<u>69,489,203</u>

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 81.281 billion (2018: Rs 50.007 billion)

Annexure II to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
4 Charity Fund		
Opening balance	7,070	8,245
Additions during the period		
Received from customers on account of delayed payment	17,109	422
Dividend purification amount	-	-
Other Non-Shariah compliant income	364	6,504
Profit on charity saving account	1,024	399
	18,497	7,325
Payments / utilization during the period		
Education	3,000	5,000
Health	3,000	3,500
Social work	6,000	-
	12,000	8,500
Closing balance	13,567	7,070
Donee wise details of charity disbursements over Rs 0.5 million;		
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	-
Dar-ul-Uloom / Hira Foundation	-	5,000
National Institute of Child Health Karachi	-	3,500
There were no charity disbursement to related parties by the Group.		
5 Islamic Banking Business Unappropriated Profit		
Opening balance	2,231,877	1,742,262
Add: Islamic Banking profit for the period	922,174	753,254
Less: taxation	(359,648)	(263,639)
Less: reserves	-	-
Remitted to Head Office	-	-
Closing balance	2,794,403	2,231,877
6 Contingencies and Commitments		
Guarantees	5,104,218	313,552
Commitments	14,245,313	9,390,440
	19,349,531	9,703,992
7 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	12,001,983	5,362,300
Investments	3,603,080	1,997,268
	15,605,063	7,359,568

Annexure II to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	-----Rupees '000-----	
8 Profit on deposits and other dues expensed		
Deposits and other accounts	4,776,217	2,140,229
Other short term borrowings	5,138,031	1,701,865
Lease liability against right-of-use assets	612,110	-
	<u>10,526,358</u>	<u>3,842,094</u>

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 balance sheet 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

For the year ended December 31, 2019

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 Musharakah based deposits are fully invested in respective Pools to produce returns for them. In case where Group is unable to utilise all funds available for investment, priority is given to the deposit account holders.

All remunerative accounts such as saving account, investment certificates, business kamil accounts, etc. are opened on the basis of Mudarabah, Musharakah, Wakalah or a combination of Mudarabah and Musharakah. 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 Musharakah 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 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 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	2019		2018	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	2,882,629	27.46	2,081,449	41.90
- Amount and percentage of Mudarib share transferred to depositors through Hiba	930,083	32.27	759,275	36.48
- Profit rate earned (annualised)	-	10.63	-	8.55
- Profit rate distributed (annualised)	-	7.33	-	4.35

Other Information



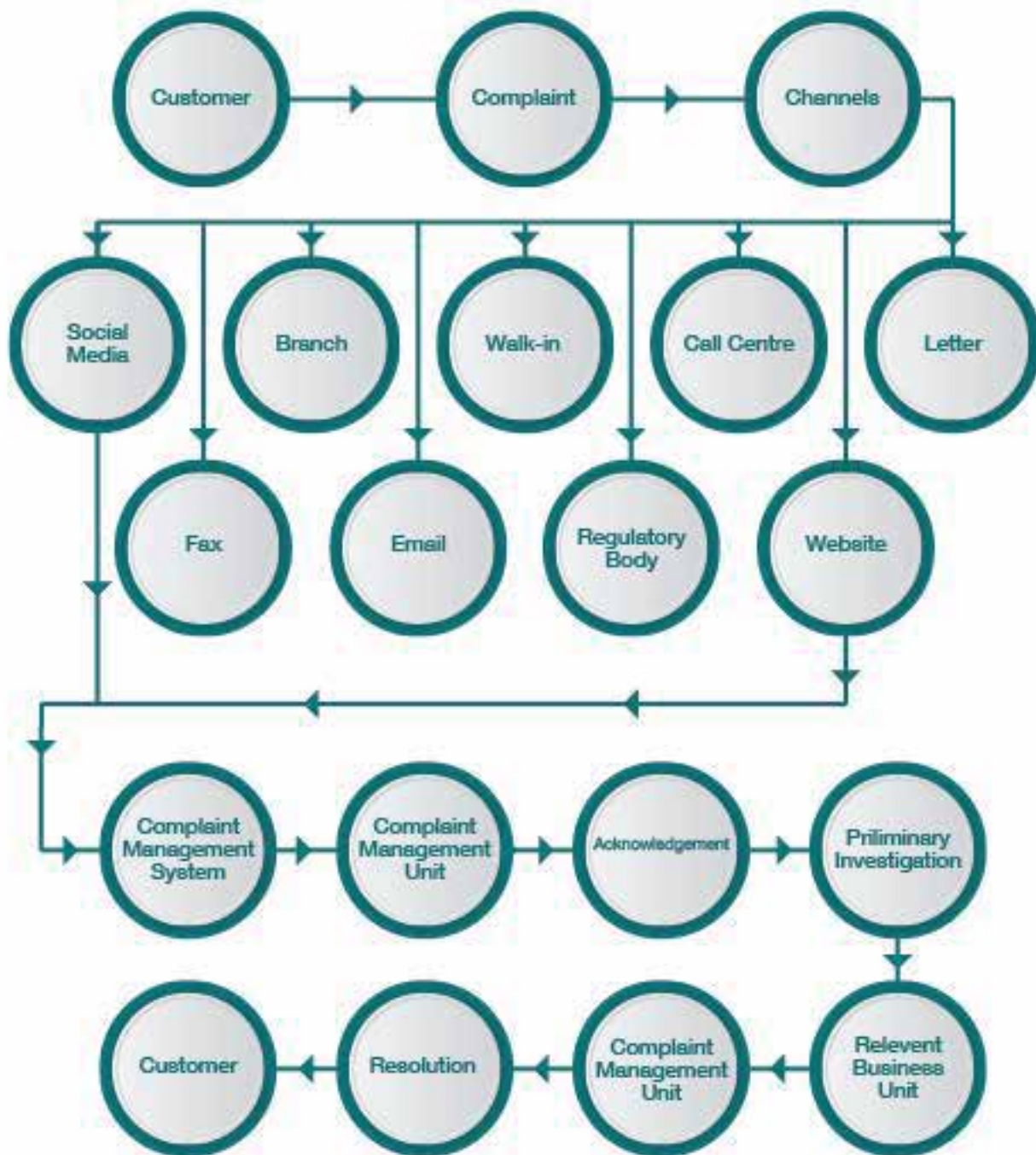
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مَا يَدْعُوا لِلَّهِ

ترجمہ: اور مجھے جو کچھ توفیق ہوتی ہے، صرف اللہ کی مدد سے ہوتی ہے۔ (سورۃ ہود ۸۸)

Consumer Grievances Handling Mechanism

Following is the Bank's consumer grievances handling mechanism chart.



*TBA: To be Appointed/Vacant.

Consumer Grievances Handling Mechanism

- Customer makes a complaint against the Bank and the same is lodged in system via following channels:
 - Call Centre
 - Branch
 - Email
 - Website
 - Social Media
 - Fax
 - Letter
- All the customer complaints are acknowledged to the customers as per the requirement.
- Initial investigation of the complaint is being conducted by the Complaint Management Unit (CMU) of the Bank, the same is then forwarded to the relevant department for feedback.
- In case resolution/closure of complaint requires more time, complainant is informed through an interim reply.
- Resolution of the complaint is given to the customer post completion of investigation.
- In such case where complaint is decline by the Bank, complainant is being encouraged via resolution letter to contact other alternative grievance redressal forum which is Banking Mohtasib Pakistan.

The moto of the compliant management process is to ensure that a complaint is resolved amicably with customer's knowledge/understanding; complaint resolution should not lead to any scenario where customer exits his/her relationship with the bank. In order to achieve the vision, the bank strives to strengthen its ties with the customers and for that matter the bank focuses on continuous process improvement.

Below are the key initiatives taken by the Complaint Management Unit Department in the Year 2019:

- Send an acknowledgement email automatically to the complainant upon receipt of his email to apprise him that the reported issue has been received by the bank; irrespective of Bank Holidays/ non-banking hours.
- Intimation of complaint closure to complainants via SMS, where mobile number is available or provided at the time of registering their complaint.
- Open alternate channels for enabling customers to lodge their complaints with ease – e.g. Twitter, Instagram, Internet Banking/Faysal Digi Bank Application on play store (comments on applicable page).

Considering the commendable efforts of the unit, it is worth mentioning here that total number of complaints received by the bank in the year 2019 were 70,467 and the average time taken to resolve them was 6 working days.

Combined Pattern of CDC & Physical Shareholding

As on December 31, 2019

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				
	Ithmaar 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		4,062,138		
	MCBFSL - Trustee JS Value Fund		725,300		
	CDC - Trustee PICIC Investment Fund		9,236		
	CDC - Trustee JS Large CAP. Fund		439,346		
	CDC - Trustee PICIC Growth Fund		8,000		
	CDC - Trustee Atlas Stock Market Fund		9,309,943		
	CDC - Trustee Alfalah GHP Value Fund		1,900		
	CDC - Trustee AKD Index Tracker Fund		107,180		
	CDC - Trustee UBL Stock Advantage Fund		616		
	CDC - Trustee NBP Stock Fund		2,328,040		
	CDC - Trustee NBP Balanced Fund	32	200,770	22,113,658	1.46
	CDC - Trustee Askari Asset Allocation Fund		14,000		
	CDC - Trustee APF-equity Sub Fund		649,750		
	CDC - Trustee HBL Multi - Asset Fund		1,500		
	CDC - Trustee MCB Pakistan Asset Allocation Fund		1,450,245		
	CDC - Trustee Alfalah GHP Stock Fund		3,840		
	CDC - Trustee Alfalah GHP Alpha Fund		787		
	CDC - Trustee NIT-equity Market Opportunity Fund		496,818		
	CDC - Trustee ABL Stock Fund		192		
	CDC - Trustee First Habib Stock Fund		450		
	CDC - Trustee NBP Sarmaya Izafa Fund		221,018		
	CDC- Trustee HBL Equity Fund		360		

Category No.	Categories of Shareholders	Category Wise No. of Shareholders	Number of Shares Held	Category Wise Number of Shares Held	Percentage %
	MCBFSL - Trustee PAK Oman Advantage Asset Allocation Fund		3,000		
	CDC - Trustee UBL Asset Allocation Fund		142		
	CDC - Trustee First Capital Mutual Fund		19,743		
	CDC - Trustee UBL Retirement Savings FUND - Equity Sub Fund		911		
	CDC - Trustee National Investment (Unit) Trust		1,035,039		
	CDC - Trustee AWT Asset Allocation Fund		427		
	CDC - Trustee AGPF Equity Sub-fund		8,500		
	CDC - Trustee NBP Financial Sector Fund		982,381		
	CDC - Trustee Alfalah Capital Preservation Fund II		32,000		
	CDC - Trustee UBL Dedicated Equity Fund		86		
3	Directors and their Spouse(s) and Minor Children				
	Farooq Rahmatullah Khan		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	11	575	141,378	0.01
	Abdulla Abdulaziz Ali Taleb		575		
	Ali Munir		755		
	Fuad Azim Hashimi		2,530		
4	Executives	5	13,140	13,140	0.00
5	Public Sector Companies and Corporations	11	150,474	150,474	0.01
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	27	98,152,595	98,152,595	6.47
7	Foreign Investors	39	31,539,960	31,539,960	2.08
8	General Public	16,213	221,534,572	221,534,572	14.60
9	Others	150	50,208,095	50,208,095	3.31
	Total	16,494		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, 2019

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 8,050,432.40*	48.06
2	Faisal Finance (Luxembourg) S.A.	128,397,218 1,433,007.45*	8.55
3	MFAI (Jersey) Limited	88,374,330 986,322.75*	5.89
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, 2019

Category No	Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage %
1	Associated Companies, undertakings and Related Parties	6	1,093,842,653	72.07
2	Mutual Funds	32	22,113,658	1.46
3	Directors and their spouse(s) and minor Children	11	141,378	0.01
4	Executives	5	13,140	0.00
5	Public Sector Companies and Corporations	11	150,474	0.01
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	27	98,152,595	6.47
7	Foreign Investors	39	31,539,960	2.08
8	General Public	16,213	221,534,572	14.60
9	Others	150	50,208,095	3.31
	Total	16,494	1,517,696,525	100

Pattern of Shareholding

As on December 31, 2019

Number of Shareholders	Shareholding Slab		Total Shares Held	Number of Shareholders	Shareholding Slab		Total Shares Held
	From	To			From	To	
4119	1	100	118,760	6	135001	140000	818,646
5740	101	500	1,698,767	5	140001	145000	710,244
1376	501	1000	978,553	10	145001	150000	1,475,405
3488	1001	5000	9,205,708	5	150001	155000	763,733
674	5001	10000	4,732,806	1	155001	160000	158,392
301	10001	15000	3,686,309	2	160001	165000	324,713
148	15001	20000	2,612,073	2	165001	170000	333,947
96	20001	25000	2,156,944	3	170001	175000	514,167
60	25001	30000	1,654,812	4	175001	180000	710,224
39	30001	35000	1,260,997	3	180001	185000	548,297
28	35001	40000	1,055,923	1	185001	190000	187,882
25	40001	45000	1,069,904	2	190001	195000	382,375
29	45001	50000	1,407,263	2	195001	200000	398,181
22	50001	55000	1,149,719	1	200001	205000	200,770
24	55001	60000	1,375,866	2	205001	210000	413,280
18	60001	65000	1,127,975	1	210001	215000	214,072
19	65001	70000	1,278,378	1	215001	220000	217,000
12	70001	75000	865,182	1	220001	225000	221,018
9	75001	80000	686,819	7	225001	230000	1,600,396
9	80001	85000	745,454	2	240001	245000	486,549
11	85001	90000	965,074	2	245001	250000	500,000
8	90001	95000	739,383	2	250001	255000	504,466
17	95001	100000	1,686,782	2	255001	260000	514,951
1	100001	105000	101,203	2	260001	265000	524,449
3	105001	110000	324,292	1	270001	275000	275,000
7	110001	115000	788,779	1	275001	280000	276,764
4	115001	120000	477,231	2	280001	285000	565,572
4	120001	125000	491,206	7	295001	300000	2,092,720
4	125001	130000	510,594	1	300001	305000	303,600
7	130001	135000	925,647	2	305001	310000	615,283

Number of Shareholders	Shareholding Slab		Total Shares Held	Number of Shareholders	Shareholding Slab		Total Shares Held
	From	To			From	To	
1	310001	315000	313,124	1	775001	780000	779,506
1	320001	325000	325,000	1	830001	835000	832,380
2	340001	345000	688,640	1	910001	915000	910,800
3	345001	350000	1,050,000	1	920001	925000	924,000
1	355001	360000	355,214	1	930001	935000	935,000
2	375001	380000	750,622	1	950001	955000	950,346
1	390001	395000	390,078	1	970001	975000	971,947
1	395001	400000	400,000	1	975001	980000	975,855
2	405001	410000	813,513	1	980001	985000	982,381
2	410001	415000	824,723	3	995001	1000000	3,000,000
1	415001	420000	418,715	1	1035001	1040000	1,035,039
1	435001	440000	439,346	1	1065001	1070000	1,065,130
1	440001	445000	440,738	1	1075001	1080000	1,078,500
1	455001	460000	455,480	1	1140001	1145000	1,142,699
1	465001	470000	468,500	1	1165001	1170000	1,168,091
1	490001	495000	493,500	1	1245001	1250000	1,250,000
5	495001	500000	2,492,318	1	1305001	1310000	1,309,907
1	505001	510000	506,000	1	1325001	1330000	1,330,000
1	545001	550000	545,290	1	1370001	1375000	1,371,500
1	555001	560000	560,000	1	1430001	1435000	1,431,730
2	590001	595000	1,184,256	1	1450001	1455000	1,450,245
1	595001	600000	600,000	1	1455001	1460000	1,455,500
1	605001	610000	605,746	1	1480001	1485000	1,481,633
1	645001	650000	649,750	1	1495001	1500000	1,500,000
1	655001	660000	655,971	1	1535001	1540000	1,536,390
2	665001	670000	1,339,000	1	1580001	1585000	1,581,910
2	685001	690000	1,377,962	1	1685001	1690000	1,688,187
1	710001	715000	713,787	1	1750001	1755000	1,752,025
1	725001	730000	725,300	1	1800001	1805000	1,802,193
1	770001	775000	774,812	1	2000001	2005000	2,000,299

Number of Shareholders	Shareholding Slab		Total Shares Held	Number of Shareholders	Shareholding Slab		Total Shares Held
	From	To			From	To	
1	2065001	2070000	2,069,211	1	7085001	7090000	7,086,648
1	2325001	2330000	2,328,040	1	8255001	8260000	8,259,185
1	2795001	2800000	2,796,530	1	8300001	8305000	8,305,000
1	2890001	2895000	2,890,047	1	8610001	8615000	8,613,926
1	2995001	3000000	3,000,000	1	9305001	9310000	9,309,943
1	3200001	3205000	3,204,539	1	15795001	15800000	15,796,000
1	3540001	3545000	3,543,320	1	24940001	24945000	24,944,475
1	4060001	4065000	4,062,138	1	37470001	37475000	37,471,253
1	4090001	4095000	4,090,780	1	38100001	38105000	38,101,677
1	4580001	4585000	4,580,509	1	38565001	38570000	38,565,071
1	4720001	4725000	4,724,429	1	40070001	40075000	40,071,325
1	4855001	4860000	4,856,162	1	41825001	41830000	41,827,596
1	4995001	5000000	5,000,000	1	49805001	49810000	49,809,259
1	5135001	5140000	5,137,890	1	64195001	64200000	64,198,605
1	5890001	5895000	5,894,775	1	80365001	80370000	80,368,941
1	6245001	6250000	6,250,000	1	128395001	128400000	128,397,218
1	7040001	7045000	7,043,665	1	721315001	721320000	721,317,291
				16494			1,517,696,525

Branch Network - Conventional

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
1	238	Central - I	Daska	Daska	052-6614623,4	Plot No.3,4 & 5, Muslim Market, Gujranwala, Daska.
2	128	Central - I	Gujranwala	Gujranwala	0553-730301 ,2,3,4	Gt Road Main Branch Zia Plaza Gujranwala.
3	146	Central - I	Gujrat	Gujrat	0533-536781	Noble Furniture Plaza, G.T. Road Gujrat.
4	142	Central - I	Allama Iqbal Town	Lahore	042-37806022, 042-37806025	18-Hunza Block, Main Road, Allama Iqbal Town, Lahore.
5	467	Central - I	Badami Bagh	Lahore	042-37708160-4	343-Circular Road, Badami Bagh, Lahore.
6	469	Central - I	Bilal Gunj	Lahore	042-37214084-8	16-Shahjehan Road, Bilal Gunj, Lahore.
7	223	Central - I	Brandreth Road	Lahore	042-3767224-5	78 Brandreth Road, Old Nishtar Road, Lahore.
8	334	Central - I	Cavalry Ground	Lahore	042-36655590	4 /5 Haroon Plaza, Cavalry Ground, Lahore
9	208	Central - I	Chourji	Lahore	042-35244832, 042-35244872	50, Chourji Chowk, Lahore.
10	132	Central - I	Circular Road	Lahore	0423-7673001-6	Babar Center, 51, Circular Road, Lahore
11	233	Central - I	CMH Chowk	Lahore	042-36602327	1482/14-15, Day Building, CmH Chowk, Sarwar Road, Lahore Cantt.
12	273	Central - I	Daroghawala	Lahore	042-36533526-30	386-C, More Salamat Pura, Main G.T Road, Daroghawala, Lahore
13	125	Central - I	DHA , H-Block	Lahore	042-35897712-17	136/1, Block-H, Commercial Area, Phase-I, Dha, Lahore Cantt.
14	462	Central - I	DHA Block Z	Lahore	042-35725903-4	326 Z- Block, Phase Iii, Dha, Lahore Pakistan.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
15	417	Central - I	DHA Phase V	Lahore	042-37182356-58	Plot No. 10, Commercial Area, Sector C-C-A, Phase-V, Dha, Lahore.
16	401	Central - I	Egerton Road	Lahore	042-36301629, 36363781,36301574	Property No Se-27-R-3, 7 Egerton Road Lahore.
17	256	Central - I	EME Society	Lahore	042-37511081-4	111-D, Commercial Area, Eme Society, Dha Multan Road, Lahore.
18	158	Central - I	Faisal Town I	Lahore	042-35201991-92	10-C, Main Boulevard, Faisal Town, Lahore
19	253	Central - I	Fruit Market	Lahore	042-379445043	136, Farooq Centre, Fruit Market Scheme, Ravi Link Road, Lahore.
20	212	Central - I	Ghazi Chowk	Lahore	042-35212250-4	8-A, Awaisia Cooperative Housing Society, Ghazi Chowk, Link College Road, Township Lahore.
21	457	Central - I	Gulberg Industrial Area	Lahore	042-35717142 35717145	25-B-2, Gulberg Iii, Lahore
22	416	Central - I	Gulshan-e-Ravi	Lahore	04237404506 04237404512	2/B, Civic Center, Gulshan-E-Ravi, Lahore
23	188	Central - I	Ichra	Lahore	042-37569934-35	172, Ferozpur Road, Ichra, Lahore
24	182	Central - I	Johar Town, Lahore	Lahore	042-35300897 35315735-36	435-G-I, Johar Town, Lahore.
25	274	Central - I	Karim Block	Lahore	042-35295572-4, 35295578-79	2B-2C , Karim Block , Allama Iqbal Town , Lahore.
26	187	Central - I	Liberty	Lahore	042-35752108-9	37-E, Iii Saeed Alam Tower, Liberty Market, Gulberg Iii, Lahore

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
27	148	Central - I	Main Boulevard, Gulberg	Lahore	042-35787839-40-50	69-B, Main Boulevard, Gulberg-III Lahore.
28	419	Central - I	Maulana Shaukat Ali Road, Lahore	Lahore	042-35203894	Plot No. 66, Block - E, Muhammad Ali Johar Town, Adjacent to Insan Mumtaz Hospital, Opp. To Ravi Restaurant, Lahore.
29	197	Central - I	Mcleod Road	Lahore	042-36370024-45-67	Usman Plaza, Opposite: Lahore Hotel, Mcleod Road, Lahore.
30	150	Central - I	Model Town	Lahore	042-35884705-07	13-C Faysal Bank ,Bank Square Model Town ,Lahore.
31	205	Central - I	Mughalpura	Lahore	042-36524863-4	3/15 Jahangir Road, Lal Pul, Near Afc, Mughalpura, Lahore.
32	464	Central - I	New Garden Town	Lahore	042-35861111 35868010	Awami Complex, Usman Block No.2, New Garden Town, Lahore.
33	218	Central - I	Nila Gumbud	Lahore	042-37360032-34	8-The Mall, Bank Square, Lahore.
34	461	Central - I	PIA Society	Lahore	042-35227087-9	Building/Plot 402, Block No. E, PIA Housing Society Road, Near Bfc, Lahore.
35	276	Central - I	Shadbagh	Lahore	042-37614813-17	Tajpura Chowk, Near Ptd Exchange, Misri Shah, Shadbagh, Lahore.
36	178	Central - I	Shadman	Lahore	042-35408506	11-A, Shadman 1, Jail Road, Lahore.
37	186	Central - I	Shahdara	Lahore	042-37902501-4	G.T.Road, Shahdara, Lahore.
38	137	Central - I	Shalimar Garden	Lahore	042-36844714-18	Bilal Market, Chowk Shalimar Bagh, G.T.Road, Baghbanpura, Lahore.
39	112	Central - I	The Mall	Lahore	042-37236014-8	43, Shahrah-E-Quaid-E-Azam, Lahore
40	160	Central - I	Thokar Niaz Baig	Lahore	042-35457491	Jamal Market, All Town, Opp.Lahore University,Thokar Niaz Baig, Raiwand Road

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
41	282	Central - I	Tufail Road	Lahore	042-36604909-14	Garrison Officers Mess 12, Tufail Road, Lahore Cantt
42	331	Central - I	Upper Mall	Lahore	042-111-11-22-33 35751001-6	310-Upper Mall, Shahrah-E-Quaid-E-Azam, Lahore.
43	180	Central - I	Urdu Bazar	Lahore	042-37314617-18	S-38, R-205-A, Cattle Street, Circular Road, Urdu Bazar, Lahore.
44	459	Central - I	Valancia Society	Lahore	042-35224791-2	9-A, Commercial Zone Valancia Society , Lahore.
45	261	Central - I	Cantt Sialkot	Sialkot	052-4261710	100-A Aziz Shaheed Road Sialkot Cantt.
46	122	Central - I	Sialkot Main	Sialkot	052-4292501,2	Plot No.B1-16S-98B, 17-Paris Road, Opp Cc & I, Sialkot.
47	284	Central - II	Ahmed Pur East	Ahmed Pur East	062-2275214-15	22, Dera Nawab Road, Adjacent Civil Hospital, Ahmed Pur East.
48	232	Central - II	Arifwala	Arifwala	0457-835425-26	173-D Thana Bazar Arifwala.
49	149	Central - II	Rehman Society, Bahawalpur	Bahawalpur	062-2730691-93	2 - Rehman Society, Noor Mahal Road, Bahawalpur.
50	200	Central - II	Burewala	Burewala	067-3773011-13	5 C, Multan Road, Burewala, District Vehari.
51	264	Central - II	Cheshtian	Cheshtian	063-2507809-10	143 B - Block Main Bazar Cheshtian.
52	225	Central - II	Chichawatni	Chichawatni	040-5482305 - 6	G.T Road Chichawatni.
53	448	Central - II	Dera Ghazi Khan	Dera Ghazi Khan	064-2474175-77	Block 18, Hospital Chowk, Pakistan Plaza, Dera Ghazi Khan.
54	111	Central - II	Civil Line, Main Faisalabad	Faisalabad	041-2644481-85	Bilal Road, Civil Lines Faisalabad.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
55	288	Central - II	Clock Tower, Faisalabad	Faisalabad	041-2630971-73	Plot No. 221/A, Clock Tower, Faisalabad.
56	299	Central - II	Factory Area	Faisalabad	041-2540186-87	Factory Area Tata Market ,Faisalabad.
57	176	Central - II	GM Abad, Faisalabad	Faisalabad	041-2691262, 041-2691375	39-B, Usman Plaza, Sadar Bazar Gm Abad, Faisalabad.
58	224	Central - II	Madina Town, Faisalabad	Faisalabad	041-8723365, 041-8723317	Madina Town Branch Faisalabad.
59	254	Central - II	Samanabad, Faisalabad	Faisalabad	041-2563671-73	650 A, Samanabad, Industrial Labor Colony, Faisalabad.
60	177	Central - II	Satyana Road, Faisalabad	Faisalabad	041-8730405, 041-8730443	Plot No 721, Dgm Block, Batala Colony, Satyana Road, Faisalabad.
61	242	Central - II	Haroonabad	Haroonabad	063-225130-32	25/C Grain Market Haroonabad Distt Bahawalnager.
62	241	Central - II	Khanewal	Khanewal	065-2553610-11	Plot No. 75, Block 12, Sir Syed Road, Khanewal.
63	121	Central - II	Bosan Road	Multan	061-6214905-09	1/A-2, Officers Colony, Bosan Road, Multan.
64	341	Central - II	Cantt, Multan	Multan	061-4588377-79	44/D Aziz Shaheed Road, Multan Cantt.
65	203	Central - II	Gulshan Market	Multan	061-6784277-78	11 Y-Block Gulshan Market, New Multan Multan.
66	133	Central - II	Old Bahawalpur Road	Multan	061-4783391, 061-4783523	129/1, Old Bahawalpur Road, Multan.
67	155	Central - II	Okara	Okara	044-2551772, 2551773	M.A. Jinnah Road, Okara.
68	247	Central - II	Pakpattan	Pakpattan	045-7352307-09	College Road, Pakpattan.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
69	293	Central - II	Pattoki	Pattoki	049-4421950-53	55-Allama Iqbal Road, Patoki.
70	249	Central - II	Rabwah	Rabwah Chenab Nagar	047-6215530-32	Plot # 09, Gol Bazar Darul Saddar Chenab Nagar Rabwah.
71	157	Central - II	Rahim Yar Khan	Rahim Yar Khan	068-5889411-14	27- Town Hall Opp. City Park, Rahim Yar Khan.
72	286	Central - II	Renala Khurd	Renala Khurd	044-2635781-83	20-A/2-L, Gulshan Ishaq Colony, Welcome Road, Renala Khurd.
73	201	Central - II	Sadiqabad	Sadiqabad	068-5702440	Property Khata No.235, Khatoni No.235, Situated At Main Water Supply Road, Mouza Mahal Mandi, Sadiqabad.
74	202	Central - II	Sahiwal	Sahiwal	040-4224060 -64	Sarwar Shaheed Road, Sahiwal.
75	154	Central - II	Vehari	Vehari	067-3366401, 3366123	47-A, Karkhana Bazar, Vehari.
76	136	North	Gujar Khan	Gujar Khan	051-3514985/3514996	B-11,215-D,Ward # 5 G.T Road Gujar Khan.
77	113	North	Blue Area	Islamabad	051-2275096-9	15-West, Jinnah Avenue Blue Area, Islamabad.
78	194	North	F-11 Markaz, Islamabad	Islamabad	051-2228142-4	Plot 14, F-11, Markaz, Islamabad.
79	332	North	F-7 II, Islamabad	Islamabad	111-11-22-33	Plot No. 13-N, F-7 Markaz, Islamabad.
80	213	North	F-8 Markaz, Islamabad	Islamabad	051-2287412 & 13	Npt Building, Markaz F-8, Islamabad.
81	169	North	I-10 Markaz, Islamabad	Islamabad	051-4102105-8	3-G, Monawwar Plaza, C10 Markaz I-10, Islamabad.
82	452	North	Islamabad Blue Area II Roshen Center	Islamabad	051-2275250-2	78-W, Roshan Center, Jinnah Avenue, Blue Area, Islamabad.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
83	204	North	Jhelum	Jhelum	0544-625458	Koh-E-Noor Bank Square, Old G.T. Road, Jhelum Cantt.
84	215	North	Mandi Bahauddin.	Mandi Bahauddin.	0546-600371	Railway Road Mandi Bahauddin.
85	116	North	Mirpur (AJK)	Mirpur (Azad Kashmir)	05827-445100-2	Opposite Quaid E Azam Stadium Mian Mihammad Road Mirpur Azad Kashmir.
86	411	North	Fakhr-e-Alam, Peshawar	Peshawar	091-5285289, 5270176-8	1 Fakhr-E- Alam Road Cantt, Peshawar.
87	250	North	Peshawar University Camp	Peshawar	091-5610913, 091-5610943	Ground Floor, Western Corner, Academic Block - li, University Of Peshawar, Peshawar.
88	337	North	Civil Lines	Rawalpindi	051-111321321 5795105	CI/ 55 - A, Civil Lines, Meo Road, Rawalpindi.
89	267	North	Gulraiz	Rawalpindi	051-5596187 -9-102-106	Plot No. 27, Gulraiz Scheme li, Rawalpindi.
90	120	North	Haider Road	Rawalpindi	051-5701018 - 22	32, Haider Road, Rawalpindi Cantt. Rawalpindi.
91	135	North	Satellite Town	Rawalpindi	051-4424969-72	5Th Road, City Shopping Centre, Commercial Market, Satellite Town - Rawalpindi
92	184	North	Westridge	Rawalpindi	051-5166835-37	Peshawar Road Westridge, Rv Arcade - Rawalpindi.
93	405	North	University Road, Sargodha	Sargodha	048-3768207, 048-3726545	Khewat No. 851, Khasra No.296/276/64/1-64/2/2/2/2, Chak No 45, Alaf Shumali, Club Chowk, University Road Sargodha.
94	292	South	Ghotki	Ghotki	0723-600807	Ground Floor, City Survey No. 890, Ward-B, Situated At Devri Sahab Road, Ghotki.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
95	138	South	Saddar, Hyderabad	Hyderabad	022-2728356-59	Plot No. 339, Main Bohra Bazar Saddar, Hyderabad.
96	301	South	Kandhkot	Kandhkot	072-2572705-7	Plot No. 130, Main Bazar Shah Abdul Latif Road, Near Police Station, Kandhkot.
97	330	South	Abdullah Haroon	Karachi	021 -111-11-22-33	16-Abdullah Haroon Road, Karachi.
98	217	South	APWA Complex Garden	Karachi	021-32294779-80	Shop No. Soa , 5 Ground Floor Apwa Complex, Plot No. 67-Ac, Garden Road, Karachi.
99	441	South	Bukhari Commercial	Karachi	021-335149595-97	Ground, Basement And First Floor, 19-C Bukhari Commercial Lane No 5, Phase Vi, Dha, Karachi.
100	269	South	Clifton Centre	Karachi	021-35830113-5	Plot No. Dc-1, 16-A, 16-B, Block 5 Clifton Centre, Kehkashan, Karachi.
101	134	South	Cloth Market, Karahi	Karachi	021-32439021 -22 -32438150	Br-2-1/1, Bander Quarters, New Neham Road Kharadar, Karachi.
102	338	South	Defence	Karachi	021-35341761 -35856091-35854038 -35854035	22/C, Lane-2, Shahbaz Commercial, Phase Vi, Dha, Karachi.
103	437	South	Denso Hall	Karachi	021-32752306-9	Plot No. 19, Survey Sheet No. Wo-07, Wadhomal Oddharam Quarters, M.A Jinnah Road, Saddar Town, Karachi.
104	216	South	DHA Phase VIII	Karachi	021-35246011	43-C, Al-Murtaza Commercial Lane No. 4, Dha, Phase VIII, Karachi.
105	236	South	Electronic Market	Karachi	021-32751585-86	Shop No. 3, Hashmi Electronics Centre, Abdullah Haroon Road, Saddar, Karachi.
106	265	South	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.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
107	438	South	Federal B Area	Karachi	021-36800694 -36800695	C-25, Block 17, Federal B. Area, Karachi.
108	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.
109	335	South	Gulshan	Karachi	021-34830110 -34830111 -34830112 -34830108 -34830109	Sb-25, Block 13/C, Main University Road, Gulshan E Iqbal, Karachi.
110	210	South	Gulshan Block-2	Karachi	021-3497 2202 -34972998	A-287, Block-2, K.D.A Scheme -24, Gulshan E Iqbal, Karachi.
111	119	South	Gulshan-e-Iqbal	Karachi	021-34994262-3	B -35, Block 13-A, Main University Road, Gulshan-E-Iqbal, Karachi.
112	170	South	I. I. Chundrigar Road I	Karachi	021-32638011-13	11/13, Trade Centre, I.I Chundrigarh Road, Karachi.
113	424	South	I.I. Chundrigar II	Karachi	021-32418300-1	Nadir House, I. I. Chundrigar Road, Karachi.
114	123	South	Jodia Bazar I	Karachi	021-32471440 -3-32443795 -32444073	G-2, Plot No. Mir-6/52/1, Ismail Trade Centre, Ram Bharti Street, Karachi.
115	423	South	Jodia Bazar II	Karachi	021-32522225-8	Np 12/74, Mohammad Shah Street, Karachi.
116	110	South	Karachi Main	Karachi	021-111-747 -747-32795200	Faysal House, St- 02, Main Shahr-e-Faisal, Karachi.
117	198	South	Khalid Bin Waleed Road	Karachi	021-34302249-50 021-34554302	Plot No. 89-B, Block-2, P.E.C.H.S, Karachi.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
118	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.
119	156	South	Korangi Industrial Area	Karachi	021-35114402-3	Plot No. 51/9, Sector 15, Main Korangi Road, Karachi.
120	209	South	Korangi No.2	Karachi	021-35071758-59	Q-14, Ground Floor, Sector 33-A, Korangi No. 2, Karachi.
121	143	South	MACHS	Karachi	021-34390511 -34390516	Plot No. 2, F Commercial ,M.A.C.H.S, Karachi.
122	255	South	Mehmoodabad	Karachi	021-34376346-48-49	Plot No. Sa-85, Block 7, Karachi Administration Employees Cooperative Housing Society (Kaechs), Karachi.
123	145	South	New Challi	Karachi	021-32214903-04	Abid Chamber, Plot 3 Sr. 6/9, Shahra-E-Liaqat, Karachi.
124	342	South	North Nazimabad	Karachi	021-36721600-4	Showroom No. 1, Plot No. D-1, Block-D, KDA Scheme No. 2, North Nazimabad, Karachi.
125	428	South	North Nazimabad, Hyderi	Karachi	021-36648751	Show Room No. 01, Ground Floor, Euro Continental Tower, Plot No D-10, Block-B, Kda Scheme No. 2, North Nazimabad, Karachi.
126	290	South	Pak Colony	Karachi	021-32556695-96-97	Plot No. 250, 251 & 252 Modern Colony, Manghopir Road, Karachi.
127	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.
128	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.
129	333	South	Shaheed-e-Millat	Karachi	021-111-321-321 - 34382595	72-AZ, Block 7/8, Al-Riaz, Karachi.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
130	127	South	Shaheed-e-Millat	Karachi	021-34388104 -105-106	Iqbal Arcade, Plot No. 6,3/7, D.M.C Society, Karachi.
131	131	South	Shahrah-e-Faisal	Karachi	021-34315634-37	Business Avenue Centre, Block No. 6, P.E.C.H.S, Karachi.
132	172	South	Stadium Lane, Khayaban-e-Mujahid	Karachi	021-35349113 -021-35349111	43-C, Stadium Lane li, Khayaban-E-Mujahid D.H.A Phase V, Karachi.
133	164	South	Timber Market	Karachi	021-32734508 -32734490	Plot No. 6/2 Old Haji Camp, Siddique Wahab Road Lee Quarters, Karachi.
134	442	South	Tipu Sultan Road	Karachi	021-34301181-3	Plot No. 110, Zonal Commercial Area, Karachi.
135	422	South	Zainab Market - AHR	Karachi	021-35652099 -35684525-35683301	State Life Building No. 11, Abdullah Haroon Road, Karachi.
136	425	South	Zamzama	Karachi	021-35875303 -35875323-35822781	13-C, 7Th Zamzama, Commercial Lane, Clifton, Karachi.
137	287	South	Larkana	Larkana	074-4056054-56	City Survey No. 2016/ 4-A Ward C, Faysal Bank Chowk, Larkana City.
138	183	South	Fatima Jinnah Road	Quetta	081-2837234 -2824973 -2836943-2824807	Yousuf Centre, Fatima Jinnah Road, Quetta.
139	115	South	Shahrah-e-Adalat	Quetta	081-2840386-87 -2840587-2842028	Shahrah-E-Adalat Road, Quetta.
140	297	South	Shahdadkot	Shahdadkot	074-4014227-28	Plot City Survey No. 520 Ward B, Situated At Shaikh Mohala, Shahdadkot.
141	230	South	Sukkur	Sukkur	071-5617195-97	City Survey No. D1596 / 1-D, Race Course Road , Sukha Talab, Sukkur.

Branch Network - Islamic

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
1	3006	Central - I	IBB Leads Centre	Lahore	042-35783955-57-59	Leads Centre Branch, Shop # 4, 4A & 4B, Leads Centre, Main Boulevard, Gulberg-111, Lahore.
2	3025	Central - I	IBB Allama Iqbal Town, Lahore	Lahore	042-37811068, 37811100, 37811074	20, Gulshan Block, Allama Iqbal Town, Lahore.
3	3054	Central - I	IBB Railway Road, KASUR	Kasur	049-2760780-83	B IV -9-R-220 A Outside Lahori Gate, Railway Road, Kasur.
4	3040	Central - I	IBB Expo Centre	Lahore	042-35316023-24	Plot No 590 Block H 3 Opposite Expo Centre M.A Johar Town Lahore.
5	3051	Central - I	IBB Bahria Town, Lahore	Lahore	042-35452054-58	Plot No, 5-A, Sector C, Bahria Town, Lahore.
6	3073	Central - I	IBB Illahabad, Chunian	Illahabad	049-4751288-89	Khewat No. 720, Khatooni No.1470 to 1497, Qita No. 34, Main Kasur Road Illahabad, Tehsil Chunian District Kasur.
7	3089	Central - I	IBB Kot Radha Kishan, Kasur	Kot Radha Kishan	049-2380105-7	Khewat No. 298, Khatooni No. 403 To 418, Near Ghalla Mandi, Azamabad Road, Kot Radha Kishan District, Kasur.
8	3116	Central - I	IBB Phool Nagar	Phool Nagar	049-4510707	Khewat # 230 Khatooni # 399 Salim Khata 81- Canal Main Bazar Phool Naagr.
9	3037	Central - I	IBB Raiwind Road, Lahore	Lahore	042-35320164, 35320264, 35320360	131/178, Bohbatein Chowk, Raiwind Road, Lahore.
10	3132	Central - I	IBB MULL Chowk,	Lahore	042-37860071-76	Al Khan Plaza, Near Sunder Industrial Estate, Gate No 1, Mull Chowk, Main Raiwind Road, Lahore.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
11	3156	Central - I	IBB Izmir Town, Lahore	Lahore	042-35961833-66	Plot # 5, Block A, Izmir Town, (Pakistan Expatriates Co-Operative Housing Society Izmir Ltd.) Main Canal Bank Road, Lahore.
12	3067	Central - I	IBB Ferozpur Road	Lahore	042-35827951-53	Mohallah Makhdoom Abad Chungi Amr Sidhu Main Ferozpur Road Lahore.
13	3117	Central - I	IBB Bund Road, Lahore	Lahore	042-3714091-95-96	Building No.SWVI-23-C-S-68, Nawankot, Sanda, Main Band Road, Lahore.
14	3130	Central - I	IBB Bahria Orchard, Lahore	Lahore	0317-2015828-29, 0317-2015824-59	Plot No.19, Eastern Block, Bahria Orchard, Main Raiwand Road, Lahore.
15	3127	Central - I	IBB Lake City, Lahore	Lahore	0317-2015802-03-04	Plot No 14, Commercial Block No. 36, Lake City Holding, Raiwind Road, Lahore.
16	3139	Central - I	IBB Kahna Nau, Lahore	Lahore	042-35274015-6-7	Plot No. S-86-R-1968, Kaahna Nou, Ferozpur Road, Lahore.
17	3160	Central - I	IBB Shahpur Kanjira, District Lahore	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 & District Lahore.
18	3164	Central - I	IBB Mouza Ichra Baba Azam Chowk, Lahore	Lahore	042-37560029-30	Building Bearing Khasra No.19846/9044, Khewat No.6753, Khatoni No.12250, Mouza Ichra, Baba Azam Chowk, Lahore.
19	3167	Central - I	IBB Sharqpur Sharif	Sharqpur Sharif	056-2590227-28-29-23	Khasra No.914, Khatoni No.352, Khewat No.152, Main Approach Road, Sharaqpur Sharif, Sheikhpura
20	3180	Central - I	IBB Raiwind City	Raiwind	0423-5390955-56	Khewat No.1762, Khatoni No.2162, Situated at Mouza Raiwind, District & Tehsil Lahore.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
21	3194	Central - I	IBB Abadi Talab Saray Manga Raiwind Road (Unbanked)	Talab Saray	0317-2015827-28	Property Khewat No. 246/238, Khatoni No. 400, Abadi Talab Saray, Mouza Manga Uttar, Manga Raiwind Road, Tehsil Raiwind, District Lahore.
22	3205	Central - I	IBB Barkat Chowk, Quaid-e-Azam Town, Lahore	Lahore	042 35158117 - 18	Plot No. 150-XIII-B-I, Block-XIII, Sector B-I, Quaid-e-Azam Town, Lahore.
23	3234	Central - I	IBB Sagiyān, Lahore	Lahore	0316-8880836 0316-8880880	Ground Floor, Nighat Plaza, Main Saeed Chowk, Sagiyān By Pass, Lahore.
24	3229	Central - I	IBB Sundar Adda	Sundar Adda	0316-8880944, 0316-8880945	Plot / Building, bearing Khasra No. 1778, Khewat No. 121/100, Khatoni No. 212, Sundar Adda, Main Multan Road, Lahore.
25	3335	Central - I	IBB Chunian	Chunian	0494530258, 259	Property unit ward # W-I 377 / RH- -Shop, Khert #. 522-1, Khatoni # 4876, 253., Main Changa Manga Road, Chunian, Zila Kasur.
26	3376	Central - I	IBB Lajna Chowk, Lahore	Lahore	"0318-2635694 0318-2635695"	Plot # 37, Block -2, Sector- C/1, Quaid-e-Azam Town Scheme, Lahore. (Lajna Chowk, Main College Road, Township, Lahore.)
27	3357	Central - I	IBB Mandi Faizabad	Mandi Faizabad	051-2881018-19	Khewat # 104/104, Khatuni # 862, Main Jaranwala Road, Mandi Faizabad.
28	3395	Central - I	IBB Raja Market, Lahore	Lahore	042-35913643-44	Gul-Naz Heights. 122, Abu Bakar Block, New Garden Town, Lahore.
29	3088	Central - I	IBB DHA Phase VI, Lahore	Lahore	042-37188513-16	Plot No. 7, Block - A, Phase VI, Sector CC., DHA Cantt. Lahore.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
30	3166	Central - I	IBB DHA Phase IV, Lahore	Lahore	0310-2839791 042-37185234-35	Building No. 113, Block CCA, Phase IV-C Commercial, DHA Cantt, Lahore.
31	3192	Central - I	IBB Ferozpur Road II, Lahore	Lahore	042-35441694-95	Property No. S-86-R-405, Ferozpur Road, Naseerabad (Bhabra), Near Samad Rubber Works Factory, Lahore.
32	3149	Central - I	IBB DHA Phase III, Lahore	Lahore	0317-2015801-805	Plot No. 68/A, Block XX, Phase 3-C Commercial, DHA Lahore Cantt., Lahore.
33	3421	Central - I	IBB Cavalry Ground Islamic	Lahore	042-36603412-15	97-Commercial Area, Cavalry Ground, Lahore.
34	3038	Central - I	IBB Z Block, DHA, Lahore	Lahore	042-35743741-43	10-Z, Street-1, Phase III DHA, Lahore.
35	3110	Central - I	IBB Barki Road, Lahore	Lahore	042-36624946	Building Bearing Khewat No. 41/1, Khatooni No. 245, Khasra No. 512/126/3, Situated At Barki Road, Haad Bast Mouza Class Mardi, Lahore.
36	3226	Central - I	IBB State Life Housing Society, Lahore	Lahore	042-35460736, 042-35460738	Plot No. 1012, Sector F, Phase I, State Life Insurance Employees Cooperative Housing Society Limited, Lahore.
37	3241	Central - I	IBB Punjab Society, Lahore	Lahore	0317-2015829, 0317-2015828	Property No. 57, Block-F, Punjab Cooperative Housing Limited, Lahore.
38	3237	Central - I	IBB DHA T-Block, Lahore	Lahore	"044-35720712-3 044-35720104"	Plot No. 110, Central Commercial Area, Phase 2, DHA, Lahore.
39	3258	Central - I	IBB Bedian Road	Lahore	042-37165350	Village Lidhar, Bedian Road, Near Fatima Hospital, Lahore.
40	3397	Central - I	IBB Nishat Colony	Lahore	042-37179935-37	Khasra # 2090, 2093/2, 2091. Khatooni # 1388, 155, 1456, Mouza Chararr, Nishat Colony, Walton Cantt Lahore.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
41	3287	Central - I	IBB Walton Cantt	Lahore	042-36604309-12	Khasra # 284, Khewat # 175, Khatooni # 1024 (Shop # 5,6,36 Situated at Mauza Korey, Link Road, Lahore.
42	3291	Central - I	IBB New Airport Road	Lahore	042-37396852-54	Adjoining Devine Mega II Plaza, New Airport Road, lahore Cantt.
43	3385	Central - I	IBB Sui Gas Society, Lahore	Lahore	"0318-2635691 0318-2635692"	Plot # 01, Block -A, Sui Northern Officer's Co-operative Housing Society Limited (Phase 01), Lahore.
44	3384	Central - I	IBB Walton Road, Lahore	Lahore	042-36671425-26	Janjua Centre, E- 195, Walton Road, Lahore Cantt.
45	3300	Central - I	IBB Main Market, Lahore	Lahore	042-35786317-18	Plot # : 1 - E, Main Market, Gulberg-II, Lahore.
46	3016	Central - I	IBB Zrar Shaheed Road	Lahore	042-36636801-7	Zrar Shaheed Road , Joray Pull Near Ranger Girls High School Lahore Cantt.
47	3273	Central - I	IBB Jail Road	Lahore	042-37420318, 042-37423961	9- Main Jail Road Lahore
48	3340	Central - I	IBB Dharampura	Lahore	042-36866072-73	Property # SE- 6R- 174/3/174/3-A, Allama Iqbal Road, Dharampura, Lahore.
49	3030	Central - I	IBB G.T. Road, Gujranwala_RC	Gujranwala	055-3735531-5	157- Al Majeed Centre, Street No. 14, Mohalla Faisalabad, G.T Road, Gujranwala.
50	3017	Central - I	IBB East Circular	GUJRAT	053-3535933	Ship # B-10/251, Near Shah Doula Gare, East Circular Road, Opposite Green House, Gujrat.
51	3119	Central - I	IBB Satellite Town, Gujranwala	Gujranwala	055-3730424-28	Plot No. D-1, Satellite Town, Gujranwala.

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52	3122	Central - I	IBB Gakhar, G.T Road, Gujranwala	Ghakkar	055-3880163-66	Khewat No. 1965, Khatooni No. 3096, Khasra No. 3182/2, GT Road, Gakhar, Gujranwala.
53	3129	Central - I	IBB Bhimber Road, Gujrat	GUJRAT	055-3600313-19	Khewat No 45, Khatoni No. 58, Khasra No. 882, Ghulab Street, Opposite Alena Centre, Main Bhimber Road, Gujrat.
54	3104	Central - I	IBB Peoples Colony, Gujranwala	Gujranwala	055-4244178-79-74	Shop No. Y-37/7/SITE/1, Scheme No.1, Peoples Colony, Gujranwala.
55	3133	Central - I	IBB Gujranwala Cantt, Gujranwala	Gujranwala	055-3861723-25	Plot No. 10 B, Situated at Super Market, Saddar Bazar Area, Gujranwala Contonment.
56	3143	Central - I	IBB Rehman Shaheed Road, Gujrat	GUJRAT	0316-1180906-08, 053-3510756	Khewat No. 213, Khatooni No. 227, Khasra No. 63, Rehman Shaheed Road, Gujrat.
57	3142	Central - I	IBB Wapda Town, Gujranwala	Gujranwala	055-486014-15, 055-486011	Plot No., MM-07, Main Market, Block B-3, Wapda Town, Gujranwala.
58	3175	Central - I	IBB Muridke,	Muridke	042-37950535-36	Salam Khata No.15/128, Khewat No.648, Khatoni No.1828, Main G.T Road, Muridke, District Sheikhpura.
59	3179	Central - I	IBB Rana Town	Rana Town	042-37960362-66	Khewat No.690, Khatoni No.767, Salam Khata, Qita 7, Mouza Chak No.39/U.C.C Tehsil Ferozewala District Sheikhpura.
60	3178	Central - I	IBB More Eminabad	More Eminabad	055-3261101-05-06	Khewat No.993, Khatoni No.1151, Khasra No.1862/1029/1030, G.T Road, Main Bank Al-Habib, More Eminabad Mouza Dhilawali, Tehsil & District Gujranwala.
61	3176	Central - I	IBB Kotla Arab Ali Khan	Kotla Arab Ali Khan	053-7575425-7	Khasra No. 552, Khewat/Khatoni No. 87/510, Village Kotla Arab Ali Khan, Tehsil Kharian, District Gujrat.
62	3246	Central - I	IBB Jalalpur Jattan	Jalalpur Jattan	053-3430047,	Property bearing Khewat No. 1690, 2073 & 75, Khatoni No. 2314, 2427 & 29, Khasra No. 194, 198, situated at Jalalpur Jattan, Tehsil & District Gujrat.

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63	3250	Central - I	IBB Guliana	Guliana	053-7388804, 053-7388805	Property Khewat No. 56, Khatooni 146, Khasra No. 244, Mohala TibbiZinda, situated at Village Guliana, Tehsil Kharian, Distt Gujrat.
64	3334	Central - I	IBB Kamoke	Kamonke	055-6810460-1	Property no. 9692/ 2778/2 @ Edhi Road, Link GT Road, Kamoke (Dist. Gujranwala)
65	3317	Central - I	IBB Kangniwala, Gujranwala	Gujranwala	0554274567, 566,568,569	Khasra no: 2503, Khatoni no 3341, (opposite Anwar Industries) Kangniwala, Main Gujranwala Road.
66	3277	Central - I	IBB Lalamusa	Lalamusa	053-7519577,6	Shop No. GF-110 to 112 & FF-152 to 154, Shayan Plaza, Mouza Kaira, G. T. Road, Lalamusa.
67	3417	Central - I	IBB Shekhupura Road, Gujranwala	Gujranwala	055-4240152	Rehman Market, Sheikhupura Road, Gujranwala.
68	3302	Central - I	IBB Alipur Chatha	Alipur Chatha	055-6333209-10	Khewat # 267, Khatoni # 648, Khasra @ 3522-1683 Gujranwala Road, Near Sindh Bank, Ali Pur Chattha. Teshil Wazirabad, District Gujranwala.
69	3337	Central - I	IBB Nokhar	Nokhar	055-6728249-50	Khasra # 157/158, Khatoni # 350, Main Hafizabad Road (opposite National Bank of Pakistan), Nokhar Mandi.
70	3309	Central - I	IBB Hafizabad	Hafizabad	0547-523213-14	Khewat # 160/161, Khatuni # 208, Main Sagar Road, near UBL Bank, Hafizabad. Tehsil & District Hafizabad.
71	3165	Central - I	IBB LDA Plaza Johar Lahore	Lahore	042-35447445-9	Building No.452-F, Muhammad Ali Johar Town Lahore, Opposite Lahore Development Authority Office, Johar Town, Lahore.
72	3202	Central - I	IBB Ayubia Market New Muslim Town	Lahore	042-35926822-6	Property No. 18, Block-B, Ayubia Market, New Muslim Town, Lahore.

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73	3072	Central - I	IBB Maragzar Housing Society, Lahore	Lahore	042-35461556,042-35461458,35461519	Khasra No. 4397, Min 4398, Min Milad Chowk, Maragzar Housing Society, Niaz Baig, Multan Road Lahore.
74	3082	Central - I	IBB Samanabad, Lahore	Lahore	042-37564024-25	Plot No.381/N, Bearing Number SXVI-1-S-32/A/RH, Main Pouch Road, Samanabad, Lahore.
75	3349	Central - I	IBB Wahdat Road, Lahore	Lahore	042-7423077-8	Property # SXXVII – 121, Wahdat Road, Near Khawaja Arcade Lahore.
76	3312	Central - I	IBB Awan Town	Lahore	0423-5445739-40	S-94-R- 302-304-306-01-SH, Opposite Fruit Mandi, Multan Road, Kharat # 77, Khatoni # 217, Khasra # 371 /244, Mouza Kakay-zahe, Teshil / District Lahore. Jattan, Tehsil & District Gujrat.
77	3267	Central - I	IBB Main Multan Road	Lahore	042-37801904-378019011	235/1, Badar Block, Allama Iqbal Town, Main Multan Road Lahore.
78	3316	Central - I	IBB Model Town Link Road Lahore	Lahore	04235447393-391,392	Shop # 4-5, G.F New Liberty Tower, Link Road Model Town, Lahore.
79	3310	Central - I	IBB Model Town K Block, Lahore	Lahore	0311-9700921	4K, Commercial Area, Model Town Lahore.
80	3386	Central - I	IBB TECH Society, Lahore	Lahore	0321-4408662	Commercial Plot # 14, The Engineers Cooperative Housing Society Ltd, Canal Bank, Lahore.
81	3023	Central - I	IBB Daska Road	Sialkot	052-3240200-4-3252996-8	Plot No. 651, Daska Road, Pul Aik, Sialkot.
82	3023	Central - I	IBB City Housing, Sialkot (Sub Branch)	Sialkot	052-6556010-052-6556022,3240203-4	City Housing Society Ltd, Shop No 19, Opposite Main Office, 6-KM, Daska Road, Sialkot.
83	3109	Central - I	IBB Kashmir Road,	Sialkot	052-4268378-9	Show Room Bearing No. B III-11S-99/1/A/1/RH, Kashmir

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84	3105	Central - I	IBB Small Industrial	Sialkot	052-3242925-6	Shop # B III-8S-222, Situated at Ugoki Road, Opposite University Of Management & Technology (UMT) Sialkot Campus & Small Industrial Estate, Sialkot.
85	3138	Central - I	IBB Sambrial	Sambrial	052-6523964,5	Property No. B-VII-281/RH, Sialkot Wazirabad Road Opposite Sabzi Mandi, Sambrial, District Sialkot.
86	3158	Central - I	IBB Mouza Gohadpur, Sialkot	Sialkot	052-4296021,2	Khewat No 52, Khatoni No 141, Khasra No 33, Mouza Gohadpur, Main Gohadpur Road, Sialkot.
87	3159	Central - I	IBB Old Katchery Road, Narowal	Narowal	054-2470063,64,65	Khasra No. 1057, Khewat No. 1443, Khatooni No. 2259, Old Katchery Road, Near Woman Development & Bait -UI - Maal, Narowal.
88	3219	Central - I	IBB Shakargarh	Shakargarh	0542 451576 - 77	Khasra No. 1460. 174/2 & 174/3 on Railway Road, Shakargarh.
89	3247	Central - I	IBB Khichian	Khichian	052-4268143,	Khewat No. 10,11,12, Khatooni 39, 40, 41, Khasra 62, 63, 114/91/56, 70, 71, Situated at Mohali Lehlian, Khichian, Tehsil, Distt. Sialkot.
90	3322	Central - I	IBB Nekapura	Sialkot	052-3611136-7	"E&T # B-XIV-16, S-58/1/RH/shop Serial # 1103, Pull 1, Nekapura, Pasrur Road, Sialkot.
91	3363	Central - I	IBB Ugoki	Ugoki	052-3571392-4	Property # 21/1-rc, Sector Rc Commercial, Model Town Co-Operative House Building Society Ltd., Wazirabad Road, Ugoki, Sialkot.
92	3297	Central - I	IBB Wazirabad	Wazirabad	055-6609526	Khasra No. 1828 & 1830, Khatooni No 2043, Khewat No. 1313, Ground Floor, Al-Rehmat Plaza, Haji Pura Chowk, Sialkot Road, Wazirabad, District Gujranwala.
93	3320	Central - I	IBB pasrur	Pasrur	052-6442803-04	Klass-wala Road, Mouza Saadullah Pur ,Pasrur.

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94	3344	Central - I	IBB Zafarwal	Zafarwal	05425388187,86	Khavit 250, Khatooni -484, Qila 2- 1-1 Munt-Qila OK-4M- 25, Zafarwal, District Narawal.
95	3162	Central - I	IBB Manawa, Lahore	Lahore	042-36523022 - 042-37132736	Shop # 2, Plot # 762, G.T Road, Near Al Hafeez Garden, Manawa, Lahore.
96	3181	Central - I	IBB Shahdara Town, Lahore	Lahore	042-37926131 -32-33-34-35-36	Property No.N 130 R-36/33/RH, Near Main Bus Stand, Situated at Shahdara Town, Lahore.
97	3008	Central - I	IBB Azam Cloth Market Lahore	Lahore	042-37671351-54	Akbar Block Rahim Centre Azam Cloth Market Lahore.
98	3065	Central - I	IBB Azam Cloth Market II	Lahore	042-37656802	Property # F-1173, Multani Mohallah, Koocha Sodaagan, Chuna Mandi, Lahore Pakistan.
99	3173	Central - I	IBB Khayaban-e-Jinnah, Lahore	Lahore	042-35181779-80	Building No. 646, Situated at Air Lines Housing Scheme, Main Khayaban-e-Jinnah Road, Lahore.
100	3056	Central - I	IBB Sheikhpura	Sheikhpura	056-3614270-71-73	3-C, College Road, Civil Lines, Sheikhpura.
101	3216	Central - I	IBB LDA Tajpura, Lahore	Lahore	0317-2701895-96	Plot No. 58, Block A/1, Tajpura Scheme, Near Railway Phatak, Lahore.
102	3242	Central - I	IBB Ravi Road, Lahore	Lahore	042-37729725, 042-37729726	Property Survey No. NW-111-R, bearing Khasra No. 1316, Mouza Jia Mosa, located at Ravi Road, Opposite to Minar-e-Pakistan, Lahore.
103	3360	Central - I	IBB Islampura, Lahore	Lahore	0423-7100386-7	Property # SW_III-40-S-16, Main Bazar, Krishan Nagar, Islampura, Lahore.
104	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.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
105	3326	Central - I	IBB Kot Abdul Malik	Kot Abdul Malik	0317-2701910-09	Shop, Khasra # 5974, Kot Abdul Malik, Mouza Sharigpur, District Sheikhpura,
106	3396	Central - I	IBB Timber Market, Lahore	Lahore	042-37729814-5	44- Timber Market, Ravi Road, Lahore.
107	3416	Central - I	IBB Shahalam Market	Lahore	042-37675619-68-46	5 A-C Near Fawara Chowk Shah Alam Market Lahore.
108	3090	Central - I	IBB Kot Lakhpat, Lahore	Lahore	042-35119959-60	Building No. 1, Civic Centre, Quaid – e – Azam Town, Township Scheme, Lahore.
109	3032	Central - I	IBB Township Lahore	Lahore	042-35144107 – 08	Property No. 42-A, 10-B-1, Quaid-E-Azam Town, Peco Road, Township, Lahore.
110	3033	Central - I	IBB Circular Road, Gate, Lahore.	Lahore	042-37670600	33-Circular Road, Outside Shah Alam Gate, Lahore.
111	3232	Central - I	IBB Eden City, DHA Phase 8, Lahore	Lahore	"0316-8880829 0316-8880879"	Ground Plot # 13, Block A (Angora) Eden City 1, Near Air Avenue, Opposite New Airport, Lahore.
112	3239	Central - I	IBB Dholanwal, Lahore	Lahore	0322-4238772, 0345-4763863	Property Khewat No. 3316 & 3315, Khatoni No. 8705 and 8700 to 8704, Khasra No. 3801/2249, Hadbast Mouza Nawan Kot, Tehsil, City & District Lahore.
113	3221	Central - I	IBB Garhi Shahu, Lahore	Lahore	0321-3233333, 0321-4454775	EOBI House, 105-A, Allama Iqbal Road (Garhi Shahu), Lahore.
114	3332	Central - I	IBB Mehmood Booti	Lahore	0423-7333242	Ghani Marbles, Shadi Pura, near Total Petrol Pump, Mehmood Botti, Bund Road, Khatooni # 31, Khasra # 46, Abadi Kiran Park, Hadbast Mouza Shadi Pura, Teshil Cantt. Zila Lahore.
115	3157	Central - II	IBB Jaranwala, Faisalabad	Jaranwala	041-4310724-25	Chak No. 127, G.B Khasra No. 4/1/2, Khewat No.3770, Khatooni No, 5358, Jaranwala, Faisalabad.

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116	3061	Central - II	IBB Chiniot	Chiniot	047-6333561-3	Property No-3188/3178, Main Faisalabad Rd, Sagheer Town, Near Nadra Office, Chah Karari Wala, Chiniot No. 2, Chiniot.
117	3184	Central - II	IBB Samundri	Samundri	041-3420106-07	Khewat No.5/5, Khatooni No.5, 16, Chak No.533 GB, Gojra Road, Tehsil Sumandri, Faisalabad.
118	3185	Central - II	IBB Kamalia	Kamalia	046-3413805-06	Khewat No.55/55, Khatooni No.62 To 68, Rajan Road, Mohallah Khokharabad, Near Main Hospital, Kamalia.
119	3225	Central - II	IBB Gulberg Road, Faisalabad	Faisalabad	0317-2701920 0317-2701921	Chak No. 279 RB, Gobinpura, Gulberg Thana Road, Faisalabad.
120	3233	Central - II	IBB Pir Mahal	Pir Mahal	046-3360548, 046-3360549	Property Khewat No. 53/54, Khatooni 53, Ahata No. 1050, situated at Chak No. 779/GB, Tehsil Pir Mahal, Distt Toba Tek Singh.
121	3220	Central - II	IBB Chak Jhumra	Chak Jhumra	041-8527234, 041-8527235	Property Bearing Khewat No. 97, Khatooni No. 99, Hata No. 424/376, situated at Chak No. 297/RB, Mandi Chak Jhumra, Tehsil Chak Jhumra 7, District Faisalabad.
122	3003	Central - II	IBB Sargodha Road, Faisalabad	Faisalabad	041-8580381-7	Muslim Town, Chak 122/Jb, Main Sargodha Road, Faisalabad.
123	3021	Central - II	IBB Liaquat Road, Faisalabad	Faisalabad	041-2617403-8, 2619025, 2627806-7	Property No. 73, Khewat No. 1858, Khatooni No. 1885, Khasra No. 1008, Chak No 212/RB Liaquat Road, Faisalabad.
124	3014	Central - II	IBB Minerwa Road, Faisalabad	Faisalabad	041-2416281-85	Shop No.1,2, 46-50, New Grain Market, Minerwa Road, Faisalabad.
125	3085	Central - II	IBB Millat Chowk,	Faisalabad	041-8580821-27	Plot No. 136 B-II/1, Gulistan Colony, Millat
126	3118	Central - II	IBB Jhang Road, Faisalabad	Faisalabad	041-2651805-06	P-I, Street Tayran Wali, Partab Nagar, Main Jhang Road, Faisalabad.

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127	3120	Central - II	IBB Canal Road, Faisalabad	Faisalabad	041-8751940-41	Khasra No 16/3/3, Khewat # 3688-242, Sq# 83, Chak # 207 Rb, Canal Road, Faisalabad.
128	3150	Central - II	IBB Circular Road, Faisalabad	Faisalabad	041-2636341 - 42	Chak # 212/RB, Shop # 4 & 5, Khasra # 1038/1, Jimnah Market, Bank Square, T.B Hospital, Circular Road Faisalabad.
129	3140	Central - II	IBB Peoples Colony, Faisalabad	Faisalabad	041-8717785-86	Building No. 22/A-1 Peoples Colony, Faisalabad.
130	3141	Central - II	IBB Gol Karyana, Faisalabad	Faisalabad	041-2604022-23	Shop # 72, Gol Karyana Bazar, Near Rail Bazar, Faisalabad.
131	3182	Central - II	IBB Hajiabad, Faisalabad	Faisalabad	041-8580624-25	Qita 3, Khewat No.1, Khatoni No.704, Situated at Chak No.207 RB, Sheikhpura Road, Opposite Millat Square Filling Station, Hajiabad, Faisalabad.
132	3200	Central - II	IBB Shankot, Nankana Sahib	Shahkot	056-3711935-36	Khewat No. 142, Khatoni No. 481, Sq. No. 36, Kila No. 23/1/53/1/1/42, Main College Road, Near Shahkot Stadium, Shahkot, District Nankana Sahib.
133	3218	Central - II	IBB Abdulllah Pur, Faisalabad	Faisalabad	041 8733615 - 16	Chak No. 207/RB, Khewat No. 4380, Khatoni No. 14309, Sq. No. 71, Kila No. 22/3/1/1, 22/3/2, Qita No. 2, Abdulllah Pur, Distt. Faisalabad.
134	3251	Central - II	IBB Kotla Jam (Unbanked)	Kotla Jam	0453 433105 - 06	Khewat No. 47, Khatoni No. 73, Capital Market, Darya Khan Road, Kotla Jam, District Bhakar.
135	3244	Central - II	IBB Khurrianwala	Khurrianwala	041-4360404, 041-4360405	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.
136	3333	Central - II	IBB Gatt Wala	Faisalabad	041-8759741	Khewat No. 268/251, Khoitri No. 330, Salam Khata, Qita 1, Sq no. 64, khasra no 24/2/3, CHAK No 198/RB Gatt Wala Tehsil Saddar & District Faisalabad.

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137	3260	Central - II	IBB Jhang	Jhang	047-7623283-84	Plot No 10/01/A Katchery Road, Near Session Chowk, Sadar Jhang.
138	3318	Central - II	IBB Fawara Chowk, Faisalabad	Faisalabad	041-8721403-04	Commercial Plot No P-259, Block-A Extension Peoples colony Faisalabad.
139	3378	Central - II	IBB Samundari Road, Faisalabad	Faisalabad	041-2406143-44	Commercial Plot No 1044, Main D type Colony Samundari Road Faisalabad.
140	3278	Central - II	IBB Toba Tek Singh	Toba Tek Singh	046-2517801-6	Farooq Shaheed Road, P-356 A/15-5, ST-6, Chaudhry Park, Toba Tek Singh.
141	3283	Central - II	IBB Gojra	Gojra	046-3512023-25	Khawat No. 664, Khatooni No. 693 Tehsil Office Road, Gojra.
142	3342	Central - II	IBB Jaranwala Road,	Faisalabad	041-8542691-92	Khawat No. 6783, Khotni No. 15951, Khasra No 60,9/23 & 9/27, Akbar colony Main Jaranwala Road, Faisalabad.
143	3389	Central - II	IBB Bhakkar	Bhakkar	0453510601 - 604	Khawat # 161, Inteqal # 914-873-436-1191-1190, Khasra # 458, Salam Khata 2k-5m, Jhang Road Chisti Chowk Tehsil District Bhakkar.
144	3362	Central - II	IBB Nalka Kohala, Faisalabad	Faisalabad	0300-7000603	Khawat No 1282/1021, khatooni No. 1342,kita No 52, Chak No 7/JB Main Nalka Kohala Sargodha Road, Faisalabad.
145	3022	Central - II	IBB LMQ Road, Multan	Multan	061-4581904-06	Property No.104, 105 / Plaza Ward IX, Abdali Shopping Arcade, LMQ road, near Nawwan Shaher Chowk, Multan.
146	3047	Central - II	IBB Chowk Shaheedan, Multan	Multan	061-4574462-64	Property # 1771/SH, Ward # VIII-M, Chowk Shaheedan, Multan.
147	3084	Central - II	IBB Model Town, Multan	Multan	061-6306156-57	Plot No. 104, Block A, Model Town, Multan.
148	3128	Central - II	IBB Vehari Chowk, Multan	Multan	061-4480914-15	Shop # 51 & 52 Madni Commercial Center, Vehari Road, Vehari Chowk, Multan.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
149	3145	Central - II	IBB Garden Town, Multan	Multan	061-6537421-23	Property # 7/Rh/Sh, Main Shershah Road, Garden Town, Multan.
150	3161	Central - II	IBB Chungi No 14, Multan	Multan	061-4421271-72	Khawat No. 523/515, Khatooni No.559, Chungi No 14, Mumtazabad Road, Near Ahmedabad, Metro Bus Stop, Mouza Taraf Juma Khalsa, Multan.
151	3183	Central - II	IBB Gulgasht Colony, Multan	Multan	061-6511817-18	Property # 219 Category-C, Town Scheme # 2, Gulghast Colony, Near Govt. Girls Comprehensive School, Multan.
152	3193	Central - II	IBB Shujaabad,	Shujaabad	061-4425541-42	Khawat No. 663/677, Khatoni No. 771, Khasra No. 561/1/2 Situated at Mouza Shujaabad Urban, Near Police Station Saddar Jalalpur, Shujaabad, District Multan.
153	3199	Central - II	IBB MDA Chowk, Multan	Multan	061-4544275-76	Shop No. 1 to 6, Bamazai Arcade, Mouza Taraf Mubarak Awal, MDA Chowk, Multan.
154	3112	Central - II	IBB Layyah	Layyah	060-6411007-78	Khata No. 35, Chak No. 123-B / TDA Shama Colony, Opposite BYCO Pertol Pump, Layyah.
155	3113	Central - II	IBB Jampur	Jampur	060-4567316-17	Ward No. 14, Mohamdia Colony, Near THQ Hospital, Jampur, District Rajanpur.
156	3174	Central - II	IBB Dera Ghazi Khan	Dera Ghazi Khan	0316-8880955-57-59	Shop No. 53, 54, Block No.2, Khata No 4312, Khasra No.5514-5515, Situated at Katchery Road, Dera Ghazi Khan.
157	3206	Central - II	IBB Rajan Pur	Rajan Pur	060 4688301 - 12	Building Khewat No. 1070, Mouza Rajanpur No. 1, Near Al Abad Chowk Indus Highway, Rajanpur, Tehsil & District Rajanpur.
158	3236	Central - II	IBB Old Shujaabad Road, Multan.	Multan	061 6303516 - 17	Khawat # 280-287, Khatoni # 327, 334 to 339, Mouza Qutabpura, Shujaabad Road, Multan.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
159	3227	Central - II	IBB Jahanian	Jahanian	0317-2701902 0317-2701904	Khewat No. 337, Jahaniyan Mandi, Jahanian, Distt. Khanewal.
160	3230	Central - II	IBB Taunsa	Taunsa	0313-6207201	Property bearing Khewat No. 1082, Vehova Road, Mouza Taunsa Shareef, Tehsil Taunsa, District Dera Ghazi Khan.
161	3257	Central - II	IBB Vehari Road, Multan	Multan	061-6241083-84	Shops No. 79 to 84, Sheri Commercial Center, Mouza Taraf Ravi, Vehari Road, Multan.
162	3325	Central - II	IBB Buch Villas Multan	Multan	061-4745071-2	Khewat NO 73(B) 72(R) Mouza Buch Khusrroo Abad Buch Villas Housing Scheme Tehsil Multan Saddar Bosan Road, Multan.
163	3372	Central - II	IBB Muzaffargarh	Muzaffargarh	"0318-3183372	Khewat no.664 Black ink,664 Red ink,shared owned by 05/1947 ,Mouza Muzaffargarh, Tehsil & District Muzaffargarh.
164	3371	Central - II	IBB Kot Chutta	Kot Chutta	"0318-2172690 0318-2172689"	Khewat No. 109, ,Mouza Kot Chuhatta No. 3, Tehsil Kot Chuhatta District D.G Khan.
165	3354	Central - II	IBB Committee Chowk, Kabirwala	Kabirwala	0318-2172697, 0318-2172695	Commercial Property Bearing Khewat No. 952 (Black),928 (Red) Khatooni No.1377, KabirWala District Khanewal.
166	3352	Central - II	IBB Sameejabad Road,	Multan	061-6564102	Commercial Property Plot No. 57, Block-V, Property Unit No. 57/RH, Area Development Scheme New Multan Colony, Service Road Multan.
167	3286	Central - II	IBB Kot Addu	Kot Addu	066-2241093-96	Khewat No . 241 Khatooni No.259, Mouza Parhor Shang, GT Road, Kot Addu.
168	3369	Central - II	IBB Abdul Hakeem	Abdul Hakeem	0318-3193369	Khewat # 58/59, Khatooni # 191 to 199, Salam Khata 155 Kanal 8 Marla Sarsai, Kacha khuh road Abdul Hakeem Tehsil Kabirwala District Khanewal.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
169	3388	Central - II	IBB Alipur	Alipur	0344-0690690	Khewat # 209,230 share owned by 02/1536, 04/52 Slama khata 76 Kanal 16 Marla, 02 Marla 12 Sarsai situated at Muza Ghawan-1 Tehsil Ali Pur District Muzaffargarh.
170	3039	Central - II	IBB Model Town, Bahawalpur_RC	Bahawalpur	062-2731115-6, 2731118	Plot No. 29, Block A, Ghallah Mandi Road, Model Town-B, General Official Colony, Bahawalpur.
171	3092	Central - II	IBB New Ghalla Mandi, RYK	Rahim Yar Khan	0316-8880958-59, 068-5708003, 04	Khatoni No. 116-126, Khata No. 14/14, Qita No. 90, New Ghalla Mandi, Chak No. 72/NP, Rahim Yar Khan.
172	3163	Central - II	IBB Lodhran	Lodhran	060-8361654-55	Khewat No.21/22, Khatooni No. 202 – 206,
173	3191	Central - II	IBB KLP Road, Sadiqabad	Sadiqabad	068-5700245-46-47	Khata No. 38/38, Khatooni No. 41-44, Main KLP Road, Situated at Chak No. 10/NP, Sadiqabad.
174	3210	Central - II	IBB Mailsi	Mailsi	067 3750520 - 21	Building Khewat No. 47, Khatooni No. 73, situated at Colony Road, Near Ittefaq Ice Factory, Mailsi.
175	3209	Central - II	IBB Dunyapur	Dunyapur	"060 8304937 060 8304252"	Building No. 367/A, Khewat No. 225, Near Kazmi Chowk, situated at Dokota Chowk, Dunyapur, District Lodhran.
176	3231	Central - II	IBB Jalalpur Pirwala	Jalalpur Pirwala	061-4210741, 061-4210742	Property No. 311/C/D/SH, situated at Permit Road Block-B, Jalalpur Pirwala, District Multan.
177	3261	Central - II	IBB Liaquat Pur	Liaquat Pur	068-5792451-52	Shop No. 9-10 Abbasia Road, Liaquat Pur, District Rahim Yar Khan.
178	3308	Central - II	IBB Air port road, Yar Khan Rahim	Rahim Yar Khan	068-5902192-3	Commercial property Bearing No. 2706, Circular Road Rahim Yar Khan.
179	3398	Central - II	IBB Satellite Town, Bahawalpur	Bahawalpur	062-2285680-81	Unit No.P-554/5+40/C/HALL/SH. Block No.VIII, Settelight Town, Commercial Area, Bahawalpur.

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180	3290	Central - II	IBB Bahawalnagar	Bahawalnagar	063-22793338-39	Khewat No .1996,Khatoni No 2084 Shop No. 2 South line Ghala Mandi, Bhawalnagar.
181	3269	Central - II	IBB Khanpur	Khanpur	068-5577411-14	Khata No. 498,150 Khatooni No. 1014, Mayz Road (Doabba Road) Khanpur District Rahim Yar Khan.
182	3271	Central - II	IBB Hasilpur	Hasilpur	062-2441403-04	16-D, Baldia Road, Khawat No. 418/411 Khatooni No 420, Hasilpur District Bahawalpur.
183	3280	Central - II	IBB Yazman Mandi	Yazman Mandi	062-2703161-62	56/A - DB Bahawalpur Road, Yazman.
184	3383	Central - II	IBB Chowk Shahbazpur	Chowk Shahbazpur	0314-4109022	Commercial Property Bearing Khewat No 101/98, Khatooni No 273-276, Qita 21, Chowk Shahbazpur Sadiqabad District Rahim Yar Khan.
185	3057	Central - II	IBB Sahiwal	Sahiwal	040-4221601-03	Khata No. 923, Khatooni Number 942, Gali Sukh Chain, Mohallah Baloch Ganj, Sahiwal.
186	3091	Central - II	IBB Farid Town, Sahiwal	Sahiwal	040-4270352-3, 040-4270367, 040-4270359	Khewat No. 6135, Khatoni No. 6209, Khasra No. 1685/390/1, Farid Town, Sahiwal.
187	3177	Central - II	IBB Okara	Okara	0442-510858-9	Khasra No. D/2894, Khewat No.2736, Khatoni No.2772, Chak No.1A/4L, D-Block, Near Press Club, Okara.
188	3195	Central - II	IBB Chak No. 51/2-L - Okara (Unbanked)	Okara	0310-2840156	Chak No. 51/2-L, Main Depalpur Road, Okara.
189	3266	Central - II	IBB Haveli Lakkha	Haveli Lakkha	044-4775091-94	Khewat No. 404/404 Khatooni No. 507-508, Haveli Lakha, Depalpur, District Okara.
190	3345	Central - II	IBB Saddar Goggera	Saddar Goggera	0442-662257-58	Khewat no.135/135,khatooni No 440, Khasra No.30/1/2-2/1 ,Chak No 32T SaddarGoggera, Tehsil & District Okara.

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191	3321	Central - II	IBB Bunga Hayat	Bunga Hayat	0318-2172682	Khewat No. 44 Black, 42 Red, Khatooni #135 to 159, Situated in chak Baidi, Tehsil and District Pak Pattan.
192	3279	Central - II	IBB Depalpur	Depalpur	044-4540766-68-69	Shop No. 1 & 2, Khewat No. 1822, Khatooni No. 2930 To 2940, Gillani Heights, Madina Chowk. Depalpur.
193	3282	Central - II	IBB Mian Channu	Mian Channu	065-2664262-63	Khewat No. 301, Khatooni No. 305, G.T Road Near T. Chowk Mian Channu.
194	3364	Central - II	IBB Iqbal Nagar	Iqbal Nagar	"0318-2635689 0318-2635690"	Khewat No. 134, Khatooni No. 241, Mouza 93/12, Tehsil Chichawatni District Sahawal.
195	3380	Central - II	IBB Club Road, Vehari.	Vehari	067-3360463	Commercial Property Bearing Khewat# 1326,1327,1329 & 1330, Khatono # 1376, 1377,1379 & 1480, Situated at Mouza Chak# 43/WB Club Road Vehari Tehsil & District Vehari.
196	3019	North	IBB Mirpur AJK	Mirpur (Azad Kashmir)	058-27448412	Branch Al Manzar Building Allama Iqbal Road Mirpur A.K
197	3124	North	IBB Muzaffarabad	Muzaffarabad	05822-442391-4	Khasra No.522, Mouza Muzaffarabad, Near Gilani Hotel Chowk, Bank Road, Tehsil & District Muzaffarabad.
198	3045	North	IBB TALAGANG	TALAGANG	0543-411995-97	BII-278-279, Madina Plaza, Near Boys High School No.1, Chakwal Road, Talagang.
199	3074	North	IBB Katchehry Road, Mandi Bahauddin	Mandi bahauddin	0546-500943-7	Plot No. B-II/100, Mohallah Toheed Gurnj/Usmania, Katchehry Road, Mandi Bahauddin.
200	3106	North	IBB Ballo Khel Road, Mianwali	Mianwali	0459-230675-77-78	Plot No. F-229/A, Bismillah Plaza, Main Bazar ,Ballo khel Road, Mianwali.
201	3148	North	IBB DINGA	Dinga	0537-401931	Khewat No.141, Khatoono No.428-462, Khasra 69, Main Bazar, Dhallian Chwok Dinga, Tehsil Kharian, Distt

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202	3075	North	IBB Muslim Bazar, Sargodha	Sargodha	048-3700850-53	Ground Floor, Al-Ghafoor Plaza, Muslim Bazar, Sargodha.
203	3111	North	IBB Satellite Town, Sargodha	Sargodha	048-3213375	Plot No. 46-A, Main Bazar, Satellite Town, Sargodha.
204	3198	North	IBB Faisalabad Road, Sargodha	Sargodha	0311-2682805	Khewat No. 167, Khatooni No. 195, Ground Floor, Burj Abdul Aziz, Canal View, 47 Pull, Faisalabad Road, Sargodha.
205	3169	North	IBB Malakwal, Mandi Bahauddin	Malakwal	0546-581208,9	Khewat No. 455, Khatooni No. 807-815, Badshahpur Road, (Katchery Road), Tehsil Malakwal, Distract Mandi Bahauddin.
206	3240	North	IBB Kallar Syedan	Kallar Syedan	051-3570530	Khasra No. 2353, Khatooni No. 3986, Khewat No. 2087, Main Bazar, Kallar Syedan, District Rawalpindi.
207	3303	North	IBB Phalia	Phalia	054-6566126	Khewat no. 159/157, Khatooni no. 345, Khasra no. 405, Qitta 1, Helan road, Mouza Phalia Keeman, Tehsil Phalia, District Mandi Baha-ud-Din.
208	3313	North	IBB Gulberg Islamabad	Islamabad	0316-8880866	Shop No. GF-01-02, plot no. 9, Gulberg arena, business avenue, Gulberg expressway, Gulberg greens, Islamabad.
209	3262	North	IBB Bhalwal	Bhalwal	048-6642405	131-A, Liaqat Shaheed Road, Chak # 8, Tehsil Bhalwal, District Sargodha.
210	3353	North	IBB Bhera	Bhera	0318-3193353	Khewat no.4/6 Bhalwal road Bhera District Sargodha.
211	3347	North	IBB Rawalakot	Rawalakot	"05824-442380 05824-442386 05824-442389"	Ground Floor, D-22, Usman Plaza, Bank Road, Rawalakot, Azad Kashmir.
212	3358	North	IBB Kotli	Kotli	05826-448890-91	Khewat No. 60, Khata No. 317, Qita 2, Hafiz Aslam Road, Kotli Balyah, Tehsil & District Kotli, Azad Kashmir.

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213	3281	North	IBB DINA	Dina	0544-636831	Property No. 1880, Al Bilal Plaza, GT Road, Dina.
214	3294	North	IBB Chakwal	Chakwal	0543-553933	Talagang Road Opposite Alliance Travels Chakwal Plot No. B-1610, Talagang Road, Chakwal.
215	3370	North	IBB Quaidabad	Quaidabad	0454-880581-82	Commercial Property Bearing Plot No P-176-B, Khewat No 1021, Khatooni No 1400, Mouza Qaidabad, Tehsil Qaidabad District Khushab.
216	3285	North	IBB Dudial	Dudial	05827-465816	Hassan Shopping Centre, Main Bazar Dudial Azad Kashmir.
217	3293	North	IBB Chaksawari	Chaksawari	0582-7454800	Ground Floor, Khalid Plaza, Main Bazar, Khasra No. 1319, Khatooni No. 48/39, Chaksawari District Mirpur, Azad Kashmir.
218	3408	North	IBB Rawat	Rawat	051-3757652	Office No-1, Riaz Hussain Shah Plaza, Main GT Road Rawat Islamabad.
219	3409	North	IBB Kharian	Kharian	053-7536067	Rizwan Plaza, G.T Road, Kharian, District Gujrat.
220	3327	North	IBB Katha Chowk, Khushab	Khushab	0454-711922	P-4419/A/SH, Khewat No. 123, Khatooni No. 413, Khasra No. 4935/3206, Katha Chowk, Tehsil & District Khushab.
221	3348	North	IBB Bagh	Bagh	0342-1289211	Khewat No. 437, Khasra No. 2372/1693, Chowk Shuhuda Gyari Sector, Bagh, Azad Kashmir.
222	3391	North	IBB Kuthiala Sheikhan (Unbanked)	Kuthiala Sheikhan	0301-6874815	Khewat No. 916, Khatooni No. 2315, Khasra No. 6092/6079/2634, Kuthiala Sheikhan, Tehsil & District Mandi Baha-Ud-Din.
223	3034	North	IBB Mansehra	Mansehra	0997 308303 -308304-308305	Khata / Khatooni No. 3179/6260, Ground Floor, Rehman Plaza, Abbottabad Road, Mansehra.

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224	3126	North	IBB Mansehra Road, Abbottabad	Abbottabad	0992-341780	Property No. CB-933-A, Opposite Sethi Masjid, Mansehra Road, Abbottabad .
225	3153	North	IBB Ghourghashti, Attock	Ghourghushti	0572-542213,14,19	Property No 783,-785, Main Bazar, Lakkar Mandi, Ghourghushti, Tehsil Hazro, District Attock.
226	3196	North	IBB Sector B-17, Main GT Road, Islamabad	Islamabad	051-5203365-66	Plot # 7, Lower Ground Floor, Sea Square, MPCHS, B-17, Main G-T Road, Islamabad.
227	3154	North	IBB Aman Chowk Swabi	Swabi	0938-222102,103,106	Khasra No 3356-7, Aman Chowk, Mardan Swabi Road, Teshil & District Swabi.
228	3028	North	IBB Nowshera Cantt	Nowshera	0923-613400-2	Property Bearing No. 269/958, Shops No. 83/1, 83/5-6, 83/35-37 Shah Building, Baba Colony, Main G.T. Road, Nowshera .Cantt.
229	3011	North	IBB Bank Road Mardan	Mardan	0937-870256-258	Khasra No. 2383, Khewat No.187/278, Ground Floor, Khatak Plaza Main Bazar Bank Road Mardan.
230	3125	North	IBB New Adda Road, Mardan	Mardan	0937-870275	Khasra No.1564 & 1563,New Adda, Mardan.
231	3211	North	IBB Wah Cantt.	Wah Cantt.	051-4540350	Plot No. CB-211, Khasra No. 1371-3 & 1418, Near Uppal Chowk, Lalazar, Mall Road, Basti, Wah Cantt.
232	3212	North	IBB Havelian	Havelian	0992-810740	Khewat No. 197, 183, & 178, Khatooni No. 486, 463, 458, 227 & 229, Khasra Nos. 2334, 2335, 2336, 2338 & 2337, Situated at Mouza Havelian Urban, Tehsil Havelian, District Abbotabad.
233	3214	North	IBB Tarnol, Islamabad	Islamabad	051-2358114	Muhammad Zaman Plaza, Ground Floor, Khasra No. 76/77, 1001/75, Main GT Road, Near Tarnol Railway Station, Islamabad.
234	3253	North	IBB Taxila	Taxila	051-4537011	Ground Floor, Khasra No. 411/420, 702/407, Main G.T. Road Bazar, Taxila, District Rawalpindi.

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235	3311	North	IBB Hattar	Hattar	099-5639971	Plot no. 7, Industrial area, Kot Najeer Ullah Road, Hattar.
236	3259	North	IBB Haripur	Haripur	0995-616427-9	Shop No. 1-7, Khasra No. 1756/179, Khewat No. 654/1303, Akbar Plaza, Main Abbottabad Road, Haripur.
237	3298	North	IBB Attock	Attock	057-2602061-62	Plot # 169, Sheikh jaffer Plaza. Sidiqei Road, Attock City.
238	3419	North	IBB Abbottabad	Abbottabad	0992-863129	841, Farooqabad (Abbott Garden Hotel Building), Mansehra Road Abbottabad.
239	3355	North	IBB Topi	Topi	0311-0021658	Khata No. 530, Khasra No. 433, Mouza Topi Shumali, Main Topi Swabi Road, Near New Bus Stand, Tehsil Topi, District Swabi
240	3328	North	IBB Oghi	Oghi	0300-3593619	Khata No. 1521/2133, Khsara No. 2364/2229/196 Main Bazaar Oughi Tehsil Oghi District Mansehra.
241	3366	North	IBB Bajaur	Bajaur	0303-8188191	Ground floor, Main Bazar, P.O. Khar, District Bajaur.
242	3009	North	IBB Mingora Swat	Swat	0946-722011-13	First & 2Nd Floor Abasindh Tower Green Chowk Madyan Road Mingora Swat.
243	3053	North	IBB BUNER	Buner	0939-555464-5	Khasra No.3249, Khatooni No,887, Mardan Road, Main Bazar Swari, District Buner
244	3055	North	IBB Timergara	Timergara	0945-821351-3	Shop # 1,2 Fakir Plaza Opposite General Bus Stand Main G.T Road, Dir Lower ,Timergara
245	3058	North	IBB Makan Bagh Mingora	Swat	0946-700801-2	Makan Bagh Chowk, Near Swat Continental Hotel, Saidu Sharif Road, Mingora Swat.
246	3069	North	IBB Batkhela	Batkhela	0932-411850-2	Al-Madina Market, Near Khwar,Main Bazar, Batkhela Distt: Malakand.
247	3071	North	IBB Matta Bazar, Matta	Matta	0946-7900041-43	Property No-2468, Main Matta Bazar, Tehsil Matta, District Swat.

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248	3224	North	IBB Ataliq Bazar, Chitral	Chitral	094 3414085	Ataliq Bazar, Bypass Road, Chitral.
249	3070	North	IBB Punyal Road, Gilgit	Gilgit	05811-450790	Khewat No. 70/70, 1023/1023, Shah City Mall, Punyal Road, Gilgit.
250	3256	North	IBB DASSU	Dassu	0998-407301-9	Khasra No. 1, Shereen Plaza, Near Abasain Public School, Dassu, Kohistan.
251	3268	North	IBB Gilgit	Gilgit	05811-457380-9	Khasra No. 5339/5093/104, Khewat No. 185, Khatooni No. 185, Zs Plaza, Shahrhe-e-Quaide-Azam, Opposite Radio Pakistan, Mouza Jutial, Gilgit.
252	3264	North	IBB Chilas	Chillas	05812-450730-40	Khasra No. 942, Near Jamia Madni Masjid, Main Bazar, Chillas, District Diامر, Gilgit-Baltistan.
253	3265	North	IBB Skardu	Skardu	05815-456400-10	Khasra No. 658/25/1-2-3, Sakmedan Bazar, Near Old Yadgar Chowk, Tehsil Skardu.
254	3346	North	IBB Danyore	Danyore	0581-1459947	Khasra No. 473, Khewat No. 1177, Main Bazar, Danyore.
255	3381	North	IBB Kabal Swat	Kabal	0345-9522981	Khata No. 901, Khatooni No. 1176, Khasra No. 2258, Mouza Kabal, District Swat .
256	3392	North	IBB Gorikote, Astore (Unbanked)	Gorikote	03152057540	Khewat No. 331/544, Khasra No. 3419/1445, Mouza Choungra, Tehsil & District Astore
257	3368	North	IBB Gahkooch Ghizer	Gahkooch Ghizer	03454891513	Baig plaza market, situated at Mouza Gahkuch Paen
258	3044	North	IBB Aabpara Market	Islamabad	051-2870474-76	Unit No.715, Kamran Restaurant, Aabpara Market, Khayaban-E-Suharwardy, Islamabad.

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259	3203	North	IBB E-11 Markaz, Islamabad	Islamabad	051-2304963,	Shop No. 4-5-6, Royal Suite, Main Double Road, E-11/2-3, Services Cooperative Housing Society, Islamabad.
260	3306	North	IBB G-9 Markaz, Islamabad	Islamabad	0333-6263508	Plot No. 39 G-9 Markaz, Islamabad.
261	3024	North	IBB F-10 Markaz,	Islamabad	051-2296962-3 ,2222873,2809056-8, 2222881,2106723	Ground Floor, 7-L, F-10 Markaz, Islamabad.
262	3048	North	IBB I-8 Markaz, Islamabad	Islamabad	051-4861800-802	Plot No. 33, Aneek Arcade, Sector No. I-8 Markaz, Islamabad.
263	3077	North	IBB DHA Phase II, Islamabad	Islamabad	051-5419401-04	Plot No. 12, Sector E, Jinnah Boulevard, Phase II, DHA, Islamabad.
264	3147	North	IBB D-12, Islamabad	Islamabad	051-2706153	Plot No 10 Aim Arcade Shop #1 & 2 D-12 Markaz Islamabad.
265	3102	North	IBB Kuri Road, Islamabad.	Islamabad	051-5402212	Khewat No. 39, Khasra No. 1403/1225/2, Grandeur Arcade, Kuri Road, Mouza Rehara, Islamabad.
266	3152	North	IBB G-11 Markaz, Islamabad	Islamabad	051-2364125, 2364106	Shop No 1 & 2, Plot # 08, Al-Anayat Shopping Plaza, G-11 Markaz, Islamabad.
267	3238	North	IBB F-6 Markaz, Islamabad	Islamabad	051-2828881	Plot No. 7, Block No. E, Super Market, F-6 Markaz, Islamabad.
268	3336	North	IBB I-9 Markaz Islamabad	Islamabad	051-4261170	Shop no. 3/10, 4/11, 5/12, Plot No. 3 L, Jawa towers, I-9 Markaz, Islamabad.
269	3296	North	IBB G-10, Markaz, Islamabad	Islamabad	051-2351330-2351353	Ground Floor 20-A, Sardar Plaza, G-10 Markaz Islamabad.

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270	3274	North	IBB Bara Koh	Islamabad	051-2304041-50	Khasra No. 524/525, Khewat No. 30, Khatooni NO. 522, 534, Mouza Kot Hathayal, Main Murree Road, Bhara Kahu, Islamabad.
271	3341	North	IBB G-8 Markaz, Islamabad	Islamabad	"051-2340478 051-2340488"	Shop No. 3, 4, 5, Plot No D-12, G-8 Markaz Islamabad.
272	3377	North	IBB Murree	Murree	0315-5097908	Property No. 59, B-II-178, Near GPO Chowk Khuldana Road, Tehsil Murree, District Rawalpindi.
273	3204	North	IBB Bahria Phase IV, Rawalpindi	Rawalpindi	051-5731635	Hall No. 01, Plaza No. 101, Main Boulevard, Civic Centre, Phase 4, Bahria Town, Rawalpindi
274	3005	North	IBB The Mall Branch	Rawalpindi	051-5701054-57	Century Towers, 6 The Mall, Rawalpindi
275	3062	North	IBB Bahria Town	Rawalpindi	051-5412154,55	Plot # 177 Service Avenue Intellectual Village Bahria Town Phase-7 Rawalpindi.
276	3076	North	IBB Kashmir Road, Rawalpindi	Rawalpindi	051-5562448 051-5562445-47	116 A-C, Kashmir Road, Rawalpindi.
277	3114	North	IBB Adyala Road, Rawalpindi	Rawalpindi	051-5157540	Khewat No. 521, Khatooni No. 635-637, Khasra No. 1428/462/2/2 (3 Qittas), Mouza Dhaman, Adyala Road, Rawalpindi.
278	3168	North	IBB Scheme III, Chaklala, Rawalpindi	Rawalpindi	051-5766108	Ground Floor, Ayaz Plaza, Plot No. 77, Scheme – III, Chaklala, Rawalpindi.
279	3235	North	IBB Range Road, Rawalpindi	Rawalpindi	051-5720180	Khewat No. 402-4, Khatooni No. 529-532, Khasra No. 963/5, & 235 & 420, Altaf Shah Plaza, Mouza Ratta Amral, Range Road, Rawalpindi.
280	3252	North	IBB Gorakhpur (Unbanked)	Gorakhpur	051-5133315	Ground Floor, Khewat No. 161, Khatooni No. 167, Khasra No. 434/1, Main Adyala Road, Gorakhpur, District Rawalpindi.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
281	3361	North	IBB Saidpur Road	Rawalpindi	051-4942117	1018-D, Saidpur Road, Settlite Town, Rawalpindi.
282	3288	North	IBB Raja Bazar	Rawalpindi	051-5530661 -5775625-23-27	U 1, Iqbal Road, Fawara Chowk, Raja Bazar, Rawalpindi.
283	3289	North	IBB Sadiqabad Road	Rawalpindi	051-4257745 - 4573741- 42	72-C, Setellite Town,Sadiqabad Road, Rawalpindi.
284	3350	North	IBB Main Old Airport Road, Rawalpindi	Rawalpindi	051-5977281-5	Khasara No.5273/3913 & 5275/3914, Khewat No.476-477, Khatooni No.632-633, Mouza Gangal, Old Airport Road, Rawalpindi.
285	3324	North	IBB Lalazar Tuisa Road, Rawalpindi	Rawalpindi	051-5134284	Property bearing No. CB-3592, Tuisa Road, Chaklala Cantt, Rawalpindi.
286	3412	North	IBB Rawalpindi Gunj Mandi	Rawalpindi	051-5539115,-5535988	V/528/529, Gunjmandi, Rawalpindi.
287	3413	North	IBB Kalma Chowk	Rawalpindi	051-5683053-4	Khasra No.132, Khatooni No. 35 Mauza Jahawarey, Kamalabad Kalma Chowk, Rawalpindi.
288	3420	North	IBB PWD Society	Islamabad	051-5706450-51	Ground Floor Atta Arcade, Commercial Area National Police Foundation, Main Boulevard, PWD, Rawalpindi.
289	3394	North	IBB Bahria Town Phase VIII, Rawalpindi	Rawalpindi	0333-5224426	Plot No. 22 Sector, Abu-Bakar Avenue, Phase 8, Safari Valley, Bahria Town, Rawalpindi.
290	3013	North	IBB 6th Saddar Road, Peshawar Cantt	Peshawar	091-5273093/091-5273182	6-Saddar Road, Tasnim Plaza, Peshawar Cantt, Peshawar.
291	3012	North	IBB GT Road Peshawar	Peshawar	091-2590484-7	Ground Floor, Rahim Medical Center, GT Road, Peshawar.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
292	3020	North	IBB Charsadda	Charsadda	091-6511013/091-6511011	Ground Floor Gold Mines Towers Nowshera Road Charsadda.
293	3197	North	IBB Dalazak Road,	Peshawar	091-2583782	Khasra No. 195, 197, Ground Floor, Malik Plaza, Iqbal Colony, Dalazak Road, Peshawar.
294	3035	North	IBB KOHAT	Kohat	0922522451-52	Plot # 14 Survey No.253-C, Near Butt Super Store, Katchery Chowk, Hangu Road, Kohat.
295	3036	North	IBB D.I.Khan	Dera Ismail Khan	0966-718903-906	Plot # 19, Survey # 79, Near GPO Chowk, East Circular Road, D.I.Khan Cantt.
296	3041	North	IBB Ashraf Road Branch Peshawar	Peshawar	091-2593364/091-2593164	Shop # 471-472/203, New Rampura Gate, Ashraf Road Peshawar.
297	3049	North	IBB BANNU	Bannu	0928-611540-41	Khasra No. 1462,1833, Mouza Fatima Khel, Near Durrani Plaza, Ex GTS Chowk, Bannu Cantt. Bannu.
298	3093	North	IBB Warsak Road, Peshawar	Peshawar	091-5200543/ 091-5200542	Property No. 2841,3481, Ground Floor, Noor Plaza, Warsak Road, Peshawar.
299	3094	North	IBB Kohat Road, Peshawar	Peshawar	091-2593106-8	Khata/Khatooni No. 115/211, Situated at Mouza Kotla Maman Khan, Kohat Road, Peshawar.
300	3095	North	IBB Hayatabad, Peshawar	Peshawar	091-5612040-43	Shop No 5-6, Ground Floor, Waqar Plaza, Gul Abad Colony, Jamrud Road, Phase III Chowk, Hayatabad, Peshawar.
301	3155	North	IBB Shahkas Khyber Agency	Khyber Agency	091-5823011	Ground Floor, Spinzar Market, Shahkas, Wazeer Dhand, Jamrud Road, (Near Hayatabad Industrial Estate) Khyber Agency, FATA
302	3201	North	IBB Canal Road, Peshawar	Peshawar	091-5711015/091-5711225	Shop # 1,2,3, Khasra # 2464-2451-1102/2, Naseem Plaza, Academy Town Near Ghandhara University Canal Road Peshawar.

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303	3307	North	IBB Achaini Chowk Peshawar	Peshawar	0318-3193307	Khatooni no. 1006/2217, 1007/2226, Achaini Bala, Ring Road, Peshawar.di.
304	3275	North	IBB Peepal Mandi	Peshawar	091-2592802	Property No T-25/334, 239/105, Shop No. 3 to 9, Ground Floor, Ashraf China Trade Centre, Chari Koban Chowk Peeple Mandi (Old Sabzi Mandi) Peshawar.
305	3351	North	IBB Charsadda Road Peshawar	Peshawar	091-5243234	Khasra No. 78, Din Bahar Colony, Main Charsadda Road, Peshawar.
306	3323	North	IBB Parachinar	Parachinar	092-6310800, 092-6312150	Khasra No. 1533, Mouza Totki, Parachinar, District Upper Kurram
307	3411	North	IBB University Road	Peshawar	091-5711406 & 08	Property # 4652-4670, Omer Plaza, Jamrud Road, Jehangirabad (University Road) Peshawar.
308	3415	North	IBB Khyber Bazar,	Peshawar	091-2219860/091 8810926	Property # 417-D, Outside Bajori Gate, Shoba Chowk, Khyber Bazar, Peshawar.
309	3338	North	IBB Hangu	Hangu	0925-6222221	Khasra No. 6617, Main Bazar, Hangu.
310	3004	South	IBB Zarghoon Road	Quetta	081-2443177 081-2443265	Near Bukhari Petroleum, New Zarghoon Road, Quetta.
311	3018	South	IBB Qandhari Bazar, Quetta	Quetta	081-2837890, 2843005, 2820916, 2837320	1-25/14-15, Qandhari Bazaar, Quetta.
312	3097	South	IBB Shahbaz Town, Quetta	Quetta	081-2820634-36	Plot No. 15-C, Phase II, Shahbaz Town, Summangli Road, Quetta Cantt. Quetta.
313	3107	South	IBB Main Trench Road, Chaman	Chaman	082-6612326-27	Khatooni No.685, Khasra No.1283, 1284 & 1285 Main Trench Road, Chaman.

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314	3123	South	IBB Hazar Ganji, Quetta	Quetta	081-2472927-28	Shop No. 8, 9, Truck Adda, Hazar Ganji, Quetta
315	3134	South	IBB Market Road, Zhob	Zhob	0822-412406-07	Shop Bearing No..B/59, Near PIA Office, Market Road, Zhob, Baluchistan.
316	3121	South	IBB Khuzdar	Khuzdar	0848-412934-35	Khasra No.2142, 2143, 2144 & 2145, Intagal No.2053, Near Al Saudia Hotel, Rabia Khuzdari Road, Khuzdar, Baluchistan.
317	3135	South	IBB Gwadar	Gwadar	086-42110448-49	Khasra No.427, Khewat No.191, Khatooni No.191, Airport Road, Gawadar, Baluchistan.
318	3144	South	IBB Quetta Cantt, Quetta	Quetta	0316-1180912-3	Shop No. 12, Jinnah Shopping Complex, Jinnah Road, Quetta Cantt., Quetta.
319	3217	South	IBB Main Bazar, Chitkan, Panjgur	Panjgur	0855-641316-7	Iqbal Hassan Dost Market, Main Bazar, Chitkan, Distt. Panjgur.
320	3248	South	IBB Huramzai (Unbanked)	Huramzai	0826-429002, 0826-429003	Khewat No. 18, Khatooni No. 19, Khasra No. 9, Qitai, situated at Mohal & Mouza Huramzai, Tappa Galgzai, Tehsil Huramzai, District Pishin.
321	3304	South	IBB Loralai	Loralai	0824 410015-6	Shop # 381, 417 A, Main Bazar, Tehsil Road, Loralai.
322	3356	South	IBB Dera Murad Jamali	Dera Murad Jmali	083-8710239	Abro Chowk, National Highway, Dera Murad Jamali.
323	3270	South	IBB Turbat	Turbat	0852-411074	Khewat # 32, Khatooni # 32, Al Salam Market, Main Road Turbat.
324	3390	South	IBB Sibi	Sibi	083-3500821-23	Serial No. old 83, Circle/ward No. 1, Block No. 4, Building No. 83, situated at Jinnah Road, Main Bazar Sibi.

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325	3331	South	IBB Toughi Road, Quetta	Quetta	081-2825923-27	Khasra No. 15 & 16, , situated at ward No. 38, Tappa Urban No. 3, Tehsil City and District Quetta in the Name of Dost Muhammad son of Haji Rohi Muhammad.
326	3319	South	IBB Pasni	Pasni	086-3210071-75	Khawat No.126, Khatooni No. 126, Khasra No. 254, & 255 Situated at Mouza / Ward Ormari, Tehsil Pasni District Gwader.
327	3329	South	IBB Muslim Bagh	Muslim Bagh	082-3669203-04	Mohalla Parkanda Kareez, Mouza Muslim bagh, Tappa saddar, Tehsil Muslim Bagh, district killa Saifullah.
328	3315	South	IBB London Street,	Quetta	03337955558	Bearing No 807, Khasra No 229, situated at Mohal & Mouza Ward No 21, Tappa urban, Liaquat Bazar, Tehsil, City and District Quetta.
329	3393	South	IBB Chaghi (Unbanked)	Chaghi	111 06 06 06	Chaghi Bazar , Tehsil road, masjid-e-Tooba Chowk, Chaghi.
330	3042	South	IBB Saddar, Hyderabad	Hyderabad	022-2730074 -77, 2728702	C..B .41/474/2 Saddar, Hyderabad.
331	3052	South	IBB Market Road, Hyderabad	Hyderabad	022-2613408	Grand Market , Plot # C.S 1284 & 1296 Ward A Market Road Hyderabad.
332	3083	South	IBB Auto Bhan Road, Hyderabad	Hyderabad	022-3821384-85	Plot No.55, Block "B1", Hyderabad Railway Employee Co-Operative Housing Society Ltd, Auto Bhan Road, Giddu Bunder, Latifabad, Hyderabad
333	3108	South	IBB Gari Khata, Hyderabad	Hyderabad	022-2720523-25	Plot No. F/810, Ward "F", Khokhar Mohallah, Station Road, Gari Khata, Hyderabad.
334	3171	South	IBB Shahdadpur	Shahdadpur	023-5842710-15, 0332-3355988	Plot Bearing C.S.No.558,Ward-A, Station Road, Shahdadpur, District Sanghar.

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335	3170	South	IBB DADU	Dadu	0254-710712-13, 0334-2168591	Plot Bearing C.S. No.615/2,Ward-B, Shahani Mohallah, Main College Road, Dadu.
336	3172	South	IBB Cloth Market,	Hyderabad	0310-1028172	Plot No.122(Commercial), Sheet No.92, City Survey.No.914 & Ward-G, Doman Wah Road, Near Cloth Market, Hyderabad.
337	3187	South	IBB Jacobabad	Jacobabad	0722-651194-95	Shop No.1 & 2, Property Bearing Civil Survey. No.235/22,235/23,235/24,235/27, Ward No.06 (Lar Wah), Jacobabad.
338	3245	South	IBB Tando Adam	Tando Adam	"0317-2701900	Ground Floor, Park View Apartment, C.S. 947/16, Ward D, Opposite Gulshan-e-Siddique Park, Iqbal Road, Tando Adam, Distt. Sanghar
339	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.
340	3249	South	IBB Sanghar	Sanghar	023-5541961, 023-5541962	Ground floor, CS No. 124/2, Ward A, Housing Society, Nawabshah road, Sanghar.
341	3382	South	IBB Matiari	Matiari	022-2760290-1	Survey No. 145, Main Bus Stand Road, Taluka & district Matiari.
342	3263	South	IBB Mirpur Khas	Mirpurkhas	0233- 876472-75	C S No. 715,716,718, Ward-A, Umerkot Road, Taluka & District, Mirpurkhas.
343	3305	South	IBB Halanaka	Hyderabad	022-2030925-29	Survey Number 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 & Tappa Gujjo , Taluka City District Hyderabad.
344	3284	South	IBB Latifabad	Hyderabad	022-3820526-7	Shop No. 489, Block C, Unit No. VIII Shah Latifabad, Hyderabad.
345	3367	South	IBB Daharki	Daharki	072-3641460-64	Survey Number 446 situated in Deh Daharki, Tappo Daharki, Taulka Daharki, District Ghotki

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346	3301	South	IBB Bundar Road, Sukkur	Sukkur	071-5826610-14	B-1623, Bundar Road , Sukkar.
347	3295	South	IBB Nawabshah	Nawabshah	0244-330895-97	CS No. 555, Ward-B main Mohni Bazar, Nawabshah.
348	3373	South	IBB Deh Ganjo Takkar, Kohsar (Unbanked)	Hyderabad	022-3407310-14	Plot No 247, 248, situated at Daman-e-Kohsar Housing scheme, bearing Un-assessed Survey No I, Ganjo Takar, Taluka Latifabad District Hyderabad.
349	3272	South	IBB Qasimabad	Hyderabad	022-2103433-34	Plot No B-1, R.S. 258/2 Bilal Villas Housing Scheme Deh Sari, Qasimabad, Hyderabad.
350	3379	South	IBB Tando Allahyar	Tando Allahyar	022-2763532-36	Shop City Survey no: 03 , Situated in Hyderabad Mirpurkhas Road " C" ward Tando Allahyar , district Tando Allahyar.
351	3343	South	IBB Khipro	Khipro	"03102657125 0310-2657137"	Plot # 49 opposite Shell Petrol pump, Mirpur has Road, Khipro.
352	3365	South	IBB Tando Muhammad Khan	Tando Muhammad Khan	03009247642	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.
353	3080	South	IBB DHA Phase I, Karachi	Karachi	021-35311295-96	Plot No.103/C, Commercial Area 'B', Phase-I,
354	3031	South	IBB Khayaban-e-Shahbaz, Karachi_RC	Karachi	021-35342364-7	43-C Khayaban-e-Shahbaz, Phase VI DHA, Karachi.
355	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.
356	3400	South	IBB Korangi Road, DHA I_R	Karachi	021-35311444	Speedy Towers 129/I & ii Main Korangi Road Phase I Dha Karachi .

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357	3189	South	IBB Clifton Block 9, Gizri, Karachi	Karachi	0310-2840175-76	Showroom No. 1, Building No. D-39, Ground Floor, Main Chaudhry Khaliq-U-Zaman Road, Clifton Block-9, Karachi.
358	3043	South	IBB Gulshan-e-Iqbal	Karachi	021-34819572-76	Plot No. FI-2/4, Block-6, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi.
359	3078	South	IBB Binoria SITE, Karachi	Karachi	021-32586605-6	Plot No. LC-2-A/29, Survey Sheet No. 35P/1-35L/13, Ground Floor, Situated At Sindh Industrial Trading Estate Limited, Karachi
360	3103	South	IBB Bahria Town, Karachi	Karachi	0316-8880975-76	Bahria Town (Pvt) Ltd, Head Office, Customer Support Center, Super Highway, Karachi.
361	3098	South	IBB Model Colony, Karachi	Karachi	021-34491623-24	Ground Floor, Plot No. 95, Street No. 4, Model Colony, Karachi.
362	3099	South	IBB Malir Cantt, Karachi	Karachi	0316-1180904-5	Commercial Plot No. S-20, Bazar Area, Malir Cantonment, Karachi.
363	3188	South	IBB Gulshan-e-Maymar, Karachi	Karachi	0317-2697547-9	Plot No. Sb-34, Sector-X, Sub Sector - IV, KDA Scheme-45, Gulshan-E-Maymar, Karachi
364	3190	South	IBB Seher Commercial, Karachi	Karachi	021-35847244-45 -0310-2840190-92	Shop & Hall No. 2, Plot No. 34-C, Commercial Avenue, Seher Lane-4, Phase VII, DHA, Karachi.
365	3131	South	IBB Zaibunisa Street, Saddar, Karachi	Karachi	021-35140214-15	Shop No. 02, Survey No. 06, Sheet No. SB-7, Main Zaibunisa Street, Saddar Bazar Quarters, Karachi.
366	3228	South	IBB Jinnah Avenue, Malir,	Karachi	"021-34027450,	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.
367	3243	South	IBB Gulistan-e-Johar, Block-14, Karachi	Karachi	021-34176751, 021-34176752	Shop No. 8 & 9, Al-Fiza Tower, Block 14, Gulistan-e-Jauhar, Karachi.

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368	3254	South	IBB Safoora Goth	Karachi	021-34023795 -34023791-34023793	Shop No. 1 to 4, Ground Floor, Plot No. SB-9, Block-7, Gulistan-e-Jauhar, KDA Scheme No. 36, Karachi.
369	3255	South	IBB Gulshan Chowrangi	Karachi	021-34815319 -34833720-34833718	Shop No. 1-4, Ground Floor, Sana Arcade, Plot No. ZC-6, Block 7, Gulshan-e-Iqbal, KDA Scheme 24, Karachi.
370	3292	South	IBB DHA Phase IV	Karachi	021-35802423	Plot No. 14 C, Sunset Commercial Street No. 2 Phase IV, Dha, Karachi.
371	3359	South	IBB DHA Phase VII, Karachi	Karachi	021-35157071-5	Plot # 44-C khayaban e zaffar Shaheed DHA, phase VII (extension) Karachi.
372	3299	South	IBB Bait Ul Mukarram, Karachi	Karachi	021-34971341-5	Shop No 7 , 8, 9, 10, 17, 18, 19 Saleem Plaza , FL-1 (block C) , Block 16 Gulshan e Iqbal Karachi.
373	3407	South	IBB Gulistan-e-Jauhar, Karachi	Karachi	02134030557 & 56	Shop No. 28-29, Ruffi Lake Drive, Block 18, KDA Scheme No 36 Gulistan E Johar, Karachi.
374	3375	South	IBB Askari V, Karachi	Karachi	0322-2758230	Commercial Centre, Sec-E, Askari V, Karachi.
375	3046	South	IBB Cattle Colony, Karachi	Karachi	021-35080121-25-27	Plot 3-A, Commercial Area, Landhi Cattle Colony, Karachi.
376	3063	South	IBB Gulbahar	Karachi	021-36729805-808	Plot No- 476-478 Ghousia Colony Golimar Khi.
377	3064	South	IBB Shah Faisal	Karachi	021-34686210-11	Plot No B-9 Main Electronic Market Shah Faisal Colony No 1, Karachi.
378	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.
379	3068	South	IBB Shershah	Karachi	021-32580178	Godown No. D-283/21 & D-283/22 Plot No. D-283, Shershah, Karachi.

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380	3137	South	IBB Ishaqabad, Gharibabad, Karachi	Karachi	021-36825612-17	Portion No. G-01, Plot No. 16-C, Survey at Deh Gujro Tapo Sangal Ishaqabad, Gharibad, Liaquatabad Town, Karachi.
381	3136	South	IBB Al Hilal Society, Karachi	Karachi	021-34890354-5	Shop No. 4/A, 4/B, Uk Appartment, Plot No. FL-3/A, Near Al-Hilal Society, Block 14, Gulshan-e-Iqbal, Karachi.
382	3087	South	IBB Landhi no. 6, Karachi	Karachi	021-35030613-6	Quarter No. 32/9, Sector 5-D, Landhi Town, Karachi.
383	3001	South	IBB Sharfabad	Karachi	021-34860997-8	Shop No. 08,09, Al Haram Tower 1, Jamal Uddin Afghani Road, Bmchs, Sharfabad, Karachi.
384	3026	South	IBB Dhoraji, Karachi	Karachi	021-34860851-2, 34860853-8	Shop No, G-1 To G-4, Talha Arcade, Plot# 35/187, Block 7/8, C.P Berar, Cooperative Housing Society Karachi.
385	3050	South	IBB Rashid Minhas Road	Karachi	021-34832874	Plot # 16, Al Musavvir Crown, Block 10-A, KDA Sch # 24, Gulshan-e-Iqbal, Karachi.
386	3186	South	IBB Orangi Town, Karachi	Karachi	021-36660185-86	Shop No.30, Commercial Plot, Sector No.6-E, Orangi Township, Karachi.
387	3207	South	IBB Soldier Bazar, Karachi	Karachi	0317-2701883-87	Shop No.7 & 8, Ground floor Hasnain Heights, Commercial plots Survey No, 14.SOL B-2, & 13.SOL B-2, Soldier Bazar Quarters Karachi.
388	3208	South	IBB Baldia Town, Karachi	Karachi	021-32378511-15	Ground floor plot No.736-A, (Old No.13-A/6), Sector 5-G, Saeedabad, Baldia, Karachi.
389	3215	South	IBB Stock Exchange, Karachi	Karachi	021 32460255 - 56	Office No. 102, 103 & 104, 1st Floor, Near Central Depository Company & Salim Karmani Securities, New Stock Exchange Building, Karachi.

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390	3223	South	IBB Gulshan-e-Hadeed, Karachi	Karachi	021-34716251 - 52	Plot No. C-12, Sub-Sector, 8-C/I, Gulshan-e-Hadeed Housing Project, Phase I, Steel Town, Bin Qasim, Karachi.
391	3222	South	IBB Citi Tower, Nursery, Karachi	Karachi	021-34320131, 021-34320132	Showroom No. 3, Ground Floor, Citi Towers, Commercial Plot No. 33-A, Survey Sheet No. 35-P/1, Block 6, PECHS, Karachi.
392	3404	South	IBB Tariq Road, Karachi	Karachi	021-35143537	Shop No. 1 & 2, Plot No. 9-C, Block-2, Main Tariq Road, Karachi.
393	3086	South	IBB West Wharf, Karachi	Karachi	021-32313308-9	Ground Floor, Plot No. 21, Warehouse Area, West Wharf, Karachi.
394	3096	South	IBB Truck Stand, Karachi	Karachi	021-32353525-29	Plot No. 195-C/1, Ground Floor, Category 'A', New Truck Stand, Hawksbay Road, Keamari Town, Karachi.
395	3151	South	IBB Plaza Quarters, Karachi	Karachi	021-32760588-89	Plot Survey No. 37/20/1 & 2, Survey Sheet, PR No 1, Sheet E-8, Green Street, Preedy Quarters, Karachi.
396	3010	South	IBB Jodia Bazar	Karachi	021-32463265-67	Plot No- M.R.3/18-II-B-143, Market Quarter Bolton Market Karachi.
397	3115	South	IBB Moin Steel Market, Karachi	Karachi	021-32375643-46	Shop No.1, Ground Floor, Survey No. 5, Survey Sheet No. R.C.I, Moin Steel Market, Ranchore Quarters, Karachi.
398	3330	South	IBB Ghani Chowrangi, Karachi	Karachi	"021-32553001-2 021-32553005"	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.
399	3314	South	IBB Lee Market, Karachi	Karachi	021-35175434-5	Shop no. 4 & 5 Godown no. 4 & 5, Ababil Mansion, Plot bearing survey No 23, Sheet No. LEA-3, Municipal Survey No. 16, Sheet K-4A, LEA Quarters, Karachi.
400	3339	South	IBB Light House	Karachi	021-32373562	Shop # 15, Jahangir Mansion, Plot # 57 Sheet No W.O.6, Thatai Compound Street, MA Jinnah Road, Karachi.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
401	3406	South	IBB Metroville, Karachi	Karachi	021-36659926	ST - 15, Block - 3 Metroville-1, Site area Karachi.
402	3405	South	IBB Burns Road, Karachi	Karachi	021-32211133	Shop No. 4 & 5, Ground Floor, Lokhat Mansion, Burns Road, Artillery Maidan Quarters, Karachi.
403	3059	South	IBB Nagan Chowrangi	Karachi	021-36940461	Plot No. R-410, Sector No. 11-C/1, North Karachi Township, North Karachi, Karachi.
404	3079	South	IBB Sohrab Goth, Karachi	Karachi	021-36829994-95	Shop No.05 & 06, Ground Floor, Plot No.1-B/3, Sub Sector 1-B/3, Sector 1-A, KDA. Scheme No.33, Karachi.
405	3081	South	IBB Gulberg, Karachi	Karachi	021-36341938-39	Shop No.05 & 06, Ground Floor, Plot No. BS-1, Block-13, Federal "B" Area, KDA Scheme No. 16, Karachi.
406	3007	South	IBB Nazimabad	Karachi	021-36613053-55	Ground Floor, Commercial Hall No.2, Arshad Plaza, Plot No. IV-D, 15/1, Nazimabad, Karachi.
407	3146	South	IBB Hub, District Baluchistan.	Hub	0853-310104-05	Plot Bearing Mutation No.1161, Khasra No.857/2 , Khatooni No.988 , Mouza Pathra , Tehsil Hub , District Lasbella, Baluchistan.
408	3276	South	IBB Nazimabad, Karachi	Karachi	021-36707420	Plot no. 16, Row -1, Sub Block -A, Block III, Nazimabad.
409	3418	South	IBB SITE Area, Karachi	Karachi	021-32585924	Plot No : B-17 Estate Avenue SITE , Karachi.
410	3399	South	IBB North Karachi Industrial Area	Karachi	021-36933307	Plot No: SA-2 Street 1/1, Sector 12-B, North Karachi Township, North Karachi.
411	3402	South	IBB Buffer Zone, Karachi	Karachi	021-36950086	Plot No. R-2, Sector 15-A/2, North Karachi Township Karachi.

S. No.	Branch Code	Region	Branch Name	City	Contact	Branch Address
412	3401	South	IBB UP More, Karachi	Karachi	021-36961032	Plot No. R-1 Sector 5-C/4 North Karachi.
413	3403	South	IBB Gulzar-e-Hijri, Karachi	Karachi	021-34652143	Plot No. A-747/C, Block 13-A, KDA Scheme No:33, Pakistan Post Office Employees Co-operative Housing Society Gulzar-e- Hijri Karachi.
414	3374	South	IBB North Nazimabad H Block, Karachi	Karachi	021-36671751-55	Showroom # 3 "Sarah Enclave" Plot # B-116, Block H, North Nazimabad, Karachi.

Code of Conduct

Introduction

Faysal Bank's reputation is a priceless asset that each of us is responsible for maintaining. Our organizational reputation determines employee loyalty and how we feel about coming to work.

The Code of Conduct is designed to guide the personal business ethics to all of us. It applies to every employee of Faysal Bank Limited (FBL). In addition, other persons performing services for the Bank may be subject to the Code by Contract or Agreement. Employees are expected to read this document promptly upon receiving it. Please read and understand the Bank's policies that relate to sections of this Code.

In addition to the guidelines included in the Code, compliance with the requirements of all applicable laws and regulations governing banks must be adhered to.

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.

Ideology of Pakistan

No employee shall express views detrimental to the ideology or integrity of the Islamic Republic of Pakistan.

Employees Identity Card

The Bank's employee card gives you a unique identity as a teammate of Faysal Bank Limited. It is compulsory that employees wear the card for identification and security reasons.

Health, Safety & Hygiene

Faysal Bank is committed to providing a working environment that is both safe and fit for conducting ideal banking business and ensures that health and safety issues are a priority for all banking operations. Employees shall adhere to applicable health and safety rules and cooperate with the Management to ensure compliance of health and safety legal requirements. Reporting must be made without delay if any potential health / security hazard is seen.

Smoking and chewing betel leaf (paan) are strictly prohibited in all the offices of the Bank and at the customer's premises. Customers may politely be informed of this regulation which has been introduced in the interest of public health as well as keeping the work place neat and clean.

Professional Attire

Employees are required to follow the dress code that is appropriate for the office and customer interaction, as appended below:

Dress Code for Gents

Male employees shall wear a suit or dress trousers, dress shirt, suit jacket (obligatory for VP and above, optional for the rest), necktie and dress shoes during all workdays. Shalwar kameez with formal waistcoat or Sherwani is also allowed. Employees facing customers in branches open on Saturdays shall also follow this code from Monday through Saturday.

Staff with no customer dealing may come on working Saturdays in smart casuals. Jeans, collarless / sleeveless T-shirts, Shalwar kameez without Waistcoat / Sherwani, are strictly not allowed.

The above dress code also applies to all internees.

Dress Code for Ladies

Female employees should dress elegantly with cultural norms i.e., Shalwar kameez, Kurta suit, or any modest dressing (loose-fitting dress codes) with shoes or formal flat heels. All the female staff in Islamic Banking Group i.e., Head Office and Islamic Branches (existing and new) are required to wear Hijab (a scarf covering the entire head and hair, and a gown without being ostentatious covering hands up to wrists till toes) while on duty, training and clients' visits, as required by Islamic injunction. Adherence of this dress code is mandatory and shall be communicated in interview sessions with new candidates. The staff is expected to show discretion in their selection of makeup and jewelry.

The above dress code also applies to all internees.

Business Ethics and Compliance with Law

Employees are expected to protect and enhance the assets and reputation of Faysal Bank Limited.

Our business is based on a strong tradition of trust. It is the reason our customers come to us. Honesty and integrity are cornerstones of ethical behavior. Trustworthiness and dependability are essential to lasting relationships. Our continued success depends on doing what we promise - promptly, competently and fairly.

In our rapidly evolving businesses, each of us is challenged by a complex environment. This often requires fast responses under pressure. No written policy can definitively set forth the appropriate action for all business situations.

Accordingly, rather than a set of specific rules, this Code emphasizes a standard of ethical conduct that must permeate all of our business dealings and relationships. Individual businesses may issue additional policies that provide more specific guidance about certain practices related to that business. Employees should speak with their supervisor for more information about any of those policies that pertain to them. Employees also should pay careful attention to compliance training programs to help them apply the Code in their daily activities.

Employees must discharge their duty in accordance with the Bank's rules and regulations, Islamic Banking practices, internal SOPs, customs and standing instructions, usage and practices pertaining to the Bank's operation, in addition to all applicable laws & regulations imposed by regulatory authorities, along with the Code. Faysal Bank's Threshold and Differentiator Values are governed by Shariah, and the Bank expects its employees to be committed to the cause of Islamic Banking.

The Code of Conduct provides guidelines for a variety of business situations. It does not try to anticipate every ethical dilemma employee may face. Faysal Bank, therefore, relies on employee's good judgment.

Employees should consult the Legal Counsel whenever they have a question about the legality of a course of action. Employees must also exercise the utmost care to ensure that all statements you make, especially those made to the government bodies that regulate our businesses (or with which we do business), are accurate. If employees are in doubt about any situation or behavior, they should speak to their Manager, Compliance or Human Resources representative.

Managers, by virtue of their positions of authority, must be ethical role models for all employees. An important part of a manager's responsibility is to exhibit the highest standards of integrity in all dealings with fellow employees, customers, suppliers and the community at large. An equally important responsibility is to obtain employees' commitment and develop their ability to make sound ethical judgments. Managers must communicate the seriousness of the Bank's expectations for ethical conduct and their own personal support of these expectations. Ethical manager ship includes both fostering a work environment that encourages employees to voice concerns or otherwise seek assistance if faced with potentially compromising situations, and supporting those who speak out. Managers must

be alert to any situations and / or actions that may be unethical or potentially damaging to the Company's reputation and to respond appropriately. Managers must avoid giving even implicit approval of such situations and actions. For example, Managers must ensure that financial reports and product and service claims are honest and complete.

Treatment of Team Members & Colleagues

Employees are expected to treat colleagues, employees and others, with whom they interact, with professionalism, respect and dignity.

Treating all employees with respect and dignity is an FBL Value that applies to everyone. Employees working in any department shall speak in such low volume and pitch that the colleague sitting at the adjoining desk should not be disturbed. Talking to colleagues across desks is not encouraged at all, and intercom facility can be utilized for this purpose. This is particularly important for managers who influence the work environment of their areas on a daily basis. Managers must remember that they are role models for their employees and that these employees are likely to treat their colleagues, including employees whom they manage, and others, as they themselves are treated.

The Bank expects Managers to seek out the ideas of subordinates and to involve them in decisions whenever appropriate. At the same time, once a decision is made, everyone involved is expected to pull together and support it.

In addition, Managers must respect and maintain the confidentiality of information they learn about their employees and colleagues (e.g., salaries, performance reviews, disabilities or leaves of absence). Managers must not share this information with anyone either inside or outside their department, except as is necessary to perform their job.

Dealing & Communication with Regulators

All communications with regulators must be handled through the appropriate level / department / function. Where communication with the regulator is part of an employee's job description (e.g. dealing with the regulators for filing regular financial returns which is the responsibility of the respective department sending the regular returns). In these cases, Compliance is only involved if there is a potential breach of regulations. Guidelines of SBP issued in this regard shall be strictly followed. A copy of all non-routine correspondence with the regulators must be provided to the Compliance Function.

Meetings with Regulators

Any visits to regulators by employees or Senior Management must be notified to and if required may be coordinated by the Compliance Function.

Reporting to Regulators

Information provided to regulators by FBL must:

- a) Be accurate;
- b) Not omit any information that might result in the information provided being misleading;
- c) Be provided only after all reasonable enquiries are made to ascertain the accuracy and completeness of the information;
- d) Be reviewed by Head of the Department / Function.

Inspection by Regulators

FBL to enable regulators to inspect its activities. FBL must maintain all records in a form capable of being checked or audited. Employees must ensure that they do not amend, destroy, erase or make further entries to any record or file which is, or may be, relevant to a matter being inspected or investigated by a regulator or to any disciplinary

process or appeal process. Employees must cooperate with any inspection carried out by the regulator to the fullest possible degree. Compliance may coordinate inspections but employees must:

- a) Make themselves readily available to the inspection team;
- b) On receipt of a proper request by the regulator, produce to the inspection team any documents, files, and computer data and other material in their possession or control;
- c) Give the inspection team access, at all times, to FBL's premises and reasonable facilities; to the extent that they are properly requested by the regulator, permit the inspection team to copy any documents or other material in FBL's premises or elsewhere at FBL's expense and to remove copies and hold them elsewhere;
- d) Answer truthfully and fully all questions put to them by the inspection team. Failure to comply with a request by regulators to produce records and documents, give regulators access to the premises, staff or records of FBL for the purposes of supervision or inspection or to provide information relating to a transaction is an offence for which FBL and Senior Management may be punished by fine or imprisonment. Directors, officers or employees of FBL must comply with any fines, prohibitions, requirements, sanctions, penalties, orders and decisions of any regulator.

Dealing & Communication with Customers

Employees must ensure that all communications with customers are done in official form and with official contents. In case this is not clear, please contact your supervisor immediately. FBL must manage conflicts of interests appropriately and ensure fair treatment of all clients.

Employees must not unfairly or unreasonably place the interests of FBL above those of a client. Employees must ensure they are aware of each client's current financial situation and other relevant facts about the client appropriate to the services provided to or requested by the client. If FBL has control of client assets, it must ensure those assets are properly accounted for and safeguarded in accordance with regulatory, contractual or fiduciary responsibilities.

Every employee shall not divulge any information relating to the affairs of its customers except in circumstances in which it is, in accordance with law, practice and customary usage among bankers, necessary or appropriate to divulge such information.

Employees' Duty Of Non-disclosure & Tipping Off

Anti-Money Laundering (AML) Act of 2010 forbids and makes it a crime, for the Bank or employee to alert a client or potential client (or any party involved in the transaction) to the fact that the Bank is investigating their actions or motives, or to tell them, or any other outside party, that a report of activity identified as suspicious has been prepared and / or filed. The same also applies for the Currency Transaction Reporting (CTR) to Financial Monitoring Unit. Such an act is known as Tipping Off and is a punishable crime under AML Act of 2010 which may lead to fine and / or imprisonment. Such an act may also subject an employee to disciplinary action by the Bank.

To protect against a violation of any non-disclosure requirements, employees should adhere to the following guidelines:

- Never disclose to the client or any third parties that information has been provided to any department within FBL or a government authority or that any suspicious activity investigation is contemplated or underway.
- Never take any action that might otherwise alert the subject that FBL has suspicions that will result in a report or filing a Suspicious Transaction Reporting (STR) and treat the filing of an STR as a confidential matter, even within FBL.

Confidentiality

It is the policy of FBL to honour all applicable laws, including AML, data protection, privacy and Bank confidentiality laws. Copies of STR filings and underlying documentation are maintained as confidential documents. This means they are shared within FBL only on a "need to know" basis. A summary or description of these reports (and supporting materials) may be shared with local regulators as required by applicable law. Generally, regulators are also required to treat as confidential any details that they are provided. In case of any uncertainty as to how to respond to such an inquiry, kindly contact the Compliance Function for guidance.

Fbl Employee Reporting Responsibilities

Every employee of FBL is responsible for identifying reportable events and adhering to the CAAML policy with respect to any suspicious activity he / she may observe in his / her job capacity. Consistent with FBL's CAAML policy, employees with client-related duties are responsible for understanding the nature of their clients' transactions, business and source of wealth, and for using currently available FBL resources to monitor their clients' activity for consistency with this understanding. This review activity is a formal means by which Reportable Events may be identified. In addition, employees must be diligent and alert in all aspects of their job functions, including but not limited to the use and review of any available reports and information databases, and must use common sense and experience to guide them in asking questions and spotting irregularities.

When a possibly suspicious activity or potential legal or regulatory violation is observed, the employee is responsible for calling the situation to the attention of his / her supervisor, who will notify the Functional Head and the Compliance Function. In extremely sensitive situations or in any instance where an employee is uncomfortable working with their supervisors on such matters, he / she may directly report to the Compliance Function.

Failure to follow the STR policy when a Reportable Event occurs is a breach of policy and may subject an employee to disciplinary action.

Know your Customer and Anti-money Laundering

Every client must be owned by a relationship officer of the business line. Such relationship officer will be responsible for the client's KYC, due diligence and ensuring that FBL is safeguarded against criminal activities like money laundering, terrorist financing, drug trafficking, etc. in this regard.

We must ensure that we have sufficient information about our customers to satisfy ourselves as to their reputation, standing and the nature of their business activities.

Money laundering is the process by which banks are used as vehicles to disguise or "launder" the proceeds of criminal activity. Such activities undermine a bank's integrity, damage its reputation, deter honest customers and expose a bank to severe sanctions. Faysal Bank fully supports the international drive against money laundering and is committed to assisting relevant authorities in preventing money laundering. Faysal Bank's success on this front is dependent upon the cooperation of all employees. Everyone must exercise prudence and vigilance when assessing potential new clients, handling client requests and processing client transactions. With everyone's commitment and determination, it is possible to translate the spirit of FBL's Core Values and business principles into daily practice, continue to protect the integrity of the banking system, and maintain the Bank's reputation as a respectable and trustworthy institution.

Accordingly, the following precautionary steps are to be adopted in this connection:

- The identity of every new customer with whom we deal must be established from reliable identifying documents.

- If employees suspect that funds stem from illegal activities; this must be reported internally to their Reporting Supervisor or Compliance who will liaise with competent authorities.
- Customers should not be warned when information relating to them is being reported.
- Detailed requirements on Bank's due diligence policy and procedures are to be followed as given in the Compliance Manual.

Insider Trading

Insider trading involves the improper use of unpublished price sensitive information for personal benefit when dealing in securities.

Part X of the Securities Act, 2015 prohibits every person to indulge in insider trading. Employees who have privileged price sensitive information and are due to other means, as defined under the said Act, considered to be an insider, should not indulge themselves in insider trading. Those found guilty of contravening the provisions of the Act can be awarded imprisonment up to three years or obliged to pay fine as well as compensation to any person who may have suffered on account of such insider trading.

Insiders (Staff) of the Bank are not allowed to invest in Equity market including FBL securities, as per Compliance Policy.

Speculative Dealing

Personal dealing in speculative transactions can entail employees with risks to their financial standing, distract them from the performance of their duties and impact the reputation of the Bank. For these reasons, employees should not engage in speculative transactions for their personal account. Accordingly, no employee shall:

- Borrow money from or in any way place himself / herself under pecuniary obligation to a broker or money lender / financier or any firm or persons having dealings with the Bank;
- Buy or sell stocks, shares, commodities, foreign exchange or securities of any description without funds to meet the full cost thereof;
- Lend / finance money in his private capacity to a constituent of the Bank or have personal dealings with a constituent for the purpose of sale of bill of exchange, Government paper or any other securities. In this connection, employees are advised to note that borrowing money from any source of placing themselves under pecuniary obligations beyond the capacity to repay or honour the commitment will be tantamount to speculative activity.

If employees are unclear whether any particular transaction / activity could be considered speculative they should seek guidance from their Executive Officer or Compliance. Please refer to the Compliance Manual - Personal Account Dealing Policy, for details and for adherence.

Conflict of Interest

Employees must be alert to any situation that could compromise the position of trust they hold as a Faysal Bank employee, and avoid any kind of conflict between their personal interests and those of Faysal Bank.

Employees may engage in outside activities that do not conflict with the interests of the Bank, interfere with the responsibilities of its employees, or damage or misuse the reputation, trademarks, relationships, confidential information or other property of the Bank. The Bank has adopted the following guidelines to protect both the Bank and employees against conflicts of interest, and from situations that create a perception of impropriety.

From time to time, situations will arise that are not clear-cut. If employees are uncertain about the propriety of their conduct or business relationships, consult their supervisor, Legal or Compliance. Employees should never use their position with the Bank, or information acquired during your employment, in a manner that may create a conflict - or the appearance of a conflict - between your personal interests and the interests of the Bank or its customers and clients. Employees should also be aware that actual or potential conflicts of interest can arise not just from dealings with external parties, such as customers or suppliers, but also from relationships or transactions with managers, subordinates or other employees. If a conflict or potential conflict arises, employees must report it immediately to their manager or the Compliance Function, who will review it and any such discussion will be held in confidence to the extent possible and in a spirit of cooperation.

Employees must ensure that their personal interests do not conflict with the duties which are owed to the Bank or which the Bank owes to its customers. This includes engaging in any of the following activities without the prior written approval of the Management:

- Becoming personally involved in any transaction of the Bank / Group.
- Negotiating or contracting on behalf of the Bank with an entity in which you or a relative has an interest.
- Accepting any employment (whether part time, temporary or other), retainer-ship, consultancy, directorship or partnership outside the Bank except with the approval / allowance of the Bank's concerned authorities as and if required.

If employees are in doubt about whether a certain circumstance might create a conflict of interest, employees may consult the Compliance for guidance before taking action

Personal Investment Policy

This policy covers Members of Investment Committee and the relevant Staff who are required to disclose their personal investments in stocks, shares and other securities.

In this context, the relevant Staff need approval from the Board of Directors to invest in shares of any Company in which the Directors of FBL have any interest. Further, the relevant Staff must comply in letter and spirit with all the applicable regulations, rules of conduct and the Bank's Compliance Policy. Any ambiguity in transactions with the above should be referred to the Investment Committee.

External Functions

Employees may not simultaneously work for any concern that does business with or competes with the Bank without the approval of the Head HR and / or authorities concerned as and if required.

Employees must disclose the following outside positions to the HR, who will determine if a conflict exists:

- A member of employees' immediate family or household works for, and holds a position that can influence decisions at a firm that directly competes with or does business with the Bank.
- A member of employees' immediate family or household holds a position that interacts with positions of authority at a firm that directly competes with or does business with the Bank.
- Further, an employee may not serve as a director, trustee, officer or similar position (paid or otherwise) of any business, other than with the Bank or one of its subsidiaries, without prior approval of the HR and / or authorities concerned as and if required. This rule does not apply to charitable, civic, religious, educational, public or social

organizations, or to residential boards whose activities do not conflict with the interests of the Bank and do not impose excessive demand on your time.

- An employee must obtain the consent of Corporate Communication and Human Resources before submitting a work for publication, articles, or making a public speech / media presentation / interview in either medium.

Books and Records

Accuracy and Completeness

Employees must ensure that the accounting and financial records of the Bank meet the highest standards of accuracy and completeness.

Reporting accurate, complete and understandable information about the Bank's business, earnings and financial condition is an essential responsibility of all employees. It is not the exclusive responsibility of the Bank's accounting personnel to ensure that the Bank's accounting and financial records are accurate and complete. If employees have reason to believe that any of the Bank's books and records are not being maintained in an accurate or complete manner, employees are expected to report this immediately to their manager, the Chief Financial Officer, Compliance or the HR. Similarly, the Bank relies on employees to speak up if they feel that they are being pressured to prepare or destroy documents in violation of Bank policy. Employees also should speak up if they become aware that any misleading, incomplete or false statement has been made to an accountant, auditor, attorney or government official in connection with any audit, examination or filing with a government agency, such as the State Bank of Pakistan or Securities and Exchange Commission.

Protection and Proper use of Bank's Property & Information

As Faysal Bank's employee, you are entrusted with protecting the Bank's property.

Acts of dishonesty against the Bank or its customers involving theft, destruction or misappropriation of money, property, office equipment, information, data, devices, supplies or any other items of value are, of course, prohibited. Falsification, alteration or substitution of records for the purpose of concealing or aiding such acts are also prohibited. If an employee suspect someone has committed such an act or witness such an act, employee should report it immediately to Security. If employees prefer, can speak informally and confidentially with Compliance.

Employees also must protect the use of the Bank's computer equipment, including Faysal Bank's domain email, public email, customers' information or customers' data, and Internet access. The email should only be used for official purpose. All communication and information are the property of the Bank and the Bank reserves the right to retrieve message contents for the purpose of monitoring. Employees are, therefore, accountable for all activities under their password.

Employees must remember that the Management has zero tolerance on both password sharing and key compromise (esp. vault and ATM keys / combination).

Employees should additionally follow the Bank's policies and procedures in connection with the disposition of personal computers, personal digital assistants, mobile phones or other Bank assets.

Employees should review the Bank's policies present at the Banks Intranet Portal.

Gifts and Entertainment

It is the policy of the Bank that gifts are not to be accepted from customers or suppliers and potential donors must be diplomatically informed of this. However, if the employees are offered gifts, other than minor items, they should politely but firmly decline them, referring to the Bank policy, if necessary.

Exceptions

In cases where refusal of a gift would be regarded as an affront or it would be impractical or impossible to return the gift then in certain cases it can be accepted provided the gift is:

- Not in the form of cash,
- Clearly not in return for any consideration or in the anticipation of such,
- Of nominal value only.

Most of the Takaful coverage companies to generate business offer a number of inducements to their clients. The employee dealing with such entities for coverage of the Bank employees, assets, transit items or obtaining policies on behalf of customers for trade finance or consumer products must exercise due care and caution; negotiate the best advantageous coverage at best prices without any consideration for self. This due care and cautiousness must be adhered in case of valuers / contractors and consultants as well.

Any departure or proposed departure not included above must be reported through the line to the Compliance Function for a ruling on acceptance:

Employees are allowed to accept only minor items such as small number of inexpensive items like calendars, diaries, desk pads, pens, etc. The Department Heads / Line Managers / Compliance should be consulted if any doubts are encountered.

If gifts are delivered at their houses or workplace and cannot be easily returned without incurring embarrassment, they must hand over gifts to the Department Head / HRD, which will consider the most appropriate ways of dealing with them.

Personal Gifts by Employees

Personal friendships developed on the basis of banking relationships can sometimes encourage the exchange of gifts for personal account. Care must be taken in this regard as it must be realized that, unfortunately, what may be offered simply as a token of friendship and goodwill, may be construed, in some circumstances, as not only a breach of ethics but even a criminal action. organizations, or to residential boards whose activities do not conflict with the interests of the Bank and do not impose excessive demand on your time.

Presenting Gifts

Gifts may be given for promotional purposes or on special occasions where it may be appropriate while remaining within the jurisdiction of FBL management. The context in which such gifts are given is important and care must be exercised to avoid any such event that could be misinterpreted or construed as bribery or corruption.

No lavish entertainment offered or extended to any government or private official, agent / supplier or employee. Their entertainment is limited to routine lunches or dinners occurring during the conduct of regular business and that only to the extent that it is not in violation of the policy of the government, private entity involved and has duly been sanctioned by the Bank. Invitations to customers' / suppliers' social events, sports or theatre tickets, golf outings, non-business dinners etc. should be avoided.

It must be ensured that the entertainment against the Islamic injunctions (like music) must be avoided.

Confidential Information and Trade Secrets

Employees must protect confidential information and trade secrets, and prevent such information from being improperly disclosed to others inside or outside the Bank.

Employees may learn, to a greater or lesser degree, facts about the Bank's business plans, operations or "trade secrets" that are not known to the general public or to competitors. Sensitive information such as customer data, the terms or fees offered to particular customers, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing or strategic plans, proprietary or products and systems developments are examples of the Bank's confidential information and trade secrets. Similarly, during the course of performing your responsibilities, employees may obtain information concerning possible transactions with other companies or receive confidential information about other companies. Employees may not disclose any confidential information or trade secret of the Bank to others or use any such information for your own or someone else's benefit. Within the Bank, confidential information and trade secrets should be divulged only to other employees who need the information to carry out their business responsibilities.

Employees also are responsible for maintaining the confidentiality of sensitive employee information, such as salary, bonus or performance appraisal data. These obligations apply both during and subsequent to your employment with the Bank. Employees must be careful not to discuss such matters with family members, business or social acquaintances, or in places where employees can be overheard, such as taxis, elevators, the Bank cafeteria or restaurants. In addition, employees should not communicate or transmit confidential or sensitive information through external online communications services, such as the Internet. Employees are also required to maintain "Clean Desk", leaving no confidential information on the working place / desk unattended.

The confidentiality of non-banking information must also be respected regardless of how an employee comes across it. If an employee receives or holds information which he / she knows or believes is confidential to another person / organization, he / she should not disclose that information to anyone else. The distinction between this information and the other is not always clear. If in doubt, consult Human Resources.

Breaches & Disciplinary Action

In the event of an employee committing breach of this Code or any of the provisions of Employment Rules or contravenes instructions / orders issued to him / her in connection with official work or who displays negligence, inefficiency, indolence or criminal (riotous) behavior or does anything detrimental to the interests of the Bank or is guilty of any other act of fraud, misconduct or insubordination, the Competent Authority, in its sole discretion and without limitation may impose on him / her one or more of the following penalties:

- Postponement or stoppage of increment or promotion.
- Recovery from pay of the whole or part of any pecuniary loss caused to Bank by the employee.
- Demotion to a lower stage of pay in his / her Grade or to a lower Grade.
- Dismissal from service, which will involve permanent disqualification for future employment in the Bank without notice period.
- Termination from service.
- Compulsory retirement from service.



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I/We _____ of

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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 26, 2020** and at any adjournment thereof.

Signed _____ day of _____, 2020

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 19, 2020 to March 26, 2020** (both days inclusive). Transfer received at the Shares Registrar of the Bank, by the close of business on March 18, 2020 will be treated in time for attending Annual General Meeting will be held on March 26, 2020 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 CNIC 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 پتے کی تبدیلی سے متعلق اطلاع بینک کے شیئر رجسٹرار ایسسر سی 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 سیکورٹیز اینڈ ایچینج کمیشن آف پاکستان کے 26 جنوری، 2000 کو جاری شدہ سرکلر 1 میں دی گئی رہنمادایات پر عمل کریں۔

A- اجلاس میں شرکت کے لیے:

(i) انفرادی ممبرز کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایہ آدمی جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات تو ائند 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/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 ایہ آدمی جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات تو ائند کے مطابق اپ لوڈ ہو چکی ہیں، انھیں درج بالا ضروریات کے مطابق پراکسی فارم جمع کرانا 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) میسنگ 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/پاور آف اٹارنی (اگر پہلے فراہم نہیں کیا گیا ہے) مجاز دستخط شدہ منسلک ہوگا۔

پراکسی فارم

میں / ہم _____

رہائشی _____

فیصل بینک لمیٹڈ 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 لہذا _____

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 26 مارچ، 2020 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 کارپوریٹ اسٹامپ چسپاں کریں

ممبر (ز) کے دستخط

نوٹ:

1- بینک کے شیئر ٹرانسفر بکس 19 مارچ، 2020 سے 26 مارچ، 2020 تک (بشمول دونوں دن) بند رہیں گی۔ بینک کے شیئر ز رجسٹرار کو 18 مارچ، 2020 کو کاروبار کے اختتام تک موصول ہونے والے ٹرانسفر کو 26 مارچ، 2020 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۔ پراکسیز لازمی طور پر اجلاس سے کم از کم 48 گھنٹے قبل بینک کے رجسٹرڈ آفس میں وصول ہونی چاہئیں۔

If undelivered please return to:

FAYSAL BANK LIMITED

Registrar

M/s. Central Depository
Company of Pakistan Limited,
CDC House, 99-B, Block B,
SMCHS, Main Shahnsh-e-Faisal,
Karachi-74400

FAX: (92-21) 111 111 500

Fax: (92-21) 34089063

www.faysalbank.com