

Values. Delivered.

Annual Report 2018



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Chairman's Message

Unconsolidated Financial Statements



On behalf of the Board of Directors, it is my privilege to present the unconsolidated Annual Report of Faysal Bank Limited for the financial year ended December 31, 2018. The Bank once again maintained strong financial performance which was led by a carefully crafted business plan.

The positive results are in line with the Bank's robust growth over the last several years along with the Islamic transformation vision of the Board and Management. The Bank has grown organically and evolved with a strong presence in the industry with a footprint that spans over 150 cities with 455 branches across the country including 255 dedicated Islamic branches. Faysal Bank is a significant market player and is well poised for sustainable future growth. The Bank's ambition is to provide par excellence service to its customers while meeting their financial needs in both personal and business related spheres, adhering to stringent regulatory compliance and control protocols.

Faysal Bank aims to play an active role in the growth of Islamic Banking industry by offering high standard Shariah compliant products and services through its fast growing dedicated Islamic network across the country. Furthermore, the Bank has embarked on a holistic strategy under the guidance of the Board which will align the Banks transformative vision to enhance and develop new systems, platform and services that will set the benchmark of a strong Islamic Financial institution with customer service excellence for the foreseeable future.

Moreover, the Bank has increased its stake in Faysal Asset Management Limited (FAML) to 99.9% by acquiring an enhanced equity stake as well as strengthening the management team, this is to strengthen and provide diversified innovative financial solutions to compliment an evolving need of our customer base.

At Faysal Bank, we believe that our employees are our greatest strength. In 2018, the Bank continued to invest in their training and development. As we firmly believe in developing capabilities and professional skillset from within the organization to manage leadership positions within the Bank. Hence to nurture talent and groom them to the desired skillset the Bank has successfully launched recruitment drives for Management Trainees from top universities country wide under the umbrella of "Search for the Best" program. This will be an ongoing initiative to induct the best breed young talent. Besides numerous Islamic Banking courses were conducted through in-house and external trainers to institutionalize and reinforce our commitment towards the transformation and providing career growth from within. 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.

Looking ahead, I expect 2019 to be another eventful year where we will continue in our efforts to reaffirm the bank's position as one of the leading financial institutions, while continuing to elevate our customer banking experience across all touch points and platforms.

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to our customers, shareholders for their continued trust, which has been the cornerstone of our continued success. I would also like to thank the State Bank of Pakistan and the Securities & Exchange Commission of Pakistan for their continued guidance.

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

Farooq Rahmatullah Khan
Chairman of the Board

Dated: February 21, 2019



Corporate DNA

Our Vision

Excellence in all that we do

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 financial services in chosen markets through innovation

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:

Mian Muhammad Younis (Director), **Mr. Imtiaz Ahmad Pervez** (Director), **Mr. Yousaf Hussain** (President & CEO),
Mr. Farooq Rahmatullah Khan (Chairman), **Mr. Fuad Azim Hashimi** (Director)



From Left to Right:

Mr. Abdulelah Ebrahim Mohamed AlQasimi (Director), **Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery** (Vice Chairman),
Mr. Juma Hasan Ali Abul (Director), **Mr. Abdulla Abdulaziz Ali Taleb** (Director), **Mr. Ali Munir** (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 on 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 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) 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 & international professional experience. His previous experience has primarily been with ABN AMRO Bank, where he held multiple senior managerial positions in Corporate & Transaction Banking and led a number of landmark international Investment Banking & Treasury transactions across major industries. Yousaf has also been at the forefront of two bank acquisition & integration transactions. His experience also includes senior position with Samba Bank and earlier roles with Mashreq Bank, UAE and Mobilink/Motorola.

He has been with Faysal Bank Ltd. since August 2008, where he has contributed significantly to the growth of the franchise through senior management positions within Corporate, Risk & Special Assets Management Group. He was elevated in early 2017 to become the President & CEO of Faysal Bank Ltd. Mr. Hussain's vision & strategy has led the Bank to successfully embark upon a retail led growth strategy in terms of aggressive network expansion coupled with smooth ongoing transformation of the franchise from a conventional to a progressive Islamic Bank.

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, Council Member of the Institute of Bankers-Pakistan, Director in Pakistan Business Council and Pakistan Institute of Corporate Governance.



Mr. Imtiaz Ahmad Pervez

Director

Mr. Imtiaz Ahmad Pervez has more than 35 years experience in the banking industry. He was on the Board of Ithmaar Bank BSC, Bahrain till December 2016. His recent position, from which he resigned in March 2012, was Director of the Al Barka Bank Pakistan Limited. He was, earlier, also a board member of the Faysal Islamic Bank of Bahrain, 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 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.



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:

- 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



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

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



Mr. Abdulla Abdulaziz Ali Taleb

Director

Mr. Abdulla Abdulaziz Ali Taleb has more than 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.



Mian Muhammad Younis

Director

Mian Mohammad Younis possesses 38 years of experience in Public Banking and Financial Sectors 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 performed as Secretary to National Finance Commission (NFC) from 2003 to 2010. He 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 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 a number of Non-Banking Financial Institutions (NBFI) as a member of Financial Sector Reforms Committee. Affected recovery of loans extended to Provincial Governments and other Public Sector entities by the Federal Government and also assisted State Bank of Pakistan (SBP) in managing the overdraft position of provinces, AJK, and various Public Sector Corporations from 2003 to 2011. He supervised not only the Expenditure Budget of the Federal Government but also implemented Social Sector Programs 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. He was the Head of 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. Fuad Azim Hashimi

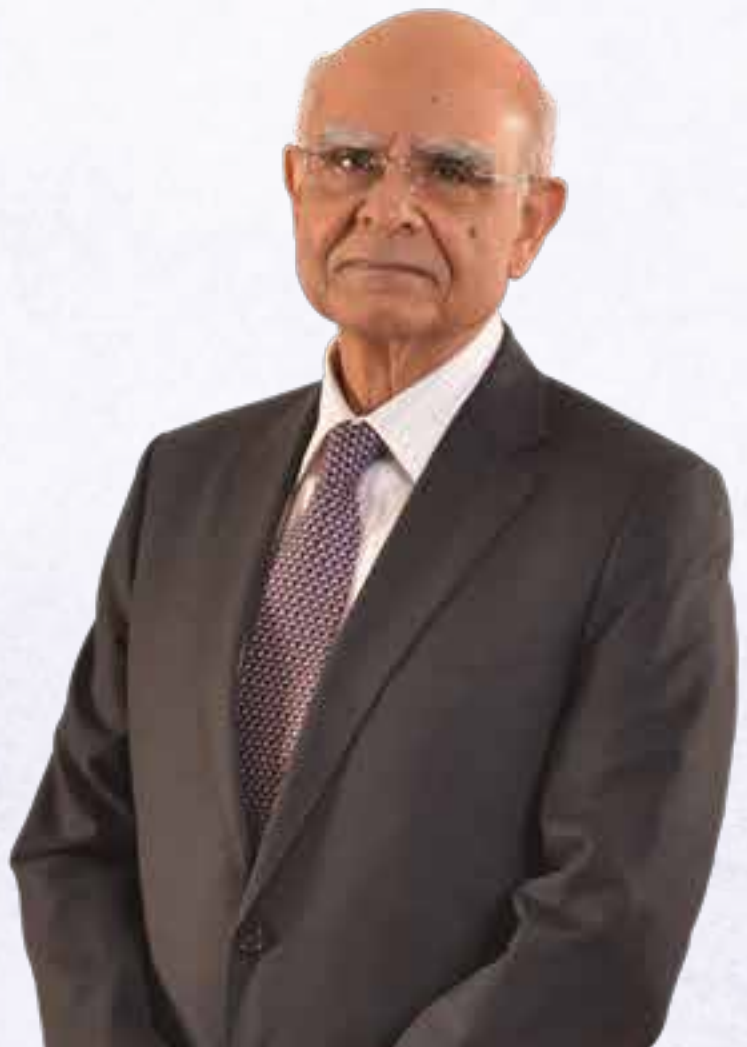
Director

Mr. 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. Through leadership of the Pakistan Institute of Corporate Governance from 2007 till 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 the United Nations ESCAP Business Advisory Council and its Sustainable Business Network.

His career over the past 54 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 Price Water House Coopers) 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. He has an added experience with a development finance institution providing venture capital to the private sector that involved monitoring industrial projects to ensure correct use of the funds provided by World Bank and Asian Development Bank.

Mr. Hashimi's other appointments include Directorship on the Board of Directors of International Industries Limited (the premium producer of steel tubing, galvanized iron pipes and polyethylene pipes in Pakistan) and being a member of the Public Sector Committee of the Institute of Chartered Accountants of Pakistan. 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. 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 is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Pakistan. He has over thirty years' experience as a Chartered Accountant. 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.



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. 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
Mr. Ali Munir	Independent Director

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment, Nomination and Remuneration Committee

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

Board Strategy Committee

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

Board IT Committee

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

Shariah Board

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

Syed Majid Ali

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

M/s. Central Depository Company of Pakistan Limited
(Share Registrar Department) CDC House, 99-B, Block-B,
SMCHS, Main Shahr-e-Faisal, Karachi-74400
Tel : (92-21) 111-111-500
Fax : (92-21) 34326053
Email : info@cdcpak.com

Meetings Attendance

Attendance of Board of Directors Meetings' during the year 2018

Attended by / Meeting Date	29-01-18	28-02-18	28-03-18	25-04-18	23 -05-18	27-08-18	25-10-18	27-11-18
Mr. Farooq Rahmatullah Khan	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	-	✓	✓	✓	✓	✓	✓	✓
Mr. Yousaf Hussain	✓	✓	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Juma Hasan Ali Abul	-	✓	✓	✓	✓	✓	✓	✓
Mr. Imtiaz Ahmad Pervez	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Abdulelah Ebrahim Mohamed Al Qasimi	-	✓	✓	✓	✓	✓	✓	✓
Mr. Abdulla Abdulaziz Ali Taleb	-	✓	✓	✓	✓	✓	✓	✓
Mr. Fuad Azim Hashimi	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ali Munir	✓	✓	✓	✓	✓	✓	✓	✓

Attendance of Board Audit & Corporate Governance Committee Meetings during the year 2018

Attended by / Meeting Date	27-02-18	24-04-18	26-08-18	24-10-18	25-10-18
Mian Muhammad Younis	✓	✓	✓	✓	✓
Mr. Juma Hasan Ali Abul	✓	✓	✓	✓	✓
Mr. Ali Munir	✓	✓	✓	✓	✓

Attendance of Board Risk Management Committee Meetings during the year 2018

Attended by / Meeting Date	27-02-18	24-04-18	26-08-18	24-10-18
Mr. Imtiaz Ahmad Pervez	✓	✓	✓	✓
Mr. Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓
Mr. Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓
Mr Yousaf Hussain	✓	✓	✓	✓

Attendance of Recruitment, Nomination and Remuneration Committee Meetings during the year 2018

Attended by / Meeting Date	27-02-18	25-04-18	10-07-18	26-08-18	18-09-18	24-10-18
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓
Mr. Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓
Mr. Fuad Azim Hashimi	✓	✓	✓	✓	✓	✓
Mr. Ali Munir	✓	✓	✓	✓	✓	✓

Attendance of Board Strategy Committee Meetings during the year 2018

Attended by / Meeting Date	26-02-18	24-04-18	27-08-18	23-10-18
Mr. Farooq Rahmatullah Khan	✓	✓	✓	✓
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓
Mr. Juma Hasan Ali Abul	✓	✓	✓	✓
Mr. Fuad Azim Hashimi	✓	✓	✓	✓
Mr. Yousaf Hussain	✓	✓	✓	✓

Attendance of Board IT Committee Meetings during the year 2018

Attended by / Meeting Date	26-02-18	24-04-18	26-08-18	23-10-18	31-10-18	24-12-18
Mr. Ali Munir	✓	✓	✓	✓	✓	✓
Mr. Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓	✓	✓
Mr. Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓	✓	✓
Mr. Yousaf Hussain	✓	✓	✓	✓	Leave of absence	Leave of absence

Senior Management

From Left to Right (Standing):

Muhammad Faisal Shaikh (Head, Islamic Banking), **Mian Salman Ali** (Chief Risk Officer),
Aneeq Malik (Head, Operations), **Syed Muhammad Fraz Zaidi** (Head, Strategy),
Muhammad Aurangzeb Amin (Company Secretary & Head, Legal), **Monis Mirza** (Head, Human Resources)

From Left to Right (Sitting):

Syed Hasan Jafri (Head, Information Technology), **Ali Waqar** (Head, Corporate & Investment Banking)



From Left to Right (Standing):

Salman Ahmed Usmani (Head, Treasury & ECM), **Abadullah** (Chief Compliance Officer),
Syed Majid Ali (Chief Financial Officer), **Bashir Ahmed Sheikh** (Head, Special Assets Management),
Tahir Yaqoob Bhatti (Head, Retail Banking), **Nasir Islam** (Head, Internal Audit)

From Left to Right (Sitting):

Yousaf Hussain (President & CEO), **Raheel Ijaz** (Chief Operating Officer)



Senior Managements' Profile



Yousaf Hussain
President & CEO

Mr. Yousaf Hussain has over 25 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.



Raheel Ijaz
Chief Operating Officer

Mr. Raheel Ijaz has more than 39 years 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.



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 29 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. Ali has rich experience in banking finance and mergers and acquisitions (M&A). He was the member of the core team responsible for the sale of Emirates Bank International PJSC (Pakistan Operations) and Saudi Pak Commercial Bank Limited. He was also actively involved in the acquisition of RBS Pakistan operations by the Faysal Bank Limited and its subsequent integration. In addition to Accounting & Finance, in his career he has gained rich experience in the areas of Strategy, Human Resources and Technology. He has supervised Strategy, Technology and Administration functions at Faysal Bank Limited.

Mr. Ali has been teaching the students of Chartered Accountancy profession. He is serving on the board of the Central Depository Company of Pakistan as an Independent Director. He is member of the Accounting and Taxation Committees of the Pakistan Banks' Association (PBA), Overseas Investors' Chamber of Commerce and Industry (OICCI) and Pakistan Business Council. He is also a member of the Income Tax Bar Association, Karachi.



Nasir Islam

Head, Internal Audit

Mr. Nasir Islam is a qualified Chartered Accountant with over 26 years of multifaceted experience. His first assignment was as Manager Finance in ANZ Grindlays (Karachi), after which he was posted at the ANZ HO (Melbourne, Australia), as Manager Commercial Banking System (CBS) Project. He returned to Pakistan in 1997 as Manager Audit, joined ABN AMRO Pakistan as Audit Manager in 2000, and was appointed as Country Head of Compliance in 2004.



Tahir Yaqoob Bhatti

Head, Retail Banking

Mr. Tahir Yaqoob Bhatti has over 31 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.



Abadullah
Chief Compliance Officer

Mr. Abadullah brings with him over 33 years of diversified experience of Branch Banking, Trade, Cash Management and Operations. Prior to joining Faysal Bank Limited, Abadullah has worked with Standard Chartered, ANZ Grindlays and United Bank Limited. His last assignment with SCB was as Head Cash Management Operations & Cash Product Service Delivery. Abadullah started his career from United Bank Limited. He holds a Master of Business Administration (Finance) degree from IBA, University of Punjab.



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, Ali Waqar 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.



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 and 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 Limited 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. Fraz Zaidi is a Chartered Accountant from the Institute of Chartered Accountants, Pakistan.



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.



Aneeq Malik
Head, Operations

Mr. Aneeq Malik is a solutions-focused banker with over 17 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 33 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.



Muhammad Faisal Shaikh
Head, Islamic Banking

Mr. Muhammad Faisal Shaikh is a graduate of Institute of Business Administration (IBA), 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 Bank Islami 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.



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.

Shariah Boards' Profile

Chairman Shariah Board

Mufti Muhammad Mohib ul Haq Siddiqui

Mufti Mohib ul Haq is a prominent and a well-recognised Shariah scholar of international repute. His credentials include a specialised degree in Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Takhassus fil Ifta (Specialization in Islamic Jurisprudence and Fatwa) from the esteemed Jamia Darul Uloom, Karachi.

Mufti Mohib ul Haq has a diversified experience of more than 15 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 Ltd
- 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)

Shariah Board Member

Dr. Mufti Khalil Ahmad Aazami

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 Takhassus fi al-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi. Dr. Aazami holds a Doctorate degree in "Islamic Jurisprudence" from University of Karachi.

Dr. Aazami is working with Bank Alfalah Islamic Banking since 2003 in the capacity of Shariah Advisor and now serving Bank Alfalah as Chairperson Shariah Board since 2015. He is also a Shariah Board Member of National Bank of Pakistan Islamic Banking and Faysal Bank Limited Islamic Banking.

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 19 years of 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 include:

- 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
- IBA Centre for Excellence in Islamic Finance (CEIF)

Resident Shariah Board Member

Mufti Muhammad Abdullah

Mufti Muhammad Abdullah possesses 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 Takhassus Fil Fiqh il Islami from Jamia Darul-Uloom Rasheedia, Karachi. He also holds Masters degrees in Arabic and Economics & Finance from University of Karachi, Islamic Studies from Federal Urdu University and Muslim History from University of Sind.

Mufti Abdullah has wide and diversified professional and educational experience. He has over seven 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 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

Salman Ahmed Usmani
Member

Syed Majid Ali
Member & Secretary

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

Asset & Liability Committee

Yousaf Hussain
Chairman

Salman Ahmed Usmani
Member & Secretary

Syed Majid Ali
Member

Mian Salman Ali
Member

Ali Waqar
Member

Tahir Yaqoob Bhatti
Member

Syed Muhammad Fraz Zaidi
Member

Mashkoor Ahmad Babar
Member

Muhammad Faisal Shaikh
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

Compliance Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Abadullah
Member & Secretary

Syed Majid Ali
Member

Mian Salman Ali
Member

Aneeq Malik
Member

Bashir Ahmed Sheikh
Member

Tahir Yaqoob Bhatti
Member

IT Steering Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Syed Hasan Jafri
Member & Secretary

Syed Majid Ali
Member

Mian Salman Ali
Member

Tahir Yaqoob Bhatti
Member

Aneeq Malik
Member

Abadullah
Member

Muhammad Maad
Member

Ahsan Jamal
Member

Investment Committee

Yousaf Hussain
Chairman

Salman Ahmed Usmani
Member & Secretary

Syed Majid Ali
Member

Mian Salman Ali
Member

Ali Waqar
Member

Syed Muhammad Fraz Zaidi
Member

Mashkooor Ahmad Babar
Member

Enterprise Risk Management Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Mashkooor Ahmad Babar
Member & Secretary

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

Country Credit Committee

Yousaf Hussain
Chairman

Mian Salman Ali
Member & Secretary

Ali Waqar
Member

Tahir Yaqoob Bhatti
Member



Leadership. Delivered.

Corporate Governance





Corporate Social Responsibility

Wafq Faisal is a non-profit organization established in October, 1999 in Karachi as a CSR division of Faysal Bank. It focuses on providing maximum relief to the poor, development of education, medical relief and advancement of any other general utility. Its CSR program mainly focuses on the domains of Education, Health, Welfare Institutions and Financial Assistance to Employees.

In 2018, more than PKR 92.54 Million was invested in the contributions related to student sponsorships, vocational trainings, health care and medical equipment's, infrastructure development, environment protection and staff welfare.

Education

We are helping people empower themselves through Education. Education is one of our key focus areas, therefore 46% of the total spend is disbursed across this sector to help the underprivileged and deserving students in shaping their future. The Citizen's Foundation, Professional Education Foundation, Path Education Society, Development in Literacy were some of the NGOs we collaborated with in 2018.

We are focusing on our strategic alliance with Universities, supporting Islamic programs, scholarships funds to deserving students, research & training of Scholars. Such partnerships will ensure provision of skilled human resources in the field of Islamic banking and a meaningful contribution to equipping the less privileged students with knowledge and education.

Health

In order to achieve its health sector goals, Faysal Bank has collaborated with various NGO's, government hospitals and associations that are positively contributing on development of new health care facilities and free treatments of patients.

29% of the total spend is disbursed in the sector. Donations to Patient Welfare Association, Indus Hospital, Child Aid Association and other established organizations were made with the objective of facilitating needy patients.

Welfare Institutions

Faysal Bank has contributed CSR funds to welfare organizations with a long term approach to develop vocational training, skill sets for income generation and poverty elimination in deprived and underprivileged areas. We help Karigar Training Institute in providing vocational trainings to under privileged children in Karachi.

Environment

We have launched a green-investment initiative called "Come Grow with Us" in collaboration with Karachi Relief Trust. Our vision through these initiatives is to engage and create awareness among the present and potential customers and employees of the Bank. Along with this, an on-ground activity in selected mosques located near Islamic branches will be adhered such as tree plantations, recycling & conservation of ablution water at mosques. The whole idea is to resonate the initiative strategically with the Islamic Banking proposition, reaching out to all the current and prospects customers of the bank.

Financial Assistance to Employees

Faysal Bank understands that employees are an integral part of the organization. Hence, financial assistance is provided to them for their family's medical and educational needs.

Educational Institutions and NGOs

S.No. Institute Names

1. CEIF Peshawar
2. IBA CEIF Karachi
3. The Citizen's Foundation
4. LUMS National Outreach Program
5. Professional Education Foundation
6. Namal Education Foundation
7. Path Education Society
8. DIL
9. Karigar Training Institute



Health Care Institutions

S.No. Institute Names

1. Patient Welfare Association
2. Indus Hospital
3. Patient Aid Foundation
4. Child Aid Association
5. Friends of Burns Centre
6. Pink Ribbon
7. Behbud Association
8. LABARD
9. Hope Uplift Foundation
10. Shaukat Khanum Memorial Cancer Hospital & Research Centre
11. Baitul Sukoon
12. The Patient Behbud Society
13. National Institute of Child Health Trust (NICH)

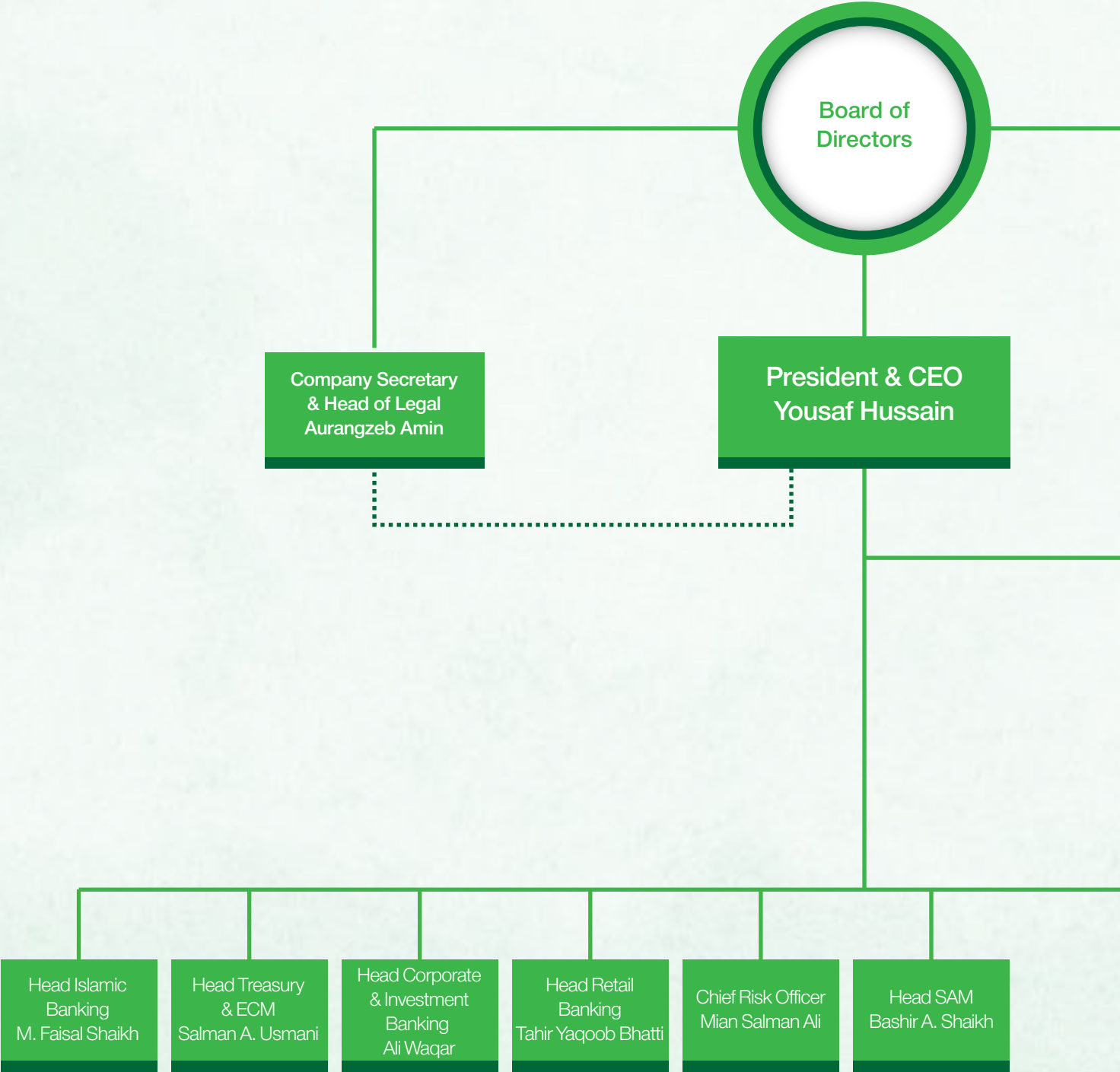


Environment

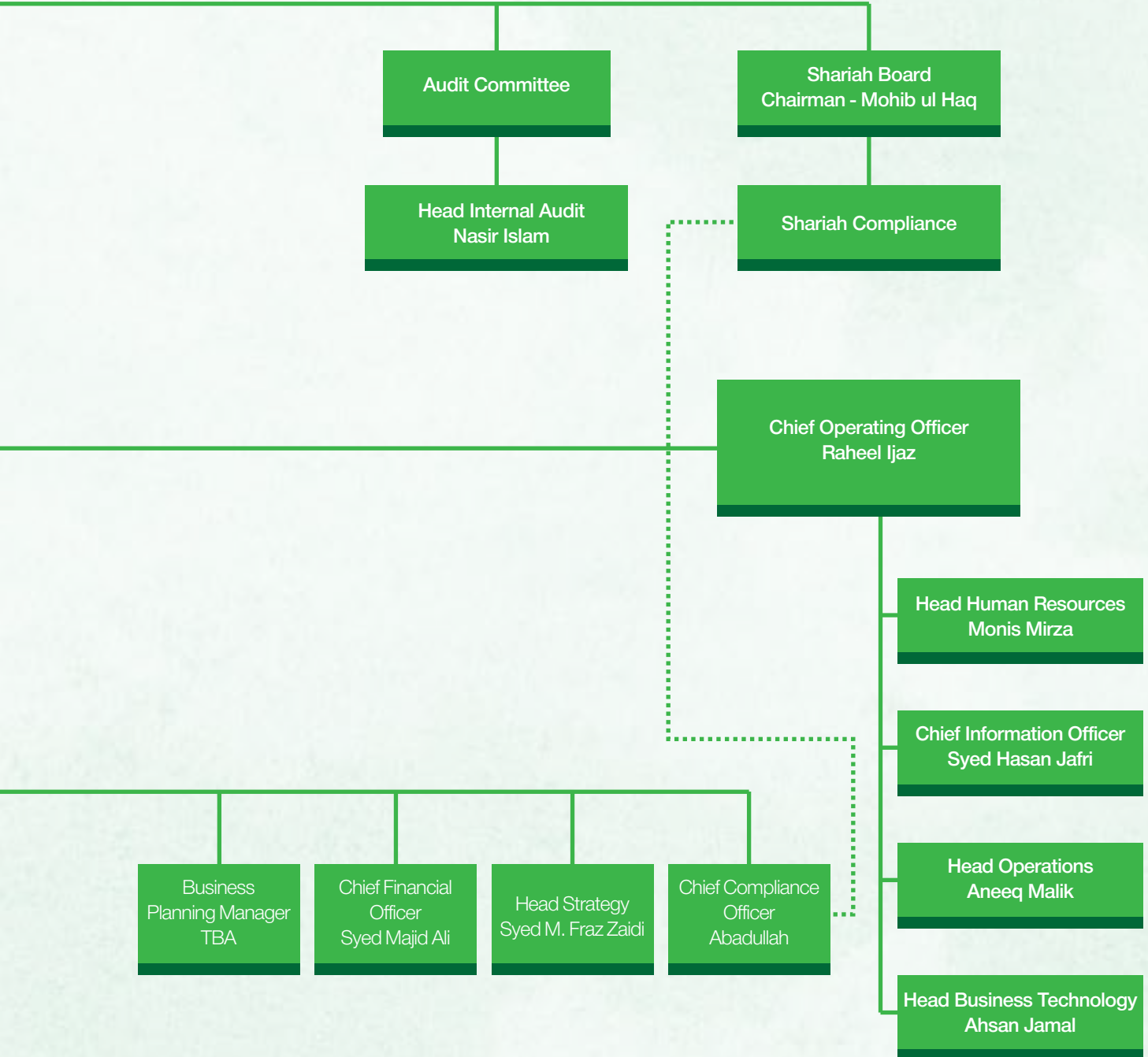
1. Karachi Relief Trust



Organizational Structure



*TBA: To be Appointed/Vacant.



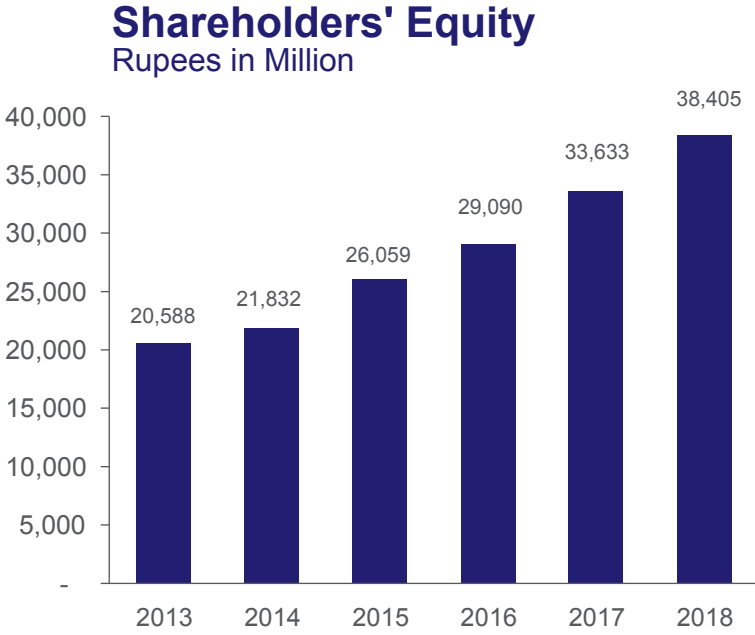
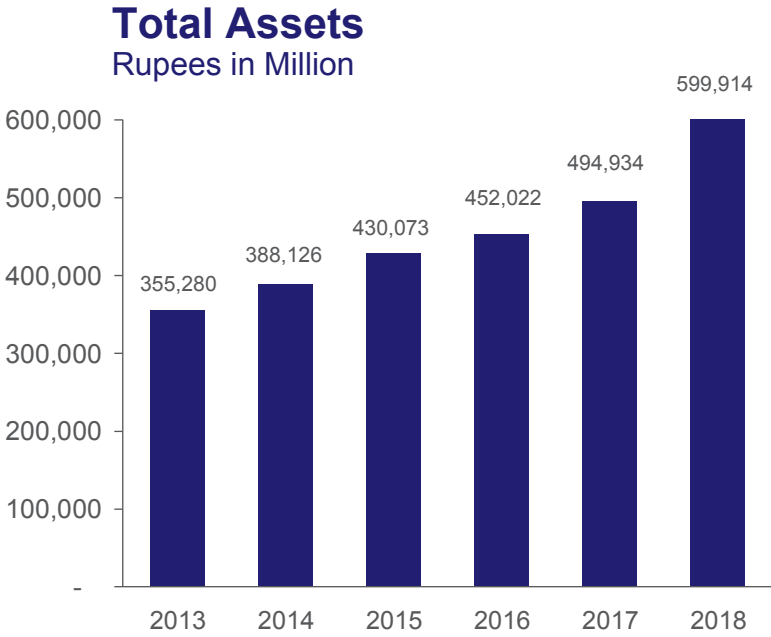
SIX YEAR FINANCIAL SUMMARY - UNCONSOLIDATED

		2018	2017	2016	2015	2014	2013
OPERATIONAL RESULTS		(Rupees in Million)					
Mark-up / return / interest earned		35,200	28,766	26,179	32,306	32,312	27,797
Mark-up / return / interest expensed		18,925	14,831	14,134	18,358	18,480	16,945
Fee, commission and Fx income		6,039	4,673	4,575	3,534	3,700	3,760
Dividend and capital gains		221	967	2,380	2,030	674	767
Total income		22,535	19,574	18,999	19,512	18,206	15,378
Provisions / Write-offs		(422)	(492)	536	1,780	2,270	2,021
Operating expenses		14,755	12,774	11,804	10,812	12,384	11,196
Operating profit before tax and provision		7,780	6,800	7,194	8,700	5,822	4,182
Profit before taxation		8,202	7,292	6,659	6,920	3,552	2,161
Profit after taxation		4,837	4,530	4,302	4,222	2,477	1,850
Cash dividend	%	-	-	-	10.0	-	-
Bonus shares	%	-	15.0	10.0	-	15.0	12.5
BALANCE SHEET		(Rupees in Million)					
Shareholders' equity		38,405	33,633	29,090	26,059	21,832	20,588
Revaluation reserves		5,094	5,613	5,917	4,294	4,470	1,578
Deposits		409,384	371,624	339,633	291,945	283,105	270,599
Borrowings from financial institutions		98,352	54,789	52,806	90,565	60,927	45,447
Advances - net of provision		296,445	231,532	204,831	181,090	182,656	184,190
Investments - net of provision		214,186	179,728	170,209	195,516	155,211	113,319
Total assets		599,914	494,934	452,022	430,073	388,126	355,280
CASHFLOWS		(Rupees in Million)					
Operating activities		43,545	(16,826)	(4,856)	67,214	13,479	28,733
Investing activities		(38,151)	19,956	19,065	(61,543)	(20,929)	(25,110)
Financing activities		(3)	(1,497)	(2,689)	(1)	(500)	(700)
Cash and cash equivalents at the end of the year		44,880	39,489	37,856	26,336	20,666	28,617
OTHER KEY INFORMATION							
Imports - local	Rs. Mln	44,879	32,979	23,364	23,611	27,996	49,392
Imports - foreign	USD. Mln	1,323	1,206	917	730	916	998
Exports - local	Rs. Mln	68,431	41,382	49,2416	16,848	19,853	31,810
Exports - foreign	USD. Mln	364	345	301	353	393	553
Number of employees		6,141	3,977	3,611	3,141	3,036	3,610
Number of branches		455	405	355	280	274	269
PROFITABILITY RATIOS							
Profit before tax ratio	%	23.30	25.35	25.44	21.42	10.99	7.77
Gross spread ratio (Net mark-up income / gross mark-up income)	%	46.24	48.44	46.01	43.17	42.81	39.04
Return on capital employed	%	2.597	2.568	2.565	3.174	1.722	1.138
Return on average equity (ROE)	%	13.43	14.44	15.60	17.63	11.68	9.40
Return on average assets (ROA)	%	0.88	0.96	0.98	1.03	0.67	0.55
Income to expense ratio	Times	1.527	1.532	1.610	1.805	1.470	1.374

SIX YEAR FINANCIAL SUMMARY - UNCONSOLIDATED

		2018	2017	2016	2015	2014	2013
LIQUIDITY RATIOS							
Current ratio	Times	0.86	0.96	0.70	0.69	0.79	0.86
CASA to total deposits	%	68.83	69.92	67.05	67.23	65.63	64.83
Gross advances to deposit ratio (average)	%	73.76	68.28	68.95	71.35	73.87	77.30
Net advances to deposit ratio (average)	%	67.60	61.35	61.10	63.25	66.25	69.73
Non-performing loans to gross advances ratio	%	8.33	10.68	13.07	14.82	14.31	13.52
Specific provision to non-performing loans ratio	%	86.69	86.84	81.67	79.10	78.56	71.50
INVESTMENT / MARKET RATIOS							
Price earning ratio	%	7.22	7.14	7.68	5.55	11.15	9.34
Earning per share (EPS)	Rs.	3.19	2.98	2.83	2.78	1.63	1.22
Market value per share	Rs.	23.00	21.30	21.78	15.43	18.20	11.39
Market value per share - high	Rs.	30.00	29.90	24.50	20.07	19.25	12.50
Market value per share - low	Rs.	20.77	17.32	12.86	13.54	11.48	8.15
Book value per share - excluding surplus/ (deficit) on revaluation of assets	Rs.	25.30	22.16	19.17	17.17	14.38	13.57
Book value per share - excluding surplus on revaluation of fixed assets	Rs.	25.83	22.98	20.56	18.04	15.33	13.45
Book value per share - including surplus/ (deficit) on revaluation of assets	Rs.	28.66	25.86	23.07	20.00	17.33	14.60
CAPITAL STRUCTURE RATIOS							
Capital adequacy ratio	%	16.80	15.90	14.60	14.41	12.22	11.29
Weighted average cost of deposit	%	3.82	3.35	3.55	4.27	5.33	5.24
Total assets turnover to fixed assets turnover ratio (Total assets / Fixed assets)	Times	51.66	43.25	43.03	45.56	41.94	45.66
Net assets per share	Rs.	28.66	29.74	29.18	25.30	25.21	21.25
Earning asset to total asset ratio	%	85.62	84.91	84.08	87.63	87.05	83.82
NET ASSETS MATURITY WISE (based on expected withdrawal pattern)							
(Rupees in Million)							
Upto one month		13,364	60,106	(33,399)	(85,534)	(60,796)	(16,197)
Over one month to three months		72,161	34,959	23,162	53,767	27,569	45,394
Over three months to six months		13,875	6,643	48,146	5,606	29,650	18,264
Over six months to one year		17,776	2,899	22,701	88,378	37,653	4,165
Over one year to two years		16,038	7,432	16,221	16,103	15,016	3,036
Over two years to three years		4,512	5,328	8,667	(1,738)	11,530	(5,978)
Over three years to five years		(5,636)	(18,545)	11,597	14,891	(10,065)	(14,836)
Over five years to ten years		(55,121)	(60,181)	(63,074)	(66,060)	(30,792)	(16,962)
Over ten years		(33,470)	605	987	4,940	6,538	5,281
Total net assets		43,499	39,246	35,008	30,353	26,303	22,167

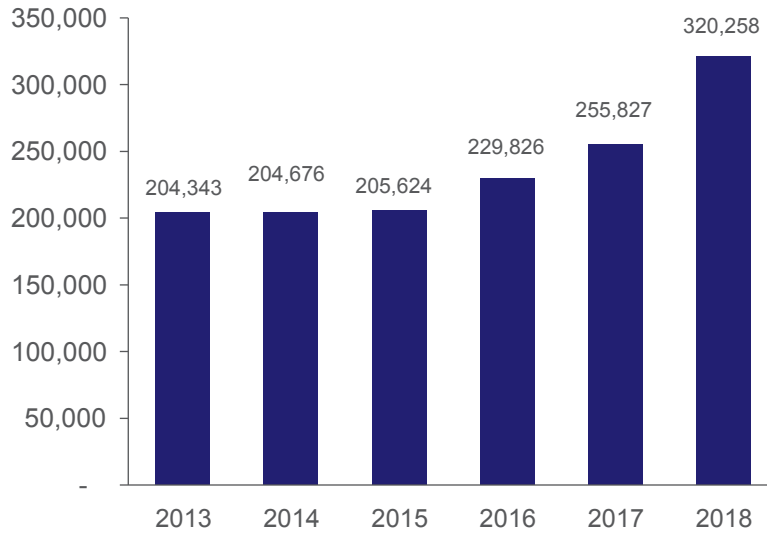
TOTAL ASSETS AND SHAREHOLDERS' EQUITY



GROSS ADVANCES AND DEPOSITS

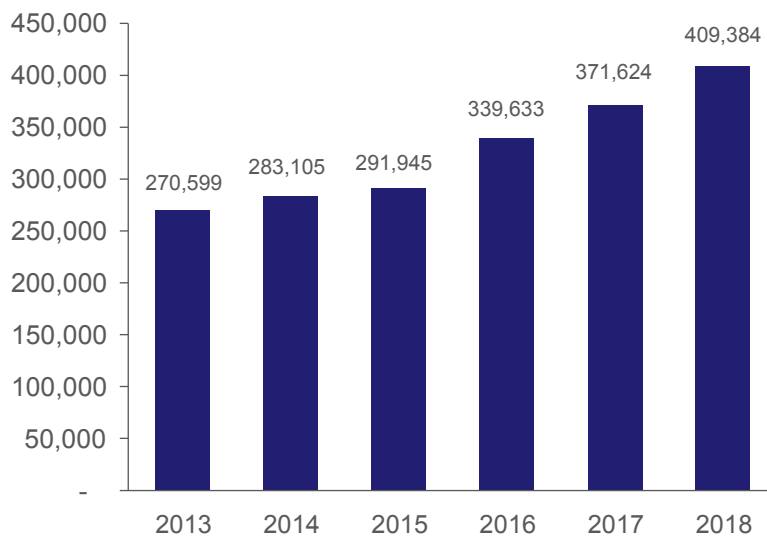
Gross - Advances

Rupees in Million



Deposits

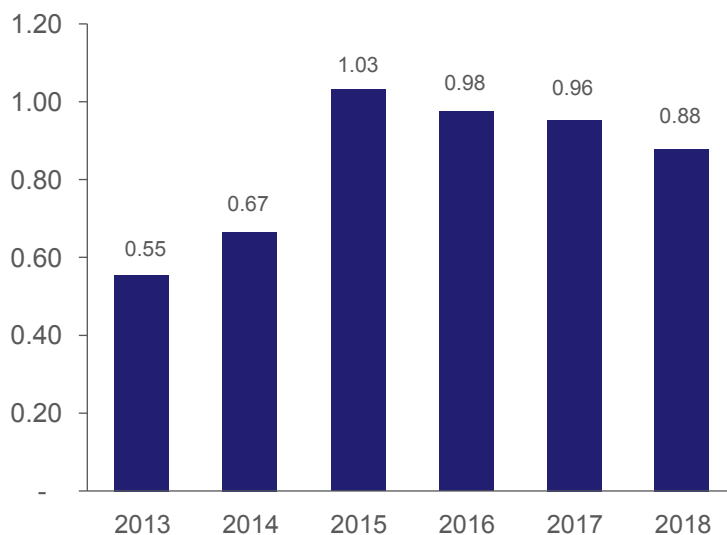
Rupees in Million



RETURN ON AVERAGE ASSETS AND EQUITY

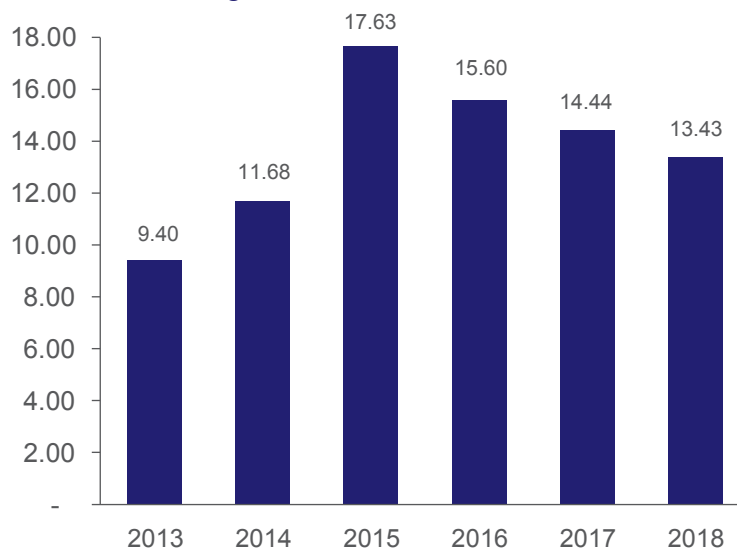
Return on average assets (ROA)

Percentage %



Return on average equity (ROE)

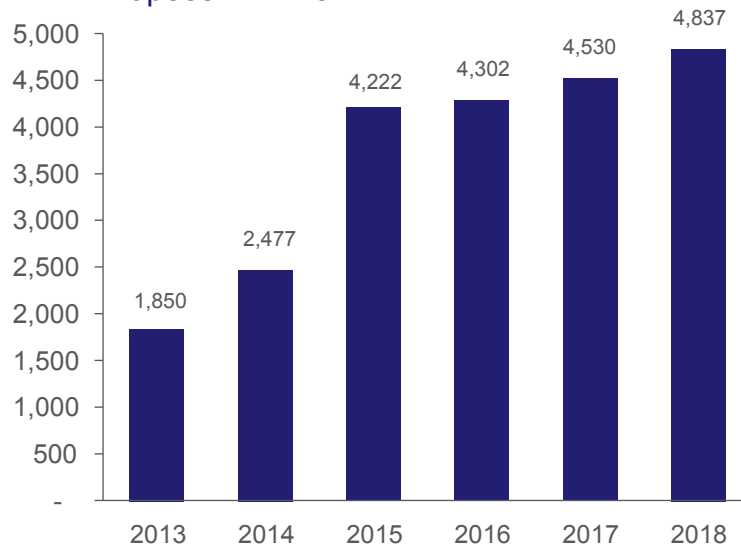
Percentage %



PROFIT AFTER TAX AND EPS

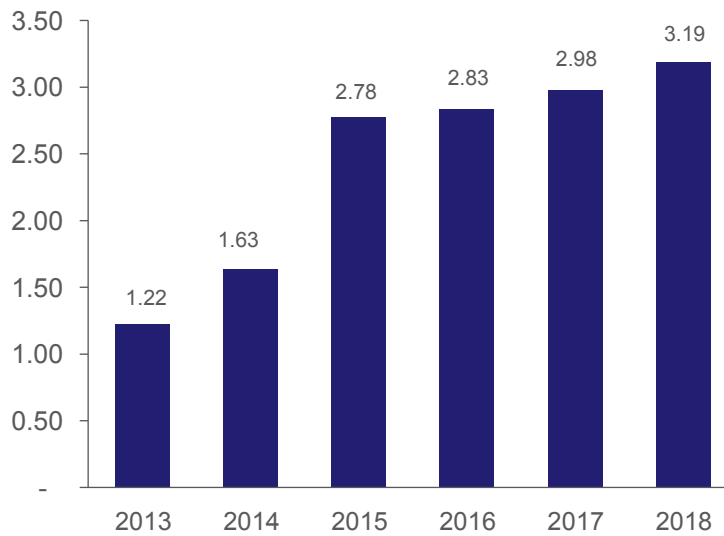
Profit after Tax

Rupees in Million



Earning Per Share

In Rupees



HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

	2018	2017	2016	2015	2014	2013	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012
	Rupees in Million						Variance %					
ASSETS												
Cash and balances with treasury banks	43,174	37,862	37,239	26,084	20,286	28,422	14	2	43	29	(29)	16
Balances with other banks	1,848	1,873	1,139	1,068	1,423	1,012	(1)	64	7	(25)	41	(16)
Lendings to financial institutions	2,997	9,010	5,000	250	-	300	(67)	80	1,900	100	(100)	100
Investments	214,186	179,728	170,209	195,516	155,211	113,319	19	6	(13)	26	37	29
Advances	296,445	231,532	204,831	181,090	182,656	184,190	28	13	13	(1)	(1)	7
Fixed assets	11,612	11,444	10,505	9,440	9,254	7,781	1	9	11	2	19	(9)
Intangible assets	1,332	1,496	1,607	1,903	2,289	2,470	(11)	(7)	(16)	(17)	(7)	7
Deferred tax assets	183	1,600	2,265	3,087	2,429	3,981	(89)	(29)	(27)	27	(39)	(9)
Other assets	28,138	20,389	19,227	11,635	14,579	13,804	38	6	65	(20)	6	17
	599,915	494,934	452,022	430,073	388,127	355,279	21	9	5	11	9	13
LIABILITIES												
Bills payable	23,544	8,761	6,656	6,194	5,588	5,504	169	32	7	11	2	29
Borrowings	98,352	54,789	52,806	90,565	60,927	45,447	80	4	(42)	49	34	28
Deposits and other accounts	409,384	371,624	339,633	291,945	283,105	270,599	10	9	16	3	5	12
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	1,497	2,994	2,995	3,495	-	(100)	(50)	-	(14)	(17)
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	25,136	20,514	16,423	8,022	9,210	8,068	23	25	105	(13)	14	9
	556,416	455,688	417,015	399,720	361,825	333,113	22	9	4	10	9	14
	43,499	39,246	35,007	30,353	26,302	22,166	11	12	15	15	19	5
REPRESENTED BY												
Share capital	15,177	13,197	11,998	11,998	10,433	10,433	15	10	-	15	-	12
Reserves	8,779	7,936	7,158	6,423	5,703	6,554	11	11	11	13	(13)	4
Surplus on revaluation of assets	5,094	5,613	5,917	4,294	4,470	1,578	(9)	(5)	38	(4)	183	(30)
Unappropriated profit	14,449	12,500	9,934	7,638	5,696	3,601	16	26	30	34	58	12
	43,499	39,246	35,007	30,353	26,302	22,166	11	12	15	15	19	5

HORIZONTAL ANALYSIS

PROFIT AND LOSS ACCOUNT

	2018	2017	2016	2015	2014	2013	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012
	Rupees in Million						Variance %					
Mark-up / return / interest earned	35,200	28,766	26,179	32,306	32,312	27,797	22	10	(19)	-	16	-
Mark-up / return / interest expensed	18,925	14,831	14,134	18,358	18,480	16,945	28	5	(23)	(1)	9	(15)
Net mark-up / interest income	16,275	13,935	12,045	13,948	13,832	10,852	17	16	(14)	1	27	21

NON MARK-UP / INTEREST INCOME

Fee and commission income	3,547	3,087	2,715	2,303	2,076	2,237	15	14	18	11	(7)	20
Dividend income	170	160	276	319	182	479	6	(42)	(13)	75	(62)	11
Foreign exchange income	1,971	1,385	1,368	965	1,073	949	42	1	42	(10)	13	23
Income / (loss) from derivatives	119	(59)	12	-	250	235	(302)	(592)	100	(100)	6.38	(70)
Gain on securities	51	807	2,104	1,711	492	287	(94)	(62)	23	248	71	(77)
Other income	402	260	480	266	301	339	55	(46)	80	(12)	(11)	75
	6,260	5,640	6,955	5,564	4,374	4,526	11	(19)	25	27	(3)	(14)
Total income	22,535	19,575	19,000	19,512	18,206	15,378	15.12	3	(3)	7	18	8

NON MARK-UP / INTEREST EXPENSES

Operating expenses	14,492	12,608	11,661	10,591	12,162	11,079	15	8	10	(13)	10	-
Workers welfare fund	173	154	132	177	99	59	12	17	(25)	79	68	37
Other charges	90	12	12	44	123	58	650	-	(73)	(64)	112	(3)
Total non mark-up / interest expenses	14,755	12,774	11,805	10,812	12,384	11,196	16	8	9	(13)	11	3
Profit before provisions	7,780	6,801	7,195	8,700	5,822	4,182	14	(5)	(17)	49	39	26
Reversal of provision and recoveries against written-off debts - net	(422)	(492)	536	1,780	2,270	2,021	(14)	(192)	(70)	(22)	12	35
Extra-ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	8,202	7,293	6,659	6,920	3,552	2,161	12	10	(4)	95	64	18
Taxation	3,365	2,763	2,357	2,698	1,075	311	22	17	(13)	151	246	(25)
PROFIT AFTER TAXATION	4,837	4,530	4,302	4,222	2,477	1,850	7	5	2	70	34	30
Basic / diluted earnings per share	3.19	2.98	2.83	2.78	1.63	1.22	7	5	2	70	34	30

VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

	2018	2017	2016	2015	2014	2013	2018	2017	2016	2015	2014	2013
	Rupees in Million						Variance (%)					
ASSETS												
Cash and balances with treasury banks	43,174	37,862	37,239	26,084	20,286	28,422	7	8	8	6	5	8
Balances with other banks	1,848	1,873	1,139	1,068	1,423	1,012	-	-	-	-	-	-
Lendings to financial institutions	2,997	9,010	5,000	250	-	300	-	2	1	-	-	-
Investments	214,186	179,728	170,209	195,516	155,211	113,319	36	36	38	45	40	32
Advances	296,445	231,532	204,831	181,090	182,656	184,190	49	47	45	42	47	52
Fixed assets	11,612	11,444	10,505	9,440	9,254	7,781	2	2	2	2	2	2
Intangible assets	1,332	1,496	1,607	1,903	2,289	2,470	-	-	-	-	1	1
Deferred tax assets	183	1,600	2,265	3,087	2,429	3,981	-	-	1	1	1	1
Other assets	28,138	20,389	19,227	11,635	14,579	13,804	5	4	4	3	4	4
	599,915	494,934	452,022	430,073	388,127	355,279	100	100	100	100	100	100
LIABILITIES												
Bills payable	23,544	8,761	6,656	6,194	5,588	5,504	4	2	1	1	1	2
Borrowings	98,352	54,789	52,806	90,565	60,927	45,447	16	11	12	21	16	13
Deposits and other accounts	409,384	371,624	339,633	291,945	283,105	270,599	68	75	75	68	73	76
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	1,497	2,994	2,995	3,495	-	-	-	1	1	1
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	25,136	20,514	16,423	8,022	9,210	8,068	4	4	4	3	3	1
	556,416	455,688	417,015	399,720	361,825	333,113	93	92	92	93	93	94
	43,499	39,246	35,007	30,353	26,302	22,166	7	8	8	7	7	6
REPRESENTED BY												
Share capital	15,177	13,197	11,998	11,998	10,433	10,433	3	3	3	3	3	3
Reserves	8,779	7,936	7,158	6,423	5,703	6,554	1	2	3	1	1	2
Surplus on revaluation of assets	5,094	5,613	5,917	4,294	4,470	1,578	1	1	1	1	1	-
Unappropriated profit	14,449	12,500	9,934	7,638	5,696	3,601	2	3	2	2	1	2
	43,499	39,246	35,007	30,353	26,302	22,166	7	8	8	7	7	6

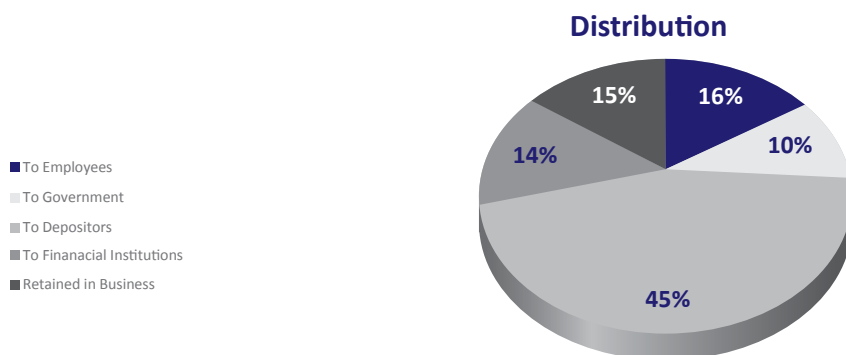
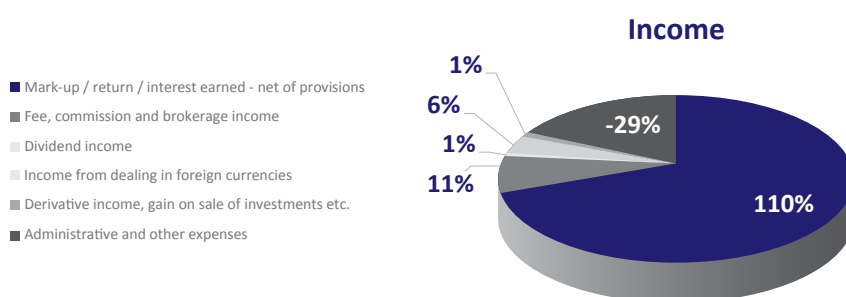
VERTICAL ANALYSIS

PROFIT AND LOSS ACCOUNT

	2018	2017	2016	2015	2014	2013	2018	2017	2016	2015	2014	2013
	Rupees in Million						Variance (%)					
Mark-up / return / interest earned	35,200	28,766	26,179	32,306	32,312	27,797	100	100	100	100	100	100
Mark-up / return / interest expensed	18,925	14,831	14,134	18,358	18,480	16,945	54	52	54	57	57	61
Net mark-up / interest income	16,275	13,935	12,045	13,948	13,832	10,852	46	48	46	43	43	39
NON MARK-UP / INTEREST INCOME												
Fee and commission income	3,547	3,087	2,715	2,303	2,076	2,237	10	11	10	7	6	8
Dividend income	170	160	276	319	182	479	-	1	1	1	1	2
Foreign exchange income	1,971	1,385	1,368	965	1,073	949	6	5	5	3	3	3
Income / (loss) from derivatives	119	(59)	12	-	250	235	-	-	-	-	1	1
Gain on securities	51	807	2,104	1,711	492	287	-	3	8	5	2	1
Other income	402	260	480	266	301	339	1	1	2	1	1	1
	6,260	5,640	6,955	5,564	4,374	4,526	17	21	27	17	14	16
Total income	22,535	19,575	19,000	19,512	18,206	15,378	63	69	73	60	57	55
NON MARK-UP / INTEREST EXPENSES												
Operating expenses	14,492	12,608	11,661	10,591	12,162	11,079	41	44	45	33	38	40
Workers welfare fund	173	154	132	177	99	59	-	1	1	1	-	-
Other charges	90	12	12	44	123	58	-	-	-	-	-	-
Total non mark-up / interest expenses	14,755	12,774	11,805	10,812	12,384	11,196	41	45	46	34	38	40
Profit before provisions	7,780	6,801	7,195	8,700	5,822	4,182	22	24	27	26	19	15
Reversal of provision and recoveries against written-off debts - net	(422)	(492)	536	1,780	2,270	2,021	(1)	(2)	2	6	7	7
Extra-ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	8,202	7,293	6,659	6,920	3,552	2,161	23	26	25	20	12	8
Taxation	3,365	2,763	2,357	2,698	1,075	311	10	10	9	8	3	1
PROFIT AFTER TAXATION	4,837	4,530	4,302	4,222	2,477	1,850	13	16	16	12	9	7

STATEMENT OF VALUE ADDED

	2018		2017	
	Rupees '000	%	Rupees '000	%
Mark-up / return / interest earned - net of provisions	35,621,905	110	29,257,921	110
Fee, commission and brokerage income	3,547,367	11	3,086,639	12
Dividend income	170,110	1	159,514	1
Income from dealing in foreign currencies	1,970,720	6	1,385,057	5
Derivative income, gain on sale of investments etc.	571,756	1	1,008,054	4
	41,881,858	129	34,897,185	132
Administrative and other expenses	9,412,270	(29)	8,330,809	(32)
Value Added	32,469,588	100	26,566,376	100
Distributed as follows:				
To Employees				
As remuneration	5,287,811	17	4,390,978	18
To Government				
As income tax	3,364,526	10	2,762,526	10
To Depositors				
As profit on investments	14,567,628	45	11,526,804	43
To Financial Institutions				
As profit on borrowings	4,357,231	13	3,304,119	12
To Society				
As donations	55,209	-	52,299	-
To Shareholders				
As dividends / bonus	-	-	1,979,604	7
Retained in Business				
As reserves and retained profits	4,837,183	15	2,550,046	10
	32,469,588	100	26,566,376	100



QUARTERLY PERFORMANCE 2018 AND 2017

STATEMENT OF FINANCIAL POSITION

	2018				2017			
	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	43,174	38,550	39,944	33,992	37,862	31,879	36,408	32,895
Balances with other banks	1,848	1,792	2,046	1,412	1,873	1,711	2,019	1,380
Lendings to financial institutions	2,997	250	8,654	26,557	9,010	8,577	4,598	-
Investments	214,186	130,353	180,753	141,885	179,728	190,661	195,233	185,660
Advances	296,445	296,738	294,018	253,382	231,532	214,275	213,809	198,957
Fixed assets	11,612	11,715	11,592	11,641	11,444	10,740	10,687	10,690
Intangible assets	1,332	1,096	1,150	1,207	1,496	1,374	1,464	1,519
Deferred tax assets	183	643	498	1,625	1,600	2,133	2,018	2,552
Other assets	28,138	15,265	15,678	13,047	20,389	11,361	12,346	9,860
	599,915	496,402	554,333	484,748	494,934	472,711	478,582	443,513
LIABILITIES								
Bills payable	23,544	12,879	11,620	9,557	8,761	6,897	8,486	6,593
Borrowings	98,352	37,800	96,764	34,097	54,789	57,630	69,890	53,447
Deposits and other accounts	409,384	393,233	390,412	383,021	371,624	357,914	353,396	337,039
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	749	749	1,497
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	25,136	10,076	14,072	17,637	20,514	11,534	8,844	8,599
	556,416	453,988	512,868	444,312	455,688	434,724	441,365	407,175
	43,499	42,414	41,465	40,436	39,246	37,987	37,217	36,338
REPRESENTED BY								
Share capital	15,177	15,177	15,177	13,197	13,197	13,197	13,197	11,998
Reserves	8,779	7,843	7,874	9,885	7,936	7,065	7,096	8,327
Surplus on revaluation of assets	5,094	5,246	5,457	5,611	5,613	5,061	5,243	5,342
Unappropriated profit	14,449	14,148	12,957	11,743	12,500	12,664	11,681	10,671
	43,499	42,414	41,465	40,436	39,246	37,987	37,217	36,338
PROFIT AND LOSS ACCOUNT								
Mark-up / return / interest earned	11,189	8,708	8,068	7,235	7,479	7,123	7,264	6,900
Mark-up / return / interest expensed	5,955	4,872	4,254	3,844	3,884	3,777	3,775	3,396
Net mark-up / interest income	5,234	3,836	3,814	3,391	3,595	3,346	3,489	3,504
Provision / (reversal) and write-offS	403	(218)	(294)	(313)	273	(240)	(248)	(277)
Non mark-up / interest income	1,580	1,456	1,714	1,510	1,180	1,139	1,285	2,036
Non mark-up / interest expenses	4,439	3,524	3,581	3,212	3,560	3,216	3,110	2,886
Profit before taxation	1,972	1,986	2,241	2,002	942	1,509	1,912	2,931
Taxation	716	815	1,048	785	237	543	920	1,063
Profit after taxation	1,256	1,171	1,193	1,217	705	966	992	1,868

Notice of the Twenty Fourth Annual General Meeting

Notice is hereby given that the 24th Annual General Meeting of Faysal Bank Limited (“FBL”) will be held on March 28, 2019 at 9:00 a.m. at Aquarius Hall Beach Luxury Hotel, M.T Khan Road, Karachi to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 23rd Annual General Meeting held on March 28, 2018.
2. To confirm the minutes of the Extra Ordinary General Meeting held on July 10, 2018.
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, 2018 together with the Directors’ and Auditors’ Reports thereon.
4. To appoint External Auditors for the ensuing financial year 2019 at Rs. 12,243,250/- for the audit fee, review and certifications. The present Auditors, A.F. Ferguson & Company, Chartered Accountants, being eligible, offer themselves for reappointment.
5. Any other business with the permission of the Chair.

Special Business:

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

Resolved that

- a) The Authorized Share Capital of the Bank be and is hereby increased from Rs. 18,000,000,000/- (Rupees Eighteen Billion Only) to Rs. 22,000,000,000/- (Rupees Twenty Two Billion Only) divided into 2,200,000,000 (Twenty Two Hundred Million only) Ordinary Shares of Rs. 10/- each.
- b) Clause V of the Memorandum of Association of the Bank be substituted by the following:

“The Capital of the Bank be and is hereby increased from Rs. 18,000,000,000/- (Rupees Eighteen Billion Only) to Rs. 22,000,000,000/- (Rupees Twenty Two Billion Only) divided into 2,200,000,000 (Twenty Two Hundred Million only) Ordinary Shares of Rs. 10/- each.”
- c) The Article 5 (a) of the Articles of Association of the Bank be substituted by the following:

“The Authorized Share Capital of the Bank be and is hereby increased from Rs. 18,000,000,000/- (Rupees Eighteen Billion Only) to Rs. 22,000,000,000/- (Rupees Twenty Two Billion Only) divided into 2,200,000,000 (Twenty Two Hundred Million only) Ordinary Shares of Rs. 10/- each”.

- d) The Company Secretary of the Bank be and is hereby authorized to sign and execute documents and forms required to be filed at the State Bank of Pakistan and Securities and Exchange Commission of Pakistan and take all other corporate formalities, steps/measures to bring into effect the aforementioned amendments.
7. To Consider and approve the amount of remuneration paid to the Non-Executive/ Independent Directors of FBL during the year 2018 for attending the Board meetings/Sub-Committees and pass the following resolution as an 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 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved.”

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

By the order of the Board

Karachi dated: March 6, 2019



Aurangzeb Amin
Company Secretary & Head of Legal

Notes:

1. The Share Transfer Books of the Bank shall remain closed from March 22, 2019 to March 28 , 2019 (both days inclusive). Transfer received at the Share Registrar of the Bank, by the close of business on March 21, 2019 will be treated in time.
2. A member entitled to attend and vote at the Meeting may appoint another Member as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member, but is duly 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. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

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

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.

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

The Company has placed the Annual Audited Financial Statements for the year ended December 31, 2018 along with Auditors and Directors Reports thereon on its website: www.faysalbank.com

6. 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. Central Depository Company of Pakistan 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

7. Consent for Video Conference Facility:

Members can also avail vide 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. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

Statement of Material Facts under Section 134 (3) of the Companies Act 2017 Relating to the Special Business referred in the Notice above

Agenda Item No. 6

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

In order to cater for future increase in paid up share capital, the Authorized Share Capital of the bank needs to be enhanced. Accordingly, the Board of Directors has recommended increasing the Authorized Share Capital of the bank from PKR 18,000,000,000/- (Eighteen Billion only) divided into 1,800,000,000 (Eighteen Hundred Million) ordinary shares of PKR 10 each to Rs. 22,000,000,000/- (Twenty Two Billion only) divided into 2,200,000,000 (Twenty Two Hundred Million) ordinary shares of PKR 10 each.

Reasons for Alteration in Memorandum and Articles of Association:

The proposed increase in the Authorized Share Capital of the Company will also necessitate amendments in clause V of the Memorandum of Association and Article 5 (a) of the Articles of Association of the Company. Therefore, the Board of Directors have also recommended alteration in the Memorandum of Association and Articles of Association of the Company to reflect increase in Authorized Share Capital of the Bank.

Existing Clause V of Memorandum of Association:

"The Capital of the Bank be and is hereby increased from Rs. 12,000,000,000/- (Rupees Twelve Billion Only) to Rs. 18,000,000,000/- (Rupees Eighteen Billion Only) divided into 1,800,000,000 (Eighteen Hundred Million only) Ordinary Shares of Rs. 10/- each."

Proposed Clause V of Memorandum of Association:

"The Capital of the Bank be and is hereby increased from Rs. 18,000,000,000/- (Rupees Eighteen Billion Only) to Rs. 22,000,000,000/- (Rupees Twenty Two Billion Only) divided into 2,200,000,000 (Twenty Two Hundred Million only) Ordinary Shares of Rs. 10/- each."

Existing Article 5 (a) of the Articles of Association :

"The Authorized Share Capital of the Bank be and is hereby increased from Rs. 12,000,000,000/- (Rupees Twelve Billion Only) to Rs. 18,000,000,000/- (Rupees Eighteen Billion Only) divided into 1,800,000,000 (Eighteen Hundred Million only) Ordinary Shares of Rs. 10/- each."

Proposed Article 5 (a) of the Articles of Association:

"The Authorized Share Capital of the Bank be and is hereby increased from Rs. 18,000,000,000/- (Rupees Eighteen Billion Only) to Rs. 22,000,000,000/- (Rupees Twenty Two Billion Only) divided into 2,200,000,000 (Twenty Two Hundred Million only) Ordinary Shares of Rs. 10/- each".

Statement by the Board of Directors:

"The proposed alterations are in line with the applicable provisions of the law and the regulatory framework."

The new ordinary shares when issued shall rank pari passu with the existing ordinary shares in all respects.

Copies of the existing Memorandum and Articles of Association and as may appear after the proposed alterations have been kept at the Registered Office of the Company and may be inspected during business hours of the Company on any working day from the date of publication of this notice till the conclusion of the general meeting.

The Directors and their relatives have no interest in the increase in authorized share capital and alteration in the Memorandum and Articles of Association of the Company, whether directly or indirectly except to the extent of their shareholdings in the Company.

Agenda Item No. 7

To Consider and approve the amount of remuneration paid to the Non-Executive/ Independent Directors of FBL during the year 2018 for attending the Board meetings/Sub-Committees 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 is submitted to the shareholders for approval on post facto basis, be and is hereby approved."

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 2018 updated its Terms of Reference (TORs) in line with SBP's Compliance Risk Management (CRM) 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 Corporate Governance best practices as well as budgeting and accounting standards at Faysal Bank Limited (FBL) and fully complied with its TORs.

The Committee not only approved the Internal Audit plan for 2018, revised Audit Manual/ Charter but also approved the Compliance plan 2018 as per requirement of Code of Corporate Governance (COCG) issued by SECP in 2017. 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 special meeting during the year 2018.

The following major activities were under taken to improve the overall performance of FBL during 2018:

- BACGC reviewed/examined the quarterly, half yearly financial statements and annual financial statements for the year 2018 along with director's review reports of FBL with its recommendation to the Board for approval of these financial statements/ reporting's. The Committee for the first time reviewed and recommended the level of materiality to be set for FBL for approval to BOD. BACGC reviewed related party transactions with assurance from management that all transactions were undertaken at arm's length and recommended the same for BOD's approval.
- BACGC also held detailed discussions with external auditors on major observations made in their management letters and reviewed it along with management's response thereto. The Committee recommended the appointment of external auditors for the year 2018 and their fee to the Board. 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.
- BACGC reviewed/ analyzed the performance of Internal Audit Department (IAD), reviewed high risk observations and ensured monitoring and timely implementation of IAD observations. An assurance is 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 also considered the report on "Quality Assurance Review" of IAD, which was conducted by External Consultant (M/s KPMG) on behalf of Ithmaar Bank Bahrain (the Majority Shareholder) of FBL and noted that IAD on overall basis is maintaining local and international standards satisfactorily.

- BACGC reviewed and monitored the implementation of the Annual Compliance Plan for the year 2018 on quarterly basis and also reviewed the progress on updating of AML/CFT procedures per SBP regulations and Financial Action Task Force (FATF) recommendations. The implementation was undertaken by a management taskforce specially formed for this purpose in FBL.
- The Committee also reviewed the quarterly update of the Whistle Blow Committee (WBC) cases & internal investigation findings and timely actions taken by the management.
- BACGC reviewed quarterly 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 also reviewed the progress in relation to impending implementation of IFRS-9.
- 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 and recommended the same for endorsement by the Board.
- BACGC conducted self-assessment of its performance for the year 2018 to comply with SECP code of corporate governance and presented it to the BOD. The BOD appreciated the performance of the Committee in its annual evaluation.



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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Faysal Bank Limited (the Bank) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 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, 2018.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

S.NO	Paragraph Reference	Description
I.	12(c)	The composition of the 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.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Date: March 4, 2019

Statement of Compliance with the Listed Companies Code of Corporate Governance Regulations 2017

Name of Company: Faysal Bank Limited
Year Ended: December 31, 2018

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
Executive Director	Mr. Yousaf Hussain, President & CEO
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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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 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. Presently, seven (07) Directors of the Bank have acquired prescribed certification under the Directors' Training Program (DTP) by the Pakistan Institute of Corporate Governance (PICG). While one Director qualifies for the exemption criteria of the DTP.
10. The Board had approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO 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) 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

*The composition of the 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.

d) Board Strategy Committee

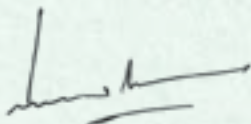
Mr. Farooq Rahmatullah Khan	Chairman / Non-Executive Director
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member / Non-Executive Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Mr. Fuad Azim Hashimi	Member / Independent Director
Mr. Yousaf Hussain	Member / President & CEO

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) 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. The staff of Internal Audit Department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of Faysal Bank Limited or its associates and the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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 other requirements of the Regulations have been complied with.



Farooq Rehmatullah Khan
Chairman

Dated: February 21, 2019

Report of Shariah Board

FOR THE YEAR ENDING DECEMBER 31, 2018

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلوة والسلام على خاتم الانبياء والمرسلين محمد المصطفى الصادق الامين وعلى آله واصحابه اجمعين

Faysal Bank Limited has completed another year of successful operations of its Islamic Banking. Faysal Bank is successively expanding its Islamic Branches and converting its Conventional portfolio to Islamic. In 2018, 50 new branches were added in Islamic banking network after which total Islamic branch network has reached upto 255 of which 5 have been converted from Conventional to Islamic banking during the year.

During the year, the Shariah Board (“SB”) held four meetings to review various existing and new products, policies, standard operating procedures, transactions, 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.

Shariah Board appreciates the commitment of the BOD and Management to transform the Bank’s entire operations to Islamic Banking.

Following is the overview of the year 2018:

Conversion of Bank’s portfolio

SB is pleased with Management’s efforts for speeding up the conversion process. During the year, five (5) Conventional branches have been converted into Islamic. Furthermore, approximately more than 20 customers specific process flows have been approved by Shariah Board for the conversion of the facilities from Conventional to Islamic. During the year, Alhamdulillah, the Bank converted its existing Conventional loan portfolio of over PKR 24.00Bn into Shariah compliant mode of finance.

Product Development

Under the guidance of SB, Product Development has worked for the improvement 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 introducing Running Musharakah Variant for IERS, Salam for SME, commercial and corporate, Musawamah for consumer financing product has been developed and Tijarah product has been launched. During the year the Kamil Business account has been revamped and relaunched with new features. Furthermore, new variants of Muntazim Monthly Saving account, PayCheq Remunerative Current Account, Barkat Investment Certificate (FCY/LCY) and FCY Saving Account were also introduced.

Moreover, to improve the understanding about Islamic Banking across the board, the Bank has also introduced a Hand Book, Islamic helpline and Product directory for internal use.

Shariah Compliance Department

Shariah Compliance Department (“SCD”) working under the guidance of the Shariah Board, carried out Shariah compliance reviews on sample basis, to assess the compliance of different departments with the approved process flows, policies and procedures. Reviews were carried out for Running Musharakah, Murabaha, Ijarah, Istisna, Charity accumulation and disbursement, Guarantees & Non-funded facilities and Islamic Branch network etc. 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 Shariah Board’s guidelines.

While reviewing, interactive sessions were also conducted with the various departments to assess the capacity building requirements. Furthermore, as per directives of Shariah Board including RSBM & SCD visited different regional offices and Islamic branches in Islamabad, Lahore Multan, Quetta, and Karachi, where interactive awareness sessions were arranged with the Bank’s staff.

During the year, SCD obtained approval for approximately more than 160 customer specific process flows and several syndicate participations transactions.

Subsequently, random physical inspections were also made by the SCD. As per the guidance of Shariah Board, the process had been initiated for the separation of Bank vide Policies and Procedures for Islamic Banking from that of Conventional side; and during this year approximately more than 60 existing and new policies and standard operating procedure have been reviewed by SCD and approved by the SB.

SCD also played a pivotal role in the capacity building of the staff, wherein, the SCD has facilitated through improvement of training material as well as conducting various trainings.

Shariah Advisory Services

During the year, the Shariah Board has provided Shariah Advisory services for different 8 Islamic syndicate transactions, which included transactions related to various industries like Automobile, Steel, Power, Service, Educational institutes, Beverages and Shipping Industries.

Shariah Audit

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 in this year for following products and segments i.e. Corporate finance, Marketing and Service quality, Shariah Compliance, SME and Commercial Branch Banking, Retail Banking, Charity accumulation and disbursement, 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 8.182 Mn and during the year an amount of PKR 9.488 Mn was recovered from the customers in lieu of delayed payments made by them. Furthermore, during the reviews & audits conducted by SCD & ISAU, various transactions were referred to Shariah Board where an amount of PKR 0.617 Mn was credited to Charity Fund due to Shariah Non-compliance.

During this period an amount of PKR 8.500 Mn was distributed to various charitable organizations with the approval of Shariah Board. Details of charity are available on note # A-2.4

Learning Development and Awareness Sessions

Trained human capital is the key toward success of Islamic Banking Industry. During the year the Bank took an initiative to have an in-depth training program arranged in liaison with the Center of Islamic Economic “CIE” (a division of Jamia Darul Uloom Karachi) and IBA Centre of Excellence in Islamic Finance (CEIF) for the Executive and Senior Management of the Bank. Further, a session was conducted for BOD members on Pool Management & Profit Distribution Mechanism. In addition to this as per the directives of State Bank of Pakistan (“SBP”), staff for newly opened branches undergone a 5 days Islamic Banking Certification Program. Furthermore, Advanced Islamic Banking courses level 1 and 2 were also introduced, especially aimed at capacity building of the staff, including for bank’s front-end officials and support function departments. It is pertinent to mention that Learning Development (“L&D”) has arranged Islamic banking training for approximately 3000 staff. Furthermore, the Bank’s L&D department also arranged Islamic Banking training for selective staff through various external renowned training institutions.

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 test check 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. In our opinion the Islamic Banking Division of the Bank by and large complied with the Shariah rules and principles in the light of fatawa, rulings and guidelines issued by the Shariah Board.
2. During review, any matter requiring corrective measures 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 Barkat 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. Though L&D department of the Bank actively pursuing the training and development of human capital on the Islamic Finance & Finance through various training programs. However, considering the challenge of conversion, increased efforts are required on this front to enhance the awareness of staff, Management and BOD for the products and processes of the Bank and importance of Shariah compliance in the same.
7. The Shariah Board has been provided with adequate resources, enabling it to discharge its duties effectively.

Recommendations from Shariah Board

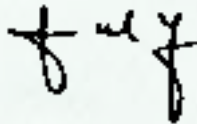
Based on the above, we recommend that:

1. The efforts of the Executive Management and other support functions are appreciated; Nevertheless, the conversion process needs to speed up.
2. Keeping in view that, exponential growth and conversion in FBL Islamic banking is projected the adherence to Shariah guidelines become more important, therefore, it is recommended that Shariah Compliance should be an integral part of performance appraisal mechanism and the existing appraisal mechanism should be revisited, while incorporating direct impact of instances of Shariah Non-compliance on the employee's appraisal.
3. Due to continuous branch expansion and conversion into Islamic Banking, the more focus is desired towards marketing of Islamic banking products & services of all kinds.

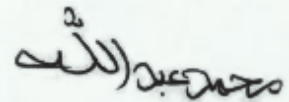
And Allah Subhanahu-wa-Taa'la knows the Best



Dr. Mufti Khalil Ahmad Aazami
Member Shariah Board



Mufti Muhammad Mohib ul Haq Siddiqui
Chairman Shariah Board



Mufti Muhammad Abdullah
Resident Shariah Board Member

Dated: February 19, 2019 | Jamadi us Saani 06, 1440 A.H.

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, 2018 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.

A handwritten signature in black ink, appearing to read 'Yousaf Hussain', written in a cursive style.

Yousaf Hussain
President & CEO

Karachi

Dated: February 21, 2019

Performance. Delivered.

Financial Statements (Unconsolidated)





Directors' Report

Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited along with Audited Unconsolidated Financial Statements and the Auditors' Report thereon for the year ended December 31, 2018.

Company Profile

Faysal Bank Limited (FBL) was incorporated in Pakistan on 3rd October, 1994 as a public limited company. The Bank's shares are listed on the Pakistan Stock Exchange and its footprint now spreads over 150 cities with 455 branches (out of which 255 are Islamic including 01 sub branch). Bank has placed 440 ATMs all over the country for the convenience of its customers.

FBL is offering services to Corporate, Retail, Commercial, SME and Agri-based customers and is well on the path of transforming into an Islamic Financial Institution. It is increasing its reach by opening new branches so as to provide banking services to its customer at their doorstep. Alongside branch expansion, FBL is investing in technology to provide user friendly, secure and trouble free services.

Economic Update

During Calendar Year 2018 (CY '18), Pakistan's economy underwent considerable changes on many fronts. Political set up witnessed a change of government and the new regime had to face challenges on the economic front. As a result, in CY'18 policy rate was raised by 425 basis points from 5.75% to 10.0%. The PKR/USD parity was devalued by about 25% from PKR 110.52/\$ to PKR 138.86/\$. Real GDP growth for FY'18 at 5.8% fell short of the 6.0% target and has since taken a further downward trajectory. IMF sees Pakistan GDP growth to fall at 4% and 3.5% in FY19 and FY20, respectively.

The average YoY Consumer Price Index (CPI) for 2HFY18 clocked in at 4.11% against 1HFY19 level of 6.04%. A major shift in inflation levels was observed because of higher international crude prices, impact of PKR depreciation, imposition of import duties and widening output gap. Core inflation, measured by non-food non-energy (NFNE) CPI has also seen a steady rise from 5.2% in Jan'18 to 8.4% in Dec'18.

On the fiscal side, healthy growth in revenues could not keep pace with increasing expenditures, particularly, the development expenditures pertaining to infrastructure and power projects increased sharply with a major contribution from provinces. According to international rating agency, Fitch, Pakistan's fiscal deficit is expected to increase from 5.8% in FY18 to 6.0% in FY19.

On the external front, current account deficit during Jul-Jun FY18 was measured at USD 18.989 billion, highest ever for Pakistan. Despite several rounds of devaluation of PKR against USD, Jul-Dec FY19 current account deficit stood at approximately USD 8 billion, only US\$ 350 million less than that of the corresponding period last year. Remittances, however, increased by 10% during Jul-Dec FY19. Overall, trade deficit remains a major challenge as exports have still not seen a major positive shift.

Bank's Performance:

The Bank is following a strategy with the following features:

- To further expand branch network with an objective to increase customer reach and provide them banking services at their doorstep. Branches increased from 405 to 455 branches till Dec' 18.

- To selectively build assets in the areas of Corporate, Commercial, SME and Consumer segments.
- To further enhance the use of technology to facilitate customers and reduce cost of doing business.
- To responsibly work towards conversion to a full-fledged Islamic bank.

Some of the achievements of 2018 are highlighted as follows:

Project Financing & Syndication

- o FBL, acting as mandated lead advisor & arranger, has arranged a long term financing of PKR 2,000 million under Islamic mode of financing for setting up of a green-field steel melting shop and rolling mill at Karachi with a capacity of 185,000 tons per annum.
- o FBL acted as a mandated lead advisor & arranger in the syndicated long term finance facility of up to PKR 25,000 million in combination of conventional and Islamic modes of financing for the largest electricity generation, transmission and distribution company. The funds raised will be used for partial financing of several ongoing and future projects intended for enhancing and strengthening the transmission and distribution system of the company.
- o FBL, acted as a mandated lead advisor & arranger, arranged a long term financing of PKR 10,500 million under the Islamic and Conventional modes of financing for a largest state owned marine transportation company. The proceeds will be utilized for purchase of vessels for operations of the company.
- o FBL acted as a mandated lead advisor & arranger in the Syndicated Long Term Finance Facility in a combination of Islamic and conventional modes of financing up to PKR 1,865 million for setting up a Rice Syrup & Sorbitol production facility.

Product Development

- o The Bank introduced variants under SBP's Islamic Export Refinance Scheme (IERS) and Islamic Term Financing Facility (ITFF).
- o Salam and Tijarah financing introduced to service Trade & Agri based customers.
- o Business First Current Account was re-launched with added features.
- o FBL launched Rent Free lockers against USD Deposits.
- o FBL in collaboration with Jubilee Life introduced unit linked products catering to medium to long term needs of both conventional and Islamic banking customers.
- o FBL re-launched completely revamped Islamic Kamil business account product to serve high net worth customers.
- o FBL introduced secured personal loans against customers' vehicle and loans for self-employed professionals at discounted rates.

- o FBL introduced Virtual Card allowing customers to make secure worldwide online purchases.
- o FBL launched online trading platform that allowed our Internet Banking customers, an opportunity to invest and manage their own GoP Securities.
- o Shariah compliant Takaful Health coverage product was launched.

New Initiatives

- o As part of our growth strategy, the Retail Banking unit reorganized its management structure and the distribution network to strengthen and optimize growth.
- o The Bank successfully implemented automated Obligor Risk Rating and Facility Risk Rating (ORR/ FRR) models for Corporate, Commercial, SME, Agri and Financial Institutions.
- o FBL developed automated branch conversion bulk processing utility which allows Products, Accounts and Lockers transfer from conventional branch setup to Islamic branch efficiently.
- o This year, the Bank successfully converted 7 conventional branches to Islamic.
- o In line with the requirements issued by SWIFT International, the prescribed 'mandatory controls' have been successfully implemented by the Bank.
- o Branch Led model was initiated for leveraging the strength of distribution network across the country for promoting Commercial & SME business.

Training & Development

- o Islamic Banking & Finance Course was completed for Senior Management.
- o 24,751 participants were trained both in class rooms and online trainings in 2018. Total training man hours for 2018 clocked in at 110,222.
- o 200 Branch Managers and 273 branch staff were trained in Sales transformation program "Believe". Consolidated man hours of the program were 4,540.
- o Faysal Bank launched Management Training program. 60 Management Training Officers were trained in 2 batches.
- o 509 participants were trained in Mandatory Islamic Banking Certification program and 2,770 were trained in Online Program namely Islamic Banking Level-I and Banking - The Islamic Way.
- o 171 Branch Service Officers were trained in 7 batches across the country.
- o Ethics & Values training program and Service Soft Skills program were conducted for more than 350 participants on pan-country basis.

Environmental Stewardship

The Bank, being a responsible corporate entity, remained cognizant of its responsibilities with regard to environmental protection and has developed a comprehensive 'Green Banking Policy'. The objective of this policy is to inculcate environmental consciousness in the employees of the Bank, as part of organizational culture. The Policy includes a framework for:

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

Bank has also developed Environmental Risk Rating Model in line with the requirements stipulated in SBP's Green Banking guidelines.

Corporate Social Responsibility ("CSR")

The Bank donated CSR amounts to the following Educational, Social Welfare and Healthcare Institutions / NGOs through Waqf Faisal:

Education & Social Welfare	Health Care
Centre of Excellence in Islamic Finance	Patient Welfare Association
The Citizens Foundation	Indus Hospital
LUMS National Outreach Program	Patient Aid Foundation
Professional Education Foundation	Child Aid Association
Namal Education Foundation	Friends of Burns Centre
Path Education Society	Behbud Association
Karigar Training Institute	Pink Ribbon
The Lahore Businessmen Association for Rehabilitation of the Disabled (LABARD)	Baitul Sukoon
Hope Uplift Foundation	Shaukat Khanum Memorial Cancer Hospital & Research Centre

Investment in Faysal Asset Management Limited

Shareholders, at the Extra Ordinary General Meeting held on July 10, 2018, approved strategic acquisition of Faysal Asset Management Limited (FAML). In line with this approval, the Bank has acquired interest in Faysal Asset Management Limited (FAML) by purchasing shares from Islamic Investment Company of Gulf Bahamas Limited (IICG) and from an individual at the rate of PKR 30 per share. After this acquisition, Bank's holding increased from 30% in FAML to 99.99% thereby, establishing the Bank's control over the FAML. In view of this a separate set of accounts at consolidated level together with audit report and Directors' review report is being presented.

Pursuant to maximize benefit of synergy, the Bank has injected further share capital into FAML by subscribing the right issue of 27,995,333 shares at the rate of PKR 10 each.

Future Outlook

The Bank will continue to follow strategy of Branch network expansion to increase its customer reach. On the assets side while our focus will remain on corporate sector, we will also selectively increase our exposure in the commercial, Small & Medium Enterprises (SME) and consumer segments. The Bank will continue to invest in technology to further improve customer experience and reduce cost. The momentum of conversion of the bank into an Islamic institution will increase with more branches and customers converting to Islamic banking solutions. With an increase in the policy rate the core markup income of the bank is expected to maintain its growth trajectory.

Financial Highlights

	(Rs in million)		
	2018	2017 Restated	Growth
Balance Sheet			
Investment	214,186	179,728	19.1%
Financing	296,445	231,532	28.0%
Total assets	599,914	494,934	21.2%
Deposits	409,384	371,624	10.2%
Profit and Loss Account			
Total revenue	22,535	19,575	15.1%
Operating expenses	14,492	12,608	14.9%
Profit before tax and provision	8,043	6,967	15.4%
Net reversals including WWF	(159)	(326)	51.2%
Profit before taxation	8,202	7,293	12.5%
Taxation	(3,365)	(2,763)	21.8%
Profit after taxation	4,837	4,530	6.8%
Earnings per share (rupees)	3.19	2.98	

Your Bank continued its growth momentum in 2018 showing over 20% increase in total assets mainly led by 28% growth in financing and 19% in investments. This asset growth was supported and financed in part, by deposits mobilized during the year. Going forward, with continued expansion in the branch network, growth momentum on deposits side will further increase. The Bank with a healthy Capital Adequacy Ratio of 16.8% is well above the regulatory requirement of 11.9% and has sufficient room to maintain this growth momentum.

On the profitability side, impacts of this growth strategy can be seen as the total revenue increased by PKR 2.9 billion or 15.1%. This increase in revenue derived from sustainable sources like markup income PKR 2.3 billion, fee and commission PKR 460 million and foreign exchange income PKR 764 million.

Increase in operating cost mainly reflects the cost of branch network expansion; the benefits of which are already reflecting on the revenue side.

The Bank continued to perform well in the area of recovering its non-performing loans. As a result of effective NPLs management the Bank posted a reversal of PKR 159 million in provisions. The Bank's non-performing assets are adequately covered through provision, with a coverage ratio of 86.8% while NPL ratio dropped to 8.3%, in line with Industry.

Consequently, profit after tax is higher than last year by PKR 307 million and Earning Per Share also improved from PKR 2.98 to PKR 3.19.

Appropriations

The directors in their meeting held on February 21, 2019 have proposed bonus share @ Nil % i.e. Nil million shares (bonus share 2017: 15% i.e. 197,960 million shares). in respect of year ended December 31, 2018.

Auditors' Report

The format of external auditors' report was changed on January 01, 2018 as per the requirements of Auditors (Reporting Obligations) Regulation, 2018 issued by the Securities and Exchange Commission of Pakistan. The external auditors have issued their report on the financial statements as per the new format which is part of this Annual Report. One of the significant changes is the inclusion of 'Key Audit Matters' ("KAMs") in the auditor's report on the financial statements.

Financial Statements Format:

The State Bank of Pakistan (SBP) through its BPRD Circular No. 02 of 2018 dated January 25, 2018 has amended the existing format of annual financial statements of banks. All banks are directed to prepare their annual financial statements on the revised format, effective from the accounting year ending December 31, 2018. Accordingly, the Bank has prepared the unconsolidated and consolidated financial on the new format prescribed by the State Bank of Pakistan.

There are significant changes in the format of disclosures in the new financial statements as compared to the previous format, some of which are stated below;

The acceptances have been brought on balance sheet, and recorded under the Financial Statement Line Items (FSLIs) "Other assets" and "Other Liabilities"	Notes 15 & 19
Surplus on revaluation of assets is now part of total equity attributable to equity holders of the Bank. Previously, this was reported as a separate line item below equity	Balance sheet, statement of changes in equity
A detailed note has been added to explain the composition of 'Fee and Commission income' of the Bank.	Note 26

Corporate Governance:

The Bank has implemented the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (hereinafter called 'the Code'). As per requirement of Regulation 40, 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, Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Prudential Regulations issued by the State Bank of Pakistan. Directors are elected for a period of three years upon expiry of which elections are held to appoint a new Board in accordance with the Law. Any causal vacancy is filled in as per a well-defined procedure approved by the Board in accordance with the Law.

The total number of the Directors 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 Mr. Ahmed Abulrahim Mohamed Abulla Bucheery 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	Mian Muhammad Younis	Chairman
2	Mr. Juma Hasan Ali Abul	Member
3	Mr. Ali Munir	Member

Risk Management Committee

Board's 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 2018 by engaging PICG. The evaluation covered various aspects of the performance of the Board including but not limited to: Board's role, Committees, Training, Strategy, Risk Management and Board Meetings. The evaluation covered:

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

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

Directors' Remuneration Policy

Remuneration is very important for overall success of a Bank as it helps to attract high quality professionals to the Bank. 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:

- a) Analyze the increase in the Role and Responsibilities of the BOD,
- b) Market practices local and international and comparisons with the peers,
- c) Long-term value creation by attracting and retaining the best professional.
- d) Ensure equity and competitiveness with the market;
- e) 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 fix 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 aggregate amounts of remuneration paid to Non-Executive and Independent Directors separately are disclosed 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, 2018 is separately presented in this Annual Report.

Credit Rating

JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings as on December 31, 2017:

Long-Term	AA
Short-Term	A1+

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

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

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

A1+: 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% (2017: 66.78%) of the shareholding in the Bank. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the 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 19, 2019 has recommended appointment of A. F. Ferguson & Co, Chartered Accountants, as the auditor of the bank for the year 2019. 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 2019.

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

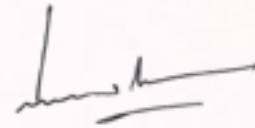
On behalf of the Board & Management of the Bank, we would like to take this opportunity to thank the shareholders and valued customers for the trust they have reposed in the Bank. We are also grateful to the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their continued 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 21, 2019 and signed by the Chief Executive Officer and a director.



President & CEO



Chairman / Director

Karachi

Dated: February 21, 2019

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, 2018, 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, 2018 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.

Following are the key audit matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	Provision against advances: (Refer note 11.4 to the unconsolidated financial statements).	Our audit procedures to verify provision against advances, amongst others, included the following: We reviewed the design and tested operating effectiveness of key controls established by the Bank to identify loss events and for determining the
	The Bank 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).	

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<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 the consumer portfolio.</p> <p>The Bank has recognised a net reversal of provision against advances amounting to Rs 433.611 million in the unconsolidated profit and loss account in the current year. As at December 31, 2018, the Bank holds a provision of Rs 24,813,448 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>extent of provisioning required against non-performing loans.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> • automated (IT system based) 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>In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total advances portfolio and performed the following substantive procedures for sample loan accounts:</p> <ul style="list-style-type: none"> • verified repayments of loan / mark-up installments and checked that non-performing loans have been correctly classified and categorised based on the number of days overdue. • examined watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against consumer finance by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p>

2 Change in format of the financial statements
(Refer note 3.8.2 to the unconsolidated financial statements)

The State Bank of Pakistan (SBP) has amended the format of annual financial statements of banks. All banks are directed to prepare their annual financial statements on the revised format effective from the accounting year ended December 31, 2018. Accordingly, the Bank has prepared these unconsolidated financial statements on the new format prescribed by the State Bank of Pakistan.

As part of this transition to the new requirements, the management performed a gap analysis to identify differences between the previous and current format. The adoption of the new format required certain recognition requirements and reclassification of financial information. The amended format also introduced certain new disclosures in the unconsolidated financial statements.

In view of the significant impact of the first time adoption of the revised format on these unconsolidated financial statements, we considered this as a key audit matter

We reviewed and understood the requirements of the SBP's amended format of annual financial statements for banks. Our audit procedures included the following:

- considered the management's process to identify the changes required in the unconsolidated financial statements to comply with the new format; and
- obtained relevant underlying supports relating to the changes required in the unconsolidated financial statements consequent to the adoption of the new format to assess their appropriateness and verified them on a test basis.

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.

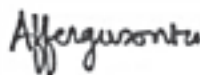
Report on Other Legal and Regulatory Requirements

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 per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Shabbaz Akbar.



A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 4, 2019



UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	2018	2017	2016
		----- Rupees '000 -----		
			Restated	Restated
ASSETS				
Cash and balances with treasury banks	7	43,173,993	37,861,767	37,239,302
Balances with other banks	8	1,847,595	1,872,771	1,139,375
Lendings to financial institutions	9	2,997,486	9,010,335	5,000,000
Investments	10	214,185,591	179,728,189	170,209,104
Advances	11	296,444,861	231,532,160	204,830,997
Fixed assets	12	11,612,007	11,443,528	10,504,822
Intangible assets	13	1,331,731	1,496,097	1,607,059
Deferred tax assets	14	183,206	1,599,985	2,264,574
Other assets	15	28,137,713	20,389,050	19,227,068
		<u>599,914,183</u>	<u>494,933,882</u>	<u>452,022,301</u>
LIABILITIES				
Bills payable	16	23,543,525	8,761,334	6,655,919
Borrowings	17	98,351,921	54,788,547	52,806,084
Deposits and other accounts	18	409,383,802	371,624,155	339,632,770
Liabilities against assets subject to finance lease		-	-	-
Subordinated debt		-	-	1,497,000
Deferred tax liabilities		-	-	-
Other liabilities	19	25,136,420	20,513,376	16,422,873
		<u>556,415,668</u>	<u>455,687,412</u>	<u>417,014,646</u>
NET ASSETS		<u>43,498,515</u>	<u>39,246,470</u>	<u>35,007,655</u>
REPRESENTED BY				
Share capital	20	15,176,965	13,197,361	11,997,601
Reserves		8,778,908	7,936,338	7,158,248
Surplus on revaluation of assets	21	5,093,667	5,613,243	5,917,426
Unappropriated profit		14,448,975	12,499,528	9,934,380
		<u>43,498,515</u>	<u>39,246,470</u>	<u>35,007,655</u>
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, 2018

	Note	2018	2017
		----- Rupees '000 -----	----- Restated
Mark-up / return / interest earned	24	35,199,965	28,766,119
Mark-up / return / interest expensed	25	18,924,859	14,830,923
Net mark-up / interest income		16,275,106	13,935,196
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	3,547,367	3,086,639
Dividend income		170,110	159,514
Foreign exchange income		1,970,720	1,385,057
Income / (loss) from derivatives		118,641	(58,936)
Gain on securities	27	50,560	807,210
Other income	28	402,555	259,780
Total non mark-up / interest income		6,259,953	5,639,264
Total income		22,535,059	19,574,460
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	14,492,257	12,607,943
Workers welfare fund		172,758	154,382
Other charges	30	90,275	11,761
Total non mark-up / interest expenses		14,755,290	12,774,086
Profit before provisions		7,779,769	6,800,374
Reversal of provision and recoveries against written-off debts - net	31	(421,940)	(491,802)
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		8,201,709	7,292,176
Taxation	32	3,364,526	2,762,526
PROFIT AFTER TAXATION		4,837,183	4,529,650
		----- Rupees -----	
Basic / diluted earnings per share	33	3.19	2.98


The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	----- Rupees '000 -----	
		Restated
Profit after taxation for the year	4,837,183	4,529,650
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of investments - net of tax	(437,395)	(783,351)
Items that will not be reclassified to profit and loss account in subsequent periods:		
- Remeasurement (loss) / gain on defined benefit obligations - net of tax	(22,181)	25,375
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	590,881
- Movement in surplus on revaluation of non-banking assets - net of tax	(695)	-
	(22,876)	616,256
Total comprehensive income	<u>4,376,912</u>	<u>4,362,555</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, 2018

	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit	Total	
	Share capital	Capital				Statutory reserve	Total	Investments	Fixed assets/ Non-banking assets			Total
		Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR)-gain on bargain purchase	Reserve arising on amalgamation							
Rupees '000												
Balance as at January 1, 2017 as previously reported	11,997,601	-	10,131	881,740	23,952	6,242,425	7,158,248	-	-	-	9,985,870	29,141,719
Reclassification of surplus to equity (note 3.8.2)	-	-	-	-	-	-	-	784,800	5,081,806	5,866,606	-	5,866,606
Transfer to surplus on revaluation of fixed assets - net of tax due to change in accounting policy (note 3.8.1)	-	-	-	-	-	-	-	-	50,820	50,820	(50,820)	-
Reinstatement of investment in associate to actual cost (note 3.8.3)	-	-	-	-	-	-	-	-	-	-	(670)	(670)
Balance as at January 1, 2017 - restated	11,997,601	-	10,131	881,740	23,952	6,242,425	7,158,248	784,800	5,132,626	5,917,426	9,934,380	35,007,655
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	-	4,529,650	4,529,650
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(783,351)	590,881	(192,470)	25,375	(167,095)
Total comprehensive income	-	-	-	-	-	-	-	(783,351)	590,881	(192,470)	4,555,025	4,362,555
Transfer to statutory reserve	-	-	-	-	-	902,957	902,957	-	-	-	(902,957)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(78,348)	(78,348)	78,348	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(33,365)	(33,365)	34,492	1,127
Amortisation of intangible assets - customer relationship - net of tax (note 13)	-	-	-	(124,867)	-	-	(124,867)	-	-	-	-	(124,867)
Transactions with owners, recorded directly in equity												
- Transfer to reserve for issue of bonus shares	-	1,199,760	-	-	-	-	1,199,760	-	-	-	(1,199,760)	-
- Bonus shares issued	1,199,760	(1,199,760)	-	-	-	-	(1,199,760)	-	-	-	-	-
	1,199,760	-	-	-	-	-	-	-	-	-	(1,199,760)	-
Balance as at December 31, 2017 - restated	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 income - net of tax	-	-	-	-	-	-	-	(437,395)	(695)	(438,090)	(22,181)	(460,271)
Total comprehensive 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	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of intangible assets - customer relationship - net of tax (note 13)	-	-	-	(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


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, 2018

Note	2018	2017
	----- Rupees '000 -----	
		Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,201,709	7,292,176
Less: dividend income	(170,110)	(159,514)
	<u>8,031,599</u>	<u>7,132,662</u>
Adjustments:		
Depreciation	882,482	783,471
Amortisation	120,049	184,929
Depreciation on non-banking assets	14,257	14,032
Impairment of non-banking assets	47,780	-
Workers' Welfare Fund	172,758	154,382
Reversal of provision against loans and advances - net	(433,611)	(586,291)
Provision for diminution in value of investments - net	92,891	182,943
Other provision - net	7,584	4,610
Provision against off balance sheet obligations	24,148	5,152
Loss on securities unrealised - held for trading - net	7,676	3,853
Gain on sale of fixed assets - net	(30,219)	(21,765)
Gain on sale of non-banking assets	-	(2,040)
Charge for defined benefit plan	123,622	114,616
Amortisation of prepaid employee benefits	66,688	15,602
(Income) / loss from derivative contracts - net	(118,641)	58,936
Recovery of written off / charged off bad debts	(112,952)	(98,216)
31	<u>864,512</u>	<u>814,214</u>
	8,896,111	7,946,876
Decrease / (increase) in operating assets		
Lendings to financial institutions	6,012,849	(4,010,335)
Held-for-trading securities	1,932,768	(31,859,677)
Advances	(64,366,138)	(26,038,871)
Others assets (excluding advance taxation)	(7,465,371)	(1,097,560)
	<u>(63,885,892)</u>	<u>(63,006,443)</u>
Increase in operating liabilities		
Bills Payable	14,782,191	1,322,041
Borrowings from financial institutions	43,667,379	2,259,574
Deposits	37,759,647	32,774,759
Other liabilities (excluding current taxation)	4,602,965	4,793,679
	<u>100,812,182</u>	<u>41,150,053</u>
Income tax paid	(2,277,661)	(2,852,893)
Contribution to gratuity fund	-	(63,197)
Net cash flow generated from / (used in) operating activities	<u>43,544,740</u>	<u>(16,825,604)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net (divestment) / investment in available for sale securities	(35,738,792)	13,419,207
Net investment in held to maturity securities	(1,424,859)	7,529,436
Dividends received	181,079	164,124
Investment in operating fixed assets	(1,209,654)	(1,255,243)
Proceeds from sale of fixed assets	41,144	37,035
Proceeds from sale of non-banking assets	-	61,200
Net cash flow (used in) / generated from investing activities	<u>(38,151,082)</u>	<u>19,955,759</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts / (payments) of sub-ordinated debt	-	(1,497,000)
Dividend paid	(2,603)	(183)
Net cash flow used in financing activities	<u>(2,603)</u>	<u>(1,497,183)</u>
	5,391,055	1,632,972
Increase in cash and cash equivalents	<u>39,488,907</u>	<u>37,855,935</u>
Cash and cash equivalents at the beginning of the year	34	34
Cash and cash equivalents at the end of the year	<u>44,879,962</u>	<u>39,488,907</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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

1 STATUS AND NATURE OF BUSINESS

- 1.1 Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the Companies Ordinance, 1984. Its shares are listed on 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 455 branches (2017: 405); including 254 Islamic banking branches (2017: 197) and 1 Islamic sub-branch (2017: 1) in Pakistan.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (2017: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

- 1.2 Based on the unconsolidated financial statements of the Bank for the period ended September 30, 2018 and for the year ended December 31, 2017, the Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2017: 'AA') and the short term rating as 'A1+' (December 31, 2017: 'A1+').

2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these 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 consolidated 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 During the current year, the Bank acquired controlling interest in Faysal Asset Management Limited (FAML) which was previously classified as associate in the financial statements of the Bank. As a result of the acquisition Faysal Bank Limited is now the parent company of FAML and is now required to prepare consolidated financial statements under the provisions of the Companies Act, 2017. These financial statements represent the unconsolidated results of the Bank and a separate set of consolidated financial statements are also being presented by the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS) assigned by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.
 - Islamic Financial Accounting standards (IAFS) 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 have been followed.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' (replaced by IFRS 9, 'Financial Instruments') and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the year ended December 31, 2018 the Bank has adjusted amortisation of intangible assets amounting to Rs. 124.867 million (net of tax) from the Non-distributable Capital Reserve.
- 3.4** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these 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 mutual funds are not considered in these unconsolidated financial statements.

3.6 Standards, interpretations of and amendments to published accounting and reporting standards that are effective in the current year

The Bank has applied the following amendments for the first time for their accounting period commencing January 1, 2018:

- 3.6.1** The State Bank of Pakistan (SBP) through its BPRD Circular No. 2 of 2018 dated January 25, 2018 has amended the format of annual financial statements of banks. All banks are directed to prepare their annual financial statements on the revised format effective from the accounting year ending December 31, 2018. Accordingly the Bank has prepared these unconsolidated financial statements on the new format prescribed by the State Bank of Pakistan. The adoption of new format required remeasurement and reclassification of comparative information and accordingly a third statement of financial position has been presented at the beginning of the preceding period (i.e. December 31, 2016) in accordance with the requirement of International Accounting Standard (IAS) 1, 'Presentation of Financial Statements'.
- 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, 2018 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 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 (accounting periods beginning on or after)

- IFRS 9 - 'Financial Instruments'	July 1, 2018
- IFRS 15 - 'Revenue from contracts with customers' with amendments	July 1, 2018
- IFRS 16 - 'Leases'	January 1, 2019
- IFRIC 23 - 'Uncertainty over income tax treatments'	January 1, 2019

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

- IAS 12 - 'Income Taxes' (amendments)	January 1, 2019
- IAS 19 - 'Employee Benefits' (amendments)	January 1, 2019
- 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

The management is in the process of assessing the impact of these standards and interpretations on the financial statements of the Bank.

IFRS 16 replaces existing leasing guidance, 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 to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term lease and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

On adoption of IFRS 16, the Bank shall recognize a 'right to use asset' with a corresponding liability for lease payments. The Bank is in the process of assessing the full impact of this standard.

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 Bank which are exposed to credit risk.

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

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, 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.

3.8 Changes in accounting policies

3.8.1 The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide Circular No. 23 dated October 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets. The Bank's previous accounting policy (as described in note 7.6 of the annual financial statements for the year ended December 31, 2017), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular asset was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the unconsolidated profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. A deficit arising on revaluation of a particular asset is now to be accounted for in accordance with IFRS, which requires that such deficit can not be adjusted against surplus for any other asset, but is to be taken to the unconsolidated profit and loss account as an impairment.

The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	As at December 31, 2018	As at December 31, 2017	As at December 31, 2016
	----- Rupees '000 -----		
Impact on Unconsolidated Statement of Financial Position			
(Decrease) / increase in surplus on revaluation of assets - net of tax	-	(8,182) *	50,820
Increase / (decrease) in unappropriated profit	-	8,182 *	(50,820)

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Year ended December 31, 2018	Year ended December 31, 2017
	----- Rupees '000 -----	
Impact on Unconsolidated Profit and Loss Account		
Decrease in other charges	-	11,340
Increase in taxation	-	(2,982)
Increase in earnings per share (Rupees)	-	0.01

*Rs 0.176 million being the impact of incremental depreciation directly transferred from 'unappropriated profit' to 'surplus on revaluation of assets - net of tax'.

3.8.2 As referred to in note 3.6.1, the adoption of revised format has resulted in following significant changes:

- Acceptances amounting to Rs 10,899.656 million (2017: Rs 6,892.781 million) which were previously shown as part of contingencies and commitments are now recognised on the unconsolidated statement of financial position both as assets and liabilities. They are included in Other Assets (note 15) and Other Liabilities (note 19);
- Surplus on revaluation of fixed assets, non banking assets acquired in satisfaction of claims and investments which was previously shown below equity have now been included as part of equity. These surpluses aggregate to Rs. 5,093.667 million as at December 31, 2018 (2017: 5,613.243 million); and
- Intangibles (note 13) amounting to Rs 1,331.731 million (2017: Rs 1,496.097 million) which were previously shown as part of fixed assets (note 12) are now shown separately on the unconsolidated statement of financial position.
- IFRS 8, 'Operating Segments' was effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan were required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The SBP had defined the segment categorisation in the above mentioned circular, the SBP's requirements prevailed over the requirements specified in IFRS 8. Accordingly, segment information disclosed in prior financial statements was based on the requirements laid down by the SBP. The new format as aforesaid has revised the segment reporting requirement and requires the Bank to apply IFRS 8 for such reporting. Application of IFRS 8 has resulted into certain changes in the disclosure of segment information. The segment information of the current and prior year based on the requirement of IFRS 8 is prescribed in note 40 to these unconsolidated financial statements.
- Certain reclassifications have been made in the unconsolidated statement of financial position and unconsolidated profit and loss account which are summarised in the note 46 to the unconsolidated financial statements.

3.8.3 As mentioned in note 2.4, the Bank has acquired a controlling interest in Faysal Asset Management Limited (FAML) during the year. Prior to this acquisition, the Bank did not have a subsidiary and only prepared a single set of financial statements (standalone financial statements) as required under the provisions of the Companies Act, 2017. Investments in associates were accounted for using the equity method in the standalone financial statements of the Bank. As a result of the acquisition, Faysal Bank Limited is now the parent company of FAML and is now required to prepare consolidated financial statements under the provisions of the Companies Act, 2017 and in accordance with the requirements of accounting and reporting standards as applicable in Pakistan.

Consolidated financial statements are those in which the results and financial position of the parent company and its subsidiary are reflected as one economic entity. Investments in associates are required to be accounted for using the equity method in the consolidated financial statements. Consequently, the Bank has changed its accounting policy for investments in associates in its standalone financial statements. As per the revised policy investments in associates are presented in the standalone financial statements at cost less accumulated impairment losses; if any, rather than on the basis of the reported results and net assets of the investees.

The above mentioned change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative information has been restated.

The effects on the Bank's unconsolidated financial statements as a result of this change have been summarized below:

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	As at December 31, 2018	As at December 31, 2017	As at December 31, 2016
	----- Rupees '000 -----		
Impact on unconsolidated statement of financial position			
Increase / (decrease) in investments	-	21,831	(1,032)
(Decrease) / increase in deferred tax assets - net	-	(7,640)	362
Impact on unconsolidated statement of changes in equity			
Increase / (decrease) in unappropriated profit	-	14,191	(670)
		Year ended December 31, 2018	Year ended December 31, 2017
		----- Rupees '000 -----	
Impact on unconsolidated profit and loss account			
Decrease in share of loss from associates		22,863	22,050
Increase in taxation		(8,002)	(7,718)
Increase in earnings per share (Rupees)		0.01	0.01

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 combinations (note 6.1);
- ii) Classification and provisioning against investments (notes 6.4 and 10);
- iii) Income taxes (notes 6.8, 14 and 32);
- iv) Classification and provisioning against advances (notes 6.5 and 11);
- v) Depreciation / amortisation of fixed assets / intangibles / revaluations (notes 6.6 and 12);
- vi) Accounting for non-banking assets acquired in satisfaction of claims (note 6.9 and 15);
- vii) Accounting for defined benefit plan (notes 6.11 and 36);
- viii) Impairment of intangible assets (note 6.7 and 13);
- ix) Impairment of assets (note 6.7);
- x) Provisions and contingent assets and liabilities (note 6.10); and
- xi) Staff retirement benefits (note 6.11).

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 changes 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, 2018

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 13.4 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 / Modaraba placements / Acceptances

In Musharaka / Modaraba, the Bank invests in the Shari'ah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio under musharaka agreements.

(d) Bai Muajjal

Bai Muajjal transactions with the SBP and other financial institutions are classified under lendings. In Bai Muajjal, the Bank sells Shari'ah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognised over the credit period and recorded as income.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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6.4 Investments

The Bank classifies its investments as follows:

(a) Held for trading

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

(b) Held to maturity

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

(c) Available for sale

These are investments, other than those, in associates 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.

6.4.1 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.

6.4.2 Subsequent measurement:

Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the unconsolidated profit and loss account.

Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the unconsolidated statement of financial position within equity and is taken to the unconsolidated profit and loss account when realised upon disposal or when the investments are considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the unconsolidated profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the unconsolidated profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

6.4.3 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 currently.

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.

6.4.4 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 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

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Ijarah assets is determined on the same basis as that of operating fixed assets.

Ijarah receivable income is recognised in income on accrual basis as and when the rental becomes due. Impairment of Ijarah rental 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 is 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 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

6.6 Fixed assets and depreciation

(a) Tangible assets - owned

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

Depreciation on operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 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) Tangible assets - leased

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

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

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

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

(c) Capital work in progress

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

(d) 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

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month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The intangible asset comprising customer relationship is being amortised over the life expectancy of the deposits. The residual values and useful lives of intangible assets are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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 amount of assets is 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. 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.

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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

6.11 Staff retirement benefits

a) Defined contribution plan

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

b) Defined benefit scheme

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

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the differences between the actual investment returns and the return implied by the net interest cost are recognised in the unconsolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

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

6.12 Borrowings / deposits and their costs

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

6.13 Subordinated loans

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up on subordinated loans is charged to the unconsolidated profit and loss account over the period on an accrual basis and is recognised separately as part of other liabilities.

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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 accrual basis for the period from the date of sale of goods to customer to 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 accrual basis for the period from the date of sale of goods by the Banks customer to its ultimate buyer to the date of culmination of the transaction.
- Ijarah rentals once due are recognised as income on accrual basis over the corresponding rental period.
- Rental on Diminishing Musharaka financing once due is recognised on accrual basis over the corresponding rental period.
- Profit on Running Musharaka is recognised on 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.
- 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 accrual basis.
- Financial advisory fee is recognised when the right to receive the fee is established.
- Rent and other income is recognised on 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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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 on the unconsolidated statement of financial position both as assets and liabilities.

6.19 Financial instruments

Financial assets and financial liabilities

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

Derivative financial instruments

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

Offsetting

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

6.20 Earnings per share

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

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 being their 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

(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.

7	CASH AND BALANCES WITH TREASURY BANKS	Note	2018	2017
			----- Rupees '000 -----	----- Rupees '000 -----
	In hand			
	- Local currency		10,351,342	7,863,300
	- Foreign currency		2,444,182	2,092,970
			12,795,524	9,956,270
	With State Bank of Pakistan in			
	- Local currency current account	7.1	17,961,225	17,001,165
	- Foreign currency current account	7.2	1,684,395	1,399,538
	- Foreign currency deposit account	7.3	4,977,571	4,073,487
			24,623,191	22,474,190
	With National Bank of Pakistan in			
	- Local currency current account		5,746,092	5,417,796
	Prize bonds		9,186	13,511
			<u>43,173,993</u>	<u>37,861,767</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 rates on these balances are ranging from 0.58% to 1.5% (2017: 0.06% to 0.37%) per annum on monthly basis by the SBP.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

8	BALANCES WITH OTHER BANKS	Note	2018	2017
			----- Rupees '000 -----	----- Rupees '000 -----
	In Pakistan			
	- In current account		1,388,625	1,488,379
	Outside Pakistan			
	- In current account		458,970	384,392
			<u>1,847,595</u>	<u>1,872,771</u>
9	LENDINGS TO FINANCIAL INSTITUTIONS			
	Call / clean money lendings	9.2	-	3,000,000
	Repurchase agreement lendings (reverse repo)	9.3	2,997,486	6,010,335
			<u>2,997,486</u>	<u>9,010,335</u>
	Less: provision held against lending to financial institutions		-	-
	Lending to financial institutions - net of provision		<u>2,997,486</u>	<u>9,010,335</u>
9.1	Particulars of lending			
	In local currency		2,997,486	9,010,335
	In foreign currencies		-	-
			<u>2,997,486</u>	<u>9,010,335</u>

9.2 This represents lendings to a commercial bank which carry mark-up at the rate of Nil (2017: 6.05% per annum).

9.3 This represents lendings to a commercial bank which carry mark-up at the rate of 10.25% per annum (2017: 5.75%) maturing in January, 2019.

9.4 Securities held as collateral against lending to financial institutions

	2018			2017		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- Rupees '000 -----					
Market Treasury Bills	3,000,000	-	3,000,000	-	-	-
Pakistan Investment Bonds	-	-	-	1,924,000	4,076,000	6,000,000
Total	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>1,924,000</u>	<u>4,076,000</u>	<u>6,000,000</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

10 INVESTMENTS

10.1 Investments by type:

Note	2018				2017			
	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	31,630,477	-	(11,067)	31,619,410	33,563,245	-	(3,392)	33,559,853
Available-for-sale securities								
Federal Government securities	151,416,453	-	(199,053)	151,217,400	119,263,433	-	71,968	119,335,401
Shares	9,134,281	1,429,123	(480,988)	7,224,170	6,779,241	1,330,816	(130,750)	5,317,675
Non Government debt securities	7,443,897	559,787	9,355	6,893,465	6,808,058	559,787	61,011	6,309,282
	167,994,631	1,988,910	(670,686)	165,335,035	132,850,732	1,890,603	2,229	130,962,358
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	-	-	-	-
Non Government debt Securities	16,546,962	1,552,757	-	14,994,205	16,719,151	1,558,173	-	15,160,978
	18,144,010	1,552,757	-	16,591,253	16,719,151	1,558,173	-	15,160,978
Associates *								
Fully paid up ordinary shares of Faysal Asset Management Limited	-	-	-	-	45,000	-	-	45,000
Subsidiary *								
Fully paid up ordinary shares of Faysal Asset Management Limited	10.5	639,893	-	639,893	-	-	-	-
Total Investments	218,409,011	3,541,667	(681,753)	214,185,591	183,178,128	3,448,776	(1,163)	179,728,189

* related parties

10.2 Investments by segments

Note	2018				2017				
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	
----- Rupees '000 -----									
Federal Government securities									
- Market Treasury Bills	10.2.1	173,172,404	-	(10,088)	173,162,316	123,847,287	-	(1,958)	123,845,329
- Pakistan Investment Bonds	10.2.2	3,874,526	-	(92,632)	3,781,894	22,667,336	-	73,988	22,741,324
- Ijarah Sukuks	10.2.3	6,000,000	-	(107,400)	5,892,600	6,312,055	-	(3,454)	6,308,601
- Other Federal Government securities	10.2.4	1,597,048	-	-	1,597,048	-	-	-	-
		184,643,978	-	(210,120)	184,433,858	152,826,678	-	68,576	152,895,254
Shares									
- Listed companies		8,434,615	779,457	(511,333)	7,143,825	6,079,575	681,150	(161,095)	5,237,330
- Unlisted companies		699,666	649,666	30,345	80,345	699,666	649,666	30,345	80,345
		9,134,281	1,429,123	(480,988)	7,224,170	6,779,241	1,330,816	(130,750)	5,317,675
Non Government debt securities	10.2.5								
- Listed		1,099,690	51,476	7,975	1,056,189	112,615	51,477	1,088	62,226
- Unlisted		22,891,169	2,061,068	1,380	20,831,481	23,414,594	2,066,483	59,923	21,408,034
		23,990,859	2,112,544	9,355	21,887,670	23,527,209	2,117,960	61,011	21,470,260
Associates *									
Fully paid up ordinary shares of Faysal Asset Management Limited		-	-	-	-	45,000	-	-	45,000
Subsidiary *									
Fully paid up ordinary shares of Faysal Asset Management Limited	10.5	639,893	-	-	639,893	-	-	-	-
Total Investments	218,409,011	3,541,667	(681,753)	214,185,591	183,178,128	3,448,776	(1,163)	179,728,189	

* related parties

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

10.2.1 Market Treasury Bills have tenures of three months. The Bank's return on these instruments ranges from 8.71% to 10.96% per annum (2017: 5.90% to 6.05% per annum) with maturities up to February 2019.

10.2.2 Pakistan Investment Bonds have tenures of 5 to 10 years. The Bank's return on these instruments ranges from 6.45% to 12.70% per annum (2017: 5.98% to 12% per annum) with maturities from July 2019 to August 2028.

10.2.3 GoP Ijara Sukuk bonds have tenures of 3 years. The Bank's return on these instruments are 5.24% per annum (2017: 4.65% to 5.24% per annum) with maturities up to June 2020.

	2018	2017
	----- Rupees '000 -----	
10.2.4 Bai Muajjal - gross	2,212,625	-
Less: deferred income	(605,467)	-
Less: profit receivable shown in other assets	(10,110)	-
Bai Muajjal - net	<u>1,597,048</u>	<u>-</u>

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.36% per annum.

10.2.5 These include Sukuks having tenures ranging from 5 to 15 years. The Bank's return on these instruments ranges from 8.56% to 11.92% per annum (2017: 6.17% to 9.15% per annum) with maturities up to 2033.

	2018	2017
	----- Rupees '000 -----	
10.3 Investments given as collateral		
- Market treasury bills	<u>59,034,240</u>	<u>26,426,198</u>

10.4 Provision for diminution in value of investments

10.4.1 Opening balance	3,448,776	3,265,833
Charge / (reversals)		
Charge for the year	229,043	241,861
Reversals during the year	(136,152)	(58,918)
	92,891	182,943
Closing Balance	<u>3,541,667</u>	<u>3,448,776</u>

10.4.2 Particulars of provision against debt securities

Category of classification	2018		2017	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	----- Rupees '000 -----			
Domestic				
- Other assets especially mentioned	-	-	-	-
- Substandard	-	-	-	-
- Doubtful	-	-	-	-
- Loss	2,112,544	2,112,544	2,117,960	2,117,960
	<u>2,112,544</u>	<u>2,112,544</u>	<u>2,117,960</u>	<u>2,117,960</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, 2018

Particulars of the assets and liabilities of the subsidiary / associate	2018	2017
	----- Rupees '000 -----	
Revenue	110,012	127,835
Net loss	(54,091)	(76,211)
Total assets	380,587	122,220
Liabilities	74,743	44,991
Net assets	305,845	77,229
Percentage (%) holding of the Bank	99.99%	30%

10.6 Quality of available for sale securities

Details regarding quality of available for sale (AFS) securities are as follows:

	2018	2017
	Cost	
	----- Rupees '000 -----	
Federal Government securities - Government guaranteed		
Market Treasury Bills	141,762,868	93,718,791
Pakistan Investment Bonds	3,653,585	19,232,587
Ijarah Sukuks	6,000,000	6,312,055
	<u>151,416,453</u>	<u>119,263,433</u>

Shares

Listed companies

Cement	332,380	467,045
Chemical	672,135	626,410
Commercial banks	1,612,705	524,433
Engineering	89,246	80,068
Fertilizer	669,138	684,807
Glass and ceramics	38	38
Investment banks / Investment companies / securities	12,528	12,528
Oil and gas exploration company	885,828	617,402
Oil and gas marketing company	382,712	329,889
Open - end mutual funds	2,731,377	1,380,062
Paper and board	251,189	133,111
Pharmaceuticals	73,522	175,782
Power generation and distribution	484,988	637,269
Real estate	16,372	16,372
Refinery	56,913	50,728
Textile composite	106,735	122,078
Textile spinning	4,362	4,362
Textile weaving	1,271	1,271
Transport	50,917	88,129
Food and allied	243	243
Automobile assembler	-	40,252
Cable and electrical goods	-	87,280
Others	16	16
	<u>8,434,615</u>	<u>6,079,575</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018		2017	
	Cost	Breakup value	Cost	Breakup value
----- Rupees '000 -----				
Unlisted companies				
1Link (Private) Limited	50,000	-	50,000	-
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	-
ISE Towers REIT Management Company Limited	-	43,122	-	36,051
	<u>699,666</u>	<u>2,344,479</u>	<u>699,666</u>	<u>2,337,408</u>

Non Government debt securities

	2018	2017
	Cost	
----- Rupees '000 -----		
Listed		
- AA+, AA, AA-	1,048,214	61,140
- CCC and below	51,476	51,476
	<u>1,099,690</u>	<u>112,616</u>
Unlisted		
- AA+, AA, AA-	1,002,876	1,316,132
- A+, A, A-	133,000	170,980
- Unrated	5,208,331	5,208,330
	<u>6,344,207</u>	<u>6,695,442</u>

10.7 Particulars relating to Held to Maturity securities are as follows:

Federal Government Securities - Government guaranteed

Other Federal Government securities	1,597,048	-
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Non Government Debt Securities

Unlisted

- AAA	8,657,142	7,461,606
- AA+, AA, AA-	566,667	1,133,333
- A+, A, A-	293,629	504,151
- CCC and below	1,499,110	1,499,110
- Unrated	5,530,414	6,120,951
	<u>16,546,962</u>	<u>16,719,151</u>

10.7.1 The market value of securities classified as held-to-maturity as at December 31, 2018 amounted to Rs. 15,490.626 million (December 31, 2017: Rs. 15,214.289 million).

11 ADVANCES

	Note	Performing		Non Performing		Total	
		2018	2017	2018	2017	2018	2017
----- Rupees '000 -----							
Loans, cash credits, running finances, etc.	11.2	210,086,919	177,181,953	25,712,067	26,427,221	235,798,986	203,609,174
Islamic financing and related assets		78,493,045	45,509,517	475,784	382,176	78,968,829	45,891,693
Bills discounted and purchased		4,990,707	5,814,681	499,787	423,479	5,490,494	6,238,160
Margin financing / reverse repo transactions		-	-	-	88,200	-	88,200
Advances - gross		<u>293,570,671</u>	<u>228,506,151</u>	<u>26,687,638</u>	<u>27,321,076</u>	<u>320,258,309</u>	<u>255,827,227</u>
Provision against advances							
- Specific		-	-	(23,135,261)	(23,726,401)	(23,135,261)	(23,726,401)
- General		(678,187)	(568,666)	-	-	(678,187)	(568,666)
		<u>(678,187)</u>	<u>(568,666)</u>	<u>(23,135,261)</u>	<u>(23,726,401)</u>	<u>(23,813,448)</u>	<u>(24,295,067)</u>
Advances - net of provision		<u>292,892,484</u>	<u>227,937,485</u>	<u>3,552,377</u>	<u>3,594,675</u>	<u>296,444,861</u>	<u>231,532,160</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

11.1 Particulars of advances (Gross)	2018	2017
	----- Rupees '000 -----	
- In local currency	319,538,262	254,757,442
- In foreign currencies	720,047	1,069,785
	<u>320,258,309</u>	<u>255,827,227</u>

11.2 Includes net investment in finance lease as disclosed below:

	2018				2017			
	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	1,201,214	3,380,025	921	4,582,160	1,318,459	4,638,224	2,890	5,959,573
Residual value	590,283	907,626	682	1,498,591	654,435	1,655,364	1,280	2,311,079
Minimum lease payments	1,791,497	4,287,651	1,603	6,080,751	1,972,894	6,293,588	4,170	8,270,652
Financial charges for future periods	(98,931)	(22,002)	-	(120,933)	(98,129)	(21,168)	-	(119,297)
Present value of minimum lease payments	<u>1,692,566</u>	<u>4,265,649</u>	<u>1,603</u>	<u>5,959,818</u>	<u>1,874,765</u>	<u>6,272,420</u>	<u>4,170</u>	<u>8,151,355</u>

11.3 Advances include Rs. 26,688 million (2017: Rs. 27,321 million) which have been placed under non-performing status as detailed below:-

Category of Classification	2018		2017	
	Non-performing loans	Provision	Non-performing loans	Provision
	----- Rupees '000 -----			
Domestic				
- Other Assets Especially Mentioned	198,389	100	216,407	-
- Substandard	1,241,631	158,324	1,145,491	198,828
- Doubtful	1,525,467	660,373	872,296	281,053
- Loss	23,722,151	22,316,464	25,086,882	23,246,520
Total	<u>26,687,638</u>	<u>23,135,261</u>	<u>27,321,076</u>	<u>23,726,401</u>

11.4 Particulars of provision against advances

Note	2018			2017		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
Opening balance	23,726,401	568,666	24,295,067	24,530,264	464,257	24,994,521
Charge for the year	1,672,814	109,521	1,782,335	1,335,926	127,943	1,463,869
Reversals during the year	(2,215,946)	-	(2,215,946)	(2,026,626)	(23,534)	(2,050,160)
Amounts written off	(543,132)	109,521	(433,611)	(690,700)	104,409	(586,291)
11.5.1 Amounts charged off - agriculture financing	(48,008)	-	(48,008)	(135,377)	-	(135,377)
Transfer of provision	-	-	-	22,214	-	22,214
Closing balance	<u>23,135,261</u>	<u>678,187</u>	<u>23,813,448</u>	<u>23,726,401</u>	<u>568,666</u>	<u>24,295,067</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

11.4.1 Particulars of provision against advances

	2018			2017		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
In local currency	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
In foreign currencies	-	-	-	-	-	-
	<u>23,135,261</u>	<u>678,187</u>	<u>23,813,448</u>	<u>23,726,401</u>	<u>568,666</u>	<u>24,295,067</u>

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 1,464.180 million (December 31, 2017: Rs 1,799.678 million) relating to advances while determining the provisioning requirement against non-performing financing as at December 31, 2018. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2018 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 951.717 million (December 31, 2017: Rs 1,169.791 million).

	Note	2018	2017
		----- Rupees '000 -----	
11.5 PARTICULARS OF WRITE OFFS:			
11.5.1 Against provisions	11.4	48,008	135,377
Directly charged to profit and loss account		<u>(112,952)</u>	<u>(98,216)</u>
		<u>(64,944)</u>	<u>37,161</u>
11.5.2 Write-offs of Rs. 500,000 and above			
- Domestic	11.6	34,711	119,672
- Overseas		-	-
Write offs of below Rs. 500,000		24,223	22,824
Recoveries against write-offs		<u>(123,878)</u>	<u>(105,335)</u>
		<u>(64,944)</u>	<u>37,161</u>

11.6 DETAILS OF LOAN WRITE OFF OF Rs. 500,000/- AND ABOVE

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2018 is given in Annexure - I to these unconsolidated financial statements.

	Note	2018	2017
		----- Rupees '000 -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	475,098	315,760
Property and equipment	12.2	<u>11,136,909</u>	<u>11,127,768</u>
		<u>11,612,007</u>	<u>11,443,528</u>
12.1 Capital work-in-progress			
Civil works		188,143	113,297
Equipment		142,598	54,028
Advances to suppliers		<u>144,357</u>	<u>148,435</u>
		<u>475,098</u>	<u>315,760</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

12.2 Property and Equipment

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	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
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)
Write-off	-	-	-	-	-	-	-	-	-
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 (percentage)	-	-	2%-6%	2%-20%	10%-50%	10%-50%	20%	10%-33%	

2017									
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	Total	
Rupees '000									
At January 1, 2017									
Cost / revalued amount	1,059,888	2,811,950	168,824	4,309,701	923,279	4,590,702	242,814	2,026,383	16,133,541
Accumulated depreciation	-	-	-	-	802,875	3,776,571	148,165	1,414,804	6,142,415
Net book value	1,059,888	2,811,950	168,824	4,309,701	120,404	814,131	94,649	611,579	9,991,126
Year ended December 31, 2017									
Opening net book value	1,059,888	2,811,950	168,824	4,309,701	120,404	814,131	94,649	611,579	9,991,126
Additions	-	-	-	-	111,533	652,016	34,875	388,685	1,187,109
Movement in surplus on assets revalued during the year	50,614	247,966	15,888	433,806	-	-	-	-	748,274
Disposals	-	-	-	-	(28)	(565)	(14,554)	-	(15,147)
Depreciation charge	-	-	(8,664)	(144,695)	(26,806)	(453,160)	(24,965)	(125,181)	(783,471)
Write-off	-	-	-	-	(44)	-	-	(79)	(123)
Other adjustments / transfers	-	-	-	-	(466)	(686)	-	1,152	-
Closing 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
At December 31, 2017									
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
Rate of depreciation (%)	-	-	2%-6%	2%-20%	10%-50%	10%-50%	20%	10%-33%	

Included in cost of operating fixed assets are fully depreciated items still in use having cost of Rs 5,139.969 million (2017: Rs 4,811.021 million).

The Bank's freehold / leasehold land and buildings on freehold / leasehold land were last revalued by Iqbal A. Nanjee Co. (Private) Limited on December 31, 2017 on the basis of professional assessments of the market value.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2018 would have been Rs 3,298.463 million (2017: Rs 3,343.661 million).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

13 INTANGIBLE ASSETS	Note	2018 ----- Rupees '000 -----	2017
Capital work-in-progress	13.1	224,492	199,198
Intangibles	13.2	1,107,239	1,296,899
		<u>1,331,731</u>	<u>1,496,097</u>
13.1 Capital work-in-progress			
Computer software		<u>224,492</u>	<u>199,198</u>
13.2 Intangibles			
		2018	
		Computer software	Customer relationship
		Total	
		----- Rupees '000 -----	
At January 1, 2018			
Cost		1,962,790	2,557,167
Accumulated amortisation and impairment		1,830,312	1,392,746
Net book value		<u>132,478</u>	<u>1,164,421</u>
Year ended December 31, 2018			
Opening net book value		132,478	1,164,421
Additions:			
- developed internally		-	-
- directly purchased		122,492	-
		<u>122,492</u>	<u>-</u>
Amortisation charge		(120,049)	(192,103)
Closing net book value		<u>134,921</u>	<u>972,318</u>
At December 31, 2018			
Cost		2,085,282	2,557,167
Accumulated amortisation and impairment		1,950,361	1,584,849
Net book value		<u>134,921</u>	<u>972,318</u>
Rate of amortisation (percentage)		<u>17%-33%</u>	<u>-</u>
Useful life		<u>3-6 Years</u>	<u>10-19 Years</u>
		2017	
		Computer software	Customer relationship
		Total	
		----- Rupees '000 -----	
At January 1, 2017			
Cost		1,895,918	2,557,167
Accumulated amortisation and impairment		1,645,383	1,200,643
Net book value		<u>250,535</u>	<u>1,356,524</u>
Year ended December 31, 2017			
Opening net book value		250,535	1,356,524
Additions:			
- developed internally		-	-
- directly purchased		66,872	-
		<u>66,872</u>	<u>-</u>
Amortisation charge		(184,929)	(192,103)
Closing net book value		<u>132,478</u>	<u>1,164,421</u>
At December 31, 2017			
Cost		1,962,790	2,557,167
Accumulated amortisation and impairment		1,830,312	1,392,746
Net book value		<u>132,478</u>	<u>1,164,421</u>
Rate of amortisation (percentage)		<u>17%-33%</u>	<u>-</u>
Useful life		<u>3-6 Years</u>	<u>10-19 Years</u>

13.1 The intangible assets include fully amortised items still in use having cost of Rs 1,792.074 million (2017: Rs 1,221.485 million).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

13.2 The intangible asset - Customer relationship comprises of core deposits which were recognised at the time of acquisition of ex-RBS Pakistan. These core deposits represent the funding benefit that would be available to the Bank on account of availability of funding through deposit customers rather than from the wholesale or interbank market. This benefit also considers the fact that the economic life time of these deposits is longer than their contractual life. Based on this assumption, this intangible asset has been valued using certain valuation techniques and is being amortised over the life expectancy of these deposits. As more fully explained in note 13.4 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.

13.3 The remaining amortisation period of these intangibles are ranging from 2 to 11 years.

13.4 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. 124.867 million (2017: Rs. 124.867 million) (net of tax) from the Non-distributable Capital Reserve.

14 DEFERRED TAX ASSETS

2018			
At January 1, 2018	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
- Provision against other assets	222,205	(128,188)	94,017
- Surplus on revaluation of investments	(780)	-	234,738
	3,398,482	(1,781,974)	1,852,026
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)	-	(23,377)
- Fair value adjustment relating to net assets acquired upon amalgamation	(407,550)	-	(340,314)
- Accelerated tax depreciation	(139,037)	18,187	(120,850)
	(1,798,497)	62,067	(1,668,820)
	1,599,985	(1,719,907)	183,206

2017			
At January 1, 2017	Recognised in P&L	Recognised in OCI	At December 31, 2017
----- Rupees '000 -----			
Restated			
Deductible Temporary Differences on			
- Provision for diminution in the value of investments	609,871	(133,660)	476,211
- Provision against advances, off balance sheet etc.	3,553,726	(852,880)	2,700,846
- Provision against other assets	220,591	1,614	222,205
	4,384,188	(984,926)	3,399,262
Taxable Temporary Differences on			
- Surplus on revaluation of fixed assets	(1,108,548)	37,782	(1,228,159)
- Surplus on revaluation of non banking assets	(24,878)	-	(23,751)
- Surplus on revaluation of investments	(422,583)	-	(780)
- Fair value adjustment relating to net assets acquired upon amalgamation	(474,784)	-	(407,550)
- Accelerated tax depreciation	(88,821)	(50,216)	(139,037)
	(2,119,614)	(12,434)	(1,799,277)
	2,264,574	(997,360)	1,599,985

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

15 OTHER ASSETS	Note	2018 ----- Rupees '000 -----	2017 ----- Rupees '000 ----- Restated
Income / mark-up accrued in local currency - net of provision		5,059,391	3,459,328
Income / mark-up accrued in foreign currency - net of provision		66,476	48,335
Advances, deposits, advance rent and other prepayments		1,226,008	1,016,200
Advance taxation (payments less provisions)		3,562,370	3,102,087
Non-banking assets acquired in satisfaction of claims	15.1	1,807,502	1,868,470
Mark to market gain on forward foreign exchange contracts		2,868,688	1,229,356
Acceptances	19	10,899,656	6,892,781
Credit cards and other products fee receivable		334,588	303,283
Receivable from brokers against sale of shares		447,272	46,005
Dividend receivable		75,348	86,317
Prepaid employee benefits		-	66,688
Others		786,960	1,258,093
		<u>27,134,259</u>	<u>19,376,943</u>
Less: Provision held against other assets	15.2	<u>(257,564)</u>	<u>(249,980)</u>
Other assets (net of provision)		<u>26,876,695</u>	<u>19,126,963</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>1,261,018</u>	<u>1,262,087</u>
Other assets - total		<u><u>28,137,713</u></u>	<u><u>20,389,050</u></u>

	2018 ----- Rupees '000 -----	2017 ----- Rupees '000 -----
15.1 Market value of non-banking assets acquired in satisfaction of claims	<u><u>3,847,102</u></u>	<u><u>3,143,415</u></u>

The non-banking assets acquired in satisfaction of claims by the Bank have been revalued by independent professional valuer as at December 31, 2018. The revaluation was carried out by Iqbal A. Nanjee Company (Private) Limited on the basis of professional assessment of present market value. The above market values are based on desktop valuations. The SBP's Regulations for Debt Property Swap requires the Bank to carry out full scope valuation after every three years.

15.1.1 Non-banking assets acquired in satisfaction of claims	2018 ----- Rupees '000 -----	2017 ----- Rupees '000 -----
Opening Balance	3,130,557	3,202,821
Additions	-	-
Revaluation	-	-
Disposals	-	(59,160)
Depreciation	(14,257)	(14,032)
Impairment	(47,780)	-
Adjustments	-	928
Closing Balance	<u><u>3,068,520</u></u>	<u><u>3,130,557</u></u>

15.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims

Disposal proceeds	-	61,200
Less;		
- Cost	-	59,160
- Impairment / depreciation	-	59,160
Gain / loss	<u><u>-</u></u>	<u><u>2,040</u></u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		----- Rupees '000 -----	
15.2 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		64,383	56,799
Fraud forgery theft and account receivable		13,802	13,802
Security deposits		22,994	22,994
Others		81,037	81,037
		257,564	249,980
15.2.1 Movement in provision held against other assets			
Opening balance		249,980	285,854
Charge for the year		9,782	4,622
Reversals during the year		(2,198)	(12)
		7,584	4,610
Amount written off		-	(40,484)
Closing balance		257,564	249,980
16 BILLS PAYABLE			
In Pakistan		23,543,525	8,761,334
Outside Pakistan		-	-
		23,543,525	8,761,334
17 BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
- Under export refinance scheme - Part I and II	17.1	11,895,711	15,244,983
- Under long term financing facility	17.2	1,786,815	1,514,292
- Under long term financing facility for renewable power energy (RPE)	17.3	962,784	971,213
- Under scheme of financing facility for storage of agricultural produce	17.4	117,219	131,223
- Under Islamic export refinance scheme	17.5	4,107,833	450,000
		18,870,362	18,311,711
Repurchase agreement borrowings	17.6	58,968,300	26,412,444
Total secured		77,838,662	44,724,155
Unsecured			
Call borrowings	17.7	325,000	3,500,000
Overdrawn nostro accounts		141,626	245,631
Musharaka acceptances	17.8	7,700,000	4,000,000
Other borrowings	17.9	12,346,633	2,318,761
Total unsecured		20,513,259	10,064,392
		98,351,921	54,788,547
17.1	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 (2017: 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 2% to 4.5% per annum (2017: 2% to 8.4% per annum) payable on quarterly basis, with maturities upto December 2028. 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.		

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

- 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% 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.
- 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 (2017: 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.
- 17.5** 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% (2017: 1.85%) 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 rate on these borrowings is 10.24% per annum (2017: 5.86% to 6% per annum). These are payable by January 2019.
- 17.7** These borrowings are from financial institutions. The mark-up rates on these borrowings are 10.12% per annum (2017: 5.86% to 6% per annum) payable on maturity with maturities upto January 2019.
- 17.8** These Musharaka acceptances are on profit and loss sharing basis. The expected rates on these deals are expected to range between 9.50% to 9.80% per annum (2017: 5.80% to 5.85% per annum). These deals have maturities upto February 2019.
- 17.9** This represents borrowings from a foreign financial institution. The mark-up rates on these borrowings are ranging from 3.28% to 4.76% per annum (2017: 2.15%) with maturities upto June 2019.
- 17.10** Details and nature of securities pledged as collateral against borrowings are given in note 10.3 to these unconsolidated financial statements.

	2018	2017
	----- Rupees '000 -----	
17.11 Particulars of borrowings with respect to currencies		
In local currency	86,005,288	52,224,155
In foreign currencies	12,346,633	2,564,392
	<u>98,351,921</u>	<u>54,788,547</u>

18 DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000 -----					
Customers						
Current deposits – remunerative	4,063,646	-	4,063,646	4,830,709	-	4,830,709
Current deposits – non-remunerative	112,565,332	14,367,150	126,932,482	108,468,520	11,857,585	120,326,105
Savings deposits	110,520,860	15,358,413	125,879,273	107,817,000	13,743,921	121,560,921
Term deposits	116,529,111	3,898,877	120,427,988	100,830,852	2,918,671	103,749,523
Margin deposits	2,721,574	47,179	2,768,753	2,488,229	40,858	2,529,087
	<u>346,400,523</u>	<u>33,671,619</u>	<u>380,072,142</u>	<u>324,435,310</u>	<u>28,561,035</u>	<u>352,996,345</u>
Financial Institutions						
Current deposits	1,129,922	49,068	1,178,990	551,683	5,436	557,119
Savings deposits	20,950,300	-	20,950,300	10,053,899	-	10,053,899
Term deposits	7,182,370	-	7,182,370	8,016,792	-	8,016,792
	<u>29,262,592</u>	<u>49,068</u>	<u>29,311,660</u>	<u>18,622,374</u>	<u>5,436</u>	<u>18,627,810</u>
	<u>375,663,115</u>	<u>33,720,687</u>	<u>409,383,802</u>	<u>343,057,684</u>	<u>28,566,471</u>	<u>371,624,155</u>

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	2018	2017
	----- Rupees '000 -----	
18.1 Composition of deposits		
- Individuals	130,254,260	121,279,423
- Government (Federal and Provincial)	26,873,678	22,813,700
- Public sector entities	11,902,407	17,086,440
- Banking companies	788,086	4,291,116
- Non-banking financial institutions	28,523,574	14,543,322
- Private sector	211,041,797	191,610,154
	<u>409,383,802</u>	<u>371,624,155</u>

18.1.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 219.067 million.

	Note	2018	2017
		----- Rupees '000 -----	
19 OTHER LIABILITIES		Restated	
Mark-up / return / interest payable in local currency		1,962,508	1,547,046
Mark-up / return / interest payable in foreign currency		19,891	12,849
Unearned commission and income on bills discounted		66,698	40,121
Accrued expenses		2,081,150	1,224,475
Acceptances	15	10,899,656	6,892,781
Unclaimed dividends		45,136	47,739
Mark to market loss on forward foreign exchange contracts		1,239,594	469,392
Branch adjustment account		5,301	3,900
Charity fund balance		1,409	1,112
Provision against off-balance sheet obligations	19.2	125,238	101,090
Security deposits against lease		2,067,095	3,009,411
Withholding tax payable		83,975	116,310
Federal excise duty payable		52,450	35,981
Payable to brokers against purchase of shares		897,109	57,399
Fair value of derivative contracts		771,326	65,668
Short sale Pakistan Investment Bonds		-	4,245,132
Credit cards and other products payables		895,567	237,399
Token money against disposal of assets		572,276	485,656
Fund held as security		214,698	196,265
Others	19.1	3,135,343	1,723,650
		<u>25,136,420</u>	<u>20,513,376</u>

19.1 This includes payable to Islamic Investment Company of the Gulf (Bahamas) Limited - a related party against acquisition of shares of Faysal Asset Management Limited amounting to Rs 225 million.

	2018	2017
	----- Rupees '000 -----	
19.2 Provision against off-balance sheet obligations		
Opening balance	101,090	118,152
Exchange adjustment	-	-
Charge for the year	57,434	5,152
Reversals during the year	(33,286)	-
	24,148	5,152
Transfer of provision	-	(22,214)
Closing balance	<u>125,238</u>	<u>101,090</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

20 SHARE CAPITAL

20.1 Authorised Capital

2018	2017		2018	2017
Number of shares			----- Rupees '000 -----	
<u>1,800,000,000</u>	<u>1,800,000,000</u>	Ordinary shares of Rs.10 each	<u>18,000,000</u>	<u>18,000,000</u>

20.2 Issued, subscribed and paid up

2018	2017		2018	2017
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	1,100,812,463	Issued as bonus shares	12,987,729	11,008,125
<u>17,472,226</u>	<u>17,472,226</u>	Issued for consideration other than cash	<u>174,722</u>	<u>174,722</u>
<u>1,517,696,525</u>	<u>1,319,736,109</u>		<u>15,176,965</u>	<u>13,197,361</u>

20.2.1 As at December 31, 2018, 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 (2017: 881,281,492 ordinary shares). These include 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.

	Note	2018	2017
		----- Rupees '000 -----	
21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			Restated
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	(670,686)	2,229
- Fixed assets	21.1	5,476,251	5,601,617
- Non-banking assets acquired in satisfaction of claims	21.2	1,261,018	1,262,087
		6,066,583	6,865,933
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		234,740	(780)
- Fixed assets	21.1	(1,184,279)	(1,228,159)
- Non-banking assets acquired in satisfaction of claims	21.2	(23,377)	(23,751)
		(972,916)	(1,252,690)
		<u>5,093,667</u>	<u>5,613,243</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		----- Rupees '000 -----	
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		5,601,617	4,969,473
Recognised during the year		-	748,274
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(81,486)	(78,348)
Related deferred tax liability on incremental depreciation charged during the year		(43,880)	(37,782)
Surplus on revaluation of fixed assets as at December 31		5,476,251	5,601,617
Less: related deferred tax liability on:			
- revaluation as at January 1		(1,228,159)	(1,108,548)
- revaluation recognised during the year		-	(157,393)
- incremental depreciation charged during the year		43,880	37,782
		(1,184,279)	(1,228,159)
		4,291,972	4,373,458
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		1,262,087	1,296,579
Recognised during the year		(1,069)	-
Surplus realised on disposal during the year		-	(34,492)
Surplus on revaluation as at December 31		1,261,018	1,262,087
Less: related deferred tax liability on:			
- revaluation as at January 1		(23,751)	(24,878)
- revaluation recognised during the year		374	-
- surplus realised on disposal during the year		-	1,127
		(23,377)	(23,751)
		1,237,641	1,238,336
22 CONTINGENCIES AND COMMITMENTS			
- Guarantees	22.1	17,988,308	16,645,675
- Commitments	22.2	230,966,872	155,177,665
- Other contingent liabilities	22.3	4,293,244	4,293,244
		253,248,424	176,116,584
22.1 Guarantees:			
Financial guarantees		1,417,536	996,352
Performance guarantees		7,068,425	6,027,814
Other guarantees		9,502,347	9,621,509
		17,988,308	16,645,675

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

22.2 Commitments:	Note	2018	2017
		----- Rupees '000 -----	
Documentary credits and short-term trade-related transactions - letters of credit		32,048,821	32,981,808
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	94,403,136	43,853,050
- forward government securities transactions	22.2.2	62,083,269	32,499,870
- derivatives - cross currency swaps (notional principal)	22.2.3	4,483,600	2,361,939
- forward lending	22.2.4	-	88,200
- operating leases	22.2.5	10,708,369	10,738,048
- extending credit (irrevocable)	22.4	27,079,658	32,456,872
Commitments for acquisition of:			
- operating fixed assets		46,719	96,803
- intangible assets		113,300	101,075
		<u>230,966,872</u>	<u>155,177,665</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		66,533,034	33,594,675
Sale		<u>27,870,102</u>	<u>10,258,375</u>
		<u>94,403,136</u>	<u>43,853,050</u>
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		59,084,100	26,440,962
Sale		2,999,169	6,058,908
		<u>62,083,269</u>	<u>32,499,870</u>
22.2.3 Commitments in respect of derivatives			
Purchase		-	-
Sale		4,483,600	2,361,939
		<u>4,483,600</u>	<u>2,361,939</u>
22.2.4 Commitments in respect of forward lending			
Forward repurchase agreement lending		-	88,200
22.2.5 Commitments in respect of operating leases			
Not later than one year		1,421,897	1,281,956
Later than one year and not later than five years		5,275,107	5,109,176
Later than five years		4,011,365	4,346,916
		<u>10,708,369</u>	<u>10,738,048</u>
22.3 Other contingent liabilities			
(i) Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case		<u>2,510,000</u>	<u>2,510,000</u>
(ii) Indemnity issued favouring the High Court in one of the cases		<u>457,543</u>	<u>457,543</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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

(iv) Income tax assessments of the Bank have been finalised upto the tax year 2018 (accounting year 2017).

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 (2017: Rs. 1,154.701 million). Subsequently, the Commissioner Income Tax Appeals (CIT(A)) has deleted the said additional tax liability, however the Income Tax Department has filed an appeal against the order of CIT(A) in front of Income Tax Appellate Tribunal. 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 the matter.

(v) There are certain claims against the Bank not acknowledged as debt amounting to Rs 31,579 million (2017: Rs 31,628 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 (2017: 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.

22.4 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 27,080 million (2017: Rs 32,457 million) which are irrevocable in nature.

23 DERIVATIVE INSTRUMENTS

	2018	2017
	----- Rupees '000 -----	-----
Cross currency swaps (notional principal)	<u>4,483,600</u>	<u>2,361,939</u>

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, 2018

23.1 Product Analysis

Counterparties	2018					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	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)	-	-	-	-
Counterparties	2017					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss
	----- Rupees '000 -----					
With banks for						
Hedging	-	-	-	-	-	-
Market making	1,435,424	(36,928)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	926,515	(28,740)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	2,361,939	(65,668)	-	-	-	-

23.2 Maturity Analysis

Remaining Maturity	2018				
	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)
Remaining Maturity	2017				
	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	-	-	-	-	-
2 to 3 Years	-	-	-	-	-
3 to 5 Years	2	1,435,424	(1,555,054)	1,518,126	(36,928)
5 to 10 years	2	926,515	(926,876)	898,136	(28,740)
Above 10 Years	-	-	-	-	-
Total		2,361,939	(2,481,930)	2,416,262	(65,668)

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, 2018

24	MARK-UP / RETURN / INTEREST EARNED	Note	2018	2017
			----- Rupees '000 -----	
	On:			
	a) Loans and advances		24,049,513	17,199,494
	b) Investments		10,666,953	11,346,603
	c) Lendings to financial institutions		58,031	45,741
	d) Balances with banks		48,878	21,630
	e) Securities purchased under resale agreements		376,590	152,651
			<u>35,199,965</u>	<u>28,766,119</u>
25	MARK-UP / RETURN / INTEREST EXPENSED			
	Deposits		14,567,628	11,526,804
	Securities sold under repurchase agreements		1,757,545	1,806,091
	Other short term borrowings		278,742	165,187
	SBP borrowings		370,466	347,702
	Short sale of Pakistan Investment Bonds		317,765	101,079
	Bai Muajjal		-	49,351
	Subordinated debt		-	92,809
	Musharaka acceptances		351,706	5,961
	Cost of foreign currency swaps against foreign currency deposits / borrowings		1,281,007	735,939
			<u>18,924,859</u>	<u>14,830,923</u>
26	FEE AND COMMISSION INCOME			
	Branch banking customer fees		652,885	570,742
	Consumer finance related fees		298,265	202,272
	Card related fees (debit and credit cards)		1,273,780	1,052,207
	Credit related fees		144,149	68,021
	Investment banking fees		270,284	234,158
	Commission on trade		289,820	248,873
	Commission on guarantees		98,027	87,408
	Commission on cash management		94,752	70,823
	Commission on remittances including home remittances		40,632	33,106
	Commission on bancassurance		349,449	499,236
	Others		35,324	19,793
			<u>3,547,367</u>	<u>3,086,639</u>
27	GAIN / (LOSS) ON SECURITIES			
	Realised - net	27.1	58,236	811,063
	Unrealised - held for trading - net		(7,676)	(3,853)
			<u>50,560</u>	<u>807,210</u>
27.1	Realised gain / (loss) on:			
	Federal Government securities		(41,497)	207,852
	Shares		2,054	603,211
	Open end mutual funds		97,679	-
			<u>58,236</u>	<u>811,063</u>
28	OTHER INCOME			
	Rent on property		204,914	152,468
	Gain on sale of fixed assets - net		30,219	21,765
	Gain on sale of non-banking assets - net		-	2,040
	Gain on short sale of Pakistan Investment Bonds (PIBs)		150,373	59,784
	Notice pay		15,068	22,261
	Others		1,981	1,462
			<u>402,555</u>	<u>259,780</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

29 OPERATING EXPENSES	Note	2018 ----- Rupees '000 -----	2017
Total compensation expense	29.1	5,287,811	4,390,978
Property expense			
Rent and taxes		1,485,006	1,364,231
Insurance		120,449	114,997
Utilities cost		638,371	525,092
Security (including guards)		544,379	491,730
Repair and maintenance (including janitorial charges)		406,385	417,920
Depreciation		379,701	319,378
Others		92,751	79,506
		<u>3,667,042</u>	<u>3,312,854</u>
Information technology expenses			
Software maintenance		757,813	585,359
Hardware maintenance		277,698	134,202
Depreciation		334,508	330,725
Amortisation		120,049	184,929
Network charges		216,342	218,330
Others		-	1,817
		<u>1,706,410</u>	<u>1,455,362</u>
Other operating expenses			
Directors' fees and allowances		113,075	89,062
Legal and professional charges		186,304	112,187
Outsourced services costs (refer note 35.1)		882,963	1,141,837
Travelling and conveyance		89,970	84,975
NIFT clearing charges		43,546	37,584
Depreciation		182,532	147,400
Training and development		27,459	27,276
Postage and courier charges		111,268	96,761
Communication		159,134	138,704
Marketing, advertisement and publicity		396,113	375,647
Donations	29.2	55,209	52,299
Auditors remuneration	29.3	115,653	48,396
Insurance		459,317	397,965
Stationery and printing		229,101	213,108
Bank fees and charges		99,463	87,339
Brokerage and commission		36,610	30,980
Deposit protection premium		147,474	-
Others		495,803	367,229
		<u>3,830,994</u>	<u>3,448,749</u>
		<u>14,492,257</u>	<u>12,607,943</u>

Cost of outsourced activities is Rs 68.219 million. Out of this cost, Rs 63.378 pertains to the payment to companies incorporated in Pakistan and Rs 4.841 million pertains to payment to companies 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.

S.No	Name of Outsourced Agency	Nature of Service	Estimated Cost (Rupees '000)
1	Apex Printry (Private) Limited	Cheque book printing	41,025
2	BCI Services (Private) Limited	Annual maintenance and support services	22,353
3	iAmplify	Annual maintenance and support services	4,841

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	----- Rupees '000 -----	
29.1 Total compensation expense		
Managerial Remuneration		
i) Fixed	2,512,251	2,110,123
ii) Variable		
of which;		
a) Cash bonus / awards, etc.	498,338	421,080
b) Commission incentives	269,447	165,540
Charge for defined benefit plan	123,622	114,614
Contribution to defined contribution Plan	146,545	137,116
Rent & house maintenance	764,959	649,153
Utilities	188,296	159,225
Medical	155,577	129,005
Conveyance	515,466	446,182
Others	104,417	47,750
Sub-total	5,278,918	4,379,788
Sign-on Bonus **	5,300	3,200
Severance Allowance **	3,593	7,990
Grand Total	5,287,811	4,390,978

** Sign on bonus was provided to 4 employees (2017: 3 employees) and severance allowance was given to 2 employees (2017: 1 employee)

29.1.1 The Bank operates a performance management scheme which includes performance bonus for all employees including President and Chief Executive Officer (P&CEO) of the Bank. Under this scheme, the bonus for all Executives, including the P&CEO of the Bank is determined on the basis of employees' performance and the Bank's performance during the year. The aggregate amount paid to eligible employees in respect of the above scheme relating to all Executives and the Ex-P&CEO of the Bank amounted to Rs 263.603 million and Rs 36 million respectively (2017: Rs 279.293 million and Rs 36 million respectively).

	2018	2017
	----- Rupees '000 -----	
29.2 Donations made during the year were as follows:		
Donee		
Waqf Faisal (Trust)	55,209	52,299

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

	2018	2017
	----- Rupees '000 -----	
29.3 Auditors' remuneration		
Statutory audit fee	3,300	3,300
Fee for consolidated financial statements	1,500	-
Fee for other statutory certifications	5,365	6,385
Fee for quarterly and annual group reporting	11,493	12,033
Fee for the review of the half yearly financial statements	900	900
Fee for audit of employee funds	80	80
Special certifications and sundry advisory services	83,510	14,023
Tax services	7,505	8,675
Out-of-pocket expenses	2,000	3,000
	115,653	48,396

30 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	43,563	11,761
Impairment charged for non-banking assets acquired in satisfaction of claims	46,712	-
	90,275	11,761

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

31 REVERSAL OF PROVISION AND RECOVERIES AGAINST WRITTEN-OFF DEBTS - NET	Note	2018	2017
		----- Rupees '000 -----	----- Rupees '000 -----
Provision against lending to financial institutions		-	-
Provision for diminution in value of investments	10.4	92,891	182,943
Reversal of provision against loans and advances	11.4	(433,611)	(586,291)
Other provision	15.2.1	7,584	4,610
Bad debts written off directly		10,926	7,119
Recovery of written off / charged off bad debts	15.2.2	(123,878)	(105,335)
Provision against off balance sheet obligations	19.2	24,148	5,152
		<u>(421,940)</u>	<u>(491,802)</u>
		2018	2017
		----- Rupees '000 -----	----- Rupees '000 -----
32 TAXATION			Restated
Current		3,308,310	2,647,657
Prior years		(1,663,691)	(882,492)
Deferred		1,719,907	997,361
		<u>3,364,526</u>	<u>2,762,526</u>
32.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>8,201,709</u>	<u>7,292,176</u>
Tax calculated at the rate of 35% (2017: 35%)		2,870,598	2,552,262
Effect of:			
- permanent differences		15,247	4,116
- prior year charge		146,051	(48,735)
- super tax current year		345,515	-
- super tax prior year		-	258,618
- others		(12,885)	(3,735)
Tax charge for the year		<u>3,364,526</u>	<u>2,762,526</u>
		2018	2017
		----- Rupees '000 -----	----- Rupees '000 -----
33 BASIC EARNINGS PER SHARE			
Profit for the year		<u>4,837,183</u>	<u>4,529,650</u>
		Number of shares	Number of shares
		in thousands	in thousands
Weighted average number of ordinary shares		<u>1,517,697</u>	<u>1,517,697</u>
		----- Rupees -----	----- Rupees -----
Basic earnings per share		<u>3.19</u>	<u>2.98</u>
33.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at December 31, 2018 and December 31, 2017 which would have any effect on the earnings per share if the option to convert is exercised.			
		2018	2017
		----- Rupees '000 -----	----- Rupees '000 -----
34 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks		43,173,993	37,861,767
Balance with other banks		1,847,595	1,872,771
Overdrawn nostros		(141,626)	(245,631)
		<u>44,879,962</u>	<u>39,488,907</u>
		2018	2017
		Number of employees	Number of employees
35 STAFF STRENGTH			
Permanent		6,118	3,959
On bank contract		23	18
Bank's own staff strength at the end of the year		<u>6,141</u>	<u>3,977</u>
35.1 In addition to the above, 859 (2017: 3053) employees of outsourcing services companies were assigned to the Bank at the end of the year to perform services other than guarding and janitorial services.			

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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. During the year the Bank has bifurcated the approved funded gratuity scheme into 2 sub-funds that is 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, 2018.

36.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2018	2017
	Number of employees	
- Gratuity fund	6,141	3,977

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2018 using the following significant assumptions:

	2018		2017	
	Conventional	Islamic	Conventional	Islamic
	% per annum			
Discount rate	13.75	13.75	9.50	9.50
Expected rate of return on plan assets	13.75	13.75	9.50	9.50
Expected rate of salary increase	13.75	13.75	9.50	9.50

36.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	2018		2017	
		Gratuity fund		Gratuity fund	
		Conventional	Islamic	Conventional	Islamic
Rupees '000					
Present value of obligations	36.5	373,113	337,534	324,113	325,926
Fair value of plan assets	36.6	(314,357)	(278,438)	(374,804)	(315,129)
		58,756	59,096	(50,691)	10,797

36.5 Movement in defined benefit obligations

Obligations at the beginning of the year	324,113	325,926	592,711	-	
Transfer during the year	(3,249)	3,249	(315,000)	315,000	
Current service cost	73,389	53,855	92,472	26,889	
Interest cost	33,411	32,300	45,926	14,606	
Benefits paid by the Bank	(68,107)	(55,896)	(69,317)	-	
Contribution	-	-	-	-	
Re-measurement loss / (gain)	13,556	(21,900)	(22,679)	(30,569)	
Obligations at the end of the year		373,113	337,534	324,113	325,926

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Note	2018		2017	
	Gratuity fund		Gratuity fund	
	Conventional	Islamic	Conventional	Islamic
----- Rupees '000 -----				
36.6 Movement in fair value of plan assets				
Fair value at the beginning of the year	(374,804)	(315,129)	(644,985)	-
Transfer during the year	3,249	(3,249)	315,000	(315,000)
Interest income on plan assets	(38,013)	(31,320)	(49,381)	(15,896)
Contribution by the Bank - net	-	-	(63,197)	-
Benefits paid by the Bank	68,107	55,896	69,317	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	36.8.2	27,104	15,364	(1,558)
Fair value at the end of the year	<u>(314,357)</u>	<u>(278,438)</u>	<u>(374,804)</u>	<u>(315,129)</u>
36.7 Movement in (receivable) / payable under defined benefit schemes				
Opening balance	(50,691)	10,797	(52,274)	-
Charge for the year	68,787	54,835	89,017	25,599
Contribution by the Bank - net	-	-	(63,197)	-
Re-measurement loss / (gain) recognised in OCI during the year	36.8.2	40,660	(6,536)	(24,237)
Closing balance	<u>58,756</u>	<u>59,096</u>	<u>(50,691)</u>	<u>10,797</u>
36.8 Charge for defined benefit plans				
36.8.1 Cost recognised in profit and loss				
Current service cost	73,389	53,855	92,472	26,889
Net interest on defined benefit asset / liability	(4,602)	980	(3,455)	(1,290)
	<u>68,787</u>	<u>54,835</u>	<u>89,017</u>	<u>25,599</u>
36.8.2 Re-measurements recognised in OCI during the year				
Loss / (gain) on obligation				
- Demographic assumptions	-	-	-	-
- Financial assumptions	-	-	-	-
- Experience adjustment	13,556	(21,900)	(22,679)	(30,569)
Return on plan assets over interest income	27,104	15,364	(1,558)	15,767
Total re-measurements recognised in OCI	<u>40,660</u>	<u>(6,536)</u>	<u>(24,237)</u>	<u>(14,802)</u>
36.9 Components of plan assets				
Cash and cash equivalents - net	212,010	278,438	20,147	315,129
Government securities	102,052	-	354,362	-
Shares	295	-	295	-

The funds are primarily invested in Government securities (Market Treasury Bills, Pakistan Investment Bonds, Special Savings Certificates, etc) and 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 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:

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FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	
	Gratuity fund	
	Conventional	Islamic
	----- Rupees '000 -----	
1% increase in discount rate	(36,108)	(31,675)
1% decrease in discount rate	42,489	36,891
1 % increase in expected rate of salary increase	42,997	37,364
1 % decrease in expected rate of salary increase	(37,145)	(32,609)
1 year increase in expected life / withdrawal rate	(10,391)	(7,917)
1 year decrease in expected life / withdrawal rate	9,536	7,077
36.11 Expected contributions to be paid to the funds in the next financial year	117,722	59,781
36.12 Expected charge for the next financial year	117,722	59,781

36.13 Maturity profile

The weighted average duration of the defined benefit obligation is 9.68 years and 10.10 for conventional and Islamic fund respectively.

36.14 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.

36.15 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 31.65% of the total Investments (Rs. 99.479 million) is invested in PIB's. This gives rise to significant reinvestment risk. The remaining Fund is invested in Treasury Bills. The fixed T-bills exposure is almost 0.82%. The rest of 0.09% is invested in the Equity instrument. 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 does not have 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. So 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, increase the net liability of the Bank.

Life expectancy / Withdrawal rate

The Gratuity is paid off at the maximum age of 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Other risks

Though, not imminent and observable, over long term there are some risks that may crystallize. 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 projected.

37 DEFINED CONTRIBUTION PLAN

The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 10% of the basic salary. The financial statements of the fund are separately prepared and are not included as part of these unconsolidated financial statements.

38 COMPENSATION OF DIRECTORS AND EXECUTIVES

Particulars	President & Chief Executive Officer(s)		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Managerial remuneration	32,250	22,001	-	-	1,316,772	777,316
Fees	-	-	113,075	89,062	-	-
Charge for defined benefit plan	2,646	1,833	-	-	60,837	57,267
Contribution to defined contribution plan	3,225	2,497	-	-	66,658	65,172
Rent and house maintenance	4,922	3,183	-	-	320,782	299,168
Utilities	-	279	-	-	72,936	68,578
Medical	-	-	-	-	49,978	47,073
Leave fare assistance	-	-	-	-	-	102,047
Others	205	310	-	-	208,800	536,590
	<u>43,248</u>	<u>30,103</u>	<u>113,075</u>	<u>89,062</u>	<u>2,096,763</u>	<u>1,953,211</u>
Number of persons	<u>1</u>	<u>2</u>	<u>9</u>	<u>10</u>	<u>746</u>	<u>688</u>

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

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

38.3 In addition to the above, all executives, including the President & Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 29 to these unconsolidated financial statements.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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39 FAIR VALUE MEASUREMENTS

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

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

39.1 Fair value of financial assets

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

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

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

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

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:

	2018			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- Rupees '000 -----			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	182,836,810	-	182,836,810
Shares	7,193,824	30,346	-	7,224,170
Non-Government Debt Securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments	-	15,490,626	-	15,490,626
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,774,714	8,774,714
Non-banking assets acquired in satisfaction of claims	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	69,187,310	-	69,187,310
Forward sale of foreign exchange	-	28,895,283	-	28,895,283
Derivatives sales	-	4,483,600	-	4,483,600

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	2017			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- Rupees '000 -----			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	152,895,254	-	152,895,254
Shares	5,287,329	30,346	-	5,317,675
Non-Government Debt Securities	-	6,309,282	-	6,309,282
Financial assets - disclosed but not measured at fair value				
Investments	-	15,214,289	-	15,214,289
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	4,245,132	-	4,245,132
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,945,278	8,945,278
Non-banking assets acquired in satisfaction of claims	-	-	3,130,557	3,130,557
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	34,751,660	-	34,751,660
Forward sale of foreign exchange	-	10,655,396	-	10,655,396
Derivatives sales	-	2,361,939	-	2,361,939

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

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

40 SEGMENT INFORMATION

40.1 Segment Details with respect to business activities

	2018					Total
	Retail	CIBG	Treasury	SAM	Others	
----- 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	3,673,015	1,018,755	2,058,522	2,588	(492,927)	6,259,953
Total Income	14,689,570	2,820,879	3,318,169	26,578	1,679,863	22,535,059
Segment direct expenses	9,161,460	426,997	263,948	191,961	4,710,924	14,755,290
Inter segment expense allocation	3,901,788	530,132	121,442	106,570	(4,659,932)	-
Total expenses	13,063,248	957,129	385,390	298,531	50,992	14,755,290
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	264,595,019	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

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	2017					Total
	Retail	CIBG	Treasury	SAM	Others	
----- Rupees '000 -----						
Profit and loss						
Net mark-up / return / profit	(5,356,300)	11,584,821	7,349,838	300,719	56,118	13,935,196
Inter segment revenue - net	14,254,337	(9,431,067)	(5,778,510)	(240,933)	1,196,173	-
Non mark-up / return / interest income	3,282,930	694,262	2,002,366	2,151	(342,445)	5,639,264
Total Income	12,180,967	2,848,016	3,573,694	61,937	909,846	19,574,460
Segment direct expenses	8,012,150	425,021	262,096	138,877	3,935,942	12,774,086
Inter segment expense allocation	3,468,628	409,673	94,297	92,263	(4,064,861)	-
Total expenses	11,480,778	834,694	356,393	231,140	(128,919)	12,774,086
Provisions	205,161	(210,396)	75,885	(557,497)	(4,955)	(491,802)
Profit before tax	495,028	2,223,718	3,141,416	388,294	1,043,720	7,292,176
Statement of financial position						
Cash and bank balances	16,855,483	-	22,879,055	-	-	39,734,538
Investments	-	24,225,338	157,979,214	508,311	464,102	183,176,965
- Investment provision	-	(2,383,434)	(290,893)	(774,449)	-	(3,448,776)
Net inter segment lending	280,436,804	-	-	-	(280,436,804)	-
Lendings to financial institutions	-	-	9,010,335	-	-	9,010,335
Advances - performing	57,873,785	167,641,359	-	283,386	2,707,621	228,506,151
Advances - non-performing	5,019,952	4,356,087	-	17,812,771	132,266	27,321,076
- Advances - provisions	(3,677,639)	(3,539,605)	-	(16,979,924)	(97,899)	(24,295,067)
Others	10,299,393	11,809,850	2,226,517	720,226	9,872,674	34,928,660
Total Assets	366,807,778	202,109,595	191,804,228	1,570,321	(267,358,040)	494,933,882
Borrowings	2,288,784	16,886,004	35,613,759	-	-	54,788,547
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	353,886,758	16,394,074	-	77,145	1,266,178	371,624,155
Net inter segment borrowing	-	157,010,213	152,483,041	1,076,135	(310,569,389)	-
Others	10,632,236	11,819,304	3,705,979	417,041	2,700,150	29,274,710
Total liabilities	366,807,778	202,109,595	191,802,779	1,570,321	(306,603,061)	455,687,412
Equity	-	-	1,449	-	39,245,021	39,246,470
Total Equity and liabilities	366,807,778	202,109,595	191,804,228	1,570,321	(267,358,040)	494,933,882
Contingencies and commitments	8,419,751	40,714,647	-	950,628	-	50,085,026

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.

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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:

2018					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara 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 / NGO'S	21	1,227,930	120,000	-	1,347,930
Individuals	1190	2,280,735	286,600	-	2,567,335
Related parties	7	185,580	106,700	-	292,280
Others	6	-	-	-	-
	1472	11,235,670	4,905,800	-	16,141,470

2017					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	
----- Rupees '000 -----					
Corporate	36	1,583,000	3,892,400	-	5,475,400
Insurance companies	1	-	-	-	-
Asset management companies	46	211,500	-	-	211,500
Employees funds	154	2,278,030	3,051,800	-	5,329,830
Charitable institution / NGO'S	21	887,410	32,700	-	920,110
Individuals	408	699,435	377,850	-	1,077,285
Related parties	9	557,485	147,600	-	705,085
Others	6	-	-	-	-
	681	6,216,860	7,502,350	-	13,719,210

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RELATED PARTY TRANSACTIONS

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

The Banks 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:

	2018					2017						
	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	-	-	-	-	23,169	3,782,571	-	-	-	-	46,032	3,567,571
Investment made during the year	-	-	-	616,724	-	2,693,897	-	-	-	-	-	367,999
Investment redeemed / disposed off during the year	-	-	-	-	-	(1,342,583)	-	-	-	-	(22,863)	-
Transfer in / (out) - net	-	-	-	23,169	(23,169)	50,000	-	-	-	-	-	(152,999)
Closing balance	-	-	-	639,893	-	5,183,886	-	-	-	-	23,169	3,782,571
Provision for diminution in value of investments	-	-	-	-	-	2,321,301	-	-	-	-	-	2,317,947
Advances												
Opening balance	-	19,209	135,513	-	-	4,636,528	-	94	84,294	-	-	3,987,241
Addition during the year	-	-	95,950	-	-	472,248	-	20,014	131,519	-	-	792,376
Repaid during the year	-	(1,368)	(72,432)	-	-	(106,451)	-	(899)	(80,300)	-	-	(143,089)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	17,841	159,031	-	-	5,002,325	-	19,209	135,513	-	-	4,636,528
Provision held against advances	-	-	-	-	-	2,930,659	-	-	-	-	-	2,762,997
Other Assets												
Interest / mark-up accrued	-	15	112	-	-	860,805	-	16	109	-	-	899,213
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-
Commission income receivable	-	-	-	13,165	-	-	-	-	-	-	12,000	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	182	47,517	85,892	-	2,801	3,139,284	182	18,596	58,059	-	3,173	3,795,090
Received during the year	-	155,800	1,522,613	832,914	9,162,055	73,641,910	-	206,361	950,887	-	5,068,336	59,672,007
Withdrawn during the year	-	(127,042)	(1,498,298)	(832,920)	(9,162,116)	(73,364,929)	-	(177,440)	(923,054)	-	(5,068,708)	(60,327,813)
Transfer in / (out) - net	-	-	-	2,740	(2,740)	-	-	-	-	-	-	-
Closing balance	182	76,275	110,207	2,734	-	3,416,265	182	47,517	85,892	-	2,801	3,139,284
Other Liabilities												
Interest / mark-up payable	-	62	196	-	-	9,055	-	19	140	-	-	6,258
Payable to staff retirement fund	-	-	-	-	-	177,503	-	-	-	-	-	123,622
Other liabilities	-	62	196	-	-	186,558	-	19	140	-	-	129,880

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	2018				2017						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Rupees '000											

Contingencies and Commitments

Guarantees issued favouring related parties or on their behalf* 29,397 29,397

Trade related commitments 1,702,747 1,702,747

* represents outstanding guarantee

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

42.2 Details of outstanding investments and donations made during the year relating to related parties are given in notes 10 and 29.2 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 and 29.1.1 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.

RELATED PARTY TRANSACTIONS

	2018				2017						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Rupees '000											

Income

Mark-up / return / interest earned 125,694 125,694

Fee and commission income 34,377 34,377

Dividend income 204 204

Net gain on sale of securities 97,679 97,679

Expense

Mark-up / return / interest paid 157,812 157,812

Director's Fee and other expenses 113,075 113,075

-Salaries and other short-term employee benefits 338,538 338,538

-Post-employment benefits 19,569 19,569

Others

Shares / units purchased during the year 2,693,897 2,693,897

Shares / units sold during the year 1,440,262 1,440,262

Government securities purchased during the year 484,029 484,029

Government securities sold during the year 5,560,191 5,560,191

-	522	4,865	-	-	-	43,388
-	36	115	-	18,643	-	26,986
-	-	-	-	-	-	57,379
-	-	-	-	-	-	3,539
-	611	800	-	302	-	118,607
-	89,062	-	-	-	-	-
-	-	314,788	-	-	-	-
-	-	15,597	-	-	-	-
-	-	-	-	-	-	367,999
-	-	-	-	-	-	149,460
-	348,535	-	-	-	-	574,589
-	355,850	-	-	-	-	2,075,284

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43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	2018 ----- Rupees '000 -----	2017 ----- Rupees '000 -----
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>15,176,965</u>	<u>13,197,361</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>36,860,215</u>	<u>32,570,805</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>36,860,215</u>	<u>32,570,805</u>
Eligible Tier 2 Capital	<u>4,970,159</u>	<u>4,422,069</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>41,830,374</u>	<u>36,992,874</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>198,856,534</u>	<u>188,238,892</u>
Market Risk	<u>14,200,024</u>	<u>11,369,454</u>
Operational Risk	<u>35,913,323</u>	<u>33,076,686</u>
Total	<u>248,969,881</u>	<u>232,685,032</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>14.81%</u>	<u>14.00%</u>
Tier 1 Capital Adequacy Ratio	<u>14.81%</u>	<u>14.00%</u>
Total Capital Adequacy Ratio	<u>16.80%</u>	<u>15.90%</u>

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, 2018 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 10.00% 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, 2018 an additional Capital Conservation Buffer of 1.90% (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, 2018 stood at Rs 15.176 billion (2017: Rs 13.197 billion). As at December 31, 2018 Bank's CAR stood at 16.80% whereas CET1 and Tier 1 ratios both stood at 14.81%.

The Bank is also in compliance with the CCB requirements.

Leverage Ratio (LR):	2018 ----- Rupees '000 -----	2017 ----- Rupees '000 -----
Eligible Tier-1 Capital	<u>36,860,215</u>	<u>32,570,805</u>
Total Exposures	<u>753,092,496</u>	<u>621,431,848</u>
Leverage Ratio	<u>4.89%</u>	<u>5.24%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>142,734,534</u>	<u>158,597,029</u>
Total Net Cash Outflow	<u>98,435,120</u>	<u>77,621,136</u>
Liquidity Coverage Ratio	<u>1.452</u>	<u>2.118</u>

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Net Stable Funding Ratio (NSFR):	2018	2017
	----- Rupees '000 -----	
Total Available Stable Funding	359,743,076	356,147,953
Total Required Stable Funding	<u>275,300,061</u>	<u>213,926,847</u>
Net Stable Funding Ratio	<u>130.67%</u>	<u>166.48%</u>

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 organized under the Chief Risk Officer (CRO). It has been authorized by the Board of Directors (BoD) to monitor the implementation of various risk policies via implementation of an integrated risk management framework across the Bank. As an ongoing exercise to integrate risk related functions, RMG has been expanded, strengthened and entrusted to monitor the risk areas across the organization, 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 organization 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 organizational 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
- 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),

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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, 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, 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 & 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

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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 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 Standardized Approach under Basel. According to the regulatory statement submitted under the Standardised approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 64.34% (2017: 63.33%) of the total risk weighted assets, 3.33% (2017: 3.21%) represents claims on PSEs and 15.72% (2017: 16.56%) 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 JCR-VIS Credit Rating Company Limited (JCR-VIS) are used. For

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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	JCR-VIS	Standard and Poor's	Moody's	Fitch
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
Sovereigns	-	-	✓	✓	✓
PSEs	✓	✓	-	-	-

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

Long Term Rating Grades Mapping

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

Short Term Rating Grades Mapping

SBP Rating	PACRA	JCR-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:

44.1.4 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Public / Government	2,997,486	9,010,335	-	-	-	-
Private	-	-	-	-	-	-
	<u>2,997,486</u>	<u>9,010,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Textile	51,476	51,476	51,476	51,476	51,476	51,476
Chemical and pharmaceuticals	2,672,858	3,045,305	1,552,757	1,558,173	1,552,757	1,558,173
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	18,541,887	18,002,171	-	-	-	-
Financial	646,829	786,613	-	-	-	-
Services	566,667	1,133,333	-	-	-	-
Others	1,002,831	-	-	-	-	-
	<u>23,990,859</u>	<u>23,527,209</u>	<u>2,112,544</u>	<u>2,117,960</u>	<u>2,112,544</u>	<u>2,117,960</u>

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Public / Government	18,333,972	17,723,556	-	-	-	-
Private	5,656,887	5,803,653	2,112,544	2,117,960	2,112,544	2,117,960
	<u>23,990,859</u>	<u>23,527,209</u>	<u>2,112,544</u>	<u>2,117,960</u>	<u>2,112,544</u>	<u>2,117,960</u>

44.1.6 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Agriculture, forestry, hunting and fishing	39,779,224	22,130,158	1,372,755	1,491,871	919,484	868,923
Mining and quarrying	7,411,598	6,996,065	3,451	3,451	3,451	3,451
Textile	37,117,793	32,366,899	9,464,229	9,584,658	8,884,742	8,972,044
Chemical and pharmaceuticals	8,669,856	9,394,865	753,970	756,335	629,826	643,333
Cement	8,322,480	3,639,678	54,353	56,084	51,853	56,084
Sugar	9,620,402	7,939,423	17,131	-	632	-
Footwear and leather garments	1,489,369	1,462,689	507,821	527,679	332,212	232,568
Automobile and transportation equipment	3,750,068	471,975	182,265	182,265	163,567	163,567
Electronics and electrical appliances	7,902,111	6,395,397	1,360,057	1,421,886	1,288,308	1,407,453
Construction	6,281,421	6,546,600	387,395	538,707	384,621	527,886
Power (electricity), gas, water, sanitary	52,604,299	44,299,097	3,148,005	2,934,005	2,953,642	2,934,005
Wholesale and retail trade	11,536,522	12,288,555	1,794,988	1,936,017	1,421,392	1,482,406
Exports / imports	2,036,183	1,550,802	581,075	510,659	492,294	501,506
Transport, storage and communication	20,960,502	14,082,236	107,514	312,871	83,616	267,471
Financial	4,686,196	3,687,306	50,853	50,853	50,309	50,309
Insurance	1,600	-	-	-	-	-
Services	17,993,500	15,012,265	718,969	798,488	654,562	700,151
Individuals	33,525,266	28,959,322	2,597,054	2,397,785	2,057,216	1,889,705
Others	46,569,919	38,603,895	3,585,753	3,817,462	2,763,534	3,025,539
	<u>320,258,309</u>	<u>255,827,227</u>	<u>26,687,638</u>	<u>27,321,076</u>	<u>23,135,261</u>	<u>23,726,401</u>

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Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Public / Government	72,231,146	44,391,189	-	-	-	-
Private	248,027,163	211,436,038	26,687,638	27,321,076	23,135,261	23,726,401
	<u>320,258,309</u>	<u>255,827,227</u>	<u>26,687,638</u>	<u>27,321,076</u>	<u>23,135,261</u>	<u>23,726,401</u>

44.1.7 Contingencies and Commitments

Credit risk by industry sector

	2018	2017
	----- Rupees '000 -----	
Agriculture, forestry, hunting and fishing	199,496	789,020
Mining and quarrying	363,746	284,125
Textile	7,489,876	4,452,545
Chemical and pharmaceuticals	2,875,575	3,356,444
Cement	1,592,654	1,580,542
Sugar	289,519	71,358
Footwear and leather garments	60,681	299,858
Automobile and transportation equipment	567,516	377,269
Electronics and electrical appliances	619,533	753,942
Construction	1,208,171	1,728,443
Power (electricity), gas, water, sanitary	7,074,714	8,537,296
Wholesale and retail trade	3,021,243	3,383,893
Exports / imports	75,870	84,255
Transport, storage and communication	2,541,034	3,513,629
Financial	2,330,244	2,136,464
Services	2,050,965	1,925,809
Individuals	645,273	477,823
Others	17,488,562	16,332,311
	<u>50,494,672</u>	<u>50,085,026</u>
Credit risk by public / private sector		
Public / Government	9,486,232	14,626,871
Private	41,008,440	35,458,155
	<u>50,494,672</u>	<u>50,085,026</u>

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 98,957 million (2017: Rs 77,385 million) are as following:

	2018	2017
	----- Rupees '000 -----	
Funded	85,612,060	64,149,912
Non Funded	13,345,010	13,235,196
Total Exposure	<u>98,957,070</u>	<u>77,385,108</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 139.4 billion (2017: Rs 98.7 billion)

Total funded classified therein

	2018		2017	
	Amount	Provision held	Amount	Provision held
	----- Rupees '000 -----			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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44.1.9 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2018						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees '000						
Punjab	146,083,858	140,867,059	425,543	109,091	2,263	4,654,101	25,801
Sindh	139,615,748	5,580,181	133,851,908	67,577	15,721	92,477	7,884
KPK including FATA	546,482	525	-	545,957	-	-	-
Balochistan	10,083	-	48	-	10,035	-	-
Islamabad	33,928,716	7,059,829	13,020	311,628	1,329	26,514,543	28,367
AJK including Gilgit-Baltistan	73,422	-	-	-	-	-	73,422
Total	320,258,309	153,507,594	134,290,519	1,034,253	29,348	31,261,121	135,474

Province / Region	2017						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees '000						
Punjab	124,271,340	114,660,852	566,676	84,634	3,482	8,955,696	-
Sindh	99,325,184	5,940,747	93,301,995	15,426	-	67,016	-
KPK including FATA	500,167	946	1,448	497,773	-	-	-
Balochistan	11,599	-	10,551	-	1,048	-	-
Islamabad	31,617,676	7,235,828	28,417	170,101	-	24,183,230	100
AJK including Gilgit-Baltistan	101,261	-	9,162	-	-	600	91,499
Total	255,827,227	127,838,373	93,918,249	767,934	4,530	33,206,542	91,599

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 Balance sheet split by trading and banking books

	2018			2017		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees '000					
Cash and balances with treasury banks	43,173,993	-	43,173,993	37,861,767	-	37,861,767
Balances with other banks	1,847,595	-	1,847,595	1,872,771	-	1,872,771
Lendings to financial institutions	2,997,486	-	2,997,486	9,010,335	-	9,010,335
Investments	30,101,316	184,084,275	214,185,591	28,219,070	151,509,119	179,728,189
Advances	296,444,861	-	296,444,861	231,532,160	-	231,532,160
Fixed assets	11,612,007	-	11,612,007	11,443,528	-	11,443,528
Intangible assets	1,331,731	-	1,331,731	1,496,097	-	1,496,097
Deferred tax assets	183,206	-	183,206	1,599,985	-	1,599,985
Other assets	28,137,713	-	28,137,713	20,389,050	-	20,389,050
Total	415,829,908	184,084,275	599,914,183	343,424,763	151,509,119	494,933,882

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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.

	2018				2017			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	Rupees '000							
Pakistan Rupee	588,933,096	505,370,611	(40,143,995)	43,418,490	485,363,182	421,956,753	(24,061,325)	39,345,104
United States Dollar	9,380,623	45,306,977	35,946,997	20,643	8,102,417	28,149,258	19,888,492	(158,349)
Great Britain Pound Sterling	933,973	3,854,846	2,926,748	5,875	1,041,286	3,716,589	2,701,527	26,224
Euro	602,876	1,883,214	1,280,833	495	397,891	1,858,856	1,471,306	10,341
Japanese Yen	2,091	20	-	2,071	156	3,589	-	(3,433)
Other currencies	61,524	-	(10,583)	50,941	28,950	2,367	-	26,583
	<u>599,914,183</u>	<u>556,415,668</u>	<u>-</u>	<u>43,498,515</u>	<u>494,933,882</u>	<u>455,687,412</u>	<u>-</u>	<u>39,246,470</u>

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			

Impact of 1% change in foreign exchange rates on

- Profit and loss account	-	800	-	987
- 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.

	2018		2017	
	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	2,483	354,707	3,992	257,874

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44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 1% change in interest rates on				
- Profit and loss account	(601,472)	1,610,913	(481,355)	1,197,232
- Other comprehensive income	-	(219,886)	-	(409,195)

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
			2018										
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 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		
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	6.4	2,997,486	2,997,486	-	-	-	-	-	-	-	-	-	-
Investments	7.1	213,545,699	90,641,342	17,121,366	3,191,616	5,911,644	1,675,947	280,656	7,224,170	-	-	-	7,224,170
Advances	8.11	296,444,861	127,059,643	98,777,840	32,240,925	68,266	180,967	243,742	1,568,955	-	-	-	3,551,397
Other assets		20,280,815	-	-	-	-	-	-	-	-	-	-	20,280,815
		578,290,449	220,698,471	186,276,798	35,432,541	5,979,910	1,856,914	243,742	1,568,955	643,262	-	-	76,077,970
Liabilities													
Bills payable		23,543,525	-	-	-	-	-	-	-	-	-	-	23,543,525
Borrowings	6.8	98,351,921	71,787,088	12,379,365	653,131	146,678	400,150	455,048	1,860,047	-	-	-	141,625
Deposits and other accounts	3.8	409,363,802	194,893,035	35,751,500	25,597,130	1,389,865	1,607,035	1,355,008	-	-	-	-	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	26,250,261	1,536,543	2,007,185	590,566	1,860,047	(346,814)	(1,216,785)	1,568,955	(105,503,084)
On-balance sheet gap		23,977,157	(45,981,652)	138,145,933	9,182,280	4,443,367	(150,271)	(346,814)	(1,216,785)	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-
- 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	(2,374,743)	-	-	-	-	-	-	-
Total Yield / Interest Rate Sensitivity 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	-
Cumulative Yield / Interest Rate 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	-	-	-

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		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		
Effective Yield / Interest rate	Total	Rupees '000										
On-balance sheet financial instruments												
Assets												
	Cash and balances with treasury banks	-	-	-	-	-	-	-	-	-	-	37,861,767
	Balances with other banks	-	-	-	-	-	-	-	-	-	-	1,872,771
5.8	Lending to financial institutions	9,010,335	-	-	-	-	-	-	-	-	-	-
6.5	Investments	179,661,358	56,973,309	21,309,851	889,335	3,683,636	7,956,974	3,345,417	557,419	-	-	5,340,843
7.5	Advances	231,532,160	86,466,163	39,118,748	24,761,557	739	497,160	608,968	198,781	3,618	-	3,594,675
	Other assets	13,073,518	-	-	-	-	-	-	-	-	-	13,073,518
		473,011,909	164,896,660	143,439,472	60,428,599	25,650,892	8,454,134	3,954,385	756,200	3,618	-	61,743,574
Liabilities												
	Bills payable	-	-	-	-	-	-	-	-	-	-	8,761,334
4.8	Borrowings	33,377,996	15,171,185	3,421,534	50,950	14,250	223,003	782,628	571,157	930,213	-	245,631
3.4	Deposits and other accounts	162,411,410	34,091,542	18,366,587	25,310,423	1,182,117	636,287	95,087	-	-	-	129,530,702
	Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-
	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-
	Other liabilities	19,187,647	4,245,132	-	-	-	-	-	-	-	-	-
		454,361,683	195,789,406	53,507,859	21,788,121	25,361,373	1,196,367	859,290	571,157	930,213	-	153,480,182
	On-balance sheet gap	18,650,226	(30,892,746)	89,931,613	38,640,478	289,519	2,488,008	7,594,844	3,076,670	185,043	(926,595)	(91,736,609)
	Net non financial assets	20,596,244										
	Total net assets	39,246,470										
Off-balance sheet financial instruments												
Commitments in respect of:												
	- forward foreign exchange contracts (lending)	-	-	612,496	-	-	-	-	-	-	-	-
	- forward foreign exchange contracts (borrowing)	17,665,705	15,316,474	891,451	-	-	-	-	-	-	-	-
	- forward government securities transactions (lending)	5,824,045	3,542,879	-	-	-	-	-	-	-	-	-
	- forward government securities transactions (borrowing)	6,058,908	-	-	-	-	-	-	-	-	-	-
	- cross currency and interest rate swaps	26,440,962	-	-	-	-	-	-	-	-	-	-
	- forward lending	2,361,939	1,257,767	1,104,172	-	-	-	-	-	-	-	-
	Off-balance sheet gap	582,307	(8,540,394)	10,515,828	(1,393,127)							
	Total Yield / Interest Risk Sensitivity Gap	(39,433,140)	100,447,441	37,257,351	289,519	2,488,008	7,594,844	3,076,670	185,043	(926,595)		
	Cumulative Yield / Interest Risk Sensitivity Gap	(39,433,140)	61,014,301	98,271,652	98,561,171	101,049,179	108,644,023	111,720,693	111,905,736	110,979,141		

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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 Bank's activities (basis risk);
- iii) changing rate relationships across the range of maturities (yield curve risk);
- iv) interest-related options embedded in 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 organizational 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 oversees 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

2018													
Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
----- Rupees '000 -----													
Assets													
Cash and balances with treasury banks	43,173,993	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,847,595	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	2,997,486	2,997,486	-	-	-	-	-	-	-	-	-	-	-
Investments	214,185,591	19,455	89,938,626	125,273	39,806,592	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	45,543,523	39,806,592	18,064,094	24,015,789	5,674,551	7,852,753	24,935,437	21,226,024	30,539,104	28,619,171
Fixed assets	11,612,007	22,473	23,602	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	11,225	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	1,104,688	3,690,004	3,690,004	1,605,711	4,882,721	578,755	947,543	889,458	1,340,829	3,767,708	-
	599,914,183	69,247,535	112,435,198	50,602,810	43,714,740	21,209,230	32,122,328	11,515,609	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	141,626	62,166,500	825,000	8,795,588	9,041,315	10,528,789	650,154	2,976	146,678	400,150	455,048	1,860,047
Deposits and other accounts	409,383,802	281,992,267	13,118,572	10,770,170	23,873,887	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	1,023,564	4,919,340	3,747,087	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	76,308,636	16,514,510	36,416,562	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	(11,272,295)	3,018,783	(947,268)	(5,145,256)	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, 2018

2017

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
----- Rupees '000 -----													
Assets													
Cash and balances with treasury banks	37,861,767	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,872,771	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	9,010,335	3,000,000	5,000,000	1,010,335	-	-	-	-	-	-	-	-	-
Investments	179,728,189	38,354	14,484,896	64,841,063	40,660,288	14,706,805	5,815,197	1,192,744	3,938,007	6,432,057	10,686,636	8,107,984	8,824,158
Advances	231,532,160	28,480,213	12,054,622	31,933,704	17,587,008	12,088,791	15,973,170	6,217,931	6,048,193	20,639,460	19,805,611	25,237,737	20,713,261
Fixed assets	11,443,528	21,980	5,183	8	54	13,152	261,801	8,178	265,175	227,636	198,617	762,979	9,678,765
Intangible assets	1,496,097	-	-	-	-	25,990	1,742	484	7,523	76,378	322,625	-	1,061,355
Deferred tax assets	1,599,985	-	-	-	-	-	-	-	-	-	-	-	1,599,985
Other assets	20,389,050	1,976,145	805,794	1,633,649	2,803,193	1,492,356	3,545,429	796,393	1,591,843	1,086,494	109,387	3,177,712	133,755
	494,933,882	70,251,230	30,776,418	99,418,759	61,050,543	28,327,094	25,597,339	8,215,730	11,850,741	28,462,025	31,122,876	37,286,412	42,011,279
Liabilities													
Bills payable	8,761,334	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	54,788,547	30,412,444	1,148,000	1,516,747	10,563,028	4,620,157	3,409,534	44,624	6,326	14,250	223,003	782,628	1,501,370
Deposits and other accounts	371,624,155	260,080,562	9,018,237	16,050,532	16,945,893	17,145,649	18,366,587	8,720,673	16,589,751	1,182,117	636,287	95,087	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	20,513,376	54,119	999,962	1,313,676	4,774,399	3,463,562	2,597,505	1,175,864	2,491,455	1,469,562	1,505,563	1,904	-
	455,687,412	269,442,451	40,430,643	18,880,955	32,283,320	25,229,368	24,373,626	9,941,161	19,087,532	2,665,929	2,364,853	879,619	1,501,370
Net assets	39,246,470	(199,191,221)	(9,654,225)	80,537,804	28,767,223	3,097,726	1,223,713	(1,725,431)	(7,236,791)	25,796,096	28,758,023	36,406,793	40,509,909
Share capital	13,197,361												
Reserves	7,936,338												
Surplus on revaluation of assets - net	5,613,243												
Unappropriated profit	12,499,528												
	<u>39,246,470</u>												

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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.

	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
Lending 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	389,564	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	36,288,140	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									

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

2017

Assets	Rupees '000									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Cash and balances with treasury banks	37,861,767	204,455	412,693	836,745	1,699,993	3,564,685	4,590,739	9,414,328	14,400,723	2,737,406
Balances with other banks	1,872,771	1,872,771	-	-	-	-	-	-	-	-
Lending to financial institutions	9,010,335	9,010,335	-	-	-	-	-	-	-	-
Investments	179,728,189	79,364,313	55,367,093	5,815,197	5,130,751	6,432,057	10,686,636	8,050,476	7,803,810	1,077,856
Advances	231,532,160	43,944,264	35,161,393	26,276,906	34,304,250	22,765,658	23,128,692	25,237,737	13,262,740	7,450,520
Fixed assets	11,443,528	27,172	13,206	261,801	273,352	227,636	198,617	762,979	1,019,616	8,659,149
Intangible assets	1,496,097	-	25,990	1,742	8,008	76,378	322,625	-	394,268	667,086
Deferred tax assets	1,599,985	-	-	-	-	-	-	-	1,599,985	-
Other assets	20,389,050	5,652,490	4,295,549	3,545,429	2,111,984	1,362,746	109,387	3,177,712	133,753	-
	494,933,882	140,075,800	95,275,924	36,737,820	43,528,338	34,429,160	39,036,696	46,643,232	38,614,895	20,592,017
Liabilities										
Bills payable	8,761,334	8,761,334	-	-	-	-	-	-	-	-
Borrowings	54,788,547	33,623,627	15,171,185	3,421,534	50,950	14,250	223,003	782,628	571,157	930,213
Deposits and other accounts	371,624,155	34,551,403	36,907,525	24,075,709	36,911,252	25,513,557	31,980,344	64,404,145	98,224,233	19,055,987
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	20,513,376	3,033,563	8,237,961	2,597,505	3,667,318	1,469,562	1,505,563	1,904	-	-
	455,687,412	79,969,927	60,316,671	30,094,748	40,629,520	26,997,369	33,708,910	65,188,677	98,795,390	19,986,200
Net assets	39,246,470	60,105,873	34,959,253	6,643,072	2,898,818	7,431,791	5,327,786	(18,545,445)	(60,180,495)	605,817
Share capital	13,197,361									
Reserves	7,936,338									
Surplus on revaluation of assets - net	5,613,243									
Unappropriated profit	12,499,528									
	39,246,470									

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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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 21, 2019 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 except for the following and those disclosed in note 3.8.2:

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Particulars	Before reclassification - as at December 31, 2017	Reclassification	After reclassification - as at December 31, 2017
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----- Rupees '000 -----

Statement of financial position

Other assets - acceptances	-	6,892,781	6,892,781
Other liabilities - acceptances	-	6,892,781	6,892,781
Fixed assets	12,939,625	(1,496,097)	11,443,528
Intangible assets	-	1,496,097	1,496,097
Bills payable	7,304,326	1,457,008	8,761,334
Deposits and other accounts	373,081,163	(1,457,008)	371,624,155
Equity	33,633,227	5,613,243	39,246,470

Particulars	Before reclassification - for the year ended December 31, 2017	Reclassification	After reclassification - for the year ended December 31, 2017
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----- Rupees '000 -----

Profit and loss account

Mark-up / return / interest earned	28,791,306	(25,187)	28,766,119
Gain on securities	845,659	(38,449)	807,210
Unrealised loss on revaluation of investments classified as held for trading - net	(3,853)	3,853	-
Workers' Welfare Fund	-	154,382	154,382
Other charges	166,143	(154,382)	11,761
Reversal of provision against non-performing loans and advances - net	(690,700)	690,700	-
Provision for consumer and small enterprise loans - general - net	104,409	(104,409)	-
Provision against off balance sheet obligations	5,152	(5,152)	-
Provision for diminution in value of investments - net	182,943	(182,943)	-
Recoveries against written-off debts - net	(98,216)	98,216	-
Other provisions - net	4,610	(4,610)	-

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Particulars	Before reclassification - as at December 31, 2016	Reclassification	After reclassification - as at December 31, 2016
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----- Rupees '000 -----

Statement of financial position

Other assets - acceptances	-	7,558,310	7,558,310
Other liabilities - acceptances	-	7,558,310	7,558,310
Fixed assets	12,111,881	(1,607,059)	10,504,822
Intangible assets	-	1,607,059	1,607,059
Bills payable	5,982,285	673,634	6,655,919
Deposits and other accounts	340,306,404	(673,634)	339,632,770
Equity	29,090,229	5,917,426	35,007,655

Figures have been rounded off to the nearest thousand rupees unless other wise stated.

Captions as prescribed in BPRD Circular No. 02 dated January 25, 2018 issued by the State Bank of Pakistan in respect of which no amounts are outstanding have not been reproduced in these unconsolidated financial statements except in the unconsolidated statement of financial position and the unconsolidated profit and loss account.

47 EVENTS AFTER THE REPORTING DATE

- 47.1** The Board of Directors in its meeting held on February 21, 2019 has proposed a stock dividend of Nil% amounting to Rs Nil (2017: 15% stock dividend amounting to Rs 1,979.604 million).
- 47.2** Finance Supplementary (Second Amendment) Bill, 2019 laid down before the National Assembly of Pakistan on January 23, 2019, amended the rate of super tax noted in the earlier Finance Act 2018 and prescribed a flat rate of 4% super tax for all accounting years from 2017 to 2020.

Since the above change in tax rates has been announced after the reporting date, it has been treated as non adjusting event under IAS 10, 'Events after the reporting period' and no financial impact has been taken in these current year's 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, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)			
1	2	3	4	5	6	7	8	9	10	11	12	13
Rupees '000												
1	Master Qurban Company	38- Urdu Bazar, Lahore	Muhammad Saeed	35202-9477438-5	Mola Buksh	11,717	3,872	-	15,589	-	-	3,234
2	Amity World	111, 1st Floor, Anna Plaza, Peshawar Road, Rawalpindi	Mehmood Ahmad	37405-8053896-3	Abdul Haye	1,077	1,315	-	2,392	-	-	926
3	Madina Gloves	House No 31-32, St-1, Masoodabad, Faisalabad	M. Saleem Shahtzad	33100-8910179-7	Nazir Ahmed Malik	3,334	2,310	-	5,644	-	-	2,210
4	Malik Muhammad Asif	Shop No. 01, Muslim Market, Muslim Town, Rawalpindi.	Malik Muhammad Asif	37405-7554015-3	Malik Muhammad Ashiq	2,249	1,728	-	3,977	-	-	1,775
5	Bright Engineering	Main Bazar, Shaifqabad No. 1, Near Bhambian Stop, Bund Road, Lahore, Pakistan.	Muhammad Akram	35202-4282076-3	Nabi Buksh	438	2,216	-	2,654	-	-	1,939
6	Gmk Textiles	Chak # 120, Near Ismat City Dawood Road Bava Chak, Saigodha Road, Faisalabad	1- Ali Ahmed 2- Asad Ali 3- Shakeel Ahmed	33201-1711680-3 33201-1711682-1 33401-0407175-9	1- Baqir Ali Ditta 2- Baqir Ali Ditta 3- Baqir Ali Ditta	5,011	1,446	-	6,457	-	-	1,448
7	Sawdaagar	H# C-195-196, Akhter Colony Street# 5 Sector C, Korangi Road Karachi.	Ahmad Nabi	42201-4330326-3	Noor Ahmed	-	547	-	547	-	-	547
8	Sawdaagar	H# C-195-196, Akhter Colony Street# 5 Sector C, Korangi Road Karachi.	Ahmad Nabi	42201-4330326-3	Noor Ahmed	2,112	8,586	-	10,698	-	-	8,471
9	Ganguali Textile Industries (Pvt) Ltd.	Plot No. 25-26, Sector No. 12-B North Karachi Industrial Area Karachi	1- Kabir Ahmed 2- Zubaida Khatoon 3- Alfif Kabir 4- Tabinda Alfif	42101-1358731-9 42101-7739100-4 42101-1436362-1 42101-1404910-4	1- Syed Abdul Subhan 2- W/O Kabir Ahmed 3- Kabir Ahmed 4- W/O Alfif Kabir	15,370	13,227	-	28,597	-	-	14,084
10	Ganguali Textile Industries (Pvt) Ltd.	Plot No. 25-26, Sector No. 12-B North Karachi Industrial Area Karachi	1- Kabir Ahmed 2- Zubaida Khatoon 3- Alfif Kabir 4- Tabinda Alfif	42101-1358731-9 42101-7739100-4 42101-1436362-1 42101-1404910-4	1- Syed Abdul Subhan 2- W/O Kabir Ahmed 3- Kabir Ahmed 4- W/O Alfif Kabir	9,486	19,246	-	28,732	-	-	19,246
11	Zahid Iqbal Malik / Raheela Shahzadi	House No.8, Block-N, Model Town, Lahore	Zahid Iqbal Malik	35202-1233099-5	Muhammad Saddiq	3,641	3,440	-	7,081	-	-	3,154
12	Daily Pakistan	41- Jail Road, Lahore	Umer Mujeeb Shami	35202-8390334-3	Mujeeb-Ur-Rehman Shami	520	8,134	-	8,654	-	-	8,143
13	Leisure Textiles (Pvt.) Limited	15-Km, Defence Road, Off 23Rd Km, Multan Road, Lahore	1- Azhar Iqbal 2- Azeem Zafar 3- Afzal Mehmood	35200-1456813-9 91506-0126909-7 35202-7227511-7	1- Ch. Muhammad Iqbal 2- Zafar Iqbal Ch 3- Muhammad Aslam	100,000	146,458	-	246,458	13,434	-	165,075
14	Resham Cloth & Lehnga House	Toya Mohallah, Jhelum	Abdul Waheed Awan	37301-1500043-7	Mohammad Ashraf Awan	-	1,814	-	1,814	-	-	1,814

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year			Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						Principal	Interest / Mark-up	Others				
1	2	3	4	5	6	7	8	9	10	11	12	13
Rupees '000												
15	A.M Construction Pvt Ltd	Atchison Colony, 1-Km, Raiwind Road, (Near Fatima Masjid) Lahore	1- Ayesha Younis 2- Ms. Laila Younis 3- Usman Y. Sheikh 4- Tasneem Younis 5- Ali Younis Sheikh 6- Sh. Muhammad Younis	35202-4781951-8 35202-3681620-0 35202-7347743-3 35202-7490204-2 35202-8426010-1 35202-0624157-7	1) Sheikh M. Younis 2) Sheikh M. Younis 3) Sheikh M. Younis 4) W/O S. M. Younis 5) Sheikh M. Younis 6) Sheikh M. Younis	93,750	49,428	-	143,178	44,810	-	44,810
16	Ghulam Muhammad Rice Mills	Ghulam Muhammad Rice Mills, 9Km, Faisalabad Road Chinot.	1- M. Ali Shah 2- M. Tahir	33201-1672044-9 33201-1656617-5	1- Ghulam Muhammad Shah 2- M. Ayub	-	2,801	-	2,801	2,601	-	2,601
17	Mohammad Khan	House No.365 Street No.14, Sector: G/10-2, Islamabad	Khan Muhammad Khan	42301-8008886-7	Sher Mohammad	6,500	32,573	-	39,073	32,954	-	32,954
18	Ab Engineering (Pvt.) Ltd	F-563, Workers Avenue Site Karachi	1- Syed Haider Ali Naqvi 2- Syed Jaffer Ali Naqvi	42000-3393446-9 42401-4472296-9	1- Syed Mohammad Sahbir Naqvi 2- Syed Mohammad Sahbir Naqvi	-	64,349	-	64,349	64,349	-	64,349
19	Icc Textile Mills Ltd	242-A, Anand Road, Upper Mall, Lahore	1- Javaid S. Siddiqi 2- Adnan Javaid Siddique 3- Salman Javaid Siddiqui 4- Asim Pervaiz Siddiqui 5- Fauzia Javaid Siddiqui 6- Shafiq A Siddiqi 7- Pervaiz S Siddique	35200-1557171-7 35200-6036481-3 35200-9883340-7 35202-7244237-7 35202-8239782-8 35202-3960052-1 35202-8749481-7	1- Shafiq A Siddiqi 2- Javaid S. Siddiqi 3- Javaid S. Siddiqi 4- Pervaiz S. Siddique 5- Javaid S. Siddiqi 6- Sheikh Zameer Ahmed 7- Shafiq A Siddiqi	60,216	35,158	-	95,374	36,645	-	36,645
20	Muhammad Jamil Rice Dealer	1A/4L, Railway Bazar, Chori Street. Block C, Okara.	Muhammad Jamil	35302-3250660-1	Khair Din	1,500	1,818	-	3,318	1,566	-	1,566
21	Kaleem International Trading Company	Gulshah Mandi, Gulyana, Gujjar Khan	Muhammad Kaleem	37401-4988846-5	Muhammad Sharif	1,350	2,245	-	3,595	2,040	-	2,040
22	Aurangzaib Khan (Highbrow Mineral Water)	House No.C-139/1,Block-2, Clifton, Karachi	Aurangzaib Khan	42401-0508875-7	Muhammad Aslam Khan	950	2,717	-	3,667	2,336	-	2,336
23	Badar Traders	Ghakkhar Mandi, Main, G.T Road, Gujranwala	Altaf Ahmad Cheema	34101-2518182-9	Ghulam Ahmad Cheema	11,000	21,117	-	32,117	16,754	-	16,754

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year			Rupees '000			Total (10+11+12)	
						Principal	Interest / Mark-up	Other Financial Reliefs provided	6	7	8		9
24	Zaka Malik	House No.427, Block-N, Samanabad, Lahore	Zaka Malik	35200-1535669-7	Malik Mushtaq	1,949	1,810	-	3,759	-	1,387	-	1,387
25	Riaz Mehmood	15- Ahmed Block, New Garden Town, Lahore	Riaz Mehmood	35202-8114854-4	Sabir Mehmood	3,952	1,793	-	5,745	-	793	-	793
26	M.Asghar Ali S/O Allah Ditta	Street 01, Ghulam Rasool Nagar, Sarfraz Colony Faisalabad.	1- M. Asghar Ali 2- Ayesha Asghar	33100-6320079-7 33100-1569433-6	1- Allah Ditta 2- M. Asghar Ali	11,666	27,245	-	38,911	-	23,754	-	23,754
27	S. A Steel Foundry	Katcha Rahim Road, Misri Shah, Lahore	1- Sheikh Muhammad Shafique 2- Muhammad Abdullah	35202-4227486-5 35202-1129325-3	1- Sheikh Muhammad Rafique 2- Sheikh Muhammad Rafique	13	14,718	-	14,731	-	14,712	-	14,712
28	Haidey Enterprises	Outside Gunj Gate, City Circle Road, Peshawar	1- Haider Hassan Afsar 2- Zaki Haider Afsar 3- Razi Haider Afsar	17301-6233117-3 17301-8642927-7 17301-3183700-5	1- Agha Haider Quli Zahid 2- Agha Haider Quli Zahid 3- Agha Haider Quli Zahid	-	693	-	693	-	693	-	693
29	Haidey Filling Station	Outside Gunj Gate, City Circle Road, Peshawar	1- Haider Hassan Afsar 2- Zaki Haider Afsar 3- Razi Haider Afsar	17301-6233117-3 17301-8642927-7 17301-3183700-5	1- Agha Haider Quli Zahid 2- Agha Haider Quli Zahid 3- Agha Haider Quli Zahid	1,500	3,914	-	5,414	-	3,933	-	3,933
30	Rehman Metal Industry	Mohallah Mehar Noor Wala St 20, Mohallah Islampura, Gujranwala	Attique Ur Rehman	34101-2535196-7	Muhammad Rafique	14,993	6,753	-	21,746	-	6,299	-	6,299
31	Colour Quick Graphics	431- Main Ferozepur Road, Lahore	Khawaja Farhan Ahmed	35202-4725309-3	Khawaja Rasheed Ahmed	-	1,020	-	1,020	-	1,020	-	1,020
32	Azmat Traders	248-G, Main Multan Road, Allama Iqbal Town, Lahore	Ahsan Ashraf	35202-3277983-7	Muhammad Ashraf	-	848	-	848	-	847	-	847
33	Techman	59- Surriya Jabeen Park, Baghbanpura, Lahore	Waseem Ishiaq Khan	35201-9375308-1	Ishtiaq Ahmed	-	2,463	-	2,463	-	2,463	-	2,463
34	Habib Processing	Ground Floor, Dp-30-31, Sector 12-D, North Industrial Area Karachi Karachi	1- Erum Kamran 2- Shabana Lari	42201-0615273-0 42301-4210435-8	1- W/O Fahim Zafar Lari 2- W/O Syed Kamran Rasheed	-	20,499	-	20,499	-	20,499	-	20,499
35	Habib Processing	Ground Floor, Dp-30-31, Sector 12-D, North Industrial Area Karachi Karachi	1- Erum Kamran 2- Shabana Lari	42201-0615273-0 42301-4210435-8	1- W/O Fahim Zafar Lari 2- W/O Syed Kamran Rasheed	576	10,349	-	10,925	-	9,120	-	9,120
36	Sheikh Ashiq Hussain Major - R	H.No 71/B Tariq St No 1 Riaz Qureshi Road Kamalabad Rawalpindi	Sh. Ashiq Hussain	37405-0352366-7	Sheikh Sadiq Hussain	-	1,200	-	1,200	-	1,200	-	1,200

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					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
Rupees '000												
37	Karigar Collection (Pvt.) Ltd	88-A, Main Gulberg, Lahore	1- Ilyas Ahmed Malik 2- Nuzhat Ilyas Malik	35202-2847039-5 35202-1610332-2	1- Bilal Ahmed Malik 2- Ilyas Ahmed Malik	-	9,811	-	9,811	-	-	9,811
38	Farooq Art Jewellers	164-165, Bano Bazar, Anarkali, Lahore	1- Muhammad Farooq Pasha 2- Rumeela Tauseef	35202-1131621-7 35201-1317280-4	1- Abdul Wahab Khan 2- Abdul Mannan	-	2,370	-	2,370	-	-	2,320
39	Carson Woolen Mills (Pvt.) Ltd.	H.No. 24, St. No. 43, F-8/1, Islamabad.	1- Sh. Arshad Mehmood 2- Naveed Arshad 3- Kiran Arshad 4- Shehnaaz Arshad	61101-850527-3 61101-3709184-1 61101-7367403-8 61101-1302584-4	1- Sh Muhammad Rafiq 2- Sh Arshad Mehmood 3- Naveed Arshad 4- Sh Arshad Mehmood	30,989	62,373	-	93,362	-	-	63,526
40	Arshad Traders	H.No. 24, St. No. 43, F-8/1, Islamabad.	Sh. Arshad Mehmood	61101-850527-3	Sh Muhammad Rafiq	7,731	18,468	-	26,199	-	-	19,052
41	Syed Faiz Ul Hassan	House No.18-E, Street No.6, Officers Colony, Cavalary Ground, Lahore	Syed Faiz Ul Hassan	36502-1340369-1	Syed Ashtaq-Ul Hassan	2,316	4,299	-	6,615	-	-	3,814
42	Ifthikhar & Co.	30- Civic Centre, Fahad Arcade, M.A. Johar Town, Lahore	Muhammad Ifthikhar	35202-9035301-1	Ch. Muhammad Ismail	6,491	8,448	-	14,939	-	-	8,772
43	Aliseas Trading Co.	H #2/433, Wataer Works , Sialkot	1- Imran Afzal 2- Noman Afzal	34603-2292207-9 34603-8072733-1	1- Sheikh Muhammad Afzal 2- Sheikh Muhammad Afzal	16,000	13,450	-	29,450	-	-	12,780
44	Ali Steel Decoration	New Abadi, Harbanspura, Lahore	Allah Rakha	35201-1200306-1	Allah Ditta	1,490	1,766	-	3,256	-	-	1,465
45	K.B Thread Works Pvt Ltd	New Shad Bagh, Bund Road, Lahore	1- Irfan Khalid 2- Khalid Mehmood 3- Bushra Khalid	35201-5871382-3 35202-4405533-5 35202-6462582-6	1- Khalid Mehmood 2- Abdul Ghani 3- Khalid Mehmood	16,070	35,801	-	51,871	-	-	35,271
46	Irfan Textile (Pvt) Ltd	31-Km, Ferozpur Road, Lahore	1- Syed Muhammad Jawad Ahsan 2- Muhammad Yawar Irfan Khan 3- Muhammad Ahmed Irfan Khan	35202-6356700-9 35202-6657307-7 35202-0268314-1	1- S.M Ahsan-Ud- Din, 2- Muhammad Irfan Ullah Khan, 3- Muhammad Irfan Ullah Khan	-	54,288	-	54,288	-	-	54,288
47	Brocco Textiles Pvt Ltd	Flat No.2, Anwar Plaza, 652- Umar Block, Allama Iqbal Town, Lahore	1- Khuram Niazi 2- Muhammad Siddique	35202-2280036-5 35201-1458638-1	1- Niaz Ahmed Akhtar 2- Nizam Din	19,948	32,807	-	52,755	-	-	32,249

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						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	
Rupees '000													
48	Dream Builders & Real Estate Consultants	17-H, Phase-I, Commercial Area, Dha Lahore Cantt	Moazzam Ali	35201-1061323-9	M. Iqbal Hussain	-	2,483	-	2,483	-	-	2,483	
49	Pirzada Kamal Basheer	B-173 Sector 11-B North Karachi	Pirzada Kamal Basheer	42101-5452928-9	Hafiz Bashir Ahmed	2,214	2,193	-	4,407	-	-	2,007	
50	H. Ibrahim & Sons	Adda Salihtal Mouza Jandowall Depalpur Dist Okara	1- Mr. Muhammad Umer 2- Mr. Abdul Khaliq Ahmad	42301-8516066-1 35202-5113383-9	1- Muhammad Ibrahim 2- Muhammad Ibrahim	9,822	4,486	-	14,308	-	-	4,409	
51	Mehran Enterprises	Main Road, Model Town, Faisalabad.	1- Muhammad Aslam 2- Muhammad Adnan Niaz	33100-6786141-5 33100-4012588-5	1- M. Shafi 2- Niaz Ali Shah	229	4,789	-	5,018	-	-	4,048	
52	Miw Industries (Pvt) Ltd	26-A, C-II, Gulberg-II, Lahore	1- Muhammad Naseem Niaz 2- Muhammad Waleed Niaz 3- Ms. Larab Niaz	35202-0794596-7 35202-7141671-1 35202-8696238-8	1- Ch. Niaz Muhammad 2- Muhammad Naseem Niaz 3- Muhammad Naseem Niaz	32,831	29,672	-	62,503	16,782	-	49,088	
53	Del (Pvt.) Limited	Industrial Plot # 37, 2-Km Manga, Raiwind Road, Lahore	1- Jehanzeb Burki 2- Ayesha Burki	35201-3164290-5 35201-8388680-8	1- Abdul Shafi Burki 2- Jehanzeb Burki	6,547	3,991	-	10,538	-	-	3,556	
54	Sania Fabrics (Pvt.) Limited	1St Floor, Taj Plaza, Kotwali Road, Faisalabad.	1- M. Shahid Mehmood 2- Mrs. Naheed Mehmood 3- M. Abid	33100-7832405-5 33100-0890763-0 33100-5648128-9	1- M. Ismaiel 2- Shahid Mehmood 3- M. Ismaiel	9,712	15,184	-	24,896	-	-	16,352	
55	Muhammad Munir Butt	House 477, Block-II, Sector C-1, Township, Lahore	Muhammad Munir Butt	35202-6544897-3	Muhammad Bahir Butt	3,205	3,591	-	6,796	-	-	3,343	
56	R. I International	Zimidar Manzil, Abbot Road, Siakot	Syed Ali Raza	34603-4316251-3	Syed Zafar Ali Shah	1,000	1,698	-	2,698	-	-	1,272	
57	Sigma Textiles International	Building No. Am-1, Block-D	1- Syed Baqar Askary 2- Syed Ali Akhtar 3- Asghar Mehdi	42301-8966678-5 42201-6513490-9 42201-0679159-9	1- Syed Hasn Askari 2- Mir Najaf Ali 3- Muhammad Mehdi	-	7,967	-	7,967	-	-	7,967	
58	The Academia	D-03, 2Nd Floor, Alliance Arcade, F1, 22 Blik 15, Gulistan-E-Jauhar, Karachi	Abdul Waheed Khan	42201-7572135-1	Muhammad Yakoob,	997	1,734	-	2,731	-	-	1,609	
59	Fatima Jinna Postgraduate College	Building No. 1, Street No. 1, 100 Foot Road, Azam Town Karachi.	1- Syed Baqar Askary 2- Syed Ali Akhtar 3- Asghar Mehdi	42301-8966678-5 42201-6513490-9 42201-0679159-9	1- Syed Hasn Askari 2- Mir Najaf Ali 3- Muhammad Mehdi	-	8,334	-	8,334	-	-	8,334	

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year		Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)	
						Principal	Interest / Mark-up					
1	2	3	4	5	6	7	8	9	10	11	12	13
Rupees 000												
60	Apollo Medical & Research O.T Hospi	Plot No.186/S, Main Shahrah-E-Faisal Near Star Gate Karachi.	1- Syed Baqar Askary 2- Syed Ali Akhtar 3- Asghar Mehdi	42301-896678-5 42201-6513490-9 42201-0679159-9	1- Syed Hasn Askari 2- Mir Nejar Ali 3- Muhammad Mehdi	3,789	-	17,878	-	11,546	-	11,546
61	Nasreen Humayun Shaikh	Aiwan-E-Science, Opposite Ferozpur Road Lahore	Nasreen Humayun Shaikh	35201-5964797-4	Hamayun Naseer Shaikh	88,200	-	225,067	-	130,074	-	130,074
62	Rafique Brothers (Pvt) Limited	431 D-2, Wapda Town, Lahore	1- Amer Rafique Bhatti 2- Muhammad Majid Rafique 3- Mst. Rahat Shaqat Rafique 4- Humaira Ayub 5- Munaza Amer	35202-3487988-5 35202-1058545-5 35202-9329637-2 35202-0476139-4 35202-7164544-6	1- Rafique Bhatti 2- Muhammad Rafique 3- Muhammad Rafique 4- Muhammad Majid Rafique 5- Amer Rafique Bhatti	19,835	-	25,910	-	4,056	-	4,056
63	Faisal Traders	St. 13 - 62 Cavalary Ground Ext.Lahore	Faisal Mumtaz Muhammad Hafeez	35201-5864487-5 33100-6906962-7	Mumtaz Hussain Tarar Abdul Hameed Butalwi	15,000	-	20,979	-	6,839	-	6,839
64	Rehan Rough Board	Mohalia Rehman Pura, Sargodha Road, Faisalabad	Nasir Ahmed	33100-3639554-5	Sh. M Yaqoob	6,489	-	19,376	-	13,637	-	13,637
65	Hassan Ahmed	Al-Saeed Manzil Opp. Mubarak Manzil Pir Khurshheed Colony Multan	Hassan Ahmed	36302-6744118-5	Saeedullah Khan	-	-	669	-	669	-	669
66	Shahid Mehmood	Rehmatnabad, Po Partan Wali, Tehsil And District Sialkot	Shahid Mehmood	34603-4288553-7	Muhammad Siddique	-	-	758	-	706	-	706
67	Mehfooz Ahmed	House No. 233 Riazabad, Tehsil Melisi Distt Vehari	Mehfooz Ahmed	36602-6269394-5	Ahmed Nawaz	1,297	-	3,194	-	1,747	-	1,747
68	Malik Niaz Hussain Anjum	H No. 56 St No. 02 Kavelary Ground Lahore	Malik Niaz Hussain Anjum	35201-7809040-5	Malik Ghulam Muhammad	4,050	-	8,085	-	3,150	-	3,150
69	Abdul Khaliq Khar	Trippu Sultan Road H No. 35 Multan Cantt	Abdul Khaliq Khar	36302-0825991-3	Ghulam Muhammad	-	-	3,523	-	3,523	-	3,523
70	Syed Waqas Shah/Syed Bilal Shah	Bosan Road Kolla Sadat Po Latif Abad Teh & Distt Multan	Syed Waqas Shah/Syed Bilal Shah	36303-8099413-9	Syed Ghulam Ahmed Shah	-	-	1,035	-	1,035	-	1,035
71	Tahir Razaq	Maqbool Colony Baghad Uj Jaddi, Bahawalpur	Tahir Razaq	36303-4948147-3	Rana Abdul Razaq	-	-	1,569	-	1,569	-	1,569

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Rupees '000			
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
1	2	3	4	5	6	7	8	9	10	11	12	13	
72	Muhammad Zafar Iqbal	Haveli Nasser Khan Dhak Khanna Khas, Teh & Distt Lodhran	Muhammad Zafar Iqbal	36203-1246062-9	Alta Muhammad	-	1,768	-	1,768	-	-	1,743	
73	Data Cold Storage	St No. 1, Mohalla Azeem Abad Okara.	Muhammad Akram	35302-2663469-7	Abdullah	-	656	-	656	-	-	656	
74	Haji Nazir Ahmed	Mauza Korekee & Jhulke Po Daska Distt Sialkot	Haji Nazir Ahmed	34601-0738727-7	Rana Bashir Ahmed	-	633	-	633	-	-	633	
75	Muhammad Siddique	Mauza Kayvalah Po Khas Teh & Distt Hafizabad	Muhammad Siddique	34301-5337577-5	Faqar Din	-	594	-	594	-	-	594	
76	Muhammad Nazir	Mauza Daifer Teh Malikwal Distt Mandi Bahau Din	Muhammad Nazir	34401-0570536-9	Mehra	-	1,186	-	1,186	-	-	1,029	
77	Syed Anwar Hussain Shah	Nabi Shah Bala Tehsil Bhalwal District Sargodha	Syed Anwar Hussain Shah	38401-1805267-9	Najaf Shah	-	568	-	568	-	-	568	
78	Muhammad Ahmad Akmal	Tair Talhera Po Harbans Pur Teh Lahore Cantt. Distt Lahore	Muhammad Ahmad Akmal	35201-1232776-7	Malik Akhtar Ali	-	1,563	-	1,563	-	-	1,373	
79	Malik Nisar Ahmad	Mohallah Basti Karamat Ullah Khan Haveli Lakhra Depalpur Tel 0333-4079550	Malik Nisar Ahmad	35301-1856225-5	Iffikhar Ahmad	-	602	-	602	-	-	570	
80	Mushtaq Ahmad Khan	Thal Hassan Kan Po Thal Khair Muhammad Teh & Distt Rahim Yar Khan	Mushtaq Ahmad Khan	31303-5162244-7	Ghulam Mhammad	-	752	-	752	-	-	752	
81	Asjad Iqbal Nadia Asjad	1. Warraich House Chak No. 107/P Po Chak No.106/P Tehsil/And Distt Ryk 2. Warraich House Chak No. 107/P Po Chak No.106/P Tehsil/And Distt Ryk	Asjad Iqbal Nadia Asjad	31303-8462015-7 31303-2184312-6	Asjad Iqbal Nadia Asjad	-	1,672	-	1,672	-	-	1,672	
82	Muhammad Ashraf Chattha	Sahoki Po Khas Teh Wazirabad Distt Gujranwala	Muhammad Ashraf Chattha	34104-2345907-9	Muhammad Tufail Chattha	4,043	2,997	-	7,040	-	-	2,480	
83	Rustam Khan	Muaza Jassokay Sohaq, Teh Depalpur Distt Okara	Rustam Khan	35301-3281469-5	Muhammadmunir	2,549	5,074	-	7,623	-	-	3,757	

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Interest / Mark-up written-off	Other Financial Reliefs provided	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												
84	Muhammad Ilyas	Mauza Alipur Arian Sahake Po Pnakhtha Teh & Distt Gujranwala	Muhammad Ilyas	34101-2496158-5	Waris Ali	-	519	-	519	-	-	519
85	An Naifay Proteins Farm	1. New Shalimar Colony Bosan Road Multan 2. Band Bosan Road Kotla Sadaat Bzu Multan	Khalid Masood Khan Khakwani Syed Murad Ali Shah	36302-7709251-3 36303-4041304-5	1. Ghulam Sarwar Khan Khakwani 2. Syed Nizakat Ali Shah	2,500	1,487	-	3,987	1,065	-	1,065
86	Naseem Akhter	Sultan Pur Meela Po Khas Teh Bhalwal Distt Sargodha	Naseem Akhter	38401-0458146-0	Naser Ullah	1,348	1,598	-	2,946	1,003	-	1,003
87	Irfan Ul Haq	Baharwal Kalan Po Same Teh. Pattoki Distt. Qasur	Irfan Ul Haq	35103-1069891-5	Ch. Abdul Haq	-	835	-	835	610	-	610
88	Rao Fazal Azeem Khan	Esan Po Mandi Faiz Abad Teh Muridkay Distt Sheikhpur	Rao Fazal Azeem Khan	35401-1823838-5	Rao Muhammadali Jhan	755	642	-	1,397	559	30	589
89	Magsood Ahmed	H No. 12, Main Road , Sattelite Town, Sadiqabad	Magsood Ahmed	31304-7583045-9	Ch. Chand Muha	-	925	-	925	625	-	625
90	Fazil Poultry Farms	Sheikhpura Road Bhoon Kalan Hafizabad	Muhammad Fazil	34301-7880901-1	Muhammad Aslam	400	4,101	75	4,576	3,219	75	3,294
91	Muhammad Hassan	Mirza Pur Po Mandi Faizabad Teh & Distt Nankana Sahab	Muhammad Hassan	35402-0926943-5	Ghulam Haider	431	813	-	1,244	521	-	521
92	Maan Farm	1. Ho No. 899 B Sabzazar Scheme Lahore 2. Chak No. 8 S.P. Pakpattan	Ali Nasir S/O Mian Nasirullah Ali Sultan S/O Kishwar Sultan	35202-2549285-5 36402-0187732-1	1. Mian Nasirullah 2. Kishwar Sultan	574	591	5	1,170	605	5	610
93	Shamas Iqbal & Rajab	1. Chak No.423 Po Same Tehsil Gojra Jhang 2. Chak No.423 Po Same Tehsil Gojra Jhang	Shamas Iqbal Rajab Ali	33301-3880862-3 33301-7522795-1	1. Muhammad Ali 2. Muhammad Ali	658	1,127	-	1,785	947	-	947
94	Sajid Mehmood	Rehmatabad, Po Partan Waili, Tehsil And District Sialkot	Sajid Mehmood	34603-6152806-5	Muhammad Saddiue	865	853	-	1,718	602	-	602
95	Zulfiqar Ali Cheema	Ranjhat Teh Daska Distt Sialkot	Zulfiqar Ali Cheema	34601-4339745-3	Ch. Sarfaraz	769	1,157	-	1,926	859	-	859
96	Fardita Dairy Industry	Lal Din House No. 337-St No. 8 Nai Abadi Sahiwal	Lal Din	36502-4205138-9	Muhammad Boota	1,988	1,034	-	3,022	713	-	713

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)				
Rupees '000													
1	2	3	4	5	6	7	8	9	10	11	12	13	
97	Sakhawat Ali	Chak Teelian Po Jandiata Kalsan Teh Ferozwala Distt Sheikhpura	Sakhawat Ali	35401-1784998-3	Muhammadratiq	-	2,164	-	-	-	-	1,814	1,814
98	Muhammad Rafique	Hayata Abad Colony St No. 07, Chichawatni	Muhammad Rafique	36501-1846498-7	Abdul Hakeem	715	840	-	-	-	-	613	613
99	Muhammad Arif	Cheerwali Po Satrah Tehsil Daska District Sialkot	Muhammad Arif	34601-1593525-3	Muhammad Ifran	-	722	-	-	-	-	538	538
100	Raja Sahib Commission Shop	House No.337 Nai Abadi Street 2 Block 8, Sahiwal	Muhammad Tanveer Shaheen	36502-2294923-5	Lal Din	6,000	1,529	-	-	-	-	1,556	1,556
101	Muhammad Mustaqim Khan	Mauza Rakh Baloch Kalan Po Khas Teh & Distt Mandi Bahauddin	Muhammad Mustaqim Khan	34402-2573506-3	Mursaleen Khan	296	1,252	-	-	-	-	834	834
102	Zafar Iqbal	Chak Muhammad Merdi Khan Po Khas Teh Arifwala Pakpattan.	Zafar Iqbal	36401-0893900-1	Manzoor Ahmad	4,302	1,459	-	-	-	-	1,349	1,349
103	Chenab Farms	1. Phase II, House No.240-A Gujranwala Cantt 2. Phase II, House No.240-A Gujranwala Cantt	Adnan Afzal Chaiha Ifan Afzal Chaiha	34101-0488556-3 34101-7849211-9	1. Muhammad Afzal Chaiha 2. Muhammad Afzal Chaiha	-	1,296	-	-	-	-	943	943
104	Five Star Protiens	1. Village Nidkay Po Sialkot Tehsil Sialkot 2. H No. 742, St.2, Muhallah Purannagar Sialkot	Ghulam Ali Jafri Syed Rizwan Hussain Bokhari	34603-3730032-1 34603-1045590-3	1. Kafait Hussain 2. Muhammad Hussain Bukhari	2,500	1,929	-	-	-	-	4,349	4,349
105	Munir Ahmed	H No. 38 Street No. 02,Block-Z, Peoples Colony Gujranwala.	Munir Ahmed	34101-2547543-5	Muhammadhussain	1	894	10	-	-	-	702	702
106	Khuda Dad	Civil Hospital Road Joiya House 02 Tehsil Haroonabad	Khuda Dad	31104-0490042-1	Mian Iqbal Akhter Laleka	1,537	1,398	-	-	-	-	766	766
107	Akbar Ali	Chak No.42, Po Shahdara, Tehsil Ferozwala, Distt Sheikhpura	Akbar Ali	35401-4288308-1	Ghulam Muhammad	2,090	1,908	-	-	-	-	1,609	1,609
108	Muhammad Asif Abbas	70 A Cheema Town Bahawalpur	Muhammad Asif Abbas	36301-2651987-1	Malik Ghulam Abbas	800	645	-	-	-	-	566	566
109	Qadir Buksh	Basit Jam Bukhsh, Iqbal Nagar Jdw Sadiqabad	Qadir Buksh	31304-3020911-9	M. Ramzan	75	958	-	-	-	-	645	645

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						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	
Rupees '000													
110	Shakoor Ahmed	Chak No. 360 WB/ P.O Same Teh. Dunia Pur Distt. Lodhran	Shakoor Ahmed	36201-1213848-1	Razaq Bukhsh	1,572	560	-	2,132	-	-	682	682
111	Malik Muhammad Siddiq	Mouza Sahaf Pur, Abbas Nagar, Tehsil And District Bahawalpur	Malik Muhammad Siddiq	31202-5707097-5	Malik Ilahi Bukhsh	-	1,158	-	1,158	-	-	847	847
112	Syed Mohammad Shahid Hussain Shamsi	E-109, Main Boulevard Defence Lahore.	Syed Mohammad Shahid Hussain Shamsi	3740567310415	Syed Mohammad Sibtain Shami	9,587	8,229	-	17,816	-	-	3,037	3,037
113	Irfana Hafeez	Plot # 215, Sector F-112 Islamabad Islamabad	Irfana Hafeez	4200072780135	Malik Abdul Hafeez	1,783	581	-	2,364	-	-	589	589
114	Nasreen Khalid	10- E Green Acre Housing Scheme Raiwand Road Lahore	Nasreen Khalid	3520228937832	Sheikh Fazal Hussain	6,487	3,159	-	9,646	-	-	3,173	3,173
115	Muhammad Akram	House # 3- D 28/ 50 Nazimabad 3 Karachi Pakistan	Muhammad Akram	4210152203661	Muhammad Luqman	1,712	1,882	-	3,594	-	-	1,887	1,887
116	Muhammad Tahir Javid	House # 537 Sector D- 1 Township Blokh Dha Lahore Pakistan	Muhammad Tahir Javid	3520273404425	Zahoor Ahmad	2,417	2,835	-	5,252	-	-	2,346	2,346
117	Muhammad Yasin Malik	114- C Faisal Town Lahore Pakistan	Muhammad Yasin Malik	3520252672201	Nizam Din	4,597	2,226	-	6,823	-	-	2,237	2,237
118	Mujahid Zafar	House No:12 Tariq Block New Garden T	Mujahid Zafar	3530236043795	Zafar	5,020	-	-	5,020	-	-	521	521
119	Saeed Iqbal	H#19 Street#10 Sector-E Manzoor Colony	Saeed Iqbal	4220107259129	Sardar Muhammad	-	-	-	-	52	25	489	566
120	Muhammad Akram	32- E Marghaz Ar Colony Multan Road Lahore Pakistan	Muhammad Akram	3520245075135	Chaudhry Muhammad Habib	8,506	1,809	-	10,315	-	-	1,792	1,792
121	Khalid Hasan Chohan	23/ 1 Punjab Cooperative Society E fence Road Lahore	Khalid Hasan Chohan	3520170224225	Hasan Chohan	4,959	6,751	-	11,710	-	-	5,126	5,126
122	Naila Balkhi	House # 122-2 G/All 16 Khy-E- Bukhari Karachi Pakistan	Naila Balkhi	4220102872384	Syed Sharif Uddin Balkhi	2,927	2,087	-	5,014	-	-	1,407	1,407
123	Mir Irfan Qadir Zehri	35 Khayaban-E-Hafiz Phase 5 Dha Karachi Pakistan	Mir Irfan Qadir Zehri	4200020094229	Mir Qadir Bux Zehri	6,197	4,387	-	10,584	-	-	4,534	4,534
124	S M Iftikhar	119/2 Khayaban E Muhafiz St # 33 Phase-VI,Dha,Karachi	S M Iftikhar	4230140062939	Syed Iftikhar Ahmed	1,625	666	-	2,291	-	-	707	707
125	Adil Khurram	H No B106/2 23RD Street Khayaban E Muhafiz Phase 6 Dha Nr Caltex Pump Karachi	Adil Khurram	4230102342587	Khurram Muhammad Mirza	1,597	71	-	1,668	1,597	-	136	1,733
126	Islam Shah	H # 105 Block # 09 Tara Chano Road Kemari Near Agakhan Lab Kemari Karachi	Islam Shah	4240120054471	Zabur Shah	463	66	-	529	463	-	87	550
127	Rukhsana Elahi & / Or Muhammad Hassan Elahi	House # 11 / 295 Tufaili Road Cantt Lahore	Rukhsana Elahi & / Or Muhammad Hassan Elahi	3520144295494	Noor Elahi	6,376	1,836	-	8,212	-	-	1,645	1,645

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year			Total			Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Principal written-off	Interest / Mark-up written-off	Others			
1	2	3	4	5	6	7	8	9	10	11	12	13		
													Rupees 000	
128	Muhammad Saleem Mughal	H # 52 C-2 Pgeh's Lahore House # P-916 St # 1 Mohallah Ahmed Abad Gulistan Colony Faisalabad	Muhammad Saleem Mughal	3520276524959	Muhammad Aslam	1,203	599	-	1,802	-	573	-	573	
129	Shahid Majeed Khan	H#94/ H Street#25, Khy E Muhafiz Dha Phase# 6 Karachi	Shahid Majeed Khan	3310068610019	Abdul Majeed Abid Sher Muhammad	412	120	-	532	412	140	-	552	
130	Muhammad Arif	153 Chenab Block Town Lahore Pakistan	Muhammad Arif	4230180088867	Haji Muhammad Shafi	16,525	13,577	-	30,102	-	7,044	-	7,044	
131	Faisal Khan Baloch	A-6 Block 2 Gulshan-E-Iqbal Karachi	Faisal Khan Baloch	4220167503175	Ain Ul Haq	2,263	2,219	-	4,482	-	2,269	-	2,269	
132	Ahtesham Bin Hisam	Office#88 3R D Floor Main Boulevard Gulberg-III	Ahtesham Bin Hisam	3520084634569	Hissam Ud Din Quershi	3,765	1,445	-	5,210	-	716	-	716	
133	Muhammad Faisal Vawda &/Or Nazli Vawda	Bungalow # 21-A, St # 7, Bathisland, Gulshan-E-Faisal, Clifton Karachi	Muhammad Faisal Vawda &/Or Nazli Vawda	4230159982885	Mohammad Umar Vawda	3,883	3,471	-	7,354	-	3,453	-	3,453	
134	Masood Ahmed Malik &/Or Riffat Masood	H # 537Z-18, Street -5, Gulzian Nayab , Rawalpindi	Masood Ahmed Malik &/Or Riffat Masood	3740521921605	Malik Qamar Ud Din	37,960	31,715	-	69,675	-	29,451	-	29,451	
135	Muhammad Ahmed	House # 73 5/ D Millat Town Millat Road Faisalabad Pakistan	Muhammad Ahmed	3310052847933	Muhammad Aslam	6,330	7,754	-	14,084	-	7,982	-	7,982	
136	Omer Akhter	House No 8-B-1 5Th East Street Phase No 1 Dha Karachi	Omer Akhter	4230112036677	Muhammad Aslam	1,249	924	-	2,173	-	937	-	937	
137	Mirza Zulfiqar Askari	House No F-257 Satellite Town Gujranwala	Mirza Zulfiqar Askari	3740588058517	Akhtar Aftab Mirza Muhammad Asker	489	704	25	1,218	-	766	31	797	
138	Muhammad Hamid	H# P-848 Street# 3 Mughal Pura# 2 Dakhana Nishatabad Faisalabad	Muhammad Hamid	3310022014519	Muhammad Aslam	4,273	4,709	-	8,982	-	4,946	-	4,946	
139	Ch Zeeshan Aslam	House # 219 Street # 100 I-8/4 Islamabad	Ch Zeeshan Aslam	3740503569177	Muhammad Aslam	467	444	9	920	92	548	12	652	
140	Asif Iqbal Ranjha	H#32 S#119 G-11/4 Islamabad	Asif Iqbal Ranjha	6110110134617	Muhammad Aslam	935	713	-	1,648	-	856	-	856	
141	Chaudhry Nadeem Uddin	Cb-83-1 Lane # 7 Nr Qadir Motor Peshawar Rd Rawalpindi	Chaudhry Nadeem Uddin	3740524577905	Iqbal Ranjha Chaudhry/Abd Ul Rasheed	4,828	3,353	-	8,181	-	3,426	-	3,426	
142	Syed Murad Ali	H #186 Lane # 4 Shadman Town Dharmyal Camp Ghosia Welfare Society Rwp Rawalpindi	Syed Murad Ali	3740506506663	Salah Ud Din	483	481	12	976	109	420	-	529	
143	Safeer Ahmed	H # 2888 Housing Colony Muhalla Islampura Hassanabad	Safeer Ahmed	3710362368605	Abdul Khaliq	748	409	6	1,163	50	581	22	653	
144	Ch Muhammad Asif	H # 29 Mian Meer Road Upper Mall Main Meer Road Upper Mall	Ch Muhammad Asif	3520112681233	Chaudhry Muhammad Nawaz	1,755	916	-	2,671	-	751	-	751	
145	Ch. Irfan Ali	House No 21 Y-Block 104 Road Madina Town Faisalabad	Ch. Irfan Ali	3310005970333	Ch. Sabir Ali	6,154	7,165	-	13,319	-	7,611	-	7,611	
146	Ch. Irfan Ali					4,890	5,946	-	10,836	-	6,150	-	6,150	

ANNEXURE I TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year			Rupees 000			Total (10+11+12)	
						Principal	Interest / Mark-up	Others	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs provided		
1	2	3	4	5	6	7	8	9	10	11	12	13	
147	Akbar Ali	Madina Colony Near Pso Pump Bazar #3 H/N 1 Shekhupura Road	Akbar Ali	3310005874473	Abdul Latif	640	718	-	-	768	-	768	
148	Maqsood Ahmed	House No 381-G3 Ma Johar Town Lahore	Maqsood Ahmed	3520229851701	Akber Ali	12,886	5,177	-	-	5,177	-	5,177	
149	Sheikh Azhar Rauf	House No 01, Street No 04, Mohalla Babar Colony, Krl Road, Dhoke Gangal, Rawalpindi.	Sheikh Azhar Rauf	3740554497127	Abdul Rauf	4,611	4,857	-	-	4,993	-	4,993	
150	Imran Ahmed Minai	B-305 Falcon Plaza Tariq Road Karachi	Imran Ahmed Minai	4220120621939	Imran Ahmed Minai	-	-	-	501	3	-	504	
151	Tahir Naseem	House No. 300/B Street No. 7/C Amir Town Habatnaspura Lahore	Tahir Naseem	34 10423173429	Tahir Naseem	-	-	-	419	45	40	504	
152	Sheheryar Muhammad Malik	43-7/D Block 6 Pechs Karachi	Sheheryar Muhammad Malik	4220105281697	Sheheryar Muhammad Malik	-	-	-	-	18	609	627	
153	Amina Jaffer	H No 43 Modern Cooperative Housing Society Tipu Sultan Road Karachi	Amina Jaffer	4220134284472	Amina Jaffer	-	-	-	800	-	0	800	
154	Mohammad Ali Azhar	House # 380/71 Street 21 Z Block Dha Phase 3 Lahore	Mohammad Ali Azhar	6110119872957	Mohammad Ali Azhar	-	-	-	-	610	22	632	
						888,992	1,225,596	142	2,114,730	34,711	1,184,426	871	1,220,008

ANNEXURE II TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

The Bank is operating 254 Islamic banking branches (2017: 197) and 1 Islamic sub-branch (2017: 1). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2018 are as follows:

(A) Statement of financial position as at December 31, 2018	Note	2018	2017
		----- Rupees '000 -----	
ASSETS			
Cash and balances with treasury banks		7,941,153	7,716,588
Balances with other banks		105,205	113,094
Investments	1	27,620,400	25,399,578
Islamic financing and related assets - net	2	78,659,697	45,601,317
Fixed assets		1,954,626	1,679,268
Intangible assets		38,263	5,771
Other assets		2,264,354	3,573,338
		118,583,698	84,088,954
LIABILITIES			
Bills payable		5,666,023	1,644,334
Due to financial institutions		11,157,833	4,450,000
Deposits and other accounts	3	69,489,203	69,914,362
Due to head office		24,134,341	2,470,254
Other liabilities	4	1,102,813	784,042
		111,550,213	79,262,992
NET ASSETS			
		<u>7,033,485</u>	<u>4,825,962</u>
REPRESENTED BY			
Islamic banking fund		4,680,000	2,880,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		121,608	203,700
Unappropriated profit	5	2,231,877	1,742,262
		<u>7,033,485</u>	<u>4,825,962</u>
CONTINGENCIES AND COMMITMENTS			
	6		
(B) Profit and loss account			
Profit / return earned	7	7,359,568	4,910,831
Profit / return expensed	8	3,842,094	2,056,236
Net profit / return		<u>3,517,474</u>	<u>2,854,595</u>
Other income			
Fee and commission income		393,866	266,482
Dividend income		-	-
Foreign exchange income		115,673	60,994
Income / (loss) from derivatives		-	-
Loss on securities		(1,174)	(712)
Other income		6,697	6,274
Total other income		515,062	333,038
Total income		<u>4,032,536</u>	<u>3,187,633</u>
Other expenses			
Operating expenses		3,257,257	2,577,039
Workers welfare fund		-	-
Other charges		3,139	119
Total other expenses		3,260,396	2,577,158
Profit before provisions		772,140	610,475
Provisions and write offs - net		18,886	18,757
Profit before taxation		<u>753,254</u>	<u>591,718</u>
Taxation		263,639	207,101
Profit after taxation		<u>489,615</u>	<u>384,617</u>

ANNEXURE II TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018				2017			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
1 Investments by segments:	----- Rupees '000 -----							
Federal Government Securities:								
- Ijarah Sukuks	6,000,000	-	(107,400)	5,892,600	6,312,055	-	(3,454)	6,308,601
- Other Federal Government securities	1,597,048	-	-	1,597,048	-	-	-	-
	<u>7,597,048</u>	-	<u>(107,400)</u>	<u>7,489,648</u>	<u>6,312,055</u>	-	<u>(3,454)</u>	<u>6,308,601</u>
Provincial Government Securities	-	-	-	-	-	-	-	-
Shares:								
- Listed Companies	-	-	-	-	-	-	-	-
- Unlisted Companies	-	-	-	-	-	-	-	-
Non Government Debt Securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	20,129,372	-	1,380	20,130,752	19,067,247	-	23,730	19,090,977
	<u>20,129,372</u>	-	<u>1,380</u>	<u>20,130,752</u>	<u>19,067,247</u>	-	<u>23,730</u>	<u>19,090,977</u>
Foreign Securities:								
- Government securities	-	-	-	-	-	-	-	-
- Non Government Debt securities	-	-	-	-	-	-	-	-
- Equity securities	-	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Total Investments	<u>27,726,420</u>	<u>-</u>	<u>(106,020)</u>	<u>27,620,400</u>	<u>25,379,302</u>	<u>-</u>	<u>20,276</u>	<u>25,399,578</u>

2 Islamic financing and related assets	Note	2018	2017
		----- Rupees '000 -----	
Ijarah		-	-
Murabaha	2.2	1,576,557	606,921
Musharaka		8,042	11,269
Diminishing Musharaka		56,773,632	36,648,073
Salam		-	-
Istisna		28,771	90,873
Running Musharaka		7,342,446	540,524
Fixed assets Ijarah financing - net	2.1	66,953	17,665
Musharaka - Islamic export refinance scheme		3,607,833	-
Advance against Murabaha financing		70,976	153,923
Advanced against Diminishing Musharaka		5,446,140	3,873,577
Advance against Ijarah		2,898,135	3,374,766
Advance against Istisna		1,092,956	574,102
Advance against Islamic export refinance - LTF		56,388	-
Inventory related to Islamic financing		-	-
Gross Islamic financing and related assets		<u>78,968,829</u>	<u>45,891,693</u>
Less: provision against Islamic financings			
- Specific		(219,120)	(232,003)
- General		(90,012)	(58,373)
Islamic financing and related assets - net of provision		<u>78,659,697</u>	<u>45,601,317</u>

ANNEXURE II TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

2.1 Ijarah

	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

	2017						
	Cost			Accumulated Depreciation			Book Value as at Dec 31, 2017
	As at Jan 1, 2017	Additions / (deletions)	As at Dec 31, 2017	As at Jan 1, 2017	Charge for the year	As at Dec 31, 2017	
	----- Rupees '000 -----						
Plant & Machinery	1,228,156	(1,149,623)	78,533	734,595	(673,727)	60,868	17,665
Vehicles	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	1,228,156	(1,149,623)	78,533	734,595	(673,727)	60,868	17,665

Future Ijarah payments receivable

	2018				2017			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	----- Rupees '000 -----							
Ijarah rental receivables	67,272	-	-	67,272	18,994	-	-	18,994

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

	Note	2018	2017
		----- Rupees '000 -----	
2.2 Murabaha			
Murabaha financing	2.2.1	1,576,557	606,921
Inventory for Murabaha		-	-
Advances for Murabaha		-	-
		1,576,557	606,921
2.2.1 Murabaha receivable - gross	2.2.2	1,609,591	625,570
Less: Deferred murabaha income	2.2.4	(4,775)	(8,775)
Profit receivable shown in other assets		(28,259)	(9,874)
Murabaha financings		1,576,557	606,921
2.2.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		606,921	861,049
Sales during the year		2,577,173	2,097,084
Adjusted during the year		(1,607,537)	(2,351,212)
Closing balance		1,576,557	606,921
2.2.3 Murabaha sale price		1,609,591	625,570
Murabaha purchase price		(1,576,557)	(606,921)
		33,034	18,649
2.2.4 Deferred murabaha income			
Opening balance		8,775	52,167
Arising during the year		-	-
Less: Recognised during the year		(4,000)	(43,392)
Closing balance		4,775	8,775

ANNEXURE II TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

3 Deposits	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees '000 -----					
Customers						
Current deposits	35,538,506	1,588,367	37,126,873	40,851,117	1,400,049	42,251,166
Savings deposits	11,065,460	688,077	11,753,537	8,793,507	481,313	9,274,820
Term deposits	13,726,680	292,710	14,019,390	7,008,258	283,083	7,291,341
	<u>60,330,646</u>	<u>2,569,154</u>	<u>62,899,800</u>	<u>56,652,882</u>	<u>2,164,445</u>	<u>58,817,327</u>
Financial Institutions						
Current deposits	31,960	-	31,960	31,375	5,282	36,657
Savings deposits	6,051,443	-	6,051,443	6,325,878	-	6,325,878
Term deposits	506,000	-	506,000	4,734,500	-	4,734,500
	<u>6,589,403</u>	<u>-</u>	<u>6,589,403</u>	<u>11,091,753</u>	<u>5,282</u>	<u>11,097,035</u>
	<u>66,920,049</u>	<u>2,569,154</u>	<u>69,489,203</u>	<u>67,744,635</u>	<u>2,169,727</u>	<u>69,914,362</u>

3.1 Composition of deposits	2018	2017
	----- Rupees '000 -----	
- Individuals	24,707,546	19,250,194
- Government / Public Sector Entities	2,257,553	630,924
- Banking Companies	9,873	3,998,005
- Non-Banking Financial Institutions	6,579,530	7,104,312
- Private Sector	35,934,701	38,930,927
	<u>69,489,203</u>	<u>69,914,362</u>

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 50.007 million.

4 Charity Fund	2018	2017
	----- Rupees '000 -----	
Opening Balance	8,245	4,844
Additions during the period		
Received from customers on account of delayed payment	422	7,548
Dividend purification amount	-	-
Other Non-Shariah compliant income	6,504	556
Profit on charity saving account	399	97
	<u>7,325</u>	<u>8,201</u>
Payments / utilization during the period		
Education	5,000	200
Health	3,500	4,300
Social work	-	300
	<u>8,500</u>	<u>4,800</u>
Closing Balance	<u>7,070</u>	<u>8,245</u>

Donee wise details of charity disbursements over Rs 0.5 million;

Dar-ul-Uloom / Hira Foundation	5,000	-
National Institute of Child Health Karachi	3,500	-
The Indus Hospital	-	1,500
Shaukat Khanum Memorial Trust	-	2,500

There were no charity disbursement to related parties by the Bank.

5 Islamic Banking Business Unappropriated Profit	2018	2017
Opening Balance	1,742,262	1,357,645
Add: Islamic Banking profit for the period	489,615	384,617
Less: Taxation	-	-
Less: Reserves	-	-
Remitted to Head	-	-
Closing Balance	<u>2,231,877</u>	<u>1,742,262</u>

ANNEXURE II TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	----- Rupees '000 -----	
6 CONTINGENCIES AND COMMITMENTS		
- Guarantees	313,552	69,026
- Commitments	9,390,440	2,554,608
- Other contingent liabilities	-	-
	<u>9,703,992</u>	<u>2,623,634</u>
7 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	5,362,300	3,392,157
Investments	1,997,268	1,505,274
Placements	-	13,400
	<u>7,359,568</u>	<u>4,910,831</u>
8 Profit on deposits and other dues expensed		
Deposits and other accounts	2,140,229	1,416,941
Due to financial institutions	-	-
Other short term borrowings	1,701,865	639,295
	<u>3,842,094</u>	<u>2,056,236</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';
- v. FBL 'Islamic Equity Pool'; and
- vi. Haj Musharaka Pool

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all FBL Islamic depositors and provide profit / loss based on Modaraba and Musharika.
- 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 pools are created to cater the needs of high net worth clients.
- 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 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, 2018

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 after charging mudarib fee (pre-agreed) and as per the weightages declared before start of a month, respectively. All Modaraba and Musharika 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, term deposits, business kamil accounts are opened on the basis of Modaraba, Musharaka, Wakalah or a combination of Modaraba 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 Modaraba and Musharaka pool.

Profit share is determined using weight and profit sharing ratio assigned to each category of deposit within a pool. These weightages and profit sharing ratios are declared by FBL Islamic in compliance with the requirements of the SBP.

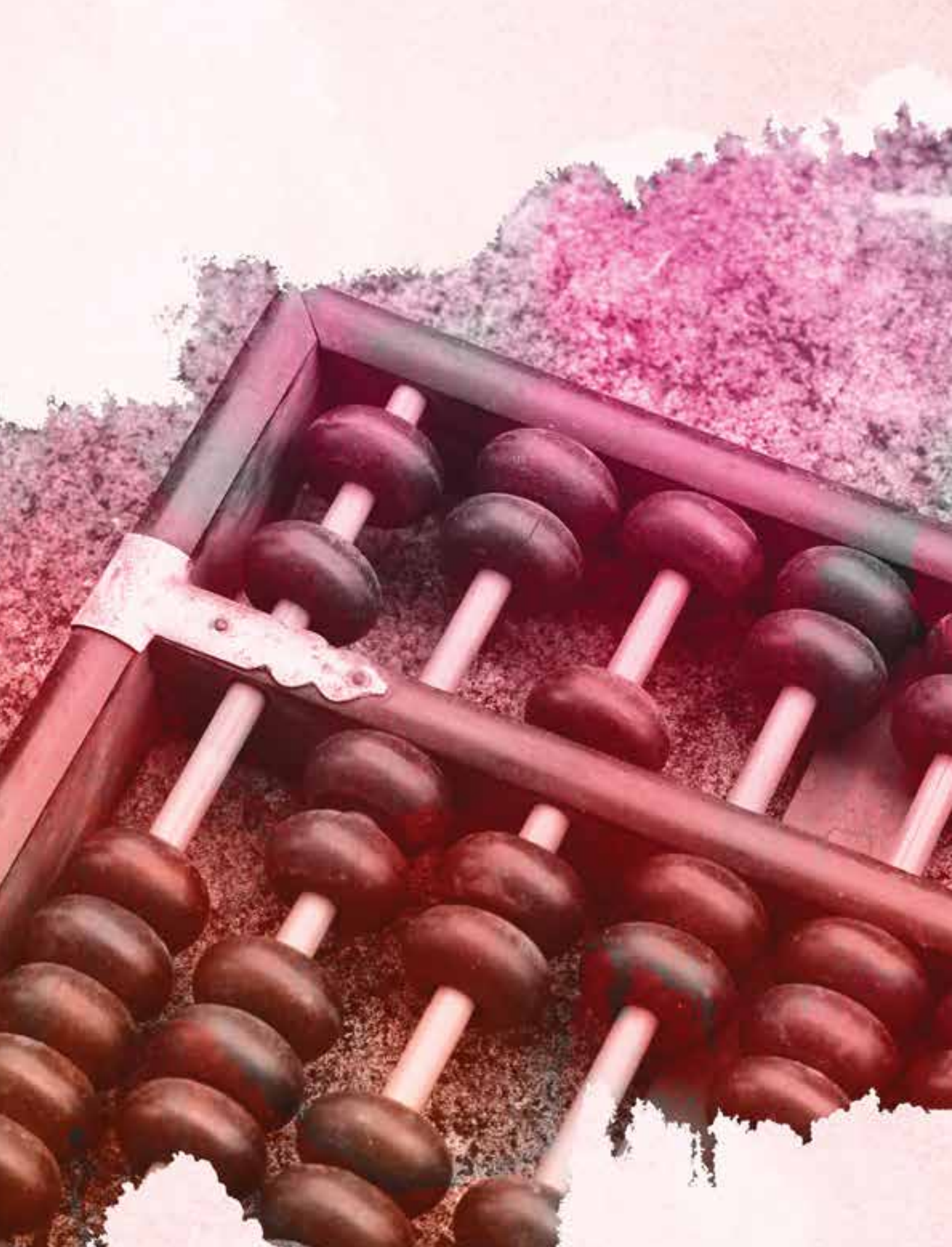
The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. The direct expenses are charged to respective pool. The indirect expenses including the establishment cost are borne by FBL Islamic as Mudarib. The direct expenses charged to the pool include depreciation of Ijara assets, cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee, documentation charges, brokerage fee for the purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools etc. Provisions against any non-performing assets of the pool are not passed on to the pool except on the actual loss / write-off of such non-performing asset and suspension of income against non-performing assets. The profit of the pool is shared between the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

Particulars	2018		2017	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	2,081,449	41.90	1,382,715	50.15
- Amount and percentage of Mudarib share transferred to depositors through Hiba	759,275	36.48	478,820	34.63
- Profit rate earned (annualised)	-	8.55	-	7.14
- Profit rate distributed (annualised)	-	4.35	-	4.34

Precision. Delivered.

Financial Statements (Consolidated)





Chairman's Message

Consolidated Financial Statements



On behalf of the Board of Directors, it is my privilege to present the Consolidated Financial Statement of Faysal Bank Limited for the financial year ended December 31, 2018. The Bank once again maintained strong financial performance which was led by a carefully crafted business plan.

The positive results are in line with the Bank's robust growth over the last several years along with the Islamic transformation vision of the Board and Management. The Bank has grown organically and evolved with a strong presence in the industry with a footprint that spans over 150 cities with 455 branches across the country including 255 dedicated Islamic branches. Faysal Bank is a significant market player and is well poised for sustainable future growth. The Bank's ambition is to provide par excellence service to its customers while meeting their financial needs in both personal and business related spheres, adhering to stringent regulatory compliance and control protocols.

Faysal Bank aims to play an active role in the growth of Islamic Banking industry by offering high standard Shariah compliant products and services through its fast growing dedicated Islamic network across the country. Furthermore, the Bank has embarked on a holistic strategy under the guidance of the Board which will align the Banks transformative vision to enhance and develop new systems, platform and services that will set the benchmark of a strong Islamic Financial institution with customer service excellence for the foreseeable future.

Moreover, during the year FBL enhanced its equity stake in Faysal Asset Management Limited (FAML) to 99.9%, consequently establishing the Bank's control over FAML and has taken measures to strengthen the management team. This endorsement by the shareholders is a testament of their confidence in the BoD and Management's vision to build FAML as the premier investment manager. With a rejuvenated focus the Bank seeks to reposition FAML as the fund manager of choice aided by; enhanced competitiveness, integrity and unparalleled customer service. Furthermore, FAML acquisition will provide best breed diversified and innovative Shariah Compliant financial solutions to compliment an evolving need of both Bank and an industry wide customer base.

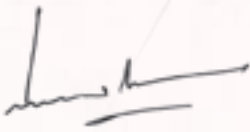
At Faysal Bank we believe that our employees are our greatest strength. In 2018, the Bank continued to invest in their training and development. As we firmly believe in developing capabilities and professional skillset from within the organization to manage leadership positions within the Bank. Hence to nurture talent and groom them to the desired skillset the Bank has successfully launched recruitment drives for Management Trainees from top universities country wide under the umbrella of "Search for the Best" program. This will be an ongoing initiative to induct the best breed young talent. Besides numerous Islamic Banking courses were conducted through in-house and external trainers to institutionalize and reinforce our commitment towards the transformation and providing career growth from within.

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.

Looking ahead, I expect 2019 to be another eventful year where we will continue in our efforts to reaffirm the bank's position as one of the leading financial institutions, while continuing to elevate our customer banking experience across all touch points and platforms.

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

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



Farooq Rahmatullah Khan

Chairman of the Board

Dated: February 21, 2019



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, 2018.

Company Profile

Faysal Bank Ltd. (FBL) has acquired further interest in Faysal Asset Management Limited (FAML) on November 22, 2018 and after this transaction, FAML status has changed from Associate to Subsidiary. FBL has injected Capital in FAML amounting to PKR 280 Mln to strengthen capital base and improve Capital Adequacy Ratio (CAR). Status of the companies are as follows;

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

FBL is offering services to Corporate, Retail, Commercial, SME and Agri-based customers and is on the path of transforming into an Islamic Financial Institution whereas Faysal Asset Management Ltd (FAML) is a Non-Banking Finance Company (NBFC), licensed to carry out asset management and investment advisory services under the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations.

The Bank is increasing its reach by opening new branches so as to provide banking services to its customer at their door step. Alongside branch expansion, FBL is investing in technology to provide user friendly, secure and trouble free services.

Environmental Stewardship

The Bank, being a responsible corporate entity, remained cognizant of its responsibilities with regard to environmental protection and has developed a comprehensive Green Banking Policy.

Corporate Social Responsibility (“CSR”)

The Bank donated CSR amounts to Educational, Social Welfare and Healthcare Institutions / NGOs through Waqf Faisal. Details are covered in FBL's Directors' Report.

Future Outlook

The Bank will follow strategy of Branch network expansion to increase its customer reach. This acquisition has enhanced FBL's Products Portfolio as Funds under Management and advisory services are also available for FBL customers. With enhanced resources, FBL group can not only enhance business volume but also earn better return for stake holders.

The Bank has planned strategic changes in organization structure of FAML. Short and long term strategies are being developed for structured growth and profitability.

Financial Highlights

(Rs in million)
2018

Balance Sheet

Investment	213,816
Financing	296,445
Total assets	599,996
Deposits	409,384

Profit and Loss Account

Total revenue	22,653
Operating expenses	14,510
Profit before tax and provision	8,143
Net reversals including WWF	(159)
Profit before taxation	8,302
Taxation	(3,416)
Profit after taxation	4,886

Earnings per share (rupees)

3.22

Faysal Bank Ltd's consolidated profit for the year 2018 was PKR 4,886 million, resulting in EPS of PKR 3.22. With higher interest rate scenario and favorable balance sheet positioning, FBL group is expected to increase fund based income. Efforts are also made to further increase fee & commission income from trade, retail and Funds under management business.

Corporate Governance:

The Bank has implemented the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (hereinafter called 'the Code'). As per requirement of Regulation 40, 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, 2017 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. Farooq Hassan Mr. Osman Asghar Khan
Non-Executive Directors	Mr. Salman Ahmed Usmani Mr. Tahir Yaqoob Bhatti Mian Salman Ali Syed Muhammad Fraz Zaidi
Executive Director	Mr. Khaldoon Bin Latif (CEO)

Following Directors resigned during the year. Causal vacancies were filled in within stipulated time.

Category	Name
Non-Executive Directors	Syed Ibadur Rehman Chishti Mr. Mohammad Zahid Ahmed
Executive Director	Mr. Razi Ur Rahman Khan (CEO)

Committees of the Board:

The details of the Board Committee and the names 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.

Directors' Remuneration Policy:

Directors' remuneration policy is part of FBL's Directors' Report.

Risk Management Framework

Risk Management Group ("RMG") is organized under the Chief Risk Officer ("CRO") who is independent from 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 the bank and how these are managed is elaborated in Note 45 of the FBL's 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, 2018 is presented in this Annual Report.

Credit Rating:

JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings to Faysal Bank Ltd. as on December 31, 2017:

Long-Term	AA
Short-Term	A1+

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

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

Holding Company:

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

The format of external auditors' report was changed on January 01, 2018 as per the requirements of Auditors Reporting Responsibilities Regulation. The external auditors have issue their report on the financial statements as per the new format which is part of these accounts. One of the significant changes that is the inclusion of 'Key Audit Matters' (KAMs) in the audit reports on the financial statements of the listed companies.

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 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 2019.

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 those disclosed in financial statements.

Acknowledgement:

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

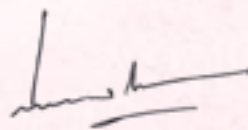
Approval:

In compliance with the requirement of the Companies Act, 2017, this directors' report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on February 21, 2019 and signed by the Chief Executive Officer and a director.



President & CEO
Karachi

Dated: February 21, 2019



Chairman / Director

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, 2018, 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, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit 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 (SIBP).</p> <p>In addition to the above time based criteria the PRs require a subjective evaluation of credit worthiness of borrowers to determine classification of advances.</p> <p>The PRs also require creation of general provision for consumer portfolios.</p>	<p>Our audit procedures to assess provision against advances, amongst others, included the following:</p> <p>We reviewed the design and tested 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>

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>The Group has recognised a net reversal of provision against advances amounting to Rs. 433.611 million in the consolidated profit and loss account in the current year. As at December 31, 2018, the Group holds a provision of Rs 23,813.418 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>The testing of controls included testing of:</p> <ul style="list-style-type: none"> • automated (IT system based) 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 governance and approval process related to provisions, including continuous reassessment by the management. <p>In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total advances portfolio and performed the following substantive procedures for sample loan accounts:</p> <ul style="list-style-type: none"> • verified repayments of loan / mark-up installments and checked that non-performing loans have been correctly classified and categorised based on the number of days overdue. • examined watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate. <p>We checked accuracy of specific provision made against non-performing advances and of general provision made against consumer finance by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p>

2 Acquisition of Faysal Asset Management Limited:
(Refer note 7 to the consolidated financial statements)

The Bank has acquired further interest in Faysal Asset Management Limited (FAML) which has increased the Bank's holding in FAML from 30% to 99.99% establishing the Bank's control over FAML.

As a result of the above acquisition, the Group has recognised goodwill amounting to Rs. 412.060 million on the acquisition date based on the provisional carrying values of FAML as at the acquisition date. The management is in the process of determining the fair values of acquired assets and liabilities. International Financial Reporting Standard (IFRS) 3: 'Business Combinations' envisages such a situation and allows the acquirer to account for the acquisition using provisional values if the initial accounting for the acquisition can be determined only provisionally by the year end. Adjustments to these provisional values consequent to completion of the initial accounting of the acquisition is

Our audit procedures with respect to the acquisition of FAML included the following:

- inspected the resolutions passed by the Board of Directors and shareholders of the Bank in relation to the investments made.
- obtained purchase agreements and reviewed their provisions with respect to the acquisition price and other terms of the agreements.
- checked the carrying values of assets and liabilities of FAML from the financial statements of FAML as of the acquisition date. Carrying values were considered provisional values as the management is in the process of determining the fair values of acquired assets and liabilities at the acquisition date.

S.No.	Key Audit Matters	How the matter was addressed in our audit
3	<p>required, under IFRS 3, to be incorporated in the financial statements with effect from the acquisition date, within a period of twelve months from the acquisition date.</p> <p>As this acquisition represents a significant transaction for the year due to its impact on the annexed consolidated financial statements, we have considered the accounting implications of the transaction as a key audit matter.</p> <p>3 Change in format of the financial statements (Refer note 3.8.2 to the consolidated financial statements)</p> <p>The State Bank of Pakistan (SBP) has amended the format of annual financial statements of banks. All banks are directed to prepare their annual financial statements on the revised format effective from the accounting year ended December 31, 2018. Accordingly, the Group has prepared these consolidated financial statements on the new format prescribed by the State Bank of Pakistan.</p> <p>As part of this transition to the new requirements, the management performed a gap analysis to identify differences between the previous and current format. The adoption of the new format required certain recognition requirements and reclassification of financial information. The amended format also introduced certain new disclosures in the consolidated financial statements.</p> <p>In view of the significant impact of the first time adoption of the revised format on these consolidated financial statements, we considered this as a key audit matter</p>	<ul style="list-style-type: none"> • checked the calculation of goodwill by comparing the provisional values of assets and liabilities of FAMI, with the purchase consideration. • checked that the disclosures relating to the acquisition were in accordance with the applicable financial reporting framework. <p>We reviewed and understood the requirements of the SBP's amended format of annual financial statements for banks. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • considered the management's process to identify the changes required in the consolidated financial statements to comply with the new format; and • obtained relevant underlying supports relating to the changes required in the unconsolidated financial statements consequent to the adoption of the new format to assess their appropriateness and verified them on a test basis.

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 Shahbaz Akbar.

A handwritten signature in black ink, appearing to read 'A.F. Ferguson & Co.', written in a cursive style.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 4, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	2018	2017	2016
		Rupees '000		
			Restated	Restated
ASSETS				
Cash and balances with treasury banks	8	43,174,003	37,861,767	37,239,302
Balances with other banks	9	1,848,859	1,872,771	1,139,375
Lendings to financial institutions	10	2,997,486	9,010,335	5,000,000
Investments	11	213,815,803	179,706,358	170,210,136
Advances	12	296,444,861	231,532,160	204,830,997
Fixed assets	13	11,662,446	11,443,528	10,504,822
Intangible assets	14	1,743,900	1,496,097	1,607,059
Deferred tax assets	15	141,712	1,607,625	2,264,212
Other assets	16	28,167,363	20,389,047	19,227,068
		599,996,433	494,919,688	452,022,971
LIABILITIES				
Bills payable	17	23,543,524	8,761,334	6,655,919
Borrowings	18	98,351,921	54,788,547	52,806,084
Deposits and other accounts	19	409,383,501	371,624,155	339,632,770
Liabilities against assets subject to finance lease		-	-	-
Subordinated debt		-	-	1,497,000
Deferred tax liabilities		-	-	-
Other liabilities	20	25,184,233	20,513,376	16,422,873
		556,463,179	455,687,412	417,014,646
NET ASSETS		43,533,254	39,232,276	35,008,325
REPRESENTED BY				
Share capital	21	15,176,965	13,197,361	11,997,601
Reserves		8,778,908	7,936,338	7,158,248
Surplus on revaluation of assets	22	5,093,667	5,613,243	5,917,426
Unappropriated profit		14,483,709	12,485,334	9,935,050
Total equity attributable to the equity holders of the parent		43,533,249	39,232,276	35,008,325
Non-controlling interest		5	-	-
		43,533,254	39,232,276	35,008,325
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, 2018

	Note	2018	2017
		----- Rupees '000 -----	
			Restated
Mark-up / return / interest earned	25	35,201,159	28,766,119
Mark-up / return / interest expensed	26	18,924,859	14,830,923
Net mark-up / interest income		16,276,300	13,935,196
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	3,554,907	3,086,639
Dividend income		170,110	159,514
Foreign exchange income		1,970,720	1,385,057
Income / (loss) from derivatives		118,641	(58,936)
Gain on securities	28	50,627	807,210
Other income	29	524,231	259,780
Total non mark-up / interest income		6,389,236	5,639,264
Total income		22,665,536	19,574,459
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	14,510,447	12,607,943
Workers welfare fund		172,758	154,382
Other charges	31	90,275	11,761
Total non mark-up / interest expenses		14,773,480	12,774,086
Profit before provisions		7,892,056	6,800,373
Reversal of provision and recoveries against written-off debts - net	32	(421,992)	(491,802)
Share of loss of associate		(11,804)	(22,863)
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		8,302,244	7,269,312
Taxation	33	3,416,133	2,754,526
PROFIT AFTER TAXATION		4,886,111	4,514,786
Attributable to:			
Equity holders of the parent		4,886,111	4,514,786
Non-controlling interest		-	-
		4,886,111	4,514,786
		-----Rupees-----	
Basic / diluted earnings per share	34	3.22	2.97


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, 2018

	2018	2017
	----- Rupees '000 -----	
		Restated
Profit after taxation for the year	4,886,111	4,514,786
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of investments - net of tax	(437,395)	(783,351)
Items that will not be reclassified to profit and loss account in subsequent periods:		
- Remeasurement (loss) / gain on defined benefit obligations - net of tax	(22,181)	25,375
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	590,881
- Movement in surplus on revaluation of non-banking assets - net of tax	(695)	-
	(22,876)	616,256
Total comprehensive income	<u>4,425,840</u>	<u>4,347,691</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, 2018

	Attributable to the equity holders of the parent											Non-controlling interest	Total
	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit			
	Capital			Reserve arising on amalgamation	Statutory reserve	Total	Investments	Fixed / Non-banking assets	Total				
	Share capital	Reserve for Issue of bonus shares	Share premium								Non-distributable capital reserve (NCR)- gain on bargain purchase		
----- Rupees '000 -----													
Balance as at January 1, 2017 as previously reported	11,997,601	-	10,131	881,740	23,952	6,242,425	7,158,248	-	-	-	9,985,870	-	29,141,719
Reclassification of surplus to equity (note 3.8.2)	-	-	-	-	-	-	-	784,800	5,081,806	5,866,606	-	-	5,866,606
Transfer to surplus on revaluation of fixed assets - net of tax due to change in accounting policy (note 3.8.1)	-	-	-	-	-	-	-	-	50,820	50,820	(50,820)	-	-
Balance as at January 1, 2017 - restated	11,997,601	-	10,131	881,740	23,952	6,242,425	7,158,248	784,800	5,132,626	5,917,426	9,935,050	-	35,008,325
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	-	4,514,786	-	4,514,786
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(783,351)	590,881	(192,470)	25,375	-	(167,095)
Total comprehensive income	-	-	-	-	-	-	-	(783,351)	590,881	(192,470)	4,540,161	-	4,347,691
Transfer to statutory reserve	-	-	-	-	-	902,957	902,957	-	-	-	(902,957)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(78,348)	(78,348)	78,348	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(33,365)	(33,365)	34,492	-	1,127
Amortisation of intangible assets - customer relationship - net of tax (note 14)	-	-	-	(124,867)	-	-	(124,867)	-	-	-	-	-	(124,867)
Transactions with owners, recorded directly in equity													
- Transfer to reserve for issue of bonus shares	-	1,199,760	-	-	-	-	1,199,760	-	-	-	(1,199,760)	-	-
- Bonus shares issued	1,199,760	(1,199,760)	-	-	-	-	(1,199,760)	-	-	-	-	-	-
	1,199,760	-	-	-	-	-	-	-	-	-	(1,199,760)	-	-
Balance as at December 31, 2017 - restated	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	-	-	-	-	-	-	-	-	-	-	4,886,111	-	4,886,111
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(437,395)	(695)	(438,090)	(22,181)	-	(460,271)
Total comprehensive income	-	-	-	-	-	-	-	(437,395)	(695)	(438,090)	4,863,930	-	4,425,840
Non-controlling interest acquired	-	-	-	-	-	-	-	-	-	-	-	5	5
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	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of intangible assets - customer relationship - net of tax (note 14)	-	-	-	(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	14,483,709	5	43,533,254

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, 2018

Note	2018 ----- Rupees '000 -----	2017 Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,302,244	7,269,312
Less: dividend income	(170,110)	(159,514)
	<u>8,132,134</u>	<u>7,109,798</u>
Adjustments:		
Depreciation	882,711	783,471
Amortisation	120,067	184,929
Depreciation on non-banking assets	14,257	14,032
Impairment of non-banking assets	47,780	-
Workers' Welfare Fund	172,758	154,382
Reversal of provision against loans and advances - net	(433,611)	(586,291)
Provision for diminution in value of investments - net	92,891	182,943
Other provision - net	7,532	4,610
Provision against off balance sheet obligations	24,148	5,152
Loss on securities unrealised - held for trading - net	7,609	3,853
Gain on sale of fixed assets - net	(30,219)	(21,765)
Gain on sale of non-banking assets	-	(2,040)
Charge for defined benefit plan	123,793	114,616
Amortisation of prepaid employee benefits	66,688	15,602
(Income) / loss from derivative contracts - net	(118,641)	58,936
Share of loss of associate	11,804	22,863
Gain on revaluation of previously held equity interest in FAML	(123,635)	-
Recovery of written off / charged off bad debts	(112,952)	(98,216)
32	<u>752,980</u>	<u>837,077</u>
	<u>8,885,114</u>	<u>7,946,875</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	6,012,849	(4,010,335)
Held-for-trading securities	1,662,691	(31,859,677)
Advances	(64,366,138)	(26,038,871)
Others assets (excluding advance taxation)	(7,479,547)	(1,097,559)
	<u>(64,170,145)</u>	<u>(63,006,442)</u>
Increase in operating liabilities		
Bills Payable	14,782,190	1,322,041
Borrowings from financial institutions	43,667,379	2,259,574
Deposits	37,759,346	32,774,759
Other liabilities (excluding current taxation)	4,603,527	4,793,679
	<u>100,812,442</u>	<u>41,150,053</u>
Income tax paid	(2,278,172)	(2,852,893)
Contribution to gratuity fund	(239)	(63,197)
	<u>(2,278,411)</u>	<u>(2,916,090)</u>
Net cash flow generated from / (used in) operating activities	<u>43,249,000</u>	<u>(16,825,604)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net (divestment) / investment in available for sale securities	(35,131,789)	13,419,207
Net (divestment) / investment in held to maturity securities	(1,424,859)	7,529,436
Acquisition of subsidiary, net of cash acquired	(309,985)	-
Dividends received	181,079	164,124
Investment in operating fixed assets	(1,209,662)	(1,255,243)
Proceeds from sale of fixed assets	41,144	37,035
Proceeds from sale of non-banking assets	-	61,200
Net cash flow (used in) / generated from investing activities	<u>(37,854,072)</u>	<u>19,955,759</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of sub-ordinated debt	-	(1,497,000)
Dividend paid	(2,599)	(183)
Net cash flow used in financing activities	<u>(2,599)</u>	<u>(1,497,183)</u>
Increase in cash and cash equivalents	<u>5,392,329</u>	<u>1,632,972</u>
Cash and cash equivalents at the beginning of the year	35 <u>39,488,907</u>	<u>37,855,935</u>
Cash and cash equivalents at the end of the year	35 <u>44,881,236</u>	<u>39,488,907</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, 2018

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

During the year, the Holding Company acquired 10,498,000 shares of Faysal Asset Management Limited, (the Subsidiary Company) in November 2018. As a result, the Holding Company now has controlling interest of 99.99% in the paid up capital of the Subsidiary Company.

1.2 Holding Company

1.2.1 Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the Companies Ordinance, 1984. 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 455 branches (2017: 405); including 254 Islamic banking branches (2017: 197) and 1 Islamic sub-branch (2017: 1) in Pakistan.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (2017: 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.

1.2.2 Based on the unconsolidated financial statements of the Bank for the period ended September 30, 2018 and for the year ended December 31, 2017, the Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2017: 'AA') and the short term rating as 'A1+' (December 31, 2017: 'A1+').

1.3 Subsidiary Company

1.3.1 Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the 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, Main Shahrah e Faisal, Karachi.

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

1.3.2 JCR-VIS Credit Rating Company Limited has assigned Asset Management rating of AM3 to the Subsidiary Company. The rating was determined on March 19, 2018.

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

	Net Asset Value as at	
	December 31, 2018	December 31, 2017
	-----Rupees in million-----	
Open-end Collective Investment Schemes (CISs)		
Faysal Stock Fund (Formerly Faysal Balanced Growth Fund)	154	167
Faysal Income and Growth Fund	687	1,187
Faysal Savings Growth Fund	1,999	2,444
Faysal Asset Allocation Fund	139	224
Faysal Islamic Savings Growth Fund	982	1,154
Faysal Money Market Fund	4,172	2,153
Faysal Financial Sector Opportunity Fund	352	167
Faysal Islamic Asset Allocation Fund	351	391
Faysal MTS Fund	508	291

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1.3.4 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 consolidated 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-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 have been followed.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' (replaced by IFRS 9, 'Financial Instruments') and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the year ended December 31, 2018 the Group has adjusted amortisation of intangible assets amounting to Rs. 124.867 million (net of tax) from the Non-distributable Capital Reserve.

3.4 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these 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 mutual funds are not considered in these consolidated financial statements. Therefore direct investments by the Group in mutual funds managed by Faysal Asset Management Limited are not consolidated as would otherwise be required under the definition of control specified in IFRS 10.

3.6 Standards, interpretations of and amendments to published accounting and reporting standards that are effective in the current year:

The Group has applied the following amendments for the first time for their accounting period commencing January 1, 2018:

3.6.1 The State Bank of Pakistan (SBP) through its BPRD Circular No. 2 of 2018 dated January 25, 2018 has amended the format of annual financial statements of banks. All banks are directed to prepare their annual financial statements on the revised format effective from the accounting year ending December 31, 2018. Accordingly the Group has prepared these consolidated financial statements on the new format prescribed by the State Bank of Pakistan. The adoption of new format required remeasurement and reclassification of comparative information and accordingly a third statement of financial position has been presented at the beginning of the preceding period (i.e. December 31, 2016) in accordance with the requirement of International Accounting Standard (IAS) 1, 'Presentation of Financial Statements'.

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, 2018 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 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:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Standards, Interpretations or Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial Instruments'	July 1, 2018
- IFRS 15 - 'Revenue from contracts with customers' with amendments	July 1, 2018
- IFRS 16 - 'Leases'	January 1, 2019
- IFRIC 23 - 'Uncertainty over income tax treatments'	January 1, 2019
- IAS 12 - 'Income Taxes' (amendments)	January 1, 2019
- IAS 19 - 'Employee Benefits' (amendments)	January 1, 2019
- 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

The management is in the process of assessing the impact of these standards and interpretations on the consolidated financial statements of the Group.

IFRS 16 replaces existing leasing guidance, 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 recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term lease and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

On adoption of IFRS 16, the Group shall recognise a 'right to use asset' with a corresponding liability for lease payments. The Group is in the process of assessing the full impact of this standard.

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.

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

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, 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.

3.8 Changes in accounting policies

3.8.1 The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide Circular No. 23 dated October 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

Consequently, the Group has changed its policy for accounting for a deficit arising on revaluation of fixed assets. The Group's previous accounting policy (as described in note 7.6 of the annual financial statements for the year ended December 31, 2017), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular asset was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. A deficit arising on revaluation of a particular asset is now to be accounted for in accordance with IFRS, which requires that such deficit can not be adjusted against surplus for any other asset, but is to be taken to the consolidated profit and loss account as an impairment.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	As at December 31, 2018	As at December 31, 2017	As at December 31, 2016
	----- Rupees '000 -----		
Impact on Consolidated Statement of Financial Position			
(Decrease) / increase in surplus on revaluation of assets - net of tax	-	(8,182) *	50,820
Increase / (decrease) in unappropriated profit	-	8,182 *	(50,820)
		Year ended December 31, 2018	Year ended December 31, 2017
		----- Rupees '000 -----	
Impact on Consolidated Profit and Loss Account			
Decrease in other charges		-	11,340
Increase in taxation		-	(2,982)
Increase in earnings per share (Rupees)		-	0.01

*Rs 0.176 million being the impact of incremental depreciation directly transferred from 'unappropriated profit' to 'surplus on revaluation of assets - net of tax'.

3.8.2 As referred to in note 3.6.1, the adoption of revised format has resulted in following significant changes:

- Acceptances amounting to Rs 10,899.656 million (2017: Rs 6,892.781 million) which were previously shown as part of contingencies and commitments are now recognised on the consolidated statement of financial position both as assets and liabilities. They are included in Other Assets (note 16) and Other Liabilities (note 20);
- Surplus on revaluation of fixed assets, non banking assets acquired in satisfaction of claims and investments which was previously shown below equity have now been included as part of equity. These surpluses aggregate to Rs. 5,093.667 million as at December 31, 2018 (2017: 5,613.243 million); and
- Intangibles (note 14) amounting to Rs 1,331.731 million (2017: Rs 1,496.097 million) which were previously shown as part of fixed assets (note 13) are now shown separately on the consolidated statement of financial position.
- IFRS 8, 'Operating Segments' was effective for the Group's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan were required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The SBP had defined the segment categorisation in the above mentioned circular, the SBP's requirements prevailed over the requirements specified in IFRS 8. Accordingly, segment information disclosed in prior financial statements was based on the requirements laid down by the SBP. The new format as aforesaid has revised the segment reporting requirement and requires the Group to apply IFRS 8 for such reporting. Application of IFRS 8 has resulted into certain changes in the disclosure of segment information. The segment information of the current and prior year based on the requirement of IFRS 8 is prescribed in note 41 to these consolidated financial statements.
- Certain reclassifications have been made in the consolidated statement of financial position and consolidated profit and loss account which are summarised in the note 47 to the consolidated financial statements.

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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

4.1 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- i) Business combinations (note 6.1 and 7);
- 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, 13, 14 and 22);
- vi) Accounting for non-banking assets acquired in satisfaction of claims (note 6.9 and 16);
- 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) Staff retirement benefits (note 6.11).

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 changes 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.

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

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

6.2 Cash and cash equivalents

For the purpose of the 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 / Acceptances

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

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.

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(b) Held to maturity

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

(c) Available for sale

These are investments, other than those, in associates 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.

6.4.1 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.

6.4.2 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.

6.4.3 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

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sukuk certificates is made as per the requirements of the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that has been recognised in surplus / deficit on revaluation of securities on the consolidated statement of financial position within equity is removed therefrom and recognised in the consolidated profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the consolidated profit and loss account.

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

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.

6.4.4 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.

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(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 receivable income is recognised in income on accrual basis as and when the rental becomes due. Impairment of Ijarah rental 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.

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 is 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.

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6.5.2 Net investment in finance lease

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

6.6 Fixed assets and depreciation

(a) Tangible assets - owned

Operating fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any, except for the building acquired as a result of acquisition of the Subsidiary Company during the year which is carried at its provisional value and will be revalued within the one year period as further specified in note 7 to these consolidated financial statements. 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) Tangible assets - leased

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

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

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

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

(c) Capital work in progress

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

(d) 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 in which the asset is disposed of. The intangible asset comprising customer relationship is being amortised over the life expectancy of the deposits. The residual values and useful lives of intangible assets are reviewed and adjusted, if appropriate, at each reporting date.

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

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

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

6.7 Impairment

The carrying amount of assets is 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. 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.

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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 Group also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

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 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'.

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

6.11 Staff retirement benefits

a) Defined contribution plan

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

b) Defined benefit scheme

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

Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the differences between the actual investment returns and the return implied by the net interest cost are recognised in the 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

6.12 Borrowings / deposits and their costs

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

6.13 Subordinated loans

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up on subordinated loans is charged to the consolidated profit and loss account over the period on an accrual basis and is recognised separately as part of other liabilities.

6.14 Revenue recognition and other items

- Mark-up income / interest / profits on advances and returns on investments are recognised on a time proportion basis except that mark-up income / interest / returns / profits on non-performing advances and investments are recognised on receipt basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan. Interest / returns / mark-up income / profits on rescheduled / restructured advances and investments are recognised as permitted by the State Bank of Pakistan, except where, in the opinion of the management, it would not be prudent to do so.
- Profit on Murabaha and Musawamah transactions are recognised on accrual basis for the period from the date of sale of goods to customer to the date of culmination of Murahaba / Musawamah. However, no profit can be accrued in excess of selling price determined at the time of executing the Murahaba / Musawamah transactions.
- Profit on Istisna / Salam / Tijarah transactions are recognised on 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 accrual basis over the corresponding rental period.
- Rental on Diminishing Musharaka financing once due is recognised on accrual basis over the corresponding rental period.
- Profit on Running Musharaka is recognised on 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

- Fee, commission on letters of credit / guarantee, other commission and brokerage income is recognised on accrual basis.
- Financial advisory fee is recognised when the right to receive the fee is established.
- Rent and other income is recognised on 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 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 on the 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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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 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 being their 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

(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.

7 BUSINESS COMBINATION

7.1 Acquisition of Faysal Asset Management Limited (FAML)

'During the year, the Holding Company acquired 10,498,000 shares of Faysal Asset Management Limited in November 2018. As a result, the Holding Company now has controlling interest of 99.99% in the paid up capital of FAML. FAML was previously classified as associate in the financial statements of the Group having 30% shareholding in FAML.

The business combination has been accounted for by applying the acquisition method. The cost of the acquisition has been measured at the cash payment made by the parent company against the purchase of shares. Identified assets acquired, liabilities assumed or incurred have been carried at the book value at the acquisition date. The excess of the cost of acquisition over the book value of the Group's shares of the identifiable net assets acquired has been recorded as goodwill in the consolidated financial statements of the Group. The goodwill in the consolidated financial statement is provisional as fair value of the assets and liabilities was not determined as at the end of the reporting period.

7.2 Consideration transferred

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

	Rupees '000
- Fair value of already held equity interest in associate	135,000
- Consideration paid	314,940
Total purchase consideration	449,940
Less: book value of net assets acquired in Faysal Asset Management Limited	37,880
Goodwill	<u>412,060</u>
Gain on remeasurement on previously held equity interest of associate (appearing in other income to the consolidated profit and loss account for the year ended December 31, 2018)	<u>123,635</u>

7.3 Assets acquired and liabilities recognised at the date of acquisition

At the acquisition date, the identifiable assets acquired and liabilities assumed have provisionally been recognised at their carrying values. The management is in the process of determining the fair values of acquired assets and liabilities.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Acquiree's carrying amounts as on acquisition date Rupees '000
The carrying amounts of assets and liabilities acquired are as follows:	
ASSETS	
Non-current assets	
Fixed assets	50,787
Long-term loans and receivables	361
Long-term deposits	563
Deferred taxation	1,722
	<u>53,433</u>
Current assets	
Receivable from funds under management	5,553
Advances, prepayments and other receivables	3,308
Short-term investments	39
Taxation - net	40,756
Cash and bank balances	4,955
	<u>54,611</u>
Total assets	<u><u>108,044</u></u>
EQUITY AND LIABILITIES	
Share capital and reserves	
Issued, subscribed and paid-up share capital	150,000
Accumulated losses	(112,115)
Total equity	<u>37,885</u>
Liabilities	
Unclaimed dividend	5
Trade and other payables	<u>70,154</u>
	<u>70,159</u>
Total equity and liabilities	<u><u>108,044</u></u>
Book value of net assets as at November 22, 2018	<u><u>37,885</u></u>
%age of net assets acquired	<u><u>99.99%</u></u>
Book value of net assets acquired *	<u><u>37,880</u></u>
Cash paid net of cash acquired	<u><u>309,985</u></u>

The acquisition contributed a net loss after taxation of Rs 11.989 million since November 22, 2018.

Had the acquisition of the business from Faysal Bank Limited been made on January 1, 2018, the consolidated profit and loss account would have shown proforma net profit before taxation of Rs 4,844.009 million.

*Proportionate share in the net assets is taken in proportion to the number of shares held at the date of acquisition.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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7.4 Non-controlling Interest	2018 Rupees in '000
Net assets at acquisition date	5
Profit for the period	-
Opening retained earnings	-
	5

8 CASH AND BALANCES WITH TREASURY BANKS	Note	2018	2017
		----- Rupees '000 -----	
In hand			
- Local currency		10,351,352	7,863,300
- Foreign currency		2,444,182	2,092,970
		12,795,534	9,956,270
With State Bank of Pakistan in			
- Local currency current account	8.1	17,961,225	17,001,165
- Foreign currency current account	8.2	1,684,395	1,399,538
- Foreign currency deposit account	8.3	4,977,571	4,073,487
		24,623,191	22,474,190
With National Bank of Pakistan in			
- Local currency current account		5,746,092	5,417,796
Prize bonds		9,186	13,511
		43,174,003	37,861,767

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 rates on these balances are ranging from 0.58% to 1.5% (2017: 0.06% to 0.37%) per annum on monthly basis by the SBP.

9 BALANCES WITH OTHER BANKS	2018	2017
	----- Rupees '000 -----	
In Pakistan		
- In current account	1,388,636	1,488,379
- In savings account	1,253	-
	1,389,889	1,488,379
Outside Pakistan		
- In current account	458,970	384,392
	1,848,859	1,872,771

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		----- Rupees '000 -----	
10 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	10.2	-	3,000,000
Repurchase agreement lendings (reverse repo)	10.3	2,997,486	6,010,335
		<u>2,997,486</u>	<u>9,010,335</u>
Less: provision held against lending to financial institutions		-	-
Lending to financial institutions - net of provision		<u>2,997,486</u>	<u>9,010,335</u>

10.1 Particulars of lending

In local currency	2,997,486	9,010,335
In foreign currencies	-	-
	<u>2,997,486</u>	<u>9,010,335</u>

10.2 This represents lendings to a commercial bank which carry mark-up at the rate of Nil (2017: 6.05% per annum).

10.3 This represents lendings to a commercial bank which carry mark-up at the rate of 10.25% per annum (2017: 5.75%) maturing in January, 2019.

10.4 Securities held as collateral against lending to financial institutions

	2018			2017		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- Rupees '000 -----					
Market Treasury Bills	3,000,000	-	3,000,000	-	-	-
Pakistan Investment Bonds	-	-	-	1,924,000	4,076,000	6,000,000
Total	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>1,924,000</u>	<u>4,076,000</u>	<u>6,000,000</u>

11 INVESTMENTS

11.1 Investments by type:

	2018				2017			
	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	31,630,477	-	(11,067)	31,619,410	33,563,245	-	(3,392)	33,559,853
Shares *	270,038	-	67	270,105	-	-	-	-
	<u>31,900,515</u>	<u>-</u>	<u>(11,000)</u>	<u>31,889,515</u>	<u>33,563,245</u>	<u>-</u>	<u>(3,392)</u>	<u>33,559,853</u>
Available-for-sale securities								
Federal Government securities	151,416,453	-	(199,053)	151,217,400	119,263,433	-	71,968	119,335,401
Shares *	9,134,281	1,429,123	(480,988)	7,224,170	6,779,241	1,330,816	(130,750)	5,317,675
Non Government debt securities	7,443,897	559,787	9,355	6,893,465	6,808,058	559,787	61,011	6,309,282
	<u>167,994,631</u>	<u>1,988,910</u>	<u>(670,686)</u>	<u>165,335,035</u>	<u>132,850,732</u>	<u>1,890,603</u>	<u>2,229</u>	<u>130,962,358</u>
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	-	-	-	-
Non Government debt Securities	16,546,962	1,552,757	-	14,994,205	16,719,151	1,558,173	-	15,160,978
	<u>18,144,010</u>	<u>1,552,757</u>	<u>-</u>	<u>16,591,253</u>	<u>16,719,151</u>	<u>1,558,173</u>	<u>-</u>	<u>15,160,978</u>
Associates *								
Fully paid up ordinary shares of Faysal Asset Management Limited	-	-	-	-	23,169	-	-	23,169
Total Investments	<u>218,039,156</u>	<u>3,541,667</u>	<u>(681,686)</u>	<u>213,815,803</u>	<u>183,156,297</u>	<u>3,448,776</u>	<u>(1,163)</u>	<u>179,706,358</u>

* related parties

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Note	2018				2017			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----								
11.2 Investments by segments								
Federal Government securities								
- Market Treasury Bills	173,172,404	-	(10,088)	173,162,316	123,847,287	-	(1,958)	123,845,329
- Pakistan Investment Bonds	3,874,526	-	(92,632)	3,781,894	22,667,336	-	73,988	22,741,324
- Ijarah Sukuks	6,000,000	-	(107,400)	5,892,600	6,312,055	-	(3,454)	6,308,601
- Other Federal Government securities	1,597,048	-	-	1,597,048	-	-	-	-
	184,643,978	-	(210,120)	184,433,858	152,826,678	-	68,576	152,895,254
Shares								
- Listed companies *	8,704,653	779,457	(511,266)	7,413,930	6,079,575	681,150	(161,095)	5,237,330
- Unlisted companies	699,666	649,666	30,345	80,345	699,666	649,666	30,345	80,345
	9,404,319	1,429,123	(480,921)	7,494,275	6,779,241	1,330,816	(130,750)	5,317,675
Non Government debt securities								
- Listed	1,099,690	51,476	7,975	1,056,189	1,428,747	51,477	37,282	1,414,552
- Unlisted	22,891,169	2,061,068	1,380	20,831,481	22,098,462	2,066,483	23,729	20,055,708
	23,990,859	2,112,544	9,355	21,887,670	23,527,209	2,117,960	61,011	21,470,260
Associates *								
Fully paid up ordinary shares of Faysal Asset Management Limited	-	-	-	-	23,169	-	-	23,169
Total Investments	218,039,156	3,541,667	(681,686)	213,815,803	183,156,297	3,448,776	(1,163)	179,706,358

* related parties

11.2.1 Market Treasury Bills have tenures of three months. The Group's return on these instruments ranges from 8.71% to 10.96% per annum (2017: 5.90% to 6.05% per annum) with maturities up to February 2019.

11.2.2 Pakistan Investment Bonds have tenures of 5 to 10 years. The Group's return on these instruments ranges from 6.45% to 12.70% per annum (2017: 5.98% to 12% per annum) with maturities from July 2019 to August 2028.

11.2.3 GoP Ijara Sukuk bonds have tenures of 3 years. The Group's return on these instruments are 5.24% per annum (2017: 4.65% to 5.24% per annum) with maturities up to June 2020.

	2018	2017
----- Rupees '000 -----		
11.2.4 Bai Muajjal - gross	2,212,625	-
Less: deferred income	(605,467)	-
Less: profit receivable shown in other assets	(10,110)	-
Bai Muajjal - net	<u>1,597,048</u>	<u>-</u>

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.36% per annum.

11.2.5 These include Sukuks having tenures ranging from 5 to 15 years. The Group's return on these instruments ranges from 8.56% to 11.92% per annum (2017: 6.17% to 9.15% per annum) with maturities up to 2033.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

11.3 Investments given as collateral	2018	2017
	----- Rupees '000 -----	
- Market treasury bills	<u>59,034,240</u>	<u>26,426,198</u>

11.4 Provision for diminution in value of investments

11.4.1 Opening balance	3,448,776	3,265,833
Charge / (reversals)		
Charge for the year	229,043	241,861
Reversals during the year	(136,152)	(58,918)
	92,891	182,943
Closing Balance	<u><u>3,541,667</u></u>	<u><u>3,448,776</u></u>

11.4.2 Particulars of provision against debt securities

Category of classification	2018		2017	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	----- Rupees '000 -----			
Domestic				
- Other assets especially mentioned	-	-	-	-
- Substandard	-	-	-	-
- Doubtful	-	-	-	-
- Loss	2,112,544	2,112,544	2,117,960	2,117,960
	<u>2,112,544</u>	<u>2,112,544</u>	<u>2,117,960</u>	<u>2,117,960</u>

11.5 Quality of available for sale securities

Details regarding quality of available for sale (AFS) securities are as follows:

	2018	2017
	Cost	
	----- Rupees '000 -----	
Federal Government securities - Government guaranteed		
Market Treasury Bills	141,762,868	93,718,791
Pakistan Investment Bonds	3,653,585	19,232,587
Ijarah Sukuks	6,000,000	6,312,055
	<u>151,416,453</u>	<u>119,263,433</u>

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FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	Cost	
	----- Rupees '000 -----	
Shares		
Listed companies		
Cement	332,380	467,045
Chemical	672,135	626,410
Commercial banks	1,612,705	524,433
Engineering	89,246	80,068
Fertilizer	669,138	684,807
Glass and ceramics	38	38
Investment banks / Investment companies / securities	12,528	12,528
Oil and gas exploration company	885,828	617,402
Oil and gas marketing company	382,712	329,889
Open - end mutual funds	2,731,377	1,380,062
Paper and board	251,189	133,111
Pharmaceuticals	73,522	175,782
Power generation and distribution	484,988	637,269
Real estate	16,372	16,372
Refinery	56,913	50,728
Textile composite	106,735	122,078
Textile spinning	4,362	4,362
Textile weaving	1,271	1,271
Transport	50,917	88,129
Food and allied	243	243
Automobile assembler	-	40,252
Cable and electrical goods	-	87,280
Others	16	16
	<u>8,434,615</u>	<u>6,079,575</u>

	2018		2017	
	Cost	Breakup value	Cost	Breakup value
	----- Rupees '000 -----			
Unlisted companies				
1Link (Private) Limited	50,000	-	50,000	-
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	-
ISE Towers REIT Management Company Limited	-	43,122	-	36,051
	<u>699,666</u>	<u>2,344,479</u>	<u>699,666</u>	<u>2,337,408</u>

Non Government debt securities

	2018	2017
	Cost	
	----- Rupees '000 -----	
Listed		
- AA+, AA, AA-	1,048,214	61,140
- CCC and below	51,476	51,476
	<u>1,099,690</u>	<u>112,616</u>
Unlisted		
- AA+, AA, AA-	1,002,876	1,316,132
- A+, A, A-	133,000	170,980
- Unrated	5,208,331	5,208,331
	<u>6,344,207</u>	<u>6,695,443</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

11.6 Particulars relating to Held to Maturity securities are as follows:

	2018	2017
	Cost	
	----- Rupees '000 -----	
Federal Government Securities - Government guaranteed		
Other Federal Government securities	1,597,048	-
Non Government Debt Securities		
Unlisted		
- AAA	8,657,142	7,461,606
- AA+, AA, AA-	566,667	1,133,333
- A+, A, A-	293,629	504,151
- CCC and below	1,499,110	1,499,110
- Unrated	5,530,414	6,120,951
	<u>16,546,962</u>	<u>16,719,151</u>

11.6.1 The market value of securities classified as held-to-maturity as at December 31, 2018 amounted to Rs. 15,490.626 million (December 31, 2017: Rs. 15,214.289 million).

12 ADVANCES

	Note	Performing		Non Performing		Total	
		2018	2017	2018	2017	2018	2017
		----- Rupees '000 -----					
Loans, cash credits, running finances, etc.	12.2	210,086,919	177,181,953	25,712,067	26,427,221	235,798,986	203,609,174
Islamic financing and related assets		78,493,045	45,509,517	475,784	382,176	78,968,829	45,891,693
Bills discounted and purchased		4,990,707	5,814,681	499,787	423,479	5,490,494	6,238,160
Margin financing / reverse repo transactions		-	-	-	88,200	-	88,200
Advances - gross		<u>293,570,671</u>	<u>228,506,151</u>	<u>26,687,638</u>	<u>27,321,076</u>	<u>320,258,309</u>	<u>255,827,227</u>
Provision against advances							
- Specific		-	-	(23,135,261)	(23,726,401)	(23,135,261)	(23,726,401)
- General		(678,187)	(568,666)	-	-	(678,187)	(568,666)
		<u>(678,187)</u>	<u>(568,666)</u>	<u>(23,135,261)</u>	<u>(23,726,401)</u>	<u>(23,813,448)</u>	<u>(24,295,067)</u>
Advances - net of provision		<u>292,892,484</u>	<u>227,937,485</u>	<u>3,552,377</u>	<u>3,594,675</u>	<u>296,444,861</u>	<u>231,532,160</u>

12.1 Particulars of advances (Gross)

	2018	2017
	----- Rupees '000 -----	
- In local currency	319,538,262	254,757,442
- In foreign currencies	720,047	1,069,785
	<u>320,258,309</u>	<u>255,827,227</u>

12.2 Includes net investment in finance lease as disclosed below:

	2018				2017			
	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	1,201,214	3,380,025	921	4,582,160	1,318,459	4,638,224	2,890	5,959,573
Residual value	590,283	907,626	682	1,498,591	654,435	1,655,364	1,280	2,311,079
Minimum lease payments	1,791,497	4,287,651	1,603	6,080,751	1,972,894	6,293,588	4,170	8,270,652
Financial charges for future periods	(98,931)	(22,002)	-	(120,933)	(98,129)	(21,168)	-	(119,297)
Present value of minimum lease payments	<u>1,692,566</u>	<u>4,265,649</u>	<u>1,603</u>	<u>5,959,818</u>	<u>1,874,765</u>	<u>6,272,420</u>	<u>4,170</u>	<u>8,151,355</u>

12.3 Advances include Rs. 26,688 million (2017: Rs. 27,321 million) which have been placed under non-performing status as detailed below:-

Category of Classification	2018		2017	
	Non-performing loans	Provision	Non-performing loans	Provision
	----- Rupees '000 -----			
Domestic				
- Other Assets Especially Mentioned	198,389	100	216,407	-
- Substandard	1,241,631	158,324	1,145,491	198,828
- Doubtful	1,525,467	660,373	872,296	281,053
- Loss	23,722,151	22,316,464	25,086,882	23,246,520
Total	<u>26,687,638</u>	<u>23,135,261</u>	<u>27,321,076</u>	<u>23,726,401</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

12.4 Particulars of provision against advances

Note	2018			2017		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
Opening balance	23,726,401	568,666	24,295,067	24,530,264	464,257	24,994,521
Charge for the year	1,672,814	109,521	1,782,335	1,335,926	127,943	1,463,869
Reversals during the year	(2,215,946)	-	(2,215,946)	(2,026,626)	(23,534)	(2,050,160)
	(543,132)	109,521	(433,611)	(690,700)	104,409	(586,291)
Amounts written off	(48,008)	-	(48,008)	(135,377)	-	(135,377)
12.5.1						
Amounts charged off - agriculture financing	-	-	-	-	-	-
Transfer of provision	-	-	-	22,214	-	22,214
Closing balance	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067

12.4.1 Particulars of provision against advances

	2018			2017		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
In local currency	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067
In foreign currencies	-	-	-	-	-	-
	23,135,261	678,187	23,813,448	23,726,401	568,666	24,295,067

12.4.2 As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,464.180 million (December 31, 2017: Rs 1,799.678 million) relating to advances while determining the provisioning requirement against non-performing financing as at December 31, 2018. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2018 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 951.717 million (December 31, 2017: Rs 1,169.791 million).

	Note	2018	2017
		----- Rupees '000 -----	
12.5 PARTICULARS OF WRITE OFFS:			
12.5.1 Against provisions	12.4	48,008	135,377
Directly charged to profit and loss account		(112,952)	(98,216)
		(64,944)	37,161
12.5.2 Write-offs of Rs. 500,000 and above			
- Domestic	12.6	34,711	119,672
- Overseas		-	-
Write offs of below Rs. 500,000		24,223	22,824
Recoveries against write-offs		(123,878)	(105,335)
		(64,944)	37,161

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, 2018 is given in Annexure - I to these consolidated financial statements.

	Note	2018	2017
		----- Rupees '000 -----	
13 FIXED ASSETS			
Capital work-in-progress	13.1	475,098	315,760
Property and equipment	13.2	11,187,348	11,127,768
		11,662,446	11,443,528
13.1 Capital work-in-progress			
Civil works		188,143	113,297
Equipment		142,598	54,028
Advances to suppliers		144,357	148,435
		475,098	315,760

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

13.2 Property and Equipment

	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	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	<u>1,110,502</u>	<u>3,059,916</u>	<u>176,048</u>	<u>4,598,812</u>	<u>204,593</u>	<u>1,011,736</u>	<u>90,005</u>	<u>876,156</u>	<u>11,127,768</u>
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	594,344	30,825	241,054	902,538
Acquisitions through business combination	-	-	-	47,909	-	1,662	1,089	-	50,660
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	<u>1,110,502</u>	<u>3,059,916</u>	<u>166,489</u>	<u>4,485,614</u>	<u>210,403</u>	<u>1,107,437</u>	<u>94,148</u>	<u>952,839</u>	<u>11,187,348</u>
At December 31, 2018									
Cost / revalued amount	1,110,502	3,059,916	176,048	4,659,593	1,064,961	5,686,342	220,265	2,620,658	18,598,285
Accumulated depreciation	-	-	9,559	173,979	854,558	4,578,905	126,117	1,667,819	7,410,937
Net book value	<u>1,110,502</u>	<u>3,059,916</u>	<u>166,489</u>	<u>4,485,614</u>	<u>210,403</u>	<u>1,107,437</u>	<u>94,148</u>	<u>952,839</u>	<u>11,187,348</u>
Rate of depreciation (percentage)	-	-	2%-6%	2%-20%	10%-50%	10%-50%	20%	10%-33%	

	2017								
	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	Total
	Rupees '000								
At January 1, 2017									
Cost / revalued amount	1,059,888	2,811,950	168,824	4,309,701	923,279	4,590,702	242,814	2,026,383	16,133,541
Accumulated depreciation	-	-	-	-	802,875	3,776,571	148,165	1,414,804	6,142,415
Net book value	<u>1,059,888</u>	<u>2,811,950</u>	<u>168,824</u>	<u>4,309,701</u>	<u>120,404</u>	<u>814,131</u>	<u>94,649</u>	<u>611,579</u>	<u>9,991,126</u>
Year ended December 31, 2017									
Opening net book value	1,059,888	2,811,950	168,824	4,309,701	120,404	814,131	94,649	611,579	9,991,126
Additions	-	-	-	-	111,533	652,016	34,875	388,685	1,187,109
Acquisitions through business combination	-	-	-	-	-	-	-	-	-
Movement in surplus on assets revalued during the year	50,614	247,966	15,888	433,806	-	-	-	-	748,274
Disposals	-	-	-	-	(28)	(565)	(14,554)	-	(15,147)
Depreciation charge	-	-	(8,664)	(144,695)	(26,806)	(453,160)	(24,965)	(125,181)	(783,471)
Write-off	-	-	-	-	(44)	-	-	(79)	(123)
Other adjustments / transfers	-	-	-	-	(466)	(686)	-	1,152	-
Closing net book value	<u>1,110,502</u>	<u>3,059,916</u>	<u>176,048</u>	<u>4,598,812</u>	<u>204,593</u>	<u>1,011,736</u>	<u>90,005</u>	<u>876,156</u>	<u>11,127,768</u>
At December 31, 2017									
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	<u>1,110,502</u>	<u>3,059,916</u>	<u>176,048</u>	<u>4,598,812</u>	<u>204,593</u>	<u>1,011,736</u>	<u>90,005</u>	<u>876,156</u>	<u>11,127,768</u>
Rate of depreciation (%)	-	-	2%-6%	2%-20%	10%-50%	10%-50%	20%	10%-33%	

Included in cost of operating fixed assets are fully depreciated items still in use having cost of Rs 5,180.108 million (2017: Rs 4,811.021 million).

The Bank's freehold / leasehold land and buildings on freehold / leasehold land were last revalued by Iqbal A. Nanjee Co. (Private) Limited on December 31, 2017 on the basis of professional assessments of the market value.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2018 would have been Rs 3,346.270 million (2017: Rs 3,343.661 million).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

14 INTANGIBLE ASSETS	Note	2018	2017
		----- Rupees '000 -----	
Capital work-in-progress	14.1	224,492	199,198
Intangibles	14.2	1,519,408	1,296,899
		1,743,900	1,496,097
14.1 Capital work-in-progress			
Computer software		224,492	199,198

14.2 Intangibles

		2018			
		Goodwill	Computer software	Customer relationship	Total
		----- Rupees '000 -----			
At January 1, 2018					
Cost		-	1,962,790	2,557,167	4,519,957
Accumulated amortisation and impairment		-	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:					
- developed internally		-	-	-	-
- directly purchased		-	122,492	-	122,492
- through business combinations	7	412,060	127	-	412,187
		412,060	122,619	-	534,679
Amortisation charge		-	(120,067)	(192,103)	(312,170)
Closing net book value		412,060	135,030	972,318	1,519,408
At December 31, 2018					
Cost		412,061	2,103,105	2,557,167	5,072,333
Accumulated amortisation and impairment		-	1,968,076	1,584,849	3,552,925
Net book value		412,061	135,029	972,318	1,519,408
Rate of amortisation (percentage)		N/A	17%-33%	-	
Useful life		N/A	3-6 Years	10-19 Years	
		----- Rupees '000 -----			
		2017			
		Goodwill	Computer software	Customer relationship	Total
At January 1, 2017					
Cost		-	1,895,918	2,557,167	4,453,085
Accumulated amortisation and impairment		-	1,645,383	1,200,643	2,846,026
Net book value		-	250,535	1,356,524	1,607,059
Year ended December 31, 2017					
Opening net book value		-	250,535	1,356,524	1,607,059
Additions:					
- developed internally		-	-	-	-
- directly purchased		-	66,872	-	66,872
- through business combinations		-	-	-	-
		-	66,872	-	66,872
Amortisation charge		-	(184,929)	(192,103)	(377,032)
Closing net book value		-	132,478	1,164,421	1,296,899
At December 31, 2017					
Cost		-	1,962,790	2,557,167	4,519,957
Accumulated amortisation and impairment		-	1,830,312	1,392,746	3,223,058
Net book value		-	132,478	1,164,421	1,296,899
Rate of amortisation (percentage)		N/A	17%-33%	-	
Useful life		N/A	3-6 Years	10-19 Years	

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14.1 The intangible assets include fully amortised items still in use having cost of Rs 1,809.384 million (2017: Rs 1,221.485 million).

14.2 The intangible asset - Customer relationship comprises of core deposits which were recognised at the time of acquisition of ex-RBS Pakistan. These core deposits represent the funding benefit that would be available to the Bank on account of availability of funding through deposit customers rather than from the wholesale or interbank market. This benefit also considers the fact that the economic life time of these deposits is longer than their contractual life. Based on this assumption, this intangible asset has been valued using certain valuation techniques and is being amortised over the life expectancy of these deposits. As more fully explained in note 14.4 to these consolidated financial statements the SBP allowed the Bank to adjust the amortisation charge arising on this intangible assets against non-distributable capital reserve.

14.3 The remaining amortisation period of these intangibles are ranging from 2 to 11 years.

14.4 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 Group to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, the Group has adjusted amortisation of intangible assets amounting to Rs. 124.867 million (2017: Rs. 124.867 million) (net of tax) from the Non-distributable Capital Reserve.

15 DEFERRED TAX ASSETS

	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	(23,377)
- Fair value adjustment relating to net assets acquired upon amalgamation	(407,550)	-	-	67,236	(340,314)
- Accelerated tax depreciation	(139,037)	(9,403)	18,180	-	(130,260)
- Fair valuation of previously held equity interest of FAML	-	-	(43,272)	-	(43,272)
	(1,798,497)	(9,403)	18,788	67,610	(1,721,502)
	1,607,625	1,722	(1,770,763)	303,128	141,712

	2017				
	At January 1, 2017	On business combination	Recognised in P&L	Recognised in OCI	At December 31, 2017
	Rupees '000				
Deductible Temporary Differences on					
- Provision for diminution in the value of investments	609,871	-	(133,660)	-	476,211
- Provision against advances, off balance sheet etc.	3,553,726	-	(852,880)	-	2,700,846
- Share of loss from associate	(362)	-	8,002	-	7,640
- Provision against other assets	220,591	-	1,614	-	222,205
	4,383,826	-	(976,924)	-	3,406,902
Taxable Temporary Differences on					
- Surplus on revaluation of fixed assets	(1,108,548)	-	37,782	(157,393)	(1,228,159)
- Surplus on revaluation of non banking assets	(24,878)	-	-	1,127	(23,751)
- Surplus on revaluation of investments	(422,583)	-	-	421,803	(780)
- Fair value adjustment relating to net assets acquired upon amalgamation	(474,784)	-	-	67,234	(407,550)
- Accelerated tax depreciation	(88,821)	-	(50,216)	-	(139,037)
	(2,119,614)	-	(12,434)	332,771	(1,799,277)
	2,264,212	-	(989,358)	332,771	1,607,625

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		----- Rupees '000 -----	----- Rupees '000 -----
16 OTHER ASSETS			Restated
Income / mark-up accrued in local currency - net of provision		5,059,391	3,459,328
Income / mark-up accrued in foreign currency - net of provision		66,476	48,335
Advances, deposits, advance rent and other prepayments		1,231,145	1,016,200
Advance taxation (payments less provisions)		3,602,872	3,102,087
Non-banking assets acquired in satisfaction of claims	16.1	1,807,502	1,868,470
Mark to market gain on forward foreign exchange contracts		2,868,688	1,229,356
Acceptances	20	10,899,656	6,892,781
Credit cards and other products fee receivable		334,588	303,283
Receivable from brokers against sale of shares		447,272	46,005
Dividend receivable		75,348	86,317
Prepaid employee benefits		-	66,688
Others		775,650	1,258,090
		<u>27,168,588</u>	<u>19,376,940</u>
Less: Provision held against other assets	16.2	<u>(262,243)</u>	<u>(249,980)</u>
Other assets (net of provision)		26,906,345	19,126,960
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,261,018	1,262,087
Other assets - total		<u><u>28,167,363</u></u>	<u><u>20,389,047</u></u>
		2018	2017
		----- Rupees '000 -----	----- Rupees '000 -----
16.1 Market value of non-banking assets acquired in satisfaction of claims		<u><u>3,847,102</u></u>	<u><u>3,143,415</u></u>

The non-banking assets acquired in satisfaction of claims by the Group have been revalued by independent professional valuer as at December 31, 2018. The revaluation was carried out by Iqbal A. Nanjee Company (Private) Limited on the basis of professional assessment of present market value. The above market values are based on desktop valuations. The SBP's Regulations for Debt Property Swap requires the Group to carry out full scope valuation after every three years.

		2018	2017
		----- Rupees '000 -----	----- Rupees '000 -----
16.1.1 Non-banking assets acquired in satisfaction of claims			
Opening Balance		3,130,557	3,202,821
Additions		-	-
Revaluation		-	-
Disposals		-	(59,160)
Depreciation		(14,257)	(14,032)
Impairment		(47,780)	-
Adjustments		-	928
Closing Balance		<u><u>3,068,520</u></u>	<u><u>3,130,557</u></u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	----- Rupees '000 -----	
16.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	-	61,200
Less;		
- Cost	-	59,160
- Impairment / depreciation	-	-
	-	59,160
Gain / loss	-	2,040
16.2 Provision held against other assets		
Dividend receivable	75,348	75,348
SBP penalties	64,383	56,799
Fraud forgery theft and account receivable	13,802	13,802
Security deposits	22,994	22,994
Others	85,716	81,037
	262,243	249,980
16.2.1 Movement in provision held against other assets		
Opening balance	249,980	285,854
Acquisition of FAML	4,731	-
Charge for the year	9,782	4,622
Reversals during the year	(2,250)	(12)
	7,532	4,610
Amount written off	-	(40,484)
Closing balance	262,243	249,980
17 BILLS PAYABLE		
In Pakistan	23,543,524	8,761,334
Outside Pakistan	-	-
	23,543,524	8,761,334

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FOR THE YEAR ENDED DECEMBER 31, 2018

18	BORROWINGS	Note	2018 ----- Rupees '000 -----	2017 ----- Rupees '000 -----
	Secured			
	Borrowings from the State Bank of Pakistan			
	- Under export refinance scheme - Part I and II	18.1	11,895,711	15,244,983
	- Under long term financing facility	18.2	1,786,815	1,514,292
	- Under long term financing facility for renewable power energy (RPE)	18.3	962,784	971,213
	- Under scheme of financing facility for storage of agricultural produce	18.4	117,219	131,223
	- Under Islamic export refinance scheme	18.5	4,107,833	450,000
			18,870,362	18,311,711
	Repurchase agreement borrowings	18.6	58,968,300	26,412,444
	Total secured		<u>77,838,662</u>	<u>44,724,155</u>
	Unsecured			
	Call borrowings	18.7	325,000	3,500,000
	Overdrawn nostro accounts		141,626	245,631
	Musharaka acceptances	18.8	7,700,000	4,000,000
	Other borrowings	18.9	12,346,633	2,318,761
	Total unsecured		<u>20,513,259</u>	<u>10,064,392</u>
			<u>98,351,921</u>	<u>54,788,547</u>

- 18.1** In accordance with the Export Refinance Scheme (ERF), the Group has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Group 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 Group with the SBP. Borrowing from the SBP under the export refinance scheme is secured by the Group's cash and security balances held by the SBP. The mark-up rates on this facility was 1% and 2% per annum (2017: 1% to 2% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.
- 18.2** These represent borrowings from the SBP under scheme for long term financing facility. The markup rates on these facilities are ranging from 2% to 4.5% per annum (2017: 2% to 8.4% per annum) payable on quarterly basis, with maturities upto December 2028. As per the terms of the agreement, the Group has granted the SBP a right to recover the outstanding amount from the Group at the respective date of maturity of finances by directly debiting the current account of the Bank maintained with the SBP.
- 18.3** 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% per annum, payable on quarterly basis, with maturities upto December 2028. As per the agreement, the Group has granted the SBP a right to recover the outstanding amount from the Group at the maturity date of finances by directly debiting the current account of the Group maintained with the SBP.
- 18.4** 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 (2017: 2.5% to 3.5%) payable on quarterly basis with maturities upto December 2023. As per the agreement, the Group has granted the SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with the SBP.
- 18.5** In accordance with the Islamic Export Refinance Scheme (IERS), the Group has entered into musharaka agreements for financing with the SBP for extending export finance to customers. As per the agreement, the Group has granted the SBP the right to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current account maintained by the Group with the SBP. The average mark-up rate on this facility is 2.28% (2017: 1.85%) payable on quarterly basis with maturities upto 180 days from the date of grant.
- 18.6** These represent collateralised borrowings against market treasury bills. The mark-up rate on these borrowings is 10.24% per annum (2017: 5.86% to 6% per annum). These are payable by January 2019.
- 18.7** These borrowings are from financial institutions. The mark-up rates on these borrowings are 10.12% per annum (2017: 5.86% to 6% per annum) payable on maturity with maturities upto January 2019.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

18.8 These Musharaka acceptances are on profit and loss sharing basis. The expected rates on these deals are expected to range between 9.50% to 9.80% per annum (2017: 5.80% to 5.85% per annum). These deals have maturities upto February 2019.

18.9 This represents borrowings from a foreign financial institution. The mark-up rates on these borrowings are ranging from 3.28% to 4.76% per annum (2017: 2.15%) with maturities upto June 2019.

18.10 Details and nature of securities pledged as collateral against borrowings are given in note 11.3 to these consolidated financial statements.

18.11 Particulars of borrowings with respect to currencies	2018	2017
	----- Rupees '000 -----	
In local currency	86,005,288	52,224,155
In foreign currencies	12,346,633	2,564,392
	<u>98,351,921</u>	<u>54,788,547</u>

19 DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000 -----					
Customers						
Current deposits – remunerative	4,063,646	-	4,063,646	4,830,709	-	4,830,709
Current deposits – non-remunerative	112,565,332	14,367,150	126,932,482	108,468,520	11,857,585	120,326,105
Savings deposits	110,521,161	15,358,413	125,879,574	107,817,000	13,743,921	121,560,921
Term deposits	116,528,810	3,898,877	120,427,687	100,830,852	2,918,671	103,749,523
Margin deposits	2,721,574	47,179	2,768,753	2,488,229	40,858	2,529,087
	<u>346,400,523</u>	<u>33,671,619</u>	<u>380,072,142</u>	<u>324,435,310</u>	<u>28,561,035</u>	<u>352,996,345</u>
Financial Institutions						
Current deposits	1,129,922	49,068	1,178,990	551,683	5,436	557,119
Savings deposits	20,949,999	-	20,949,999	10,053,899	-	10,053,899
Term deposits	7,182,370	-	7,182,370	8,016,792	-	8,016,792
	<u>29,262,291</u>	<u>49,068</u>	<u>29,311,359</u>	<u>18,622,374</u>	<u>5,436</u>	<u>18,627,810</u>
	<u>375,662,814</u>	<u>33,720,687</u>	<u>409,383,501</u>	<u>343,057,684</u>	<u>28,566,471</u>	<u>371,624,155</u>

19.1 Composition of deposits	2018	2017
	----- Rupees '000 -----	
- Individuals	130,254,260	121,279,423
- Government (Federal and Provincial)	26,873,678	22,813,700
- Public sector entities	11,902,407	17,086,440
- Banking companies	788,086	4,291,116
- Non-banking financial institutions	28,523,574	14,543,322
- Private sector	211,041,496	191,610,154
	<u>409,383,501</u>	<u>371,624,155</u>

19.1.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 219.067 million.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		----- Rupees '000 -----	----- Rupees '000 -----
20 OTHER LIABILITIES			Restated
Mark-up / return / interest payable in local currency		1,962,508	1,547,046
Mark-up / return / interest payable in foreign currency		19,891	12,849
Unearned commission and income on bills discounted		66,698	40,121
Accrued expenses		2,102,785	1,224,475
Acceptances	16	10,899,656	6,892,781
Unclaimed dividends		45,140	47,739
Mark to market loss on forward foreign exchange contracts		1,239,594	469,392
Branch adjustment account		5,301	3,900
Charity fund balance		1,409	1,112
Provision against off-balance sheet obligations	20.2	125,238	101,090
Security deposits against lease		2,067,095	3,009,411
Withholding tax payable		91,141	116,310
Federal excise duty payable		52,450	35,981
Payable to brokers against purchase of shares		897,109	57,399
Fair value of derivative contracts		771,327	65,668
Short sale Pakistan Investment Bonds		-	4,245,132
Credit cards and other products payables		895,567	237,399
Token money against disposal of assets		572,276	485,656
Fund held as security		214,698	196,265
Others	20.1	3,154,350	1,723,650
		<u>25,184,233</u>	<u>20,513,376</u>

20.1 This includes payable to Islamic Investment Company of the Gulf (Bahamas) Limited - a related party against acquisition of shares of Faysal Asset Management Limited amounting to Rs 225 million.

	2018	2017
	----- Rupees '000 -----	----- Rupees '000 -----
20.2 Provision against off-balance sheet obligations		
Opening balance	101,090	118,152
Exchange adjustment	-	-
Charge for the year	57,434	5,152
Reversals during the year	(33,286)	-
	24,148	5,152
Transfer of provision	-	(22,214)
Closing balance	<u>125,238</u>	<u>101,090</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

21 SHARE CAPITAL

21.1 Authorised Capital

2018	2017		2018	2017
Number of shares			----- Rupees '000 -----	
<u>1,800,000,000</u>	<u>1,800,000,000</u>	Ordinary shares of Rs.10 each	<u>18,000,000</u>	<u>18,000,000</u>

21.2 Issued, subscribed and paid up

2018	2017		2018	2017
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	1,100,812,463	Issued as bonus shares	12,987,729	11,008,125
<u>17,472,226</u>	<u>17,472,226</u>	Issued for consideration other than cash	<u>174,722</u>	<u>174,722</u>
<u>1,517,696,525</u>	<u>1,319,736,109</u>		<u>15,176,965</u>	<u>13,197,361</u>

21.2.1 As at December 31, 2018, 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 (2017: 881,281,492 ordinary shares). These include 11,186,268 shares 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	2018	2017
	----- Rupees '000 -----	
		Restated
Surplus / (deficit) on revaluation of		
- Available for sale securities	11.1 (670,686)	2,229
- Fixed assets	22.1 5,476,251	5,601,617
- Non-banking assets acquired in satisfaction of claims	22.2 1,261,018	1,262,087
	6,066,583	6,865,933
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	234,740	(780)
- Fixed assets	22.1 (1,184,279)	(1,228,159)
- Non-banking assets acquired in satisfaction of claims	22.2 (23,377)	(23,751)
	(972,916)	(1,252,690)
	<u>5,093,667</u>	<u>5,613,243</u>

22.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 1	5,601,617	4,969,473
Recognised during the year	-	748,274
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(81,486)	(78,348)
Related deferred tax liability on incremental depreciation charged during the year	(43,880)	(37,782)
Surplus on revaluation of fixed assets as at December 31	5,476,251	5,601,617
Less: related deferred tax liability on:		
- revaluation as at January 1	(1,228,159)	(1,108,548)
- revaluation recognised during the year	-	(157,393)
- incremental depreciation charged during the year	43,880	37,782
	<u>(1,184,279)</u>	<u>(1,228,159)</u>
	<u>4,291,972</u>	<u>4,373,458</u>

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22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims	Note	2018	2017
		----- Rupees '000 -----	
Surplus on revaluation as at January 1		1,262,087	1,296,579
Recognised during the year		(1,069)	-
Surplus realised on disposal during the year		-	(34,492)
Surplus on revaluation as at December 31		1,261,018	1,262,087
Less: related deferred tax liability on:			
- revaluation as at January 1		(23,751)	(24,878)
- revaluation recognised during the year		374	-
- surplus realised on disposal during the year		-	1,127
		(23,377)	(23,751)
		<u>1,237,641</u>	<u>1,238,336</u>
23 CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	17,988,308	16,645,675
- Commitments	23.2	230,966,872	155,177,665
- Other contingent liabilities	23.3	4,293,244	4,293,244
		<u>253,248,424</u>	<u>176,116,584</u>
23.1 Guarantees:			
Financial guarantees		1,417,536	996,352
Performance guarantees		7,068,425	6,027,814
Other guarantees		9,502,347	9,621,509
		<u>17,988,308</u>	<u>16,645,675</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		32,048,821	32,981,808
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	94,403,136	43,853,050
- forward government securities transactions	23.2.2	62,083,269	32,499,870
- derivatives - cross currency swaps (notional principal)	23.2.3	4,483,600	2,361,939
- forward lending	23.2.4	-	88,200
- operating leases	23.2.5	10,708,369	10,738,048
- extending credit (irrevocable)	23.4	27,079,658	32,456,872
Commitments for acquisition of:			
- operating fixed assets		46,719	96,803
- intangible assets		113,300	101,075
		<u>230,966,872</u>	<u>155,177,665</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		66,533,034	33,594,675
Sale		27,870,102	10,258,375
		<u>94,403,136</u>	<u>43,853,050</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	----- Rupees '000 -----	
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	59,084,100	26,440,962
Sale	2,999,169	6,058,908
	<u>62,083,269</u>	<u>32,499,870</u>
23.2.3 Commitments in respect of derivatives		
Purchase	-	-
Sale	4,483,600	2,361,939
	<u>4,483,600</u>	<u>2,361,939</u>
23.2.4 Commitments in respect of forward lending		
Forward repurchase agreement lending	-	88,200
	<u>-</u>	<u>88,200</u>
23.2.5 Commitments in respect of operating leases		
Not later than one year	1,421,897	1,281,956
Later than one year and not later than five years	5,275,107	5,109,176
Later than five years	4,011,365	4,346,916
	<u>10,708,369</u>	<u>10,738,048</u>
23.3 Other contingent liabilities		

23.3.1 Holding Company:

- (i) Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case
- | | | |
|--|-----------|-----------|
| | 2,510,000 | 2,510,000 |
|--|-----------|-----------|
- (ii) Indemnity issued favouring the High Court in one of the cases
- | | | |
|--|---------|---------|
| | 457,543 | 457,543 |
|--|---------|---------|
- (iii) The Executive Officer, Karachi Cantonment Board (KCB), vide its notice CBR No. 1 dated March 03, 2017 has proposed revised rates for assessment of shops and flats "A" category in which a fresh sub-category "Banks (self-occupied)" has been introduced for the purpose of cantonment tax in the limit of KCB. This has resulted in additional demand of Rs 171 million by KCB which includes demand on reassessment for the years from 2013 to 2017. On the basis of legal grounds agreed in consultation with legal counsel, the Holding Company has filed a suit in the Honorable High Court of Sindh against such levy of tax. A stay order has been granted by the Honorable High Court of Sindh in respect of payment of this additional demand.
- (iv) Income tax assessments of the Holding Company have been finalised upto the tax year 2018 (accounting year 2017).

The department and the Holding Company have disagreements on a matter relating to taxability of gain on bargain purchase on the acquisition of Ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (2017: Rs. 1,154.701 million). Subsequently, the Commissioner Income Tax Appeals (CIT(A)) has deleted the said additional tax liability, however the Income Tax Department has filed an appeal against the order of CIT(A) in front of Income Tax Appellate Tribunal. 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 the matter.

Based on legal advice and / or internal assessments, management is confident that the above matters will be decided in the Group's favour and accordingly no provision has been made in these consolidated financial statements.

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- (v) There are certain claims against the Holding Company not acknowledged as debt amounting to Rs 31,579 million (2017: Rs 31,628 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 (2017: 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 Group's favour and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these consolidated financial statements.

23.3.2 Subsidiary Company:

- (i) The income tax returns of the Subsidiary Company for the tax years 2004 to 2017 (financial year ended June 30, 2004 to 2017) 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 reference	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.

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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 High Court of Sindh 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 financial statements in respect of this liability.

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 27,080 million (2017: Rs 32,457 million) which are irrevocable in nature.

	Note	2018	2017
		----- Rupees '000 -----	
24 DERIVATIVE INSTRUMENTS			
Cross currency swaps (notional principal)	24.1	<u>4,483,600</u>	<u>2,361,939</u>

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).

24.1 Product Analysis

Counterparties	2018					
	-----Rupees '000-----					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	
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)	-	-	-	-

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Counterparties	2017					
	Rupees '000					
	Cross Currency Swaps		Forward Rate Agreements		FX Options	
Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	Notional Principal	Mark to market gain / loss	
With banks for						
Hedging	-	-	-	-	-	-
Market making	1,435,424	(36,928)	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market making	926,515	(28,740)	-	-	-	-
Total						
Hedging	-	-	-	-	-	-
Market making	2,361,939	(65,668)	-	-	-	-

24.2 Maturity Analysis

Remaining Maturity	2018				
	Rupees '000				
	No. of Contracts	Notional Principal	Mark to Market		Net
		Negative	Positive		
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		<u>4,483,600</u>	<u>(4,605,499)</u>	<u>3,834,173</u>	<u>(771,326)</u>

Remaining Maturity	2017				
	Rupees '000				
	No. of Contracts	Notional Principal	Mark to Market		Net
		Negative	Positive		
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 Year	-	-	-	-	-
1 to 2 Years	-	-	-	-	-
2 to 3 Years	-	-	-	-	-
3 to 5 Years	2	1,435,424	(1,555,054)	1,518,126	(36,928)
5 to 10 years	2	926,515	(926,876)	898,136	(28,740)
Above 10 Years	-	-	-	-	-
Total		<u>2,361,939</u>	<u>(2,481,930)</u>	<u>2,416,262</u>	<u>(65,668)</u>

24.3 Risk management related to derivatives is discussed in note 45.5 to these consolidated financial statements.

25 MARK-UP / RETURN / INTEREST EARNED

	2018	2017
	-----Rupees '000-----	
On:		
a) Loans and advances	24,049,514	17,199,494
b) Investments	10,666,953	11,346,603
c) Lendings to financial institutions	58,031	45,741
d) Balances with banks	50,071	21,630
e) Securities purchased under resale agreements	376,590	152,651
	<u>35,201,159</u>	<u>28,766,119</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	-----Rupees '000-----	
26 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	14,567,628	11,526,804
Securities sold under repurchase agreements	1,757,545	1,806,091
Other short term borrowings	278,742	165,187
SBP borrowings	370,466	347,702
Short sale of Pakistan Investment Bonds	317,765	101,079
Bai Muajjal	-	49,351
Subordinated debt	-	92,809
Musharaka acceptances	351,706	5,961
Cost of foreign currency swaps against foreign currency deposits / borrowings	1,281,007	735,939
	<u>18,924,859</u>	<u>14,830,923</u>
27 FEE AND COMMISSION INCOME		
Branch banking customer fees	652,885	570,742
Consumer finance related fees	298,265	202,272
Card related fees (debit and credit cards)	1,273,780	1,052,207
Credit related fees	144,149	68,021
Investment banking fees	270,284	234,158
Commission on trade	289,820	248,873
Commission on guarantees	98,027	87,408
Commission on cash management	94,752	70,823
Commission on remittances including home remittances	40,632	33,106
Commission on bancassurance	349,012	499,236
Management fee	7,568	-
Advisory fee	223	-
Sales load	186	-
Others	35,324	19,793
	<u>3,554,907</u>	<u>3,086,639</u>
	Note	
28 GAIN / (LOSS) ON SECURITIES	2018	2017
	-----Rupees '000-----	
Realised - net	58,236	811,063
Unrealised - held for trading - net	(7,609)	(3,853)
	<u>50,627</u>	<u>807,210</u>
28.1 Realised gain / (loss) on:		
Federal Government securities	(41,497)	207,852
Shares	2,054	603,211
Open end mutual funds	97,679	-
	<u>58,236</u>	<u>811,063</u>
29 OTHER INCOME		
Rent on property	202,944	152,468
Gain on sale of fixed assets - net	30,219	21,765
Gain on sale of non-banking assets - net	-	2,040
Gain on short sale of Pakistan Investment Bonds (PIBs)	150,373	59,784
Notice pay	15,068	22,261
Gain on revaluation of previously held equity interest of FAML	123,635	-
Others	1,992	1,462
	<u>524,231</u>	<u>259,780</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

30 OPERATING EXPENSES	Note	2018	2017
		-----Rupees '000-----	
Total compensation expense	30.1	5,301,081	4,390,978
Property expense			
Rent and taxes		1,485,013	1,364,231
Insurance		120,449	114,997
Utilities cost		638,461	525,092
Security (including guards)		544,379	491,730
Repair and maintenance (including janitorial charges)		406,973	417,920
Depreciation		379,802	319,378
Others		92,751	79,506
		<u>3,667,828</u>	<u>3,312,854</u>
Information technology expenses			
Software maintenance		757,889	585,359
Hardware maintenance		277,719	134,202
Depreciation		334,554	330,725
Amortisation		120,067	184,929
Network charges		216,632	218,330
Others		-	1,817
		<u>1,706,861</u>	<u>1,455,362</u>
Other operating expenses			
Directors' fees and allowances		113,075	89,062
Legal and professional charges		197,039	112,187
Outsourced services costs (refer note 36.1)		882,963	1,141,837
Travelling and conveyance		90,011	84,975
NIFT clearing charges		43,546	37,584
Depreciation		182,614	147,400
Training and development		27,459	27,276
Postage and courier charges		111,343	96,761
Communication		159,181	138,704
Marketing, advertisement and publicity		396,113	375,647
Donations	30.2	55,209	52,299
Auditors remuneration	30.3	115,653	48,396
Insurance		459,339	397,965
Stationery and printing		229,156	213,108
Bank fees and charges		99,463	87,339
Brokerage and commission		36,610	30,980
Deposit protection premium		147,474	-
Distribution commission		1,211	-
Others		487,218	367,229
		<u>3,834,677</u>	<u>3,448,749</u>
		<u>14,510,447</u>	<u>12,607,943</u>

Cost of outsourced activities is Rs 68.219 million. Out of this cost, Rs 63.378 pertains to the payment to companies incorporated in Pakistan and Rs 4.841 million pertains to payment to companies 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.

S.No	Name of Outsourced Agency	Nature of Service	Estimated Cost (Rupees '000)
1	Apex Printry (Private) Limited	Cheque book printing	41,025
2	BCI Services (Private) Limited	Annual maintenance and support services	22,353
3	iAmplify	Annual maintenance and support services	4,841

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	-----Rupees '000-----	
30.1 Total compensation expense		
Managerial Remuneration		
i) Fixed	2,517,283	2,110,123
ii) Variable		
of which;		
a) Cash bonus / awards, etc.	498,726	421,080
b) Commission incentives	269,447	165,540
Charge for defined benefit plan	123,793	114,614
Contribution to defined contribution Plan	146,712	137,116
Rent & house maintenance	767,347	649,153
Utilities	188,836	159,225
Medical	156,151	129,005
Conveyance	517,328	446,182
Others	106,565	47,750
Sub-total	5,292,188	4,379,788
Sign-on Bonus **	5,300	3,200
Severance Allowance **	3,593	7,990
Grand Total	5,301,081	4,390,978

** Sign on bonus was provided to 4 employees (2017: 3 employees) and severance allowance was given to 2 employees (2017: 1 employee)

30.1.1 The Bank operates a performance management scheme which includes performance bonus for all employees including President and Chief Executive Officer (P&CEO) of the Bank. Under this scheme, the bonus for all Executives, including the P&CEO of the Bank is determined on the basis of employees' performance and the Bank's performance during the year. The aggregate amount paid to eligible employees in respect of the above scheme relating to all Executives and the Ex-P&CEO of the Bank amounted to Rs 263.603 million and Rs 36 million (excluding bonus of Rs 0.081 million paid to the CEO of the Subsidiary Company) respectively (2017: Rs 279.293 million and Rs 36 million respectively).

	2018	2017
	-----Rupees '000-----	
30.2 Donations made during the year were as follows:		
Donee		
Waqf Faisal (Trust)	55,209	52,299

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		-----Rupees '000-----	
30.3 Auditors' remuneration			
Statutory audit fee		3,300	3,300
Fee for consolidated financial statements		1,500	-
Fee for other statutory certifications		5,365	6,385
Fee for quarterly and annual group reporting		11,493	12,033
Fee for the review of the half yearly financial statements		900	900
Fee for audit of employee funds		80	80
Special certifications and sundry advisory services		83,510	14,023
Tax services		7,505	8,675
Out-of-pocket expenses		2,000	3,000
		<u>115,653</u>	<u>48,396</u>
31 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		43,563	11,761
Impairment charged for non-banking assets acquired in satisfaction of claims		46,712	-
		<u>90,275</u>	<u>11,761</u>
32 REVERSAL OF PROVISION AND RECOVERIES AGAINST WRITTEN-OFF DEBTS - NET			
Provision against lending to financial institutions		-	-
Provision for diminution in value of investments	11.4	92,891	182,943
Reversal of provision against loans and advances	12.4	(433,611)	(586,291)
Other provision	16.2.1	7,532	4,610
Bad debts written off directly		10,926	7,119
Recovery of written off / charged off bad debts	12.5.2	(123,878)	(105,335)
Provision against off balance sheet obligations	20.2	24,148	5,152
		<u>(421,992)</u>	<u>(491,802)</u>
33 TAXATION			
Current		3,309,075	2,647,657
Prior years		(1,663,691)	(882,492)
Deferred		1,770,749	989,361
		<u>3,416,133</u>	<u>2,754,526</u>
33.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>8,302,244</u>	<u>7,269,312</u>
Tax calculated at the rate of 35% (2017: 35%)		2,905,785	2,544,259
Effect of:			
- permanent differences		15,247	4,116
- prior year charge		146,051	(48,735)
- super tax current year		345,515	-
- super tax prior year		-	258,618
- Impact of subsidiary's acquisition and tax rate differential		16,420	-
- others		(12,885)	(3,732)
Tax charge for the year		<u>3,416,133</u>	<u>2,754,526</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	-----Rupees '000-----	
34 BASIC EARNINGS PER SHARE		Restated
Profit for the year	<u>4,886,111</u>	<u>4,514,786</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>3.22</u>	<u>2.97</u>

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, 2018 and December 31, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

	2018	2017
	-----Rupees '000-----	
35 CASH AND CASH EQUIVALENTS		
Cash and balance with treasury banks	43,174,003	37,861,767
Balance with other banks	1,848,859	1,872,771
Overdrawn nostros	(141,626)	(245,631)
	<u>44,881,236</u>	<u>39,488,907</u>

	2018	2017
	Number of employees	
36 STAFF STRENGTH		
Permanent	6,184	3,959
On the Group's contract	26	18
The Group's own staff strength at the end of the year	<u>6,210</u>	<u>3,977</u>

36.1 In addition to the above, 859 (2017: 3053) employees of outsourcing services companies were assigned to the Group 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 and the Subsidiary Company each operate approved funded gratuity schemes for all their permanent employees and employees who are on contractual service in non-management cadre. Last year, the Holding Company has bifurcated the approved funded gratuity scheme into 2 sub-funds that is 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, 2018.

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, 2018.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

37.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2018	2017	2018	2017
	Number of employees		Number of employees	
	Holding Company		Subsidiary Company	
- Gratuity fund	6,141	3,977	49	-

37.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2018 of the Holding Company and June 30, 2018 of the Subsidiary Company using the following significant assumptions:

	2018			2017	
	December 31	December 31	June 30	December 31	December 31
	Conventional	Islamic	Conventional	Conventional	Islamic
	-----% per annum-----				
	Holding Company		Subsidiary Company	Holding Company	
Discount rate	13.75	13.75	9.00	9.50	9.50
Expected rate of return on plan assets	13.75	13.75	9.00	9.50	9.50
Expected rate of salary increase	13.75	13.75	9.00	9.50	9.50

37.4 Reconciliation of (receivable from) / payable to defined benefit plans of the Group

	2018		2017	
	Gratuity fund		Gratuity fund	
	Conventional	Islamic	Conventional	Islamic
	----- Rupees '000 -----			
Present value of obligations	381,895	337,534	324,113	325,926
Fair value of plan assets	(322,370)	(278,438)	(374,804)	(315,129)
	59,525	59,096	(50,691)	10,797

37.5 Movement in defined benefit obligations of the Group

Obligations at the beginning of the year	324,113	325,926	592,711	-
Transfer during the year	(3,249)	3,249	(315,000)	315,000
Through business combination	8,555	-	-	-
Current service cost	73,554	53,855	92,472	26,889
Interest cost	33,473	32,300	45,926	14,606
Benefits paid by the Group	(68,107)	(55,896)	(69,317)	-
Contribution	-	-	-	-
Re-measurement loss / (gain)	13,556	(21,900)	(22,679)	(30,569)
Obligations at the end of the year	381,895	337,534	324,113	325,926

37.6 Movement in fair value of plan assets of the Group

Fair value at the beginning of the year	(374,804)	(315,129)	(644,985)	-
Transfer during the year	3,249	(3,249)	315,000	(315,000)
Through business combination	(7,718)	-	-	-
Interest income on plan assets	(38,069)	(31,320)	(49,381)	(15,896)
Contribution by the Group - net	(239)	-	(63,197)	-
Benefits paid by the Group	68,107	55,896	69,317	-
Re-measurements: Net return on plan assets	-	-	-	-
over interest income gain / (loss)	37.8.2	27,104	15,364	(1,558)
Fair value at the end of the year	(322,370)	(278,438)	(374,804)	(315,129)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

37.7	Movement in (receivable) / payable under defined benefit schemes of the Group	Note	2018		2017	
			Gratuity fund		Gratuity fund	
			Conventional	Islamic	Conventional	Islamic
Rupees '000						
	Opening balance		(50,691)	10,797	(52,274)	-
	Charge for the year		68,958	54,835	89,017	25,599
	Contribution by the Group - net		(239)	-	(63,197)	-
	Re-measurement loss / (gain) recognised in OCI during the year	37.8.2	40,660	(6,536)	(24,237)	(14,802)
	Through business combination		837	-	-	-
	Closing balance		<u>59,525</u>	<u>59,096</u>	<u>(50,691)</u>	<u>10,797</u>
37.8 Charge for defined benefit plans of the Group						
37.8.1 Cost recognised in consolidated profit and loss account						
	Current service cost		73,554	53,855	92,472	26,889
	Net interest on defined benefit asset / liability		(4,596)	980	(3,455)	(1,290)
			<u>68,958</u>	<u>54,835</u>	<u>89,017</u>	<u>25,599</u>
37.8.2 Re-measurements recognised in consolidated OCI during the year						
	Loss / (gain) on obligation		-	-	-	-
	- Demographic assumptions		-	-	-	-
	- Financial assumptions		-	-	-	-
	- Experience adjustment		13,556	(21,900)	(22,679)	(30,569)
	Return on plan assets over interest income		27,104	15,364	(1,558)	15,767
	Total re-measurements recognised in OCI		<u>40,660</u>	<u>(6,536)</u>	<u>(24,237)</u>	<u>(14,802)</u>
37.9 Components of plan assets of the Group						
	Cash and cash equivalents - net		214,076	278,438	20,147	315,129
	Government securities		102,052	-	354,362	-
	Shares		6,242	-	295	-

The funds are primarily invested in Government securities (Market Treasury Bills, Pakistan Investment Bonds, Special Savings Certificates, etc) and 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.

37.10 Sensitivity analysis of the Holding Company*

The analysis based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated statement of financial position. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption should be summarised as illustrated below:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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2018	
Gratuity fund	
Conventional	Islamic
-----Rupees '000-----	

1% increase in discount rate	(36,108)	(31,675)
1% decrease in discount rate	42,489	36,891
1 % increase in expected rate of salary increase	42,997	37,364
1 % decrease in expected rate of salary increase	(37,145)	(32,609)
1 year increase in expected life / withdrawal rate	(10,391)	(7,917)
1 year decrease in expected life / withdrawal rate	9,536	7,077

* The Subsidiary Company's sensitivity analysis has not been presented here as the same is not material to the Group.

37.11 Expected contributions to be paid to the funds in the next financial year by the Holding Company*	117,722	59,781
37.12 Expected charge for the next financial year for the Holding Company*	117,722	59,781

* 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 9.68 years and 10.10 for conventional and Islamic funds of the Holding Company respectively whereas 9.08 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 and saving accounts. 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 does not have 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. So 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, increase the net liability of the Group.

Life expectancy / Withdrawal rate

The Gratuity is paid off at the maximum age of 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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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 crystallize. This includes:

- Retention risk – The risk that employee will not be motivated to continue the service or start working with the Group 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 projected.

38 DEFINED CONTRIBUTION PLAN

The Group 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 consolidated financial statements.

39 COMPENSATION OF DIRECTORS AND EXECUTIVES

Holding Company:

Particulars	President & Chief Executive Officer(s)		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Managerial remuneration	32,250	22,001	-	-	1,316,772	777,316
Fees	-	-	113,075	89,062	-	-
Charge for defined benefit plan	2,646	1,833	-	-	60,837	57,267
Contribution to defined contribution plan	3,225	2,497	-	-	66,658	65,172
Rent and house maintenance	4,922	3,183	-	-	320,782	299,168
Utilities	-	279	-	-	72,936	68,578
Medical	-	-	-	-	49,978	47,073
Leave fare assistance	-	-	-	-	-	102,047
Others	205	310	-	-	208,800	536,590
	<u>43,248</u>	<u>30,103</u>	<u>113,075</u>	<u>89,062</u>	<u>2,096,763</u>	<u>1,953,211</u>
Number of persons	<u>1</u>	<u>2</u>	<u>9</u>	<u>10</u>	<u>746</u>	<u>688</u>

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Subsidiary Company:

Particulars	Chief Executive Officers		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Managerial remuneration	995	-	-	-	1,078	-
Fees	-	-	500	-	-	-
Charge for defined benefit plan	-	-	-	-	90	-
Contribution to defined contribution plan	-	-	-	-	108	-
Rent and house maintenance	448	-	-	-	485	-
Utilities	100	-	-	-	117	-
Medical	-	-	-	-	108	-
Leave fare assistance	-	-	-	-	167	-
Others	5,056	-	-	-	787	-
	<u>6,599</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>2,940</u>	<u>-</u>
Number of persons	<u>2*</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>16</u>	<u>-</u>

* During the year, Mr Razi Ur Rehman Khan vacated his office as the CEO with effect from December 11, 2018 and Mr Khaldoon Bin Latif was appointed the CEO of the Subsidiary Company with effect from December 12, 2018. Amounts reported include remuneration of both the current and former CEO.

- 39.1** Executives mean employees, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 39.2** The President & Chief Executive and certain senior executives of the Holding Company are provided with the Holding Company's maintained cars in accordance with the terms of their employment.
- 39.3** In addition to the above, all executives, including the President & Chief Executive Officer of the Holding Company are also entitled to bonus which is disclosed in note 30 to these consolidated financial statements.

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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

On balance sheet financial instruments	2018			
	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value	----- Rupees '000 -----			
Investments				
Federal Government Securities	-	182,836,810	-	182,836,810
Shares	7,463,929	30,346	-	7,494,275
Non-Government Debt Securities	-	6,893,465	-	6,893,465
Financial assets - disclosed but not measured at fair value				
Investments	-	15,490,626	-	15,490,626
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	-	-	-
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,774,714	8,774,714
Non-banking assets acquired in satisfaction of claims	-	-	3,068,520	3,068,520
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	69,187,310	-	69,187,310
Forward sale of foreign exchange	-	28,895,283	-	28,895,283
Derivatives sales	-	4,483,600	-	4,483,600

On balance sheet financial instruments	2017			
	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value	----- Rupees '000 -----			
Investments				
Federal Government Securities	-	152,895,254	-	152,895,254
Shares	5,287,329	30,346	-	5,317,675
Non-Government Debt Securities	-	6,309,282	-	6,309,282
Financial assets - disclosed but not measured at fair value				
Investments	-	15,214,289	-	15,214,289
Financial liability - measured at fair value				
Pakistan Investment Bonds	-	4,245,132	-	4,245,132
Non - financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	8,945,278	8,945,278
Non-banking assets acquired in satisfaction of claims	-	-	3,130,557	3,130,557
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	34,751,660	-	34,751,660
Forward sale of foreign exchange	-	10,655,396	-	10,655,396
Derivatives sales	-	2,361,939	-	2,361,939

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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in 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 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 consolidated financial statements.

41 SEGMENT INFORMATION

41.1 Segment Details with respect to business activities

	2018					Total
	Retail	CIBG	Treasury	SAM	Others	
Profit and loss	Rupees '000					
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	3,673,015	1,018,755	2,058,522	2,588	(363,644)	6,389,236
Total Income	14,689,570	2,820,879	3,318,169	26,578	1,798,536	22,653,732
Segment direct expenses	9,161,460	426,997	263,948	191,961	4,729,114	14,773,480
Inter segment expense allocation	3,901,788	530,132	121,442	106,570	(4,659,932)	-
Total expenses	13,063,248	957,129	385,390	298,531	69,182	14,773,480
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	1,707,131	8,302,244

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FOR THE YEAR ENDED DECEMBER 31, 2018

Statement of financial position	2018					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
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	11,721,412	41,715,421
Total Assets	421,750,715	265,215,242	225,202,060	2,357,641	(314,529,225)	599,996,433
Borrowings	1,893,185	16,327,177	80,131,559	-	-	98,351,921
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	389,819,208	18,218,136	-	102,865	1,243,292	409,383,501
Net inter segment borrowing	-	220,490,624	142,699,535	2,193,276	(365,383,435)	-
Others	30,038,322	10,179,305	2,806,862	61,500	5,641,768	48,727,757
Total Liabilities	421,750,715	265,215,242	225,637,956	2,357,641	(358,498,375)	556,463,179
Equity	-	-	(435,896)	-	43,969,150	43,533,254
Total Equity and liabilities	421,750,715	265,215,242	225,202,060	2,357,641	(314,529,225)	599,996,433
Contingencies and commitments	8,020,019	41,434,947	-	1,039,706	-	50,494,672

Profit and loss	2017					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Net mark-up / return / profit	(5,356,300)	11,584,821	7,349,838	300,719	33,255	13,912,333
Inter segment revenue - net	14,254,337	(9,431,067)	(5,778,510)	(240,933)	1,196,173	-
Non mark-up / return / interest income	3,282,930	694,262	2,002,366	2,151	(342,446)	5,639,263
Total Income	12,180,967	2,848,016	3,573,694	61,937	886,982	19,551,596
Segment direct expenses	8,012,150	425,021	262,096	138,877	3,935,942	12,774,086
Inter segment expense allocation	3,468,628	409,673	94,297	92,263	(4,064,861)	-
Total expenses	11,480,778	834,694	356,393	231,140	(128,919)	12,774,086
Provisions	205,161	(210,396)	75,885	(557,497)	(4,955)	(491,802)
Profit before tax	495,028	2,223,718	3,141,416	388,294	1,020,856	7,269,312

Statement of financial position	2017					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Cash and bank balances	16,855,483	-	22,879,055	-	-	39,734,538
Investments	-	24,225,338	157,979,214	508,311	442,271	183,155,134
- Investment provision	-	(2,383,434)	(290,893)	(774,449)	-	(3,448,776)
Net inter segment lending	280,436,804	-	-	-	(280,436,804)	-
Lendings to financial institutions	-	-	9,010,335	-	-	9,010,335
Advances - performing	57,873,785	167,641,359	-	283,386	2,707,621	228,506,151
Advances - non-performing	5,019,952	4,356,087	-	17,812,771	132,266	27,321,076
- Advances - provisions	(3,677,639)	(3,539,605)	-	(16,979,924)	(97,899)	(24,295,067)
Others	10,299,393	11,809,850	2,226,517	720,226	9,880,311	34,936,297
Total Assets	366,807,778	202,109,595	191,804,228	1,570,321	(267,372,234)	494,919,688
Borrowings	2,288,784	16,886,004	35,613,759	-	-	54,788,547
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	353,886,758	16,394,074	-	77,145	1,266,178	371,624,155
Net inter segment borrowing	-	157,010,213	152,483,041	1,076,135	(310,569,389)	-
Others	10,632,236	11,819,304	3,705,979	417,041	2,700,150	29,274,710
Total Liabilities	366,807,778	202,109,595	191,802,779	1,570,321	(306,603,061)	455,687,412
Equity	-	-	1,449	-	39,230,827	39,232,276
Total Equity and liabilities	366,807,778	202,109,595	191,804,228	1,570,321	(267,372,234)	494,919,688
Contingencies and commitments	8,419,751	40,714,647	-	950,628	-	50,085,026

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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:

2018					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara 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 / NGO'S	21	1,227,930	120,000	-	1,347,930
Individuals	1190	2,280,735	286,600	-	2,567,335
Related parties	7	185,580	106,700	-	292,280
Others	6	-	-	-	-
	1472	11,235,670	4,905,800	-	16,141,470

2017					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	
Rupees '000					
Corporate	36	1,583,000	3,892,400	-	5,475,400
Insurance companies	1	-	-	-	-
Asset management companies	46	211,500	-	-	211,500
Employees funds	154	2,278,030	3,051,800	-	5,329,830
Charitable institution / NGO'S	21	887,410	32,700	-	920,110
Individuals	408	699,435	377,850	-	1,077,285
Related parties	9	557,485	147,600	-	705,085
Others	6	-	-	-	-
	681	6,216,860	7,502,350	-	13,719,210

Under discretionary advisory portfolio:

	2018	2017
Number of clients	30	-
Total portfolio at cost (Rs. '000)	798,113	-
Total portfolio at market value (Rs. '000)	788,046	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

43 RELATED PARTY TRANSACTIONS

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

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

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

	2018				2017					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Investments										
Opening balance	-	-	-	23,169	3,782,571	-	-	-	46,032	3,567,571
Through combination	-	-	-	-	39	-	-	-	-	-
Investment made during the year	-	-	-	-	2,963,964	-	-	-	-	367,999
Investment redeemed / disposed off during the year	-	-	-	-	(1,342,583)	-	-	-	(22,863)	-
Transfer in / (out) - net	-	-	-	(23,169)	50,000	-	-	-	-	(152,999)
Closing balance	-	-	-	-	5,453,991	-	-	-	23,169	3,782,571
Provision for diminution in value of investments	-	-	-	-	2,321,301	-	-	-	-	2,317,947
Advances										
Opening balance	-	19,209	135,513	-	4,636,528	-	94	84,294	-	3,987,241
Addition during the year	-	-	95,950	-	472,248	-	20,014	131,519	-	792,376
Repaid during the year	-	(1,368)	(72,432)	-	(106,451)	-	(899)	(80,300)	-	(143,089)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	17,841	159,031	-	5,002,325	-	19,209	135,513	-	4,636,528
Provision held against advances	-	-	-	-	2,930,659	-	-	-	-	2,762,997
Other Assets										
Interest / mark-up accrued	-	15	112	-	860,805	-	16	109	-	899,213
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-
Others	-	-	123	-	-	-	-	-	-	-
Commission income receivable	-	-	-	-	-	-	-	-	12,000	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	182	47,517	85,892	2,801	3,139,284	182	18,596	58,059	3,173	3,795,090
Received during the year	-	155,800	1,522,613	9,162,055	73,641,910	-	206,361	950,887	5,088,336	59,672,007
Withdrawn during the year	-	(127,042)	(1,498,298)	(9,162,116)	(73,364,929)	-	(177,440)	(923,054)	(5,068,708)	(60,327,813)
Transfer in / (out) - net	-	-	-	(2,740)	-	-	-	-	-	-
Closing balance	182	76,275	110,207	-	3,416,265	182	47,517	85,892	2,801	3,139,284
Other Liabilities										
Interest / mark-up payable	-	62	196	-	9,055	-	19	140	-	6,258
Payable to staff retirement fund	-	-	-	-	177,503	-	-	-	-	123,622
Other	-	1,875	-	-	-	-	-	-	-	-
	-	1,937	196	-	186,558	-	19	140	-	129,880

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	2018				2017					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Contingencies and Commitments										
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397	-	-	-	-	29,397
Trade related commitments	-	-	-	-	1,702,747	-	-	-	-	1,114,678

(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 and 30.1.1 to these consolidated 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 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

	2018				2017				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates

(Rupees '000)

Income										
Mark-up / return / interest earned	-	928	7,468	-	125,694	-	522	4,865	-	43,388
Fee and commission income	-	41	84	6,417	42,131	-	36	115	18,643	26,986
Dividend income	-	-	-	-	204	-	-	-	-	57,379
Net gain on sale of securities	-	-	-	-	97,679	-	-	-	-	3,539
Expense										
Mark-up / return / interest paid	-	2,148	1,942	1,313	157,812	-	611	800	302	118,607
Reimbursement of expenses	-	-	-	-	(312)	-	-	-	-	-
Director's Fee and other expenses	-	113,075	-	-	-	-	89,062	-	-	-
-Salaries and other short-term employee benefits	-	-	338,538	-	-	-	-	314,788	-	-
-Post-employment benefits	-	-	19,569	-	-	-	-	15,597	-	-
Others										
Shares / units purchased during the year	-	-	-	-	2,980,009	-	-	-	-	367,999
Shares / units sold during the year	-	-	-	-	1,458,300	-	-	-	-	149,460
Government securities purchased during the year	-	868,847	-	-	484,029	-	348,535	-	-	574,589
Government securities sold during the year	-	863,792	-	-	5,560,191	-	355,850	-	-	2,075,284

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44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	2018	2017
	-----Rupees '000-----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>15,176,965</u>	<u>13,197,361</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>36,482,780</u>	<u>32,570,805</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>36,482,780</u>	<u>32,570,805</u>
Eligible Tier 2 Capital	<u>4,970,159</u>	<u>4,422,069</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>41,452,939</u>	<u>36,992,874</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>197,048,682</u>	<u>188,238,892</u>
Market Risk	<u>14,879,119</u>	<u>11,369,454</u>
Operational Risk	<u>35,994,871</u>	<u>33,076,686</u>
Total	<u>247,922,672</u>	<u>232,685,032</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>14.72%</u>	<u>14.00%</u>
Tier 1 Capital Adequacy Ratio	<u>14.72%</u>	<u>14.00%</u>
Total Capital Adequacy Ratio	<u>16.72%</u>	<u>15.90%</u>

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, 2018 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, 2018 an additional Capital Conservation Buffer of 1.9% (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, 2018 stood at Rs 15.176 billion (2017: Rs 13.197 billion). As at December 31, 2018 Bank's consolidated CAR stood at 16.72% whereas CET1 and Tier 1 ratios both stood at 14.72%.

The Bank is also in compliance with the CCB requirements.

Leverage Ratio (LR):	2018	2017
	-----Rupees '000-----	
Eligible Tier-1 Capital	<u>36,482,780</u>	<u>32,570,805</u>
Total Exposures	<u>752,762,576</u>	<u>621,431,848</u>
Leverage Ratio	<u>4.85%</u>	<u>5.24%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>176,430,499</u>	<u>158,597,029</u>
Total Net Cash Outflow	<u>136,979,152</u>	<u>77,621,136</u>
Liquidity Coverage Ratio	<u>1.288</u>	<u>2.043</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Net Stable Funding Ratio (NSFR):	2018	2017
	-----Rupees '000-----	
Total Available Stable Funding	359,777,496	356,147,953
Total Required Stable Funding	275,381,669	213,926,847
Net Stable Funding Ratio	130.65%	166.48%

44.1 The link to the full disclosure is available at <https://www.faysalbank.com/en/capital-adequacy-ratio-car/>

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 Group. 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 organization 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, 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.

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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 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 & 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.

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Retail risk management is responsible for managing the credit risk of consumer finance credit products, with credit facilities extended to individual (non-corporate) customers. The consumer finance / retail finance function operates on a program approach, which are approved by the Country Credit Committee and subsequently by the BoD. The retail risk management provides its input on risk parameters in term of 'risk advice', at the time of approval / changes in product programs. The retail risk management also ensures that all the ongoing individual credit approvals are within pre-defined risk parameters as per the approved product programs.

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 64.94% of the total risk weighted assets, 3.36% represents claims on PSEs and 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 JCR-VIS Credit Rating Company Limited (JCR-VIS) 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	JCR-VIS	Standard and Poor's	Moody's	Fitch
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
Sovereigns	-	-	✓	✓	✓
PSEs	✓	✓	-	-	-

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

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Long Term Rating Grades Mapping

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

Short Term Rating Grades Mapping

SBP Rating	PACRA	JCR-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:

45.1.4 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Public / Government	2,997,486	9,010,335	-	-	-	-
Private	-	-	-	-	-	-
	<u>2,997,486</u>	<u>9,010,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

45.1.5 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Textile	51,476	51,476	51,476	51,476	51,476	51,476
Chemical and pharmaceuticals	2,672,858	3,045,305	1,552,757	1,558,173	1,552,757	1,558,173
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	18,541,887	18,002,171	-	-	-	-
Financial	646,829	786,613	-	-	-	-
Services	566,667	1,133,333	-	-	-	-
Others	1,002,831	-	-	-	-	-
	<u>23,990,859</u>	<u>23,527,209</u>	<u>2,112,544</u>	<u>2,117,960</u>	<u>2,112,544</u>	<u>2,117,960</u>
Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees in '000 -----					
Public / Government	18,333,972	17,723,556	-	-	-	-
Private	5,656,887	5,803,653	2,112,544	2,117,960	2,112,544	2,117,960
	<u>23,990,859</u>	<u>23,527,209</u>	<u>2,112,544</u>	<u>2,117,960</u>	<u>2,112,544</u>	<u>2,117,960</u>

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45.1.6 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Agriculture, forestry, hunting and fishing	39,779,224	22,130,158	1,372,755	1,491,871	919,484	868,923
Mining and quarrying	7,411,598	6,996,065	3,451	3,451	3,451	3,451
Textile	37,117,793	32,366,899	9,464,229	9,584,658	8,884,742	8,972,044
Chemical and pharmaceuticals	8,669,856	9,394,865	753,970	756,335	629,826	643,333
Cement	8,322,480	3,639,678	54,353	56,084	51,853	56,084
Sugar	9,620,402	7,939,423	17,131	-	632	-
Footwear and leather garments	1,489,369	1,462,689	507,821	527,679	332,212	232,568
Automobile and transportation equipment	3,750,068	471,975	182,265	182,265	163,567	163,567
Electronics and electrical appliances	7,902,111	6,395,397	1,360,057	1,421,886	1,288,308	1,407,453
Construction	6,281,421	6,546,600	387,395	538,707	384,621	527,886
Power (electricity), gas, water, sanitary	52,604,299	44,299,097	3,148,005	2,934,005	2,953,642	2,934,005
Wholesale and retail trade	11,536,522	12,288,555	1,794,988	1,936,017	1,421,392	1,482,406
Exports / imports	2,036,183	1,550,802	581,075	510,659	492,294	501,506
Transport, storage and communication	20,960,502	14,082,236	107,514	312,871	83,616	267,471
Financial	4,686,196	3,687,306	50,853	50,853	50,309	50,309
Insurance	1,600	-	-	-	-	-
Services	17,993,500	15,012,265	718,969	798,488	654,562	700,151
Individuals	33,525,266	28,959,322	2,597,054	2,397,785	2,057,216	1,889,705
Others	46,569,919	38,603,895	3,585,753	3,817,462	2,763,534	3,025,539
	<u>320,258,309</u>	<u>255,827,227</u>	<u>26,687,638</u>	<u>27,321,076</u>	<u>23,135,261</u>	<u>23,726,401</u>
Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Rupees '000 -----					
Public / Government	72,231,146	44,391,189	-	-	-	-
Private	<u>248,027,163</u>	<u>211,436,038</u>	<u>26,687,638</u>	<u>27,321,076</u>	<u>23,135,261</u>	<u>23,726,401</u>
	<u>320,258,309</u>	<u>255,827,227</u>	<u>26,687,638</u>	<u>27,321,076</u>	<u>23,135,261</u>	<u>23,726,401</u>

45.1.7 Contingencies and Commitments

Credit risk by industry sector	2018	2017
	-----Rupees '000-----	
Agriculture, forestry, hunting and fishing	199,496	789,020
Mining and quarrying	363,746	284,125
Textile	7,489,876	4,452,545
Chemical and pharmaceuticals	2,875,575	3,356,444
Cement	1,592,654	1,580,542
Sugar	289,519	71,358
Footwear and leather garments	60,681	299,858
Automobile and transportation equipment	567,516	377,269
Electronics and electrical appliances	619,533	753,942
Construction	1,208,171	1,728,443
Power (electricity), gas, water, sanitary	7,074,714	8,537,296
Wholesale and retail trade	3,021,243	3,383,893
Exports / imports	75,870	84,255
Transport, storage and communication	2,541,034	3,513,629
Financial	2,330,244	2,136,464
Services	2,050,965	1,925,809
Individuals	645,273	477,823
Others	<u>17,488,562</u>	<u>16,332,311</u>
	<u>50,494,672</u>	<u>50,085,026</u>
Credit risk by public / private sector		
Public / Government	9,486,232	14,626,871
Private	<u>41,008,440</u>	<u>35,458,155</u>
	<u>50,494,672</u>	<u>50,085,026</u>

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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 98,957 million (2017: Rs 77,385 million) are as following:

	2018	2017
	-----Rupees '000-----	
Funded	85,612,060	64,149,912
Non Funded	13,345,010	13,235,196
Total Exposure	<u>98,957,070</u>	<u>77,385,108</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 139.4 billion (2017: Rs 98.7 billion)

	2018		2017	
	Amount	Provision held	Amount	Provision held
	-----Rupees '000-----			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

45.1.9 Advances - Province / Region-wise Disbursement & Utilization

	2018						
	Disburse-ments	Utilisation					AJK including Gilgit-Baltistan
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
Province / Region	-----Rupees '000-----						
Punjab	146,083,858	140,867,059	425,543	109,091	2,263	4,654,101	25,801
Sindh	139,615,748	5,580,181	133,851,908	67,577	15,721	92,477	7,884
KPK including FATA	546,482	525	-	545,957	-	-	-
Balochistan	10,083	-	48	-	10,035	-	-
Islamabad	33,928,716	7,059,829	13,020	311,628	1,329	26,514,543	28,367
AJK including Gilgit-Baltistan	73,422	-	-	-	-	-	73,422
Total	<u>320,258,309</u>	<u>153,507,594</u>	<u>134,290,519</u>	<u>1,034,253</u>	<u>29,348</u>	<u>31,261,121</u>	<u>135,474</u>
	2017						
Disburse-ments	Utilisation					AJK including Gilgit-Baltistan	
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad		
Province / Region	-----Rupees '000-----						
Punjab	124,271,340	114,660,852	566,676	84,634	3,482	8,955,696	-
Sindh	99,325,184	5,940,747	93,301,995	15,426	-	67,016	-
KPK including FATA	500,167	946	1,448	497,773	-	-	-
Balochistan	11,599	-	10,551	-	1,048	-	-
Islamabad	31,617,676	7,235,828	28,417	170,101	-	24,183,230	100
AJK including Gilgit-Baltistan	101,261	-	9,162	-	-	600	91,499
Total	<u>255,827,227</u>	<u>127,838,373</u>	<u>93,918,249</u>	<u>767,934</u>	<u>4,530</u>	<u>33,206,542</u>	<u>91,599</u>

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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 Balance sheet split by trading and banking books

	2018			2017		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	-----Rupees '000-----					
Cash and balances with treasury banks	43,174,003	-	43,174,003	37,861,767	-	37,861,767
Balances with other banks	1,848,859	-	1,848,859	1,872,771	-	1,872,771
Lendings to financial institutions	2,997,486	-	2,997,486	9,010,335	-	9,010,335
Investments	29,391,946	184,423,857	213,815,803	28,197,239	151,509,119	179,706,358
Advances	296,444,861	-	296,444,861	231,532,160	-	231,532,160
Fixed assets	11,662,446	-	11,662,446	11,443,528	-	11,443,528
Intangible assets	1,743,900	-	1,743,900	1,496,097	-	1,496,097
Deferred tax assets	141,712	-	141,712	1,607,625	-	1,607,625
Other assets	28,167,363	-	28,167,363	20,389,047	-	20,389,047
	<u>415,572,576</u>	<u>184,423,857</u>	<u>599,996,433</u>	<u>343,410,569</u>	<u>151,509,119</u>	<u>494,919,688</u>

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.

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	2018				2017			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	-----Rupees '000-----							
Pakistan Rupee	589,015,346	505,418,122	(40,143,995)	43,453,229	485,348,988	421,956,753	(24,061,325)	39,330,910
United States Dollar	9,380,623	45,306,977	35,946,997	20,643	8,102,417	28,149,258	19,888,492	(158,349)
Great Britain Pound Sterling	933,973	3,854,846	2,926,748	5,875	1,041,286	3,716,589	2,701,527	26,224
Euro	602,876	1,883,214	1,280,833	495	397,891	1,858,856	1,471,306	10,341
Japanese Yen	2,091	20	-	2,071	156	3,589	-	(3,433)
Other currencies	61,524	-	(10,583)	50,941	28,950	2,367	-	26,583
	<u>599,996,433</u>	<u>556,463,179</u>	<u>-</u>	<u>43,533,254</u>	<u>494,919,688</u>	<u>455,687,412</u>	<u>-</u>	<u>39,232,276</u>

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	-----Rupees '000-----			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	800	-	987
- 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.

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	-----Rupees '000-----			
Impact of 5% change in equity prices on				
- Profit and loss account	-	13,505	-	-
- Other comprehensive income	2,483	354,707	3,992	257,874

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45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 1% change in interest rates on				
- Profit and loss account	(601,472)	1,610,913	(481,355)	1,197,232
- Other comprehensive income	-	(219,886)	-	(409,195)

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			
		Rupees '000											
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	43,174,003												43,174,003
Balances with other banks	1,848,859												1,848,859
Lending to financial institutions	2,997,486												
Investments	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	-	-	-	7,494,274
Advances	296,444,861	127,059,643	98,777,840	32,390,520	32,240,925	68,266	180,967	362,606	1,568,955	-	-	-	3,551,397
Other assets	20,264,826								243,742	-	-	-	20,264,826
	578,545,838	220,698,471	186,276,798	49,511,886	35,432,541	5,979,910	1,856,914	643,262	1,568,955	-	-	-	76,333,359
Liabilities													
Bills payable	23,543,524												23,543,524
Borrowings	98,351,921	71,787,088	12,376,365	10,528,789	653,131	146,678	400,150	455,048	-	-	-	-	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	1,860,047	-	-	-	134,861,559
Liabilities against assets subject to finance lease	-												
Subordinated debt	-												
Other liabilities	23,074,691												23,074,691
	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	-	-	-	181,621,399
On-balance sheet gap	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 non financial assets	19,341,053												
Total net assets	43,533,254												
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	6,796,868	3,338,812	4,707,936	-	-	-	-	-	-	-	-
- forward government securities transactions (lending)	2,999,169												
- forward government securities transactions (borrowing)	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	(2,374,743)	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity 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	-	-	-
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	-	-	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

2017

Effective Yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments
	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											
	37,861,767	-	-	-	-	-	-	-	-	-	37,861,767
Cash and balances with treasury banks	1,872,771	-	-	-	-	-	-	-	-	-	1,872,771
Balances with other banks	9,010,335	9,010,335	-	-	-	-	-	-	-	-	-
Lending to financial institutions	179,661,358	79,604,574	56,973,309	21,309,851	889,335	3,683,636	7,956,974	3,345,417	557,419	-	5,340,843
Investments	231,532,160	76,281,751	86,466,163	39,118,748	24,761,557	739	497,160	608,968	198,781	3,618	3,594,675
Advances	13,073,518	-	-	-	-	-	-	-	-	-	13,073,518
Other assets	473,011,909	164,896,660	143,439,472	60,428,599	25,650,892	3,684,375	8,454,134	3,954,385	756,200	3,618	61,743,574
Liabilities											
Bills payable	8,761,334	-	-	-	-	-	-	-	-	-	8,761,334
Borrowings	54,788,547	33,377,996	15,171,185	3,421,534	50,950	14,250	223,003	782,628	571,157	930,213	245,631
Deposits and other accounts	371,624,155	162,411,410	34,091,542	18,366,587	25,310,423	1,182,117	636,287	95,087	-	-	129,530,702
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	19,187,647	-	4,245,132	-	-	-	-	-	-	-	14,942,515
On-balance sheet gap	18,650,226	(30,892,746)	89,931,613	38,640,478	289,519	2,488,008	7,594,844	3,076,670	185,043	(926,595)	(91,736,608)
Net non financial assets	20,582,050										
Total net assets	39,232,276										
Off-balance sheet financial instruments											
Commitments in respect of:											
- forward foreign exchange contracts (lending)	33,594,675	17,665,705	15,316,474	612,496	-	-	-	-	-	-	-
- forward foreign exchange contracts (borrowing)	10,258,375	5,824,045	3,542,879	891,451	-	-	-	-	-	-	-
- forward government securities transactions (lending)	6,058,908	6,058,908	-	-	-	-	-	-	-	-	-
- forward government securities transactions (borrowing)	26,440,962	26,440,962	-	-	-	-	-	-	-	-	-
- cross currency and interest rate swaps	2,361,939	-	1,257,767	1,104,172	-	-	-	-	-	-	-
- forward lending	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	592,307	(8,540,394)	10,515,828	(1,383,127)	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	(39,433,140)	100,447,441	37,257,351	289,519	2,488,008	7,594,844	3,076,670	185,043	(926,595)		
Cumulative Yield / Interest Risk Sensitivity Gap	(39,433,140)	61,014,301	98,271,652	98,561,171	101,049,179	108,644,023	111,720,693	111,905,736	110,979,141		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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;

- 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 Group's activities (basis risk);
- iii) changing rate relationships across the range of maturities (yield curve risk);
- iv) interest-related options embedded in Group's products (options risk); and
- v) changes in marked-to-market value of financial instruments which occur when interest rate changes (price risk).

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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

45.4.1 Maturities of Assets and Liabilities - based on contractual maturities

2018

	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 2 Months	Over 3 Months	Over 6 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			
													Total			
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	19,455	89,938,626	125,273	83,948,207	1,298,434	2,937,496	5,149,350	3,201,553	4,885,662	4,801,787	8,521,979	-	-	-	
Advances	296,444,861	22,055,982	18,359,571	39,806,592	9,752,270	18,064,094	24,015,789	5,674,551	7,852,753	24,935,437	21,226,024	30,539,104	28,619,171	-	-	
Fixed assets	11,662,446	22,473	27,535	62,938	119,555	137,743	126,905	12,141	16,423	389,752	739,478	9,850,618	-	-	-	
Intangible assets	1,743,900	1,871	13,095	29,932	56,252	57,023	67,080	8,565	587	91,847	3,733	1,384,980	-	-	-	
Deferred tax assets	141,712	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	886,889	1,340,829	3,808,112	48,518,460	-	-	-	
	599,996,433	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	48,518,460	-	-	
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	281,991,965	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	135,508	-	-	-	-
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	305,763,740	76,310,115	16,516,236	36,420,508	32,485,766	29,119,598	12,468,399	17,261,501	3,681,655	4,386,007	590,564	1,862,259	-	-	
Net assets	43,533,254	(236,515,021)	36,124,545	7,292,921	76,463,712	(11,323,976)	2,909,761	(1,046,637)	(5,243,600)	31,279,625	23,548,127	39,301,650	46,656,201	-	-	-
Share capital	15,176,965															
Reserves	8,778,908															
Surplus on revaluation of assets - net	5,093,667															
Unappropriated profit	14,483,709															
Total equity attributable to the equity holders of the parent	43,533,249															
Non-controlling interest	5															
	43,533,254															

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

2017

	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	37,861,767	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,872,771	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	9,010,335	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	179,706,358	38,354	14,484,896	-	64,841,063	40,660,288	14,706,805	5,815,197	1,192,744	3,938,007	10,686,636	8,107,984	8,802,327	
Advances	231,532,160	28,480,213	12,054,622	14,752,459	31,933,704	17,587,008	12,088,791	15,973,170	6,217,931	6,048,193	20,639,460	19,805,611	25,237,737	
Fixed assets	11,443,528	21,980	-	5,183	8	54	13,152	261,801	8,178	265,175	227,636	198,617	762,979	
Intangible assets	1,496,097	-	-	-	-	-	25,990	1,742	484	7,523	76,378	322,625	1,061,355	
Deferred tax assets	1,607,625	-	-	-	-	-	-	-	-	-	-	-	1,607,625	
Other assets	20,389,047	1,976,145	1,236,900	805,794	1,633,649	2,803,193	1,492,356	3,545,429	796,393	1,591,843	1,086,494	109,387	3,177,712	
	494,919,688	79,261,565	27,776,418	15,563,436	98,408,424	61,050,543	28,327,094	25,597,339	8,215,730	11,850,741	28,462,025	31,122,876	37,286,412	
														41,997,085
Liabilities														
Bills payable	8,761,334	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	54,788,547	546,436	30,412,444	1,148,000	1,516,747	10,563,028	4,620,157	3,409,534	44,624	6,326	14,250	223,003	782,628	
Deposits and other accounts	371,624,155	260,080,562	9,018,237	6,792,780	16,050,532	16,945,893	17,145,649	18,366,587	8,720,673	16,589,751	1,182,117	636,287	95,087	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	20,513,376	54,119	999,962	665,805	1,313,676	4,774,399	3,463,562	2,597,505	1,175,864	2,491,455	1,469,562	1,505,563	1,904	
	455,687,412	269,442,451	40,430,643	8,606,585	18,880,955	32,283,320	25,229,368	24,373,626	9,941,161	19,087,532	2,665,929	2,364,853	879,619	
	39,232,276	(190,180,886)	(12,654,225)	6,956,851	79,527,469	28,767,223	3,097,726	1,223,713	(1,725,431)	(7,236,791)	25,796,096	28,758,023	36,406,793	
														40,495,715
Net assets														
Share capital	13,197,361													
Reserves	7,936,338													
Surplus on revaluation of assets - net	5,613,243													
Unappropriated profit	12,485,334													
Total equity attributable to the equity holders of the parent	39,232,276													
Non-controlling interest	-													
	39,232,276													

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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.

	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	43,174,003	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
Lending 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	11,662,446	136,549	257,299	126,905	28,563	133,283	389,752	739,478	1,101,622	8,748,995
Intangible assets	1,743,900	56,123	113,274	67,080	9,152	17,711	91,847	3,733	-	1,384,980
Deferred tax assets	141,712	-	-	-	-	-	-	-	141,712	-
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	-	-
	599,996,433	167,912,569	126,781,904	48,212,551	57,979,309	41,170,752	35,347,461	48,390,270	40,197,967	34,003,650
Liabilities										
Bills payable	23,543,524	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	95,360,339	67,014,853
Net assets	43,533,254	13,354,694	72,057,867	13,765,998	17,578,399	16,031,447	4,512,519	(5,594,095)	(55,162,372)	(33,011,203)
Share capital	15,176,965									
Reserves	8,778,908									
Surplus on revaluation of assets - net	5,093,667									
Unappropriated profit	14,483,709									
Total equity attributable to the equity holders of the parent	43,533,249									
Non-controlling interest	5									
	43,533,254									

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

2017

	Rupees '000									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	37,861,767	204,455	412,693	836,745	1,699,993	3,564,685	4,590,739	9,414,328	14,400,723	2,737,406
Balances with other banks	1,872,771	1,872,771	-	-	-	-	-	-	-	-
Lending to financial institutions	9,010,335	9,010,335	-	-	-	-	-	-	-	-
Investments	179,706,358	79,342,482	55,367,093	5,815,197	5,130,751	6,432,057	10,686,636	8,050,476	7,803,810	1,077,856
Advances	231,532,160	43,944,264	35,161,393	26,276,906	34,304,250	22,765,658	23,128,692	25,237,737	13,262,740	7,450,520
Fixed assets	11,443,528	27,172	13,206	261,801	273,352	227,636	198,617	762,979	1,019,616	8,659,149
Intangible assets	1,496,097	-	25,990	1,742	8,008	76,378	322,625	-	394,268	667,086
Deferred tax assets	1,607,625	-	-	-	-	-	-	-	1,607,625	-
Other assets	20,389,047	5,652,490	4,295,549	3,545,429	2,111,984	1,362,746	109,387	3,177,712	133,750	-
	494,919,688	140,053,969	95,275,924	36,737,820	43,528,338	34,429,160	39,036,696	46,643,232	38,622,532	20,592,017
Liabilities										
Bills payable	8,761,334	8,761,334	-	-	-	-	-	-	-	-
Borrowings	54,788,547	33,623,627	15,171,185	3,421,534	50,950	14,250	223,003	782,628	571,157	930,213
Deposits and other accounts	371,624,155	34,551,403	36,907,525	24,075,709	36,911,252	25,513,557	31,980,344	64,404,145	98,224,233	19,055,987
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	20,513,376	3,033,563	8,237,961	2,597,505	3,667,318	1,469,562	1,505,563	1,904	-	-
	455,687,412	79,969,927	60,316,671	30,094,748	40,629,520	26,997,369	33,708,910	65,188,677	98,795,390	19,986,200
Net assets	39,232,276	60,084,042	34,959,253	6,643,072	2,898,818	7,431,791	5,327,786	(18,545,445)	(60,172,858)	605,817
Share capital	13,197,361									
Reserves	7,936,338									
Surplus on revaluation of assets - net	5,613,243									
Unappropriated profit	12,485,334									
Total equity attributable to the equity holders of the parent	39,232,276									
Non-controlling interest	-									
	39,232,276									

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, 2018

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 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 Group. The risk management policies related to liquidity risk are explained in note 45.4 to these consolidated financial statements.

46 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 21, 2019 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 except for the following and those disclosed in note 3.8.2:

Particulars	Before reclassification - as at December 31, 2017	Reclassification	After reclassification - as at December 31, 2017
----- Rupees '000 -----			
Statement of financial position			
Other assets - acceptances	-	6,892,781	6,892,781
Other liabilities - acceptances	-	6,892,781	6,892,781
Fixed assets	12,939,625	(1,496,097)	11,443,528
Intangible assets	-	1,496,097	1,496,097
Bills payable	7,304,326	1,457,008	8,761,334
Deposits and other accounts	373,081,163	(1,457,008)	371,624,155
Equity	33,633,227	5,599,049	39,232,276

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Particulars	Before reclassification - as at December 31, 2017	Reclassification	After reclassification - as at December 31, 2017
----- Rupees '000 -----			
Profit and loss account			
Mark-up / return / interest earned	28,791,306	(25,187)	28,766,119
Gain on securities	845,659	(38,449)	807,210
Unrealised loss on revaluation of investments classified as held for trading - net	(3,853)	3,853	-
Workers' Welfare Fund	-	154,382	154,382
Other charges	166,143	(154,382)	11,761
Reversal of provision against non-performing loans and advances - net	(690,700)	690,700	-
Provision for consumer and small enterprise loans - general - net	104,409	(104,409)	-
Provision against off balance sheet obligations	5,152	(5,152)	-
Provision for diminution in value of investments - net	182,943	(182,943)	-
Recoveries against written-off debts - net	(98,216)	98,216	-
Other provisions - net	4,610	(4,610)	-

Particulars	Before reclassification - as at December 31, 2016	Reclassification	After reclassification - as at December 31, 2016
----- Rupees '000 -----			
Statement of financial position			
Other assets - acceptances	-	7,558,310	7,558,310
Other liabilities - acceptances	-	7,558,310	7,558,310
Fixed assets	12,111,881	(1,607,059)	10,504,822
Intangible assets	-	1,607,059	1,607,059
Bills payable	5,982,285	673,634	6,655,919
Deposits and other accounts	340,306,404	(673,634)	339,632,770
Equity	29,090,229	5,918,096	35,008,325

Figures have been rounded off to the nearest thousand rupees unless other wise stated.

Captions as prescribed in BPRD Circular No. 02 dated January 25, 2018 issued by the State Bank of Pakistan in respect of which no amounts are outstanding have not been reproduced in these consolidated financial statements except in the consolidated statement of financial position and the consolidated profit and loss account.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

48 EVENTS AFTER THE REPORTING DATE


The Board of Directors in its meeting held on February 21, 2019 has proposed a stock dividend of Nil% amounting to Rs Nil (2017: 15% stock dividend amounting to Rs 1,979.604 million).

Finance Supplementary (Second Amendment) Bill, 2019 laid down before the National Assembly of Pakistan on January 23, 2019, amended the rate of super tax noted in the earlier Finance Act 2018 and prescribed a flat rate of 4% super tax for all accounting years from 2017 to 2020.

Since the above change in tax rates has been announced after the reporting date, it has been treated as non adjusting event under IAS 10, 'Events after the reporting period' and no financial impact has been taken in these current year's consolidated financial statements.



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, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 12.5 to these consolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husbands Name	Outstanding Liabilities at beginning of year				Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)	
						Principal	Interest / Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
1	Master Quran Company	38- Urdu Bazar, Lahore	Muhammad Saeed	35202-9477438-5	Mola Buksh	11,717	3,872	-	15,589	-	-	3,234	3,234
2	Amity World	111, 1st Floor, Anna Plaza, Peshawar Road, Rawalpindi	Mehmood Ahmad	37405-8053896-3	Abdul Heye	1,077	1,315	-	2,392	-	-	926	926
3	Madina Gloves	House No 31-32, St-1, Masoodabad, Faisalabad	M. Saleem Shahzad	33100-8910179-7	Nazir Ahmed Malik	3,334	2,310	-	5,644	-	-	2,210	2,210
4	Malik Muhammad Asif	Shop No. 01, Muslim Market, Muslim Town, Rawalpindi.	Malik Muhammad Asif	37405-7554015-3	Malik Muhammad Ashiq	2,249	1,728	-	3,977	-	-	1,775	1,775
5	Bright Engineering	Main Bazar, Shafiqabad No. 1, Near Bhambian Stop, Bund Road, Lahore, Pakistan.	Muhammad Akram	35202-4282076-3	Nabi Buksh	438	2,216	-	2,654	-	-	1,939	1,939
6	Gmk Textiles	Chak # 120, Near Ismat City Dawood Road Bava Chak, Sargodha Road, Faisalabad	1- Ali Ahmed 2- Asad Ali 3- Shakeel Ahmed	33201-1711680-3 33201-1711682-1 33401-0407175-9	1- Baqir Ali Ditta 2- Baqir Ali Ditta 3- Baqir Ali Ditta	5,011	1,446	-	6,457	-	-	1,448	1,448
7	Sawdagar	H# C-195-196, Akhter Colony Street# 5 Sector C, Korangi Road Karachi.	Ahmad Nabi	42201-4330326-3	Noor Ahmed	-	547	-	547	-	-	547	547
8	Sawdagar	H# C-195-196, Akhter Colony Street# 5 Sector C, Korangi Road Karachi.	Ahmad Nabi	42201-4330326-3	Noor Ahmed	2,112	8,586	-	10,698	-	-	8,471	8,471
9	Ganguali Textile Industries (Pvt) Ltd.	Plot No. 25-26, Sector No. 12-B North Karachi Industrial Area Karachi	1- Kabir Ahmed 2- Zubaida Khatoon 3- Atif Kabir 4- Tabinda Atif	42101-1358731-9 42101-7739100-4 42101-1436362-1 42101-1404910-4	1- Syed Abdul Subhan 2- W/O Kabir Ahmed 3- Kabir Ahmed 4- W/O Atif Kabir	15,370	13,227	-	28,597	-	-	14,084	14,084
10	Ganguali Textile Industries (Pvt) Ltd.	Plot No. 25-26, Sector No. 12-B North Karachi Industrial Area Karachi	1- Kabir Ahmed 2- Zubaida Khatoon 3- Atif Kabir 4- Tabinda Atif	42101-1358731-9 42101-7739100-4 42101-1436362-1 42101-1404910-4	1- Syed Abdul Subhan 2- W/O Kabir Ahmed 3- Kabir Ahmed 4- W/O Atif Kabir	9,486	19,246	-	28,732	-	-	19,246	19,246
11	Zahid Iqbal Malik / Raheela Shanzadi	House No.8, Block-N, Model Town, Lahore	Zahid Iqbal Malik	35202-1233099-5	Muhammad Saddiq	3,641	3,440	-	7,081	-	-	3,154	3,154
12	Daily Pakistan	41- Jail Road, Lahore	Umer Mujeeb Shami	35202-8390334-3	Mujeeb-Ur-Rehman Shami	520	8,134	-	8,654	-	-	8,143	8,143
13	Leisure Textiles (Pvt.) Limited	15-Km, Defence Road, Off 23Rd Km, Mullan Road, Lahore	1- Azhar Iqbal 2- Azeem Zafar 3- Afzal Mehmood	35200-1456813-9 91506-0126909-7 35202-7227511-7	1- Ch. Muhammad Iqbal 2- Zafar Iqbal Ch 3- Muhammad Aslam	100,000	146,458	-	246,458	13,434	-	151,641	165,075
14	Resham Cloth & Lehnga House	Toya Mohallah, Jhelum	Abdul Waheed Awan	37301-1500043-7	Mohammad Ashraf Awan	-	1,814	-	1,814	-	-	1,814	1,814
15	AJM Construction Pvt Ltd	Achison Colony, 1-Km, Raiwind Road, (Near Fatima Masjid) Lahore	1- Ayesha Younis 2- Ms. Laila Younis 3- Usman Younis Sheikh 4- Tasneem Younis 5- Ali Younis Sheikh 6- Sh. Muhammad Younis	35202-4781951-8 35202-3681620-0 35202-7347743-3 35202-7490204-2 35202-8426010-1 35202-0624157-7	1) Sheikh M. Younis 2) Sheikh M. Younis 3) Sheikh M. Younis 4) W/O Sheikh M. Younis 5) Sheikh M. Younis 6) Sheikh M.Yousaf	93,750	49,428	-	143,178	-	-	44,810	44,810

ANNEXURE I TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 12.5 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			Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs provided	Total (10+11+12)
						Principal	Interest / Mark-up	Others				
1	2	3	4	5	6	7	8	9	10	11	12	13
Rupees '000												
16	Ghulam Muhammad Rice Mills	Ghulam Muhammad Rice Mills, 9Km, Faisalabad Road Chinot.	1- M. Ali Shah 2- M. Tahir	33201-1672044-9 33201-1656617-5	1- Ghulam Muhammad Shah 2- M. Ayub	-	2,801	2,801	-	2,801	-	2,601
17	Khan Mohammad Khan	House No.365 Street No.14, Sector-G/10-2, Islamabad	Khan Muhammad Khan	42301-8008886-7	Sher Mohammad	6,500	32,573	39,073	-	32,954	-	32,954
18	Ab Engineering (Pvt.) Ltd	F-563, Workers Avenue Site Karachi	1- Syed Haider Ali Naqvi 2- Syed Jaffer Ali Naqvi	42000-3393446-9 42401-4472296-9	1- Syed Mohammad Sanbir Naqvi 2- Syed Mohammad Sahbir Naqvi	-	64,349	64,349	-	64,349	-	64,349
19	Icc Textile Mills Ltd	242-A, Anand Road, Upper Mall, Lahore	1- Javid S. Siddiqi 2- Adnan Javid Siddiqui 3- Salman Javid Siddiqui 4- Asim Pervaiz Siddiqui 5- Fauzia Javid 6- Shafiq A. Siddiqi 7- Pervaiz S Siddique	35200-1557171-7 35200-6036481-3 35200-9883340-7 35202-7244237-7 35202-8239782-8 35202-3960052-1 35202-8749481-7	1- Shafiq A. Siddiqi 2- Javid S. Siddiqi 3- Javid S. Siddiqi 4- Pervaiz S Siddique 5- Javid S. Siddiqi 6- Sheikh Zameer Ahmed 7- Shafiq A. Siddiqi	60,216	35,158	95,374	-	36,645	-	36,645
20	Muhammad Jamil Rice Dealer	1A/4L, Railway Bazar, Chori Street, Block C, Okara.	Muhammad Jamil	35302-3250660-1	Khair Din	1,500	1,818	3,318	-	1,566	-	1,566
21	Kaleem International Trading Company	Gullah Mandi, Gulyana, Gujjar Khan	Muhammad Kaleem	37401-4988846-5	Muhammad Sharif	1,350	2,245	3,595	-	2,040	-	2,040
22	Aurangzaib Khan (Highbrow Mineral Water)	House No.C-139/1,Block-2, Clifton, Karachi	Aurangzaib Khan	42401-0508875-7	Muhammad Aslam Khan	950	2,717	3,667	-	2,336	-	2,336
23	Badar Traders	Ghakkhar Mandi , Main,G.T Road, Gujranwala	Allaf Ahmad Cheema	34101-2518182-9	Ghulam Ahmad Cheema	11,000	21,117	32,117	-	16,754	-	16,754
24	Zaka Malik	House No.427, Block-N, Samanabad, Lahore	Zaka Malik	35200-1535669-7	Malik Mushtaq	1,949	1,810	3,759	-	1,387	-	1,387
25	Riaz Mehmood	15- Ahmed Block, New Garden Town, Lahore	Riaz Mehmood	35202-8114854-4	Sabir Mehmood	3,952	1,793	5,745	-	793	-	793
26	M.Asghar Ali S/O Allah Ditta	Street 01, Ghulam Rasool Nagar, Sarfraz Colony Faisalabad.	1- M. Asghar Ali 2- Ayeshah Asghar	33100-6320079-7 33100-1569433-6	1- Allah Ditta 2- M. Asghar Ali	11,666	27,245	38,911	-	23,754	-	23,754
27	S.A Steel Foundry	Katcha Rahim Road, Misri Shah, Lahore	1- Sheikh Muhammad Shafique 2- Muhammad Abdullah	35202-4227486-5 35202-1129325-3	1- Sheikh Muhammad Rafique 2- Sheikh Muhammad Rafique	13	14,718	14,731	-	14,712	-	14,712
28	Haideri Enterprises	Outside Gunj Gate, City Circle Road, Peshawar	1- Haider Hassan Afshar 2- Zaki Haider Afshar 3- Razi Haider Afshar	17301-6233117-3 17301-8642927-7 17301-3183700-5	1- Agha Haider Quli Zahid 2- Agha Haider Quli Zahid 3- Agha Haider Quli Zahid	-	693	693	-	693	-	693
29	Haideri Filling Station	Outside Gunj Gate, City Circle Road, Peshawar	1- Haider Hassan Afshar 2- Zaki Haider Afshar 3- Razi Haider Afshar	17301-6233117-3 17301-8642927-7 17301-3183700-5	1- Agha Haider Quli Zahid 2- Agha Haider Quli Zahid 3- Agha Haider Quli Zahid	1,500	3,914	5,414	-	3,933	-	3,933
30	Rehman Metal Industry	Mohallah Mehr Noor Wala St 20, Mohallah Islampura, Gujranwala	Attique Ur Rehman	34101-2535196-7	Muhammad Rafique	14,993	6,753	21,746	-	6,299	-	6,299
31	Colour Quick Graphics	431- Main Ferozepur Road, Lahore	Khawaja Farhan Ahmed	35202-4725309-3	Khawaja Rasheed Ahmed	-	1,020	1,020	-	1,020	-	1,020

ANNEXURE I TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 12.5 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				Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs provided	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													
32	Azmat Traders	248-G, Main Mullan Road, Allama Iqbal Town, Lahore	Ahsan Ashraf	35202-3277983-7	Muhammad Ashraf	-	848	-	848	-	-	847	847
33	Techman	59- Surriya Jabeen Park, Baghbanpura, Lahore	Waseem Ishiaq Khan	35201-9375308-1	Ishtiaq Ahmed	-	2,463	-	2,463	-	-	2,463	2,463
34	Habb Processing	Ground Floor, Dp-30-31, Sector 12-D, North Industrial Area Karachi	1- Erum Kamran 2- Shabana Lari	42201-0615273-0 42301-4210435-8	1- W/O Fahim Zafar Lari 2- W/O Syed Kamran Rasheed	-	20,499	-	20,499	-	-	20,499	20,499
35	Habb Processing	Ground Floor, Dp-30-31, Sector 12-D, North Industrial Area Karachi	1- Erum Kamran 2- Shabana Lari	42201-0615273-0 42301-4210435-8	1- W/O Fahim Zafar Lari 2- W/O Syed Kamran Rasheed	576	10,349	-	10,925	-	-	9,120	9,120
36	Sheikh Ashiq Hussain Major - R	H.No 71/B Tariq St No 1 Rizaz Qureshi Road Kamalabad Rawalpindi	Sh. Ashiq Hussain	37405-0352366-7	Sheikh Sadiq Hussain	-	1,200	-	1,200	-	-	1,200	1,200
37	Karigar Collection (Pvt.) Ltd	88-A, Main Gulberg, Lahore	1- Ilyas Ahmed Malik 2- Nuzhat Ilyas Malik	35202-2847039-5 35202-1610332-2	1- Bilal Ahmed Malik 2- Ilyas Ahmed Malik	-	9,811	-	9,811	-	-	9,811	9,811
38	Farooq Art Jewellers	164-165, Bano Bazar, Anarkali, Lahore	1- Muhammad Farooq Pasha 2- Rumeela Tauseef	35202-1131621-7 35201-1317280-4	1- Abdul Wahab Khan 2- Abdul Mannan	-	2,370	-	2,370	-	-	2,320	2,320
39	Carson Woolen Mills (Pvt.) Ltd.	H.No. 24, St. No. 43, F-8/1, Islamabad.	1- Sh. Arashad Mehmood 2- Naveed Arshad 3- Kiran Arshad 4- Shehraz Arshad	61101-850527-3 61101-3709184-1 61101-7367403-8 61101-1302584-4	1- Sh Muhammad Rafiq 2- Sh Arshad Mehmood 3- Naveed Arshad 4- Sh Arshad Mehmood	30,989	62,373	-	93,362	-	-	63,526	63,526
40	Arshad Traders	H.No. 24, St. No. 43, F-8/1, Islamabad.	Sh. Arashad Mehmood	61101-850527-3	Sh Muhammad Rafiq	7,731	18,468	-	26,199	-	-	19,052	19,052
41	Syed Faiz Ul Hassan	House No.18-E, Street No.6, Officers Colony, Cavalary Ground, Lahore	Syed Faiz-Ul-Hassan	36502-1340369-1	Syed Ashtaq-Ul-Hassan	2,316	4,299	-	6,615	-	-	3,814	3,814
42	Ifrikhar & Co.	30- Civic Centre, Fahad Arcade, M.A. Johar Town, Lahore	Muhammad Ifrikhar	35202-9035301-1	Ch. Muhammad Ismail	6,491	8,448	-	14,939	-	-	8,772	8,772
43	Alseas Trading Co.	H #2/433, Wataer Works , Sialkot	1- Imran Afzal 2- Noman Afzal	34603-2292207-9 34603-8072733-1	1- Sheikh Muhammad Afzal 2- Sheikh Muhammad Afzal	16,000	13,450	-	29,450	-	-	12,780	12,780
44	All Steel Decoration	New Abadi, Harbanspura, Lahore	Allah Rakha	35201-1200306-1	Allah Ditta	1,490	1,766	-	3,256	-	-	1,465	1,465
45	K.B Thread Works Pvt Ltd	New Shad Bagh, Bund Road, Lahore	1- Irfan Khalid 2- Khalid Mehmood 3- Bushra Khalid	35201-5871382-3 35202-4405533-5 35202-6462582-6	1- Khalid Mehmood 2- Abdul Ghani 3- Khalid Mehmood	16,070	35,801	-	51,871	-	-	35,271	35,271
46	Irfan Textile (Pvt) Ltd	31-Km, Ferozpur Road, Lahore	1- Syed Muhammad Jawad Ahsan 2- Muhammad Yawar Irfan Khan 3- Muhammad Ahmed Irfan Khan	35202-6356700-9 35202-6657307-7 35202-0268314-1	1- S.M.Ahsan-Ud- Din 2- Muhammad Irfan Ullah Khan. 3- Muhammad Irfan Ullah Khan	-	54,288	-	54,288	-	-	54,288	54,288
47	Brocco Textiles Pvt Ltd	Fiat No.2, Anwar Plaza, 652- Umar Block, Allama Iqbal Town, Lahore	1- Khurram Niaz 2- Muhammad Siddique	35202-2260036-5 35201-1458638-1	1- Niaz Ahmed Akhtar 2- Nizam Din	19,948	32,807	-	52,755	-	-	32,249	32,249
48	Dream Builders & Real Estate Consultants	17-H, Phase-1, Commercial Area, Dha Lahore Cantt	Moazzam Ali	35201-1061323-9	M. Iqbal Hussain	-	2,483	-	2,483	-	-	2,483	2,483
49	Pirzada Kamal Basheer	B-173 Sector 11-B North Karachi	Pirzada Kamal Basheer	42101-5452928-9	Hafiz Bashir Ahmed	2,214	2,193	-	4,407	-	-	2,007	2,007

ANNEXURE I TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 12.5 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				Principal written-off	Interest / Mark-up written-off	Other Financial Relief provided	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	
50	H. Ibrahim & Sons	Adda Saliwal Mouza Jandowall Depalpur Dist Okara	1- Mr. Muhammad Umer 2- Mr. Abdul Khaliq Ahmad	42301-8516066-1 35202-5113383-9	1- Muhammad Ibrahim 2- Muhammad Ibrahim	9,822	4,486	-	14,308	-	4,409	-	4,409
51	Mehran Enterprises	Main Road, Model Town, Faisalabad.	1- Muhammad Aslam 2- Muhammad Waleed	33100-6786141-5 33100-4012588-5	1- M. Shafi 2- Niaz Ali Shah	229	4,789	-	5,018	-	4,048	-	4,048
52	Mlw Industries (Pvt) Ltd	26-A, C-II, Gulberg-III, Lahore	1- Muhammad Naseem 2- Muhammad Waleed 3- Ms. Laralb Niaz	35202-0794596-7 35202-7141671-1 35202-8696238-8	1- Ch. Niaz Muhammad 2- Muhammad Naseem 3- Muhammad Naseem Niaz	32,831	29,672	-	62,503	16,782	32,306	-	49,088
53	Del (Pvt.) Limited	Industrial Plot # 37, 2-Km Manga, Raiwind Road, Lahore	1- Jehanzeb Burki 2- Ayeshah Burki	35201-3164290-5 35201-8386860-8	1- Abdul Shafi Burki 2- Jehanzeb Burki	6,547	3,991	-	10,538	-	3,556	-	3,556
54	Sania Fabrics (Pvt.) Limited	1St Floor, Taj Plaza, Kotwali Road, Faisalabad.	1- M. Shahid Mehmood 2- Mrs. Nabeed Mehmood 3- M. Abid	33100-7832405-5 33100-0890763-0 33100-5648128-9	1- M. Ismaiel 2- Shahid Mehmood 3- M. Ismaiel	9,712	15,184	-	24,896	-	16,352	-	16,352
55	Muhammad Munir Butt	House 477, Block-II, Sector C-1, Township, Lahore	Muhammad Munir Butt	35202-6544897-3	Muhammad Bahir Butt	3,205	3,591	-	6,796	-	3,343	-	3,343
56	R.I International	Zimidar Manzil ,Abbot Road, Siakot	Syed Ali Raza	34603-4316251-3	Syed Zafar Ali Shah	1,000	1,698	-	2,698	-	1,272	-	1,272
57	Sigma Textiles International	Building No. Am-1, Block-D	1- Syed Baqar Askary 2- Syed Ali Akhtar 3- Asghar Mehdi	42301-8966678-5 42201-6513490-9 42201-0679159-9	1- Syed Hash Askari 2- Mir Najaf Ali 3- Muhammad Mehdi	-	7,967	-	7,967	-	7,967	-	7,967
58	The Academia	D-03, 2Nd Floor, Alliance Arcade, FH-22, Bk 15, Gulistan-E-Jauhar, Karachi	Abdul Waheed Khan	42201-7572135-1	Muhammad Yakoob,	997	1,734	-	2,731	-	1,609	-	1,609
59	Fatima Jimah Postgraduate College	Building No. 1, Sireet No.1,100 Foot Road, Azam Town Karachi.	1- Syed Baqar Askary 2- Syed Ali Akhtar 3- Asghar Mehdi	42301-8966678-5 42201-6513490-9 42201-0679159-9	1- Syed Hash Askari 2- Mir Najaf Ali 3- Muhammad Mehdi	-	8,334	-	8,334	-	8,334	-	8,334
60	Apollo Medical & Research O.T Hospi	Plot No.186/S, Main Shahrah-E-Faisal Near Star Gate Karachi.	1- Syed Baqar Askary 2- Syed Ali Akhtar 3- Asghar Mehdi	42301-8966678-5 42201-6513490-9 42201-0679159-9	1- Syed Hash Askari 2- Mir Najaf Ali 3- Muhammad Mehdi	3,789	14,089	-	17,878	-	11,546	-	11,546
61	Nasreen Humayun Shaikh	Alwan-E-Science, Opposite Ferozpur Road Lahore	Nasreen Humayun Shaikh	35201-5964797-4	Hamayun Naseer Shaikh	88,200	136,867	-	225,067	-	130,074	-	130,074
62	Rafique Brothers (Pvt) Limited	431 D-2, Wapda Town, Lahore	1- Amer Rafique Bhatti 2- Muhammad Majid Rafique 3- Mst Rahat Shaifqat Rafique 4- Humaira Ayub 5- Munaza Amer	35202-3487988-5 35202-1088545-5 35202-9329637-2 35202-0476139-4 35202-7164544-6	1- Rafique Bhatti 2- Muhammad Rafique 3- Muhammad Rafique 4- Muhammad Majid Rafique 5- Amer Rafique Bhatti	19,935	5,975	-	25,910	-	4,056	-	4,056
63	Faisal Traders	St. 13 - 62 Cavalary Ground Ext,Lahore	Faisal Mumtaz Muhammad Hafeez	35201-5864487-5 33100-6906962-7	Mumtaz Hussain Tarar Abdul Hameed Butalwi	15,000	5,979	-	20,979	-	6,839	-	6,839
64	Rehan Rough Board	Mohalla Rehman Pura, Sargodha Road, Faisalabad	Nasir Ahmed	33100-3639554-5	Sh. M Yaqoob	6,489	12,887	-	19,376	-	13,637	-	13,637
65	Hassan Ahmed	Al-Saeed Manzil Opp. Mubarak Manzil Pir Khurshed Colony Multan	Hassan Ahmed	36302-6744118-5	Saeedullah Khan	-	669	-	669	-	669	-	669

ANNEXURE I TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 12.5 to these consolidated financial statements.

S. No.	Name of the borrower	Address	4	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 provided	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	
66	Shahid Mehmood	Rehmatabad, Po Partan Wali, Tehsil And District Sialkot		Shahid Mehmood	34603-4288553-7	Muhammad Siddique	-	758	-	-	-	706	706
67	Mehboob Ahmed	House No. 233 Riazabad, Tehsil Melsi Distt Vehari		Mehboob-Ahmed	36602-6269394-5	Ahmed Nawaz	1,297	1,897	-	-	-	1,747	1,747
68	Malik Niaz Hussain Anjum	H No. 56 St No. 02 Kavelary Ground Lahore		Malik Niaz Hussain Anjum	35201-7809040-5	Malik Ghulam Muhammad	4,050	4,035	-	-	-	3,150	3,150
69	Abdul Khaliq Khar	Tippu Sultan Road H No. 35 Multan Cantt		Abdul Khaliq Khar	36302-0825991-3	Ghulam Muhammad	-	3,523	-	-	-	3,523	3,523
70	Syed Waqas Shah/Syed Bilal Shah	Bosan Road Kolia Sadiat Po Latif Abad Teh & Distt Multan		Syed Waqas Shah/Syed Bilal Shah	36303-8099413-9	Syed Ghulam Ahmed Shah	-	1,035	-	-	-	1,035	1,035
71	Tahir Razaq	Maqbool Colony Baghdat Uj Jaidid, Bahawalpur		Tahir Razaq	36303-4948147-3	Rana Abdul Razzaq	-	1,569	-	-	-	1,569	1,569
72	Muhammad Zafar Iqbal	Haveli Naseer Khan Dhak Khanna Khas, Teh & Distt Lodhran		Muhammad Zafar Iqbal	36203-1246062-9	Alta Muhammad	-	1,768	-	-	-	1,743	1,743
73	Data Cold Storage	St No. 1, Mohalla Azeem Abad Okara.		Muhammad Akram	35302-2663469-7	Abdullah	-	656	-	-	-	656	656
74	Hejji Nazir Ahmed	Mauza Korekee & Jhulke Po Daska Distt Sialkot		Haji Nazir Ahmed	34601-0738727-7	Rana Bashir Ahmed	-	633	-	-	-	633	633
75	Muhammad Siddique	Mauza Kanyalah Po Khas Teh & Distt Hafizabad		Muhammad Siddique	34301-5337577-5	Faqar Din	-	594	-	-	-	594	594
76	Muhammad Nazir	Mauza Daffer Teh Malikwal Distt Mandi Bahul Din		Muhammad Nazir	34401-0570636-9	Mehra	-	1,186	-	-	-	1,029	1,029
77	Syed Anwar Hussain Shah	Nabi Shah Bala Tehsil Bhalwal District Sargodha		Syed Anwar Hussain Shah	38401-1805267-9	Najaf Shah	-	568	-	-	-	568	568
78	Muhammad Ahmad Akmal	Tair Taihera Po Harbars Pur Teh Lahore Cantt. Distt Lahore		Muhammad Ahmad Akmal	35201-1232776-7	Malik Akhtar Ali	-	1,563	-	-	-	1,373	1,373
79	Malik Nisar Ahmad	Mohallah Basti Karamat Ullah Khan Hawali Lakha Depalpur Tel 0333-4079550		Malik Nisar Ahmad	35301-1856225-5	Iftikhar Ahmad	-	602	-	-	-	570	570
80	Mushtaq Ahmad Khan	Thal Hassan Kan Po Thal Khair Muhammad Teh & Distt Rahim Yar Khan		Mushtaq Ahmad Khan	31303-5162244-7	Ghulam Mhammad	-	752	-	-	-	752	752
81	Asjad Iqbal Nadia Asjad	1. Warrach House Chak No. 107/P Po Chak No. 106/P Tehsil And Distt Ryk 2. Warrach House Chak No. 107/P Po Chak No. 106/P Tehsil And Distt Ryk		Asjad Iqbal Nadia Asjad	31303-8462015-7 31303-2184312-6	Asjad Iqbal Nadia Asjad	-	1,672	-	-	-	1,672	1,672

ANNEXURE I TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 12.5 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				Principal written-off	Interest/ Mark-up written-off	Other Financial Reliefs provided	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	
82	Muhammad Ashraf Chattha	Salhoki Po Khas Teh Wazirabad Distt Gujranwala	Muhammad Ashraf Chattha	34104-2345907-9	Muhammad Tufail Chattha	4,043	2,997	-	7,040	-	2,480	-	2,480
83	Rustam Khan	Mueza Jassokay Sohaq, Teh Depalpur Distt Okara	Rustam Khan	35301-3281469-5	Muhammadmunir	2,549	5,074	-	7,623	-	3,757	-	3,757
84	Muhammad Ilyas	Mauza Alipur Arian Sahake Po Pinakha Teh & Distt Gujranwala	Muhammad Ilyas	34101-2496158-5	Waris Ali	-	519	-	519	-	519	-	519
85	An Nafay Proteins Farm	1. New Shalmar Colony Bosan Road Mullan 2. Band Bosan Road Koila Sadaat Bzu Mullan	Khalid Masood Khan Khakwani Syed Murad Ali Shah	36302-7709251-3 36303-4041304-5	1. Ghulam Sanwar Khan Khakwani 2. Syed Nizakat Ali Shah	2,500	1,487	-	3,987	-	1,065	-	1,065
86	Naseem Akhter	Sultan Pur Mela Po Khas Teh Bhalwal Distt Sargodha	Naseem Akhter	38401-0458146-0	Naser Ullah	1,348	1,598	-	2,946	-	1,003	-	1,003
87	Irfan Ul Haq	Bahawal Kalan Po Same Teh. Pattok Distt. Qasur	Irfan Ul Haq	35103-1069891-5	Ch. Abdul Haq	-	835	-	835	-	610	-	610
88	Rao Fazal Azeem Khan	Esan Po Mandi Faizabad Teh Muridkay Distt Sheikhpur	Rao Fazal Azeem Khan	35401-1823838-5	Rao Muhammadali Jhan	755	642	-	1,397	-	559	30	589
89	Maqsood Ahmed	H No. 12, Main Road, Sattelite Town, Sadiqabad	Maqsood Ahmed	31304-7583045-9	Ch. Chand Muha	-	925	-	925	-	625	-	625
90	Fazil Poultry Farms	Sheikhpura Road Bhoon Kalan Hafizabad	Muhammad Fazil	34301-7880901-1	Muhammad Aslam	400	4,101	75	4,576	-	3,219	75	3,294
91	Muhammad Hassan	Mirza Pur Po Mandi Faizabad Teh & Distt Nankasahab	Muhammad Hassan	35402-0926943-5	Ghulam Haider	431	813	-	1,244	-	521	-	521
92	Maan Farm	1. Ho No. 899 B Sabzazar Scheme Lahore 2. Chak No. 8 S.P. Pakpattan	Ali Nasir S/O Mian Nasirullah Ali Sultan S/O Kishwar Sultan	35202-2549285-5 36402-0187732-1	1. Mian Nasirullah 2. Kishwar Sultan	574	591	5	1,170	-	605	5	610
93	Shamas Iqbal & Rajab	1. Chak No.423 Po Same Tehsil Gojra Jhang 2. Chak No.423 Po Same Tehsil Gojra Jhang	Shamas Iqbal Rajab Ali	33301-3880862-3 33301-7522795-1	1. Muhammad Ali 2. Muhammad Ali	658	1,127	-	1,785	-	947	-	947
94	Sajid Mehmood	Rehmatabad, Po Partan Wali, Tehsil And District Sialkot	Sajid Mehmood	34603-6152806-5	Muhammad Saddiue	865	863	-	1,718	-	602	-	602
95	Zulfiqar Ali Cheema	Ranjhai Teh Daska Distt Sialkot	Zulfiqar Ali Cheema	34601-4339745-3	Ch. Sarfaraz	769	1,157	-	1,926	-	859	-	859
96	Farida Dairy Industry	Lal Din House No. 337-St No. 8 Nai Abadi Sahiwal	Lal Din	36502-4205138-9	Muhammad Boota	1,988	1,034	-	3,022	-	713	-	713
97	Sakhawat Ali	Chak Teelian Po Jandiala Kalsan Teh Ferozvala Distt Sheikhpura	Sakhawat Ali	35401-1784998-3	Muhammadrafiq	-	2,164	-	2,164	-	1,814	-	1,814
98	Muhammad Rafique	Hayata Abad Colony St No. 07, Chichawatni	Muhammad Rafique	36501-1846498-7	Abdul Hakeem	715	840	-	1,555	-	613	-	613

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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	
99	Muhammad Arif	Cheerwali Po Sairah Tehsil Daska District Sialkot	Muhammad Arif	34601-1593525-3	Muhammad Ifran	-	722	-	722	-	-	538	
100	Raja Sahib Commission Shop	House No.337 Naj Abadi Street 2 Block 8, Sahiwal	Muhammad Tanveer Shaheen	36502-2294923-5	Lal Din	6,000	1,529	-	7,529	-	-	1,556	
101	Muhammad Mustaqim Khan	Mauza Rakh Baloch Kalan Po Khas Teh & Distt Mandi Bahauddin	Muhammad Mustaqim Khan	34402-2573506-3	Mursaleen Khan	296	1,252	-	1,548	-	-	834	
102	Zafar Iqbal	Chak Muhammad Mehdi Khan Po Khas Teh Arifwala Pakpaltan.	Zafar Iqbal	36401-0893900-1	Manzoor Ahmad	4,302	1,459	-	5,761	-	-	1,349	
103	Chenab Farms	1. Phase II, House No.240-A Gujranwala Cantt 2. Phase II, House No.240-A Gujranwala Cantt	Adnan Afzal Chatha Ifraan Afzal Chatha	34101-0488566-3 34101-7849211-9	1. Muhammad Afzal Chatha 2. Muhammad Afzal Chatha	-	1,296	-	1,296	-	-	943	
104	Five Star Profrens	1. Village Nidikay Po Sialkot Tehsil Sialkot 2. H No.742, St.2, Muhallah Purannagar Sialkot	Ghulam Ali Jafri Syed Rizwan Hussain Bokhari	34603-3730032-1 34603-1045590-3	1. Kafait Hussain 2. Muhammad Hussain Bukhari	2,500	1,929	-	4,429	-	-	4,349	
105	Munir Ahmed	H No. 38, Street No. 02, Block-Z, Peoples Colony Gujranwala.	Munir Ahmed	34101-2547543-5	Muhammadhussain	1	894	10	905	-	-	702	
106	Khuda Dad	Civil Hospital Road Jolya House 02 Tehsil Haroonabad	Khuda Dad	31104-0490042-1	Mian Iqbal Akhter Laleka	1,537	1,398	-	2,935	-	-	766	
107	Akbar Ali	Chak No.42, Po Shahdara, Tehsil Ferozwala, Distt Sheikhpura	Akbar Ali	35401-4288308-1	Ghulam Muhammad	2,090	1,908	-	3,998	-	-	1,609	
108	Muhammad Asif Abbas	70 A, Cheema Town Bahawalpur	Muhammad Asif Abbas	36301-2651987-1	Malik Ghulam Abbas	800	645	-	1,445	-	-	566	
109	Qadir Buksh	Basti Jam Bukhsh, Iqbal Nagar Jdhw Sadiqabad	Qadir Buksh	31304-3020911-9	M. Ramzan	75	958	-	1,033	-	-	645	
110	Shakoor Ahmed	Chak No. 360 W/B P.O Same Teh. Dunia Pur Distt. Lodhran	Shakoor Ahmed	36201-1213848-1	Razaq Bukhsh	1,572	560	-	2,132	-	-	682	
111	Malik Muhammad Siddiq	Mouza Sahaf Pur, Abbas Nagar, Tehsil And District Bahawalpur	Malik Muhammad Siddiq	31202-5707097-5	Malik Ilaahi Buksh	-	1,158	-	1,158	-	-	847	
112	Syed Mohammad Hussain Shamsi	E-109, Main Boulevard Defence Lahore.	Syed Mohammad Shahid Hussain Shamsi	3740567310415	Syed Mohammad Sibtain Shami	9,587	8,229	-	17,816	-	-	3,037	
113	Irfana Hafeez	Plot # 215, Sector F-11/2 Islamabad Islamabad	Irfana Hafeez	4200072780135	Malik Abdul Hafeez	1,783	581	-	2,364	-	-	589	
114	Nasreen Khalid	10- E Green Acre Housing Scheme Raiwand Road Lahore	Nasreen Khalid	3520226937832	Sheikh Fazal Hussain	6,487	3,159	-	9,646	-	-	3,173	
115	Muhammad Akram	House # 3- D/28/ 50 Nazimabad 3 Karachi Pakistan	Muhammad Akram	4210152203661	Muhammad Luqman	1,712	1,882	-	3,594	-	-	1,887	
116	Muhammad Tahir Javaid	House # 537 Sector D- 1 Township Bloxx Dha Lahore Pakistan	Muhammad Tahir Javaid	3520273404425	Zahoor Ahmad	2,417	2,835	-	5,252	-	-	2,346	
117	Muhammad Yasin Malik	114- C Faisal Town Lahore Pakistan	Muhammad Yasin Malik	3520252672201	Nizam Din	4,597	2,226	-	6,823	-	-	2,237	

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						Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others				
1	2	3	4	5	6	7	8	9	10	11	12	13			
118	Mujahid Zafar	House No:12 Tariq Block New Garden T	Mujahid Zafar	3530236043795	Zafar	5,020	-	5,020	-	521	-	521			
119	Saeed Iqbal	H#19 Street#10 Sector-E Manzoor Colony	Saeed Iqbal	4220107259129	Sardar Muhammad	-	-	-	52	489	25	566			
120	Muhammad Akram	32- E Maighaz Ar Colony Multan Road Lahore Pakistan	Muhammad Akram	3520245075135	Chaudhry Muhammad Habib	8,506	1,809	10,315	-	1,792	-	1,792			
121	Khalid Hasan Chohan	23/ 1 Punjab Cooperative Society E fence Road Lahore	Khalid Hasan Chohan	3520170224225	Hasan Chohan	4,959	6,751	11,710	-	5,126	-	5,126			
122	Naila Balkhi	House # 122- 2 G Ali 16 Khy-E- Bukhari Karachi Pakistan	Naila Balkhi	4220102872384	Syed Sharif Uddin Balkhi	2,927	2,087	5,014	-	1,407	-	1,407			
123	Mir Irfan Qadir Zehri	35 Khayaban-E-Hafiz Phase 5 Dha Karachi Pakistan	Mir Irfan Qadir Zehri	4200020094229	Mir Qadir Bux Zehri	6,197	4,387	10,584	-	4,534	-	4,534			
124	S M Iftikhar	119/2 Khayaban E Muhaifz St # 33 Phase-Vi Dha Karachi	S M Iftikhar	4230140062939	Syed Iftikhar Ahmed	1,625	666	2,291	-	707	-	707			
125	Adil Khurram	H No B106/2 23Rd Street Khayaban E Muhaifz Phase 6 Dha Nr. Caltex Pump Karachi	Adil Khurram	4230102342587	Khurram Muhammad Mirza	1,597	71	1,668	1,597	136	-	1,733			
126	Islam Shah	H # 105 Block # 09 Tara Chano Road Kemari Near Agakhan Lab Kemari Karachi	Islam Shah	4240120054471	Zabur Shah	463	66	529	463	87	-	550			
127	Rukhsana Elahi & / Or Muhammad Hassan Elahi	House # 11 / 295 Tufail Road Cantt Lahore	Rukhsana Elahi & / Or Muhammad Hassan Elahi	3520144285494	Noor Elahi	6,376	1,836	8,212	-	1,645	-	1,645			
128	Muhammad Saleem Mughal	H # 52 C- 2 Pgehs Lahore	Muhammad Saleem Mughal	3520276524959	Muhammad Aslam	1,203	599	1,802	-	573	-	573			
129	Shahid Majeed Khan	House # P-916 St # 1 Mohallah Ahmed Abad Gulistan Colony Faisalabad	Shahid Majeed	3310068610019	Abdul Majeed Abid	412	120	532	412	140	-	552			
130	Muhammad Khan	H#94/ H Street#25, Khy E Muhaifz Dha Phase# 6 Karachi	Khan Mohammad Khan	4230180088867	Sher Muhammad	16,525	13,577	30,102	-	7,044	-	7,044			
131	Muhammad Arif	153 Chenab Block Town Lahore Pakistan	Muhammad Arif	3520226263349	Haji Muhammad Shafi	2,263	2,219	4,482	-	2,269	-	2,269			
132	Faisal Khan Baloch	A-6 Block 2 Gulshan-E-Iqbal Karachi	Faisal Khan Baloch	4220167503175	Ain Ul Haq	3,765	1,445	5,210	-	716	-	716			
133	Ahtesham Bin Hisam	Office#88 3R D Floor Main Boulevard Gulberg-III	Ahtesham Bin Hisam	3520084634569	Hissam Ud Din Quershi	3,883	3,471	7,354	-	3,453	-	3,453			
134	Muhammad Faisal Vawda &/Or Nazli Vawda	Bungalow # 21-A, St # 7, Bathisland,Gulshan-E-Faisal,Clifton Karachi	Muhammad Faisal Vawda &/Or Nazli Vawda	4230159982885	Mohammad Umar Vawda	37,960	31,715	69,675	-	29,451	-	29,451			
135	Masood Ahmed Malik &/Or Rifat Masood	H # 537Z-18, Street-5, Gulzian Nayab , Rawalpindi	Masood Ahmed Malik &/Or Rifat Masood	3740521921605	Malik Qamar Ud Din	6,330	7,754	14,084	-	7,982	-	7,982			
136	Muhammad Ahmed	House # 73 5r D Millat Town Millat Road Faisalabad Pakistan	Muhammad Ahmed	3310052847933	Muhammad Aslam	1,249	924	2,173	-	937	-	937			
137	Omer Akhter	Houses No 8-B-1 5Th East Street Phase No 1 Dha Karachi	Omer Akhter	4230112036677	Akhtar Aftab	489	704	1,218	-	766	31	797			
138	Mirza Zulfiqar Askari	House No F- 257 Satellite Town Gujranwala	Mirza Zulfiqar Askari	374058058517	Mirza Muhammad Askar	4,273	4,709	8,982	-	4,946	-	4,946			
139	Muhammad Hamid	H# P-948 Street# 3 Mughal Pure# 2 Dakhana Nishatabad Faisalabad	Muhammad Hamid	3310022014519	Muhammad Aslam	467	444	920	92	548	12	652			
140	Ch Zeeshan Aslam	House # 219 Street # 100 I-8/4 Islamabad	Ch Zeeshan Aslam	3740503569177	Muhammad Aslam	935	713	1,648	-	856	-	856			

ANNEXURE I TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2018 as referred in note 12.5 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				Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs provided	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													
141	Asif Iqbal Ranjha	H#32 St#119 G-11/4 Islamabad	Asif Iqbal Ranjha	6110110134617	Iqbal Ranjha	4,828	3,353	-	8,181	-	3,426	-	3,426
142	Chaudhry Nadeem Uddin	Cb-83-1 Lane # 7 Nr. Qadir Motor Peshawar Rd Rawalpindi	Chaudhry Nadeem Uddin	3740524577905	Chaudhry Abd Ul Rasheed	483	481	12	976	109	420	-	529
143	Syed Murad Ali	H#186 Lane # 4 Shradman Town Dharmyat Camp Ghosia Wellfare Society Rwp Rawalpindi	Syed Murad Ali	3740506506663	Salah Ud Din	748	409	6	1,163	50	581	22	653
144	Safeer Ahmed	H# 2888 Housing Colony Muhalla Islampura Hassanabdal	Safeer Ahmed	3710362368605	Abdul Khaliq	1,755	916	-	2,671	-	751	-	751
145	Ch Muhammad Asif	H # 29 Mian Meer Road Upper Mall Main Meer Road Upper Mall	Ch Muhammad Asif	3520112681233	Chaudhry Muhammad Nawaz	6,154	7,165	-	13,319	-	7,611	-	7,611
146	Ch. Irfan Ali	House No 21 Y-Block 104 Road Madina Town Faisalabad	Ch. Irfan Ali	3310005970333	Ch. Sabir Ali	4,890	5,946	-	10,836	-	6,150	-	6,150
147	Akbar Ali	Madina Colony Near Pso Pump Bazar #3 H/N 1 Sheikhpura Road Lahore	Akbar Ali	3310005874473	Abdul Latif	640	718	-	1,358	-	768	-	768
148	Maqsood Ahmed	House No 381-G3 Ma Johar Town Lahore	Maqsood Ahmed	3520229851701	Akber Ali	12,886	5,177	-	18,063	-	5,177	-	5,177
149	Sheikh Azhar Rauf	House No 01, Street No 04, Mohalla Babar Colony, K1 Road, Dhoke Gangal, Rawalpindi	Sheikh Azhar Rauf	3740554497127	Abdul Rauf	4,611	4,857	-	9,468	-	4,993	-	4,993
150	Imran Ahmed Minal	B-305 Falcon Plaza Tariq Road Karachi Nr Sindh Laboratory Karachi	Imran Ahmed Minal	4220120621939	Imran Ahmed Minal	-	-	-	-	501	3	-	504
151	Tahir Naseem	House No. 300/B Street No. 7/C Amir Town Harbanspura Lahore	Tahir Naseem	3410423173429	Tahir Naseem	-	-	-	-	419	45	40	504
152	Sheheryar Malik	43-7/D Block 6 Pectis Karachi	Sheheryar Muhammad Malik	4220105281697	Sheheryar Muhammad Malik	-	-	-	-	-	18	609	627
153	Amina Jaffer	H No 43 Modern Cooperative Housing Society Tipu Sultan Road Karachi	Amina Jaffer	4220134284472	Amina Jaffer	-	-	-	-	800	-	-	800
154	Mohammad Ali Azhar	House # 380/1 Street 21 Z Block Dha Phase 3 Lahore	Mohammad Ali Azhar	6110119872957	Mohammad Ali Azhar	-	-	-	-	-	610	22	632
						888,992	1,225,596	142	2,114,730	34,711	1,184,426	871	1,220,008

ANNEXURE II TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

The Bank is operating 254 Islamic banking branches (2017: 197) and 1 Islamic sub-branch (2017: 1). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2018 are as follows:

(A) Statement of financial position as at December 31, 2018	Note	2018	2017
		-----Rupees '000-----	
ASSETS			
Cash and balances with treasury banks		7,941,153	7,716,588
Balances with other banks		105,205	113,094
Investments	1	27,620,400	25,399,578
Islamic financing and related assets - net	2	78,659,697	45,601,317
Fixed assets		1,954,626	1,679,268
Intangible assets		38,263	5,771
Other assets		2,264,354	3,573,338
		<u>118,583,698</u>	<u>84,088,954</u>
LIABILITIES			
Bills payable		5,666,023	1,644,334
Due to financial institutions		11,157,833	4,450,000
Deposits and other accounts	3	69,489,203	69,914,362
Due to head office		24,134,341	2,470,254
Other liabilities	4	1,102,813	784,042
		<u>111,550,213</u>	<u>79,262,992</u>
NET ASSETS		<u>7,033,485</u>	<u>4,825,962</u>
REPRESENTED BY			
Islamic banking fund		4,680,000	2,880,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		121,608	203,700
Unappropriated profit	5	2,231,877	1,742,262
		<u>7,033,485</u>	<u>4,825,962</u>
CONTINGENCIES AND COMMITMENTS	6		
(B) Profit and loss account			
Profit / return earned	7	7,359,568	4,910,831
Profit / return expensed	8	3,842,094	2,056,236
Net profit / return		<u>3,517,474</u>	<u>2,854,595</u>
Other income			
Fee and commission income		393,866	266,482
Dividend income		-	-
Foreign exchange income		115,673	60,994
Income / (loss) from derivatives		-	-
Loss on securities		(1,174)	(712)
Other income		6,697	6,274
Total other income		<u>515,062</u>	<u>333,038</u>
Total income		<u>4,032,536</u>	<u>3,187,633</u>
Other expenses			
Operating expenses		3,257,257	2,577,039
Workers welfare fund		-	-
Other charges		3,139	119
Total other expenses		<u>3,260,396</u>	<u>2,577,158</u>
Profit before provisions		<u>772,140</u>	<u>610,475</u>
Provisions and write offs - net		18,886	18,757
Profit before taxation		<u>753,254</u>	<u>591,718</u>
Taxation		263,639	207,101
Profit after taxation		<u>489,615</u>	<u>384,617</u>

ANNEXURE II TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018				2017			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
1 Investments by segments:	-----Rupees '000-----							
Federal Government Securities:								
- Ijarah Sukuks	6,000,000	-	(107,400)	5,892,600	6,312,055	-	(3,454)	6,308,601
- Other Federal Government securities	1,597,048	-	-	1,597,048	-	-	-	-
	<u>7,597,048</u>	-	<u>(107,400)</u>	<u>7,489,648</u>	<u>6,312,055</u>	-	<u>(3,454)</u>	<u>6,308,601</u>
Provincial Government Securities	-	-	-	-	-	-	-	-
Shares:								
- Listed Companies	-	-	-	-	-	-	-	-
- Unlisted Companies	-	-	-	-	-	-	-	-
Non Government Debt Securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	20,129,372	-	1,380	20,130,752	19,067,247	-	23,730	19,090,977
	<u>20,129,372</u>	-	<u>1,380</u>	<u>20,130,752</u>	<u>19,067,247</u>	-	<u>23,730</u>	<u>19,090,977</u>
Foreign Securities:								
- Government securities	-	-	-	-	-	-	-	-
- Non Government Debt securities	-	-	-	-	-	-	-	-
- Equity securities	-	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Total Investments	<u>27,726,420</u>	-	<u>(106,020)</u>	<u>27,620,400</u>	<u>25,379,302</u>	-	<u>20,276</u>	<u>25,399,578</u>

	Note	2018	2017
-----Rupees '000-----			
2 Islamic financing and related assets			
Ijarah		-	-
Murabaha	2.2	1,576,557	606,921
Musharaka		8,042	11,269
Diminishing Musharaka		56,773,632	36,648,073
Salam		-	-
Istisna		28,771	90,873
Running Musharaka		7,342,446	540,524
Fixed assets Ijarah financing - net	2.1	66,953	17,665
Musharaka - Islamic export refinance scheme		3,607,833	-
Advance against Murabaha financing		70,976	153,923
Advanced against Diminishing Musharaka		5,446,140	3,873,577
Advance against Ijarah		2,898,135	3,374,766
Advance against Istisna		1,092,956	574,102
Advance against Islamic export refinance - LTF		56,388	-
Inventory related to Islamic financing		-	-
Gross Islamic financing and related assets		<u>78,968,829</u>	<u>45,891,693</u>
Less: provision against Islamic financings			
- Specific		(219,120)	(232,003)
- General		(90,012)	(58,373)
		<u>(309,132)</u>	<u>(290,376)</u>
Islamic financing and related assets - net of provision		<u>78,659,697</u>	<u>45,601,317</u>

ANNEXURE II TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

2.1 Ijarah

	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 & 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

	2017						Book Value as at Dec 31, 2017
	Cost			Accumulated Depreciation			
	As at Jan 1, 2017	Additions / (deletions)	As at Dec 31, 2017	As at Jan 1, 2017	Charge for the year	As at Dec 31, 2017	
	-----Rupees 000-----						
Plant & Machinery	1,228,156	(1,149,623)	78,533	734,595	(673,727)	60,868	17,665
Vehicles	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total	1,228,156	(1,149,623)	78,533	734,595	(673,727)	60,868	17,665

Future Ijarah payments receivable

	2018				2017			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	-----Rupees 000-----							
Ijarah rental receivables	67,272	-	-	67,272	18,994	-	-	18,994

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

2.2 Murabaha	Note	2018 -----Rupees '000-----	2017
Murabaha financing	2.2.1	1,576,557	606,921
Inventory for Murabaha		-	-
Advances for Murabaha		-	-
		<u>1,576,557</u>	<u>606,921</u>
2.2.1 Murabaha receivable - gross	2.2.2	1,609,591	625,570
Less: Deferred murabaha income	2.2.4	(4,775)	(8,775)
Profit receivable shown in other assets		(28,259)	(9,874)
Murabaha financings		<u>1,576,557</u>	<u>606,921</u>
2.2.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		606,921	861,049
Sales during the year		2,577,173	2,097,084
Adjusted during the year		(1,607,537)	(2,351,212)
Closing balance		<u>1,576,557</u>	<u>606,921</u>

ANNEXURE II TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	-----Rupees '000-----	
2.2.3 Murabaha sale price	1,609,591	625,570
Murabaha purchase price	(1,576,557)	(606,921)
	33,034	18,649
2.2.4 Deferred murabaha income		
Opening balance	8,775	52,167
Arising during the year	-	-
Less: Recognised during the year	(4,000)	(43,392)
Closing balance	4,775	8,775

3 Deposits

	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees 000-----					
Customers						
Current deposits	35,538,506	1,588,367	37,126,873	40,851,117	1,400,049	42,251,166
Savings deposits	11,065,460	688,077	11,753,537	8,793,507	481,313	9,274,820
Term deposits	13,726,680	292,710	14,019,390	7,008,258	283,083	7,291,341
	60,330,646	2,569,154	62,899,800	56,652,882	2,164,445	58,817,327
Financial Institutions						
Current deposits	31,960	-	31,960	31,375	5,282	36,657
Savings deposits	6,051,443	-	6,051,443	6,325,878	-	6,325,878
Term deposits	506,000	-	506,000	4,734,500	-	4,734,500
	6,589,403	-	6,589,403	11,091,753	5,282	11,097,035
	66,920,049	2,569,154	69,489,203	67,744,635	2,169,727	69,914,362

3.1 Composition of deposits

	2018	2017
	-----Rupees '000-----	
- Individuals	24,707,546	19,250,194
- Government / Public Sector Entities	2,257,553	630,924
- Banking Companies	9,873	3,998,005
- Non-Banking Financial Institutions	6,579,530	7,104,312
- Private Sector	35,934,701	38,930,927
	69,489,203	69,914,362

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 50.007 million.

4 Charity Fund

	2018	2017
	-----Rupees '000-----	
Opening Balance	8,245	4,844
Additions during the period		
Received from customers on account of delayed payment	422	7,548
Dividend purification amount	-	-
Other Non-Shari'ah compliant income	6,504	556
Profit on charity saving account	399	97
	7,325	8,201
Payments / utilization during the period		
Education	5,000	200
Health	3,500	4,300
Social work	-	300
	8,500	4,800
Closing Balance	7,070	8,245

Donee wise details of charity disbursements over Rs 0.5 million;

Dar-ul-Uloom / Hira Foundation	5,000	-
National Institute of Child Health Karachi	3,500	-
The Indus Hospital	-	1,500
Shaukat Khanum Memorial Trust	-	2,500

There were no charity disbursement to related parties by the Group.

ANNEXURE II TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	-----Rupees '000-----	
5 Islamic Banking Business Unappropriated Profit		
Opening Balance	1,742,262	1,357,645
Add: Islamic Banking profit for the period	489,615	384,617
Less: Taxation	-	-
Less: Reserves	-	-
Remitted to Head	-	-
Closing Balance	<u>2,231,877</u>	<u>1,742,262</u>
6 CONTINGENCIES AND COMMITMENTS		
- Guarantees	313,552	69,026
- Commitments	9,390,440	2,554,608
- Other contingent liabilities	-	-
	<u>9,703,992</u>	<u>2,623,634</u>
7 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	5,362,300	3,392,157
Investments	1,997,268	1,505,274
Placements	-	13,400
	<u>7,359,568</u>	<u>4,910,831</u>
8 Profit on deposits and other dues expensed		
Deposits and other accounts	2,140,229	1,416,941
Due to financial institutions	-	-
Other short term borrowings	1,701,865	639,295
	<u>3,842,094</u>	<u>2,056,236</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';		
v. FBL 'Islamic Equity Pool'; and		
vi. Haj Musharaka Pool		

ANNEXURE II TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all Group Islamic depositors and provide profit / loss based on Modaraba and Musharika.
- The IERS Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.
- The 'Treasury Musharaka Pool' is to provide Shari'ah compliant mechanism for Interbank Money Market transactions and manage the liquidity position of Group IBD balance sheet by creating individual pools against each Group Islamic money market deals.
- The Group Islamic investment pools are created to cater the needs of high net worth clients
- The Group 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 risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

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 Islamic and investors / depositors in the ratio of Group Islamic equity commingled in a pool on pro rata basis, and then amongst Group Islamic and the depositors after charging mudarib fee (pre-agreed) and as per the weightages declared before start of a month, respectively. All Modaraba and Musharika based deposits are fully invested in respective Pools to produce returns for them. In case where Group 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, term deposits, business kamil accounts are opened on the basis of Modaraba, Musharaka, Wakalah or a combination of Modaraba 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 Modaraba and Musharaka pool.

Profit share is determined using weight and profit sharing ratio assigned to each category of deposit within a pool. These weightages and profit sharing ratios are declared by Group Islamic in compliance with the requirements of the SBP.

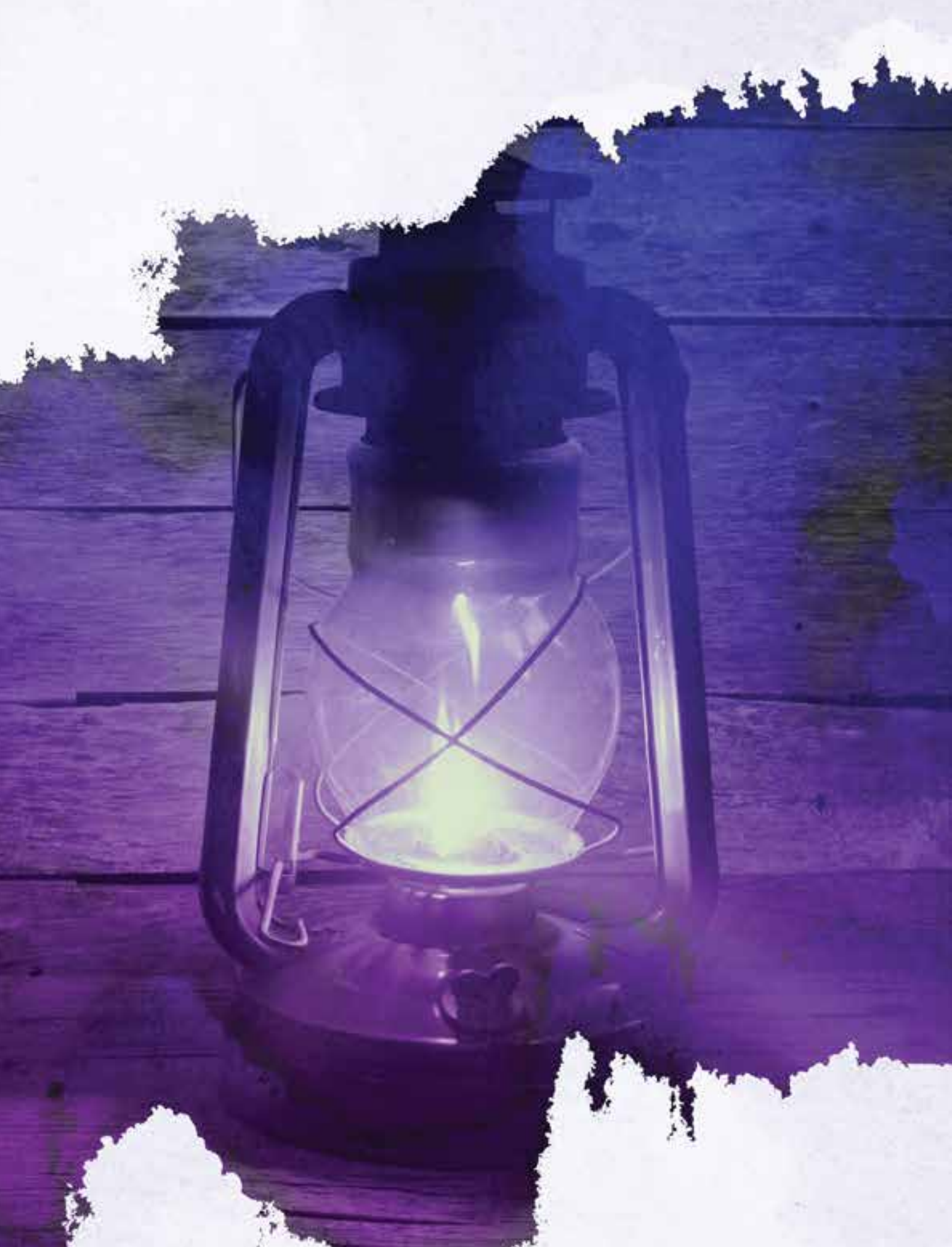
The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. The direct expenses are charged to respective pool. The indirect expenses including the establishment cost are borne by Group Islamic as Mudarib. The direct expenses charged to the pool include depreciation of Ijara assets, cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee, documentation charges, brokerage fee for the purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools etc. Provisions against any non-performing assets of the pool are not passed on to the pool except on the actual loss / write-off of such non-performing asset and suspension of income against non-performing assets. The profit of the pool is shared between the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

Particulars	2018		2017	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	2,081,449	41.90	1,382,715	50.15
- Amount and percentage of Mudarib share transferred to depositors through Hiba	759,275	36.48	478,820	34.63
- Profit rate earned (annualised)	-	8.55	-	7.14
- Profit rate distributed (annualised)	-	4.35	-	4.34

Structure. Delivered.

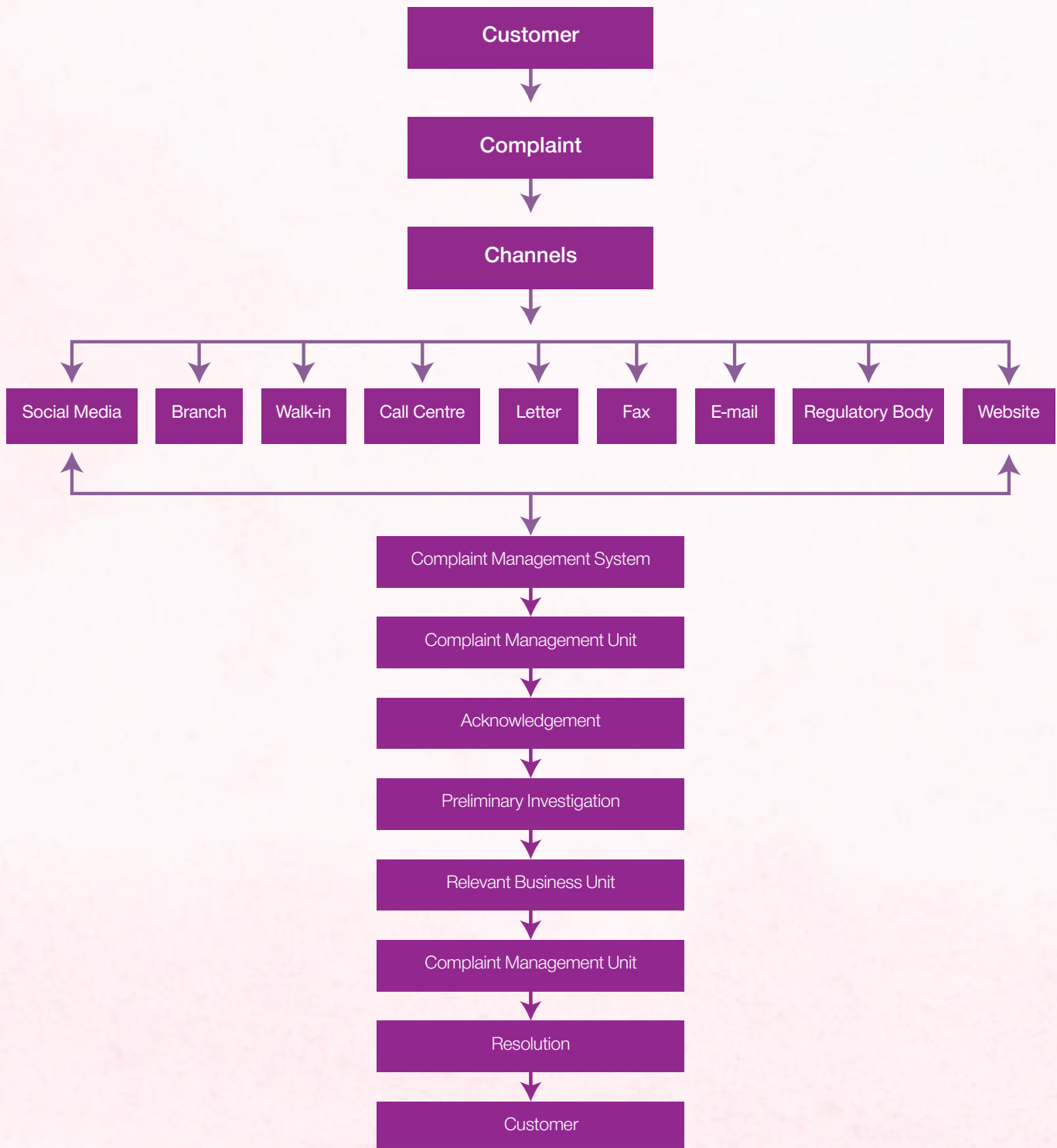
Other Information





Consumer Grievances Handling Mechanism

Following is the Bank's consumer grievances handling mechanism chart.



Consumer Grievances Handling Mechanism

- Customer makes a complaint against the Bank via call centre, branch, email, website etc. and the same is lodged in the system.
- All the customer complaints are acknowledged to the customer 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 a 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 cases where complaint is declined by the Bank, complainant is being encouraged via resolution letter to contact other alternate grievance redressal forum which is Banking Mohtasab Pakistan.

Below is the key initiative taken by the Complaints Management Unit Department in the Year 2018.

FBL is one of the few banks which has been granted the ISO 10002 Certification whereby FBL's Complaint Management Unit is recognized as an entity which ensures that complaints are acknowledged, Interims are performed, and Resolutions are communicated to customers as part of Bank's SOP. This certification is a reflection of excellence which means that Bank has been committed to deliver an effective and transparent complaints handling mechanism for its customers which is one of the critical element in enhanced customer experience.

Considering the commendable efforts of the unit, it is worth mentioning here that total numbers of complaints received by the Bank in the year 2018 were 84,880 and the average time taken to resolve them was 5 working days.

Combined Pattern of CDC & Physical Shareholding

As on December 31, 2018

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*		
	Faisal Finance (Luxembourg) S.A.		128,397,218		
			1,433,007*		
	MFAI (Jersey) Limited		38,565,071		
		6	430,414*	1,093,842,653	72.07
	MFAI (Jersey) Limited		49,809,259		
			555,908*		
	DMI (Jersey) Limited		64,198,605		
			716,505*		
	State Life Insurance Corporation of Pakistan		80,368,941		
2	Mutual Funds				
	CDC- Trustee MCB Pakistan Stock Market Fund		5,588,638		
	CDC- Trustee JS Large CAP. Fund		876,146		
	CDC-Trustee AKD Index Tracker Fund		100,680		
	CDC-Trustee NAFA Stock Fund		4,012,540		
	CDC- Trustee NAFA Multi Asset Fund		200,770		
	CDC-Trustee NIT-Equity Market Opportunity Fund		496,818		
	CDC- Trustee NAFA Asset Allocation Fund		234,518		
	CDC- Trustee First Capital Mutual Fund		19,743		
	CDC- Trustee National Investment (UNIT) Trust		1,035,039		
	CDC- Trustee PIML Value Equity Fund		19,993		
	CDC- Trustee UBL Stock Advantage Fund		616		
	CDC- Trustee UBL Asset Allocation Fund	39	142	21,708,308	1.43
	CDC- Trustee UBL Retirement Savings Fund-Equity Sub Fund		911		
	CDC- Trustee Pakistan Capital Market Fund		225,250		
	CDC- Trustee MCB Pakistan Asset Allocation Fund		1,072,745		
	CDC-Trustee PICIC Investment Fund		1,053,011		
	CDC-Trustee PICIC Growth Fund		1,994,750		
	CDC- Trustee Atlas Stock Market Fund		4,443		
	CDC- Trustee Alfalah GHP Value Fund		121,900		
	CDC- Trustee Askari Asset Allocation Fund		91,500		
	CDC - Trustee APF-Equity Sub Fund		4,250		
	CDC- Trustee HBL Stock Fund		1,720,832		
	CDC- Trustee HBL Multi - Asset Fund		74,250		
	CDC - Trustee NIT Income Fund - MT		27,500		
	CDC - Trustee Alfalah GHP Income Multiplier Fund - MT 37,000				

* 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 a stay order issued by the Honorable High Court of Sindh.

Category No	Categories of Shareholders	Category Wise No. of Shareholders	Number of Shares Held	Category Wise Number of Shares Held	Percentage %
	CDC- Trustee PICIC Income Fund - MT		30,000		
	CDC- Trustee Alfalah GHP Stock Fund		250,840		
	CDC- Trustee Alfalah GHP Alpha Fund		133,787		
	CDC- Trustee ABL Stock Fund		192		
	CDC- Trustee First Habib Stock Fund		450		
	CDC- Trustee HBL Equity Fund		119,860		
	CDC- Trsutee Askari Equity Fund		170,000		
	MCBFSL- Trustee PAK Oman Advantage Asset Allocation Fund		50,000		
	CDC- Trustee PIML Asset Allocation Fund		427		
	CDC- Trsutee NAFA Financial Sector Fund		828,381		
	CDC- Trsutee Alfalah Capital Preservation Fund II		83,000		
	CDC- Trsutee UBL Dedicated Equity Fund		86		
	MCBFSL- Trustee JS Value Fund		1,009,800		
	CDC- Trustee AGPF Equity Sub Fund		17,500		
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	11	133,344	141,378	0.01
	Abdulelah Ebrahim Mohamed AlQasimi		575		
	Abdulla Abdulaziz Ali Taleb		575		
	Fuad Azim Hashimi		2,530		
	Ali Munir		755		
	Yousaf Hussain	-	-	-	-
4	Executives	7	99,342	99,342	0.01
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.	28	105,460,528	105,460,528	6.95
7	Foreign Investors	39	33,445,259	33,445,259	2.20
8	General Public	16,367	214,298,448	214,298,448	14.12
9	Others	140	48,550,135	48,550,135	3.20
	Total	16,648		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		

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 a stay order issued by the Honorable High Court of Sindh.

Combined Pattern of CDC & Physical Shareholding

As on December 31, 2018

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	39	21,708,308	1.43
3	Directors and their spouse(s) and minor Children	11	141,378	0.01
4	Executives	7	99,342	0.01
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.	28	105,460,528	6.95
7	Foreign Investors	39	33,445,259	2.20
8	General Public	16,367	214,298,448	14.12
9	Others	140	48,550,135	3.20
	Total	16,648	1,517,696,525	100.00

Pattern of Shareholding

As on December 31, 2018

Number of Shareholders	Shareholding Slab		Total Shares Held	Number of Shareholders	Shareholding Slab		Total Shares Held
	From	To			From	To	
4247	1	100	120,866	6	135001	140000	817,054
5790	101	500	1,706,270	2	140001	145000	286,795
1363	501	1000	955,781	8	145001	150000	1,175,405
3498	1001	5000	9,181,718	4	150001	155000	609,992
665	5001	10000	4,607,249	1	155001	160000	158,392
303	10001	15000	3,698,666	4	160001	165000	652,401
153	15001	20000	2,679,210	3	165001	170000	503,597
91	20001	25000	2,049,692	2	170001	175000	343,517
63	25001	30000	1,732,435	3	175001	180000	534,224
35	30001	35000	1,128,442	4	180001	185000	731,067
29	35001	40000	1,081,524	1	185001	190000	187,882
23	40001	45000	968,684	2	190001	195000	382,375
22	45001	50000	1,051,293	2	195001	200000	398,181
20	50001	55000	1,036,946	1	200001	205000	200,770
22	55001	60000	1,259,048	2	205001	210000	413,280
19	60001	65000	1,195,100	2	210001	215000	427,072
16	65001	70000	1,074,071	1	215001	220000	217,000
14	70001	75000	1,010,061	1	220001	225000	224,500
13	75001	80000	994,972	7	225001	230000	1,597,934
8	80001	85000	663,641	4	230001	235000	929,638
11	85001	90000	959,908	1	235001	240000	237,218
10	90001	95000	927,309	2	240001	245000	486,549
11	95001	100000	1,082,319	1	245001	250000	246,675
2	100001	105000	201,883	5	250001	255000	1,259,900
2	105001	110000	217,112	2	255001	260000	514,951
6	110001	115000	678,435	2	260001	265000	524,449
8	115001	120000	940,991	1	275001	280000	276,764
4	120001	125000	488,106	2	280001	285000	565,897
5	125001	130000	635,197	2	295001	300000	592,720
10	130001	135000	1,322,438	2	300001	305000	605,600

Number of Shareholders	Shareholding Slab		Total Shares Held	Number of Shareholders	Shareholding Slab		Total Shares Held
	From	To			From	To	
1	305001	310000	308,283	1	875001	880000	876,146
1	310001	315000	313,124	1	910001	915000	910,800
1	315001	320000	319,000	1	920001	925000	924,000
1	335001	340000	338,000	1	950001	955000	950,346
2	340001	345000	688,640	1	970001	975000	971,947
1	345001	350000	350,000	1	975001	980000	975,855
1	355001	360000	355,214	1	1005001	1010000	1,009,800
2	375001	380000	750,622	1	1035001	1040000	1,035,039
2	390001	395000	782,596	2	1050001	1055000	2,103,986
1	405001	410000	405,513	1	1055001	1060000	1,059,910
3	410001	415000	1,237,723	1	1070001	1075000	1,072,745
2	415001	420000	838,152	1	1165001	1170000	1,168,091
1	430001	435000	432,630	1	1190001	1195000	1,191,500
1	440001	445000	440,738	1	1260001	1265000	1,265,000
1	455001	460000	455,480	1	1305001	1310000	1,309,907
1	485001	490000	487,025	1	1350001	1355000	1,353,163
3	495001	500000	1,491,101	1	1370001	1375000	1,371,500
2	505001	510000	1,013,000	1	1430001	1435000	1,431,730
1	545001	550000	545,290	1	1475001	1480000	1,478,500
2	590001	595000	1,184,256	1	1480001	1485000	1,481,633
2	605001	610000	1,211,221	1	1510001	1515000	1,513,000
1	615001	620000	615,971	1	1535001	1540000	1,536,390
1	630001	635000	632,500	1	1575001	1580000	1,576,199
1	665001	670000	669,000	1	1720001	1725000	1,720,832
2	685001	690000	1,377,962	1	1725001	1730000	1,728,187
1	695001	700000	700,000	1	1800001	1805000	1,802,193
1	710001	715000	713,787	1	1990001	1995000	1,994,750
1	770001	775000	774,812	1	2065001	2070000	2,069,211
1	775001	780000	779,506	1	2235001	2240000	2,239,799
1	825001	830000	828,381	1	2890001	2895000	2,890,047
1	830001	835000	832,380	1	3200001	3205000	3,204,539

Number of Shareholders	Shareholding Slab		Total Shares Held	Number of Shareholders	Shareholding Slab		Total Shares Held
	From	To			From	To	
1	3540001	3545000	3,543,320	1	8610001	8615000	8,613,926
1	3790001	3795000	3,795,000	1	9995001	10000000	10,000,000
1	3825001	3830000	3,826,529	1	15795001	15800000	15,796,000
1	4010001	4015000	4,012,540	1	27065001	27070000	27,067,475
1	4090001	4095000	4,090,780	1	32595001	32600000	32,595,677
1	4580001	4585000	4,580,509	1	35170001	35175000	35,172,253
1	4720001	4725000	4,724,429	1	38565001	38570000	38,565,071
1	4855001	4860000	4,856,162	1	40255001	40260000	40,256,325
1	4870001	4875000	4,872,000	1	49805001	49810000	49,809,259
1	4995001	5000000	5,000,000	1	51835001	51840000	51,836,596
1	5135001	5140000	5,137,890	1	64195001	64200000	64,198,605
1	5585001	5590000	5,588,638	1	80365001	80370000	80,368,941
1	7040001	7045000	7,043,665	1	128395001	128400000	128,397,218
1	7085001	7090000	7,086,648	1	721315001	721320000	721,317,291
1	7440001	7445000	7,444,775				
1	8255001	8260000	8,259,185	1 6648			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	268	Central - I	Sheikhupura Road, Gujranwala	Gujranwala	055-4240157	Rehman Market Sheikhupura Road Gujranwala
4	146	Central - I	Gujrat	GUJRAT	0533-536781	Noble Furniture Plaza, G.T. Road Gujrat
5	160	Central - I	Thokar Niaz Baig	Lahore	042-35457491	Jamal Market, Ali Town, Opp.Lahore University,Thokar Niaz Baig, Raiwand Road
6	125	Central - I	DHA , H-Block	Lahore	042-35897712-17	136/1, Block-H, Commercial Area, Phase-I, Dha, Lahore Cantt
7	189	Central - I	Walton Cantt	Lahore	042-36604309-12	36-Jinnah Plaza, Main Boulevard Defence Link Road, Walton Cantt, Lahore
8	211	Central - I	New Airport Road	Lahore	042-37396852-54	Adjoining Divine Mega-ii Plaza, New Airport Road, Cantt, Lahore
9	334	Central - I	Cavalry Ground	Lahore	042-36655590	4 /5 Haroon Plaza, Cavalry Ground, Lahore
10	417	Central - I	DHA Phase V	Lahore	042-37182356-58	Plot No. 10, Commercial Area, Sector C-C-A, Phase-V, Dha, Lahore
11	150	Central - I	Model Town	Lahore	042-35884705-07	13-C Faysal Bank ,Bank Square Model Town ,Lahore
12	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
13	457	Central - I	Gulberg Industrial Area	Lahore	042-35717142 35717145	25-B-2, Gulberg Iii, Lahore
14	462	Central - I	DHA Block Z	Lahore	042-35725903-4	326 Z- Block, Phase Iii, Dha , Lahore Pakistan
15	468	Central - I	Jail Road	Lahore	042-37420318, 042-37423961	9- Main Jail Road, Lahore
16	416	Central - I	Gulshan-e-Ravi	Lahore	04237404506 & 04237404512	2/B, Civic Center, Gulshan-E-Ravi, Lahore
17	233	Central - I	CMH Chowk	Lahore	042-36602327	1482/14-15, Day Building, Cmh Chowk, Sarwar Road, Lahore Cantt
18	208	Central - I	Chouburji	Lahore	042-35244832, 35244872	50, Choburji Chowk, Lahore
19	419	Central - I	Maulana Shaukat Ali Road, Lahore	Lahore	042-35203894	594-A, Faisal Town , Lahore.
20	274	Central - I	Karim Block	Lahore	042-35295572-4, 35295578-79	2B-2C , Kamm Block , Allama Iqbal Town , Lahore.
21	158	Central - I	Faisal Town I	Lahore	042-35201991-92	10-C, Main Boulevard, Faisal Town, Lahore
22	142	Central - I	Allama Iqbal Town	Lahore	042-37806022, 042-37806025	18-Hunza Block, Main Road, Allama Iqbal Town, Lahore
23	464	Central - I	New Garden Town	Lahore	042-35861111, 35868010	Awami Complex, Usman Block No.2, New Garden Town, Lahore.
24	148	Central - I	Main Boulevard, Gulberg	Lahore	042-35787839-40-50	69-B, Main Boulevard, Gulberg-iii Lahore.

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
25	182	Central - I	Johar Town, Lahore	Lahore	042-35300897, 35315735-36	435-G-I, Johar Town, Lahore.
26	212	Central - I	Ghazi Chowk	Lahore	042-35212250-4	8-A, Awaisia Cooperative Housing Society, Ghazi Chowk, Link College Road, Township Lahore.
27	256	Central - I	EME Society	Lahore	042-37511081-4	111-D, Commercial Area, Eme Society, Dha Multan Road, Lahore
28	459	Central - I	Valancia Society	Lahore	042-35224791-2	9-A, Commercial Zone Valancia Society, Lahore.
29	461	Central - I	PIA Society	Lahore	042-35227087-9	Building/Plot 402, Block No. E, Pia Housing Society Road , Near Bfc, Lahore.
30	271	Central - I	Main Multan Road	Lahore	042-37801904 378019011	235/1, Badar Block, Allama Iqbal Town, Main Multan Road Lahore
31	276	Central - I	Shadbagh	Lahore	042-37614813-17	Tajpura Chowk, Near Ptl Exchange, Misri Shah, Shadbagh, Lahore
32	112	Central - I	The Mall	Lahore	042-37236014-8	43, Shahrah-E-Quaid-E-Azam, Lahore
33	137	Central - I	Shalimar Garden	Lahore	042-36844714-18	Bilal Market, Chowk Shalimar Bagh, G.T.Road, Baghbanpura, Lahore
34	469	Central - I	Bilal Gunj	Lahore	042-37214084-8	16-Shahjehan Road, Bilal Gunj, Lahore
35	179	Central - I	Shahalam Market	Lahore	042-376756719	5 A-C, Near Fowara Chowk, Shah Alam Market, Lahore
36	180	Central - I	Urdu Bazar	Lahore	042-37314617-18	S-38, R-205-A, Cattle Street, Circular Road, Urdu Bazar, Lahore

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
37	186	Central - I	Shahdara	Lahore	042-37902501-4	G.T.Road, Shahdara, Lahore
38	197	Central - I	Mcleod Road	Lahore	042-36370024-45-67	Usman Plaza, Opposite: Lahore Hotel, Mcleod Road, Lahore
39	205	Central - I	Mughalpura	Lahore	042-36524863-4	3/15 Jahangir Road, Lal Pul, Near Afc, Mughalpura, Lahore
40	218	Central - I	Nila Gumbud	Lahore	042-37360032-34	8-The Mall, Bank Square, Lahore
41	253	Central - I	Fruit Market	Lahore	042-379445043	136, Farooq Centre, Fruit Market Scheme, Ravi Link Road, Lahore
42	273	Central - I	Daroghawala	Lahore	042-36533526-30	386-C, More Salamat Pura, Main G.T Road, Daroghawala, Lahore
43	282	Central - I	Tufail Road	Lahore	042-36604909-14	Garrison Officers Mess 12, Tufail Road, Lahore Cantt
44	178	Central - I	Shadman	Lahore	042-35408506	11-A, Shadman 1, Jail Road, Lahore
45	188	Central - I	Ichra	Lahore	042-37569934-35	172, Ferozpur Road, Ichra, Lahore
46	467	Central - I	Badami Bagh	Lahore	042-37708160-4	343-Circular Road, Badami Bagh, Lahore
47	223	Central - I	Brandreth Road	Lahore	042-3767224-5	78 Brandreth Road, Old Nishter Road, Lahore
48	331	Central - I	Upper Mall	Lahore	042-111-11-22-33 35951001-6	310-Upper Mall, Shahrah-E-Quaid-E-Azam, Lahore
49	401	Central - I	Egerton Road	Lahore	042-36301629, 36363781, 36301574	Property No Se-27-R-3, 7 Egerton Road Lahore

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
50	132	Central - I	Circular Road	Lahore	0423-7673001-6	Babar Center, 51, Circular Road, Lahore
51	245	Central - I	Lalamusa	Lalamusa	053-7519577,6	Shayan Plaza Kaira, G.T Road, Lalamusa
52	122	Central - I	Sialkot Main	Sialkot	052-4292501,2	Plot No.B1-16S-98B, 17-Paris Road, Opp Cc & I, Sialkot
53	261	Central - I	Cannt Sialkot	Sialkot	052-4261710	100-A Aziz Shaheed Road Sialkot Cantt.
54	279	Central - I	Wazirabad	Wazirabad	055-6609526	Al-Rehmat Plaza Sialkot Road Near Chowk Haji Pura Wazirabad
55	284	Central - II	Ahmed Pur East	Ahmed Pur East	062-2275214-15	22, Dera Nawab Road, Adjacent Civil Hospital, Ahmed Pur East
56	232	Central - II	Arifwala	Arifwala	0457-835425-26	173-D Thana Bazar Arifwala.
57	266	Central - II	Bahawalnagar	Bahawalnagar	063-2279338-39	2-B Ghalla Mandi ,Bahawalnagar.
58	149	Central - II	Rehman Society, Bahawalpur	Bahawalpur	062-2730691-93	2 - Rehman Society, Noor Mahal Road, Bahawalpur.
59	450	Central - II	Bhalwal	Bhalwal	048-6642405	Liaquat Shaheed Road Bhalwal
60	200	Central - II	Burewala	Burewala	067-3773011-13	5 C, Multan Road, Burewala, District Vehari
61	264	Central - II	Cheshtian	Cheshtian	063-2507809-10	143 B - Block Main Bazar Cheshtian.
62	225	Central - II	Chichawatni	Chichawatni	040-5482305 - 6	G.T Road Chichawatni
63	226	Central - II	Depalpur	Depalpur	044-4540766-68-69	Shop # 1 & 2, Gillani Heights, Madina Chowk, Depalpur.
64	448	Central - II	Dera Ghazi Khan	Dera Ghazi Khan	064-2474175-77	Block 18, Hospital Chowk, Pakistan Plaza, Dera Ghazi Khan

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
65	111	Central - II	Civil Line, Main Faisalabad	Faisalabad	041-2644481-85	Bilal Road, Civil Lines Faisalabad
66	299	Central - II	Factory Area	Faisalabad	041-2540186-87	Factory Area Tata Market ,Faisalabad
67	254	Central - II	Samanabad, Faisalabad	Faisalabad	041-2563671-73	650 A, Samanabad, Industrial Labor Colony, Faisalabad
68	176	Central - II	GM Abad, Faisalabad	Faisalabad	041-2691262, 041-2691375	39-B, Usman Plaza, Sadar Bazar Gm Abad,Faisalabad
69	177	Central - II	Satyana Road, Faisalabad	Faisalabad	041-8730405, 041-8730443	Plot No 721, Dgm Block, Batala Colony, Satyana Road, Faisalabad
70	288	Central - II	Clock Tower, Faisalabad	Faisalabad	041-2630971-73	Plot No. 221/A, Clock Tower, Faisalabad.
71	224	Central - II	Madina Town, Faisalabad	Faisalabad	041-8723365, 041-8723317	Madina Town Branch Faisalabad
72	280	Central - II	Gojra	Gojra	046-3512023-25	Teshil Office Road Gojra
73	242	Central - II	Haronabad	Haronabad	063-225130-32	25/C Grain Market Haroonabad Distt Bahawalnager.
74	270	Central - II	Hasilpur	Hasilpur	062-2441403-04	16-D Baldia Road, Hasilpur.
75	298	Central - II	Haveli Lakkha	Haveli Lakkha	044-4775091-94	Head Sulemanki Road, Haveli Lakha, Depalpur, Okara
76	163	Central - II	Jhang	Jhang	047-7623283-84	P-10/1/A, Katcheryi Road,Near Session Chowk, Saddar Jhang
77	241	Central - II	Khanewal	Khanewal	065-2553610-11	Plot No. 75, Block 12, Sir Syed Road, Khanewal.

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
78	263	Central - II	Khanpur	Khanpur	068-5577411-14	Doabba Road Khanpur.
79	275	Central - II	Kot Addu	Kot Addu	066-2241093-96	Gt Road Kot Addu.
80	285	Central - II	Liaquat Pur	Liaquat Pur	068-5792451-52	Shop # 9-10 Abbasia Road, Liaquat Pur
81	229	Central - II	Mian Channu	Mian Channu	065-2664262-63	Gt Road Near T Chowk, Mian Channu.
82	133	Central - II	Old Bahawalpur Road	Multan	061-4783391, 061-4783523	129/1, Old Bahawalpur Road, Multan.
83	121	Central - II	Bosan Road	Multan	061-6214905-09	1/A-2, Officers Colony, Bosan Road, Multan.
84	341	Central - II	Cantt, Multan	Multan	061-4588377-79	44/D Aziz Shaheed Road, Multan Cantt.
85	203	Central - II	Gulshan Market	Multan	061-6784277-78	11 Y-Block Gulshan Market, New Multan Multan
86	155	Central - II	Okara	Okara	044-2551772, 2551773	M.A. Jinnah Road, Okara.
87	247	Central - II	Pakpattan	Pakpattan	045-7352307-09	College Road, Pakpattan.
88	293	Central - II	Pattoki	Pattoki	049-4421950-53	55-Allama Iqbal Road, Pattoki.
89	249	Central - II	Rabwah	Rabwah Chenab Nagar	047-6215530-32	Plot # 09, Gol Bazar Darul Saddar Chenab Nagar Rabwah.
90	157	Central - II	Rahim Yar Khan	Rahim Yar Khan	068-5889411-14	27- Town Hall Opp. City Park, Rahim Yar Khan.
91	286	Central - II	Renala Khurd	Renala Khurd	044-2635781-83	20-A/2-L, Gulshan Ishaq Colony, Welcome Road, Renala Khurd.
92	201	Central - II	Sadiqabad	Sadiqabad	068-5702440	Property Khata No.235, Khatoni No.235, Situated At Main Water Supply Road, Mouza Mahal Mandi, Sadiqabad

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
93	202	Central - II	Sahiwal	Sahiwal	040-4224060 -64	Sarwar Shaheed Road, Sahiwal.
94	405	Central - II	University Road, Sargodha	Sargodha	048-3768207, 048-3726545	Khawat No. 851, Khasra No.296/276/64/1 -64/2/2/2, Chak No 45, Alaf Shumali, Club Chowk, University Road Sargodha
95	228	Central - II	Toba Tek Singh	Toba Tek Singh	046-2517801-2	P-356 A/15-5, St-6, Chaudhry Park, Farooq Shaheed Road, Toba Tek Singh
96	154	Central - II	Vehari	Vehari	067-3366401, 3366123	47-A, Karkhana Bazar, Vehari.
97	283	Central - II	Yazman Mandi	Yazman Mandi	062-2703161-62	56/A-Db Bahawalpur Road, Yazman
98	219	North	Abbottabad	Abbottabad	0992-385919 -20-385925	841 Farooqabad Main Mansehra Road, Abbottabad
99	246	North	Attock	Attock	057-2602061-62	Plot No. 169 Shaikh Jaffar Plaza, Saddiqui Road, Attock
100	235	North	Chaksawari	Chaksawari	0582-7454800	Khalid Plaza Main Bazar Chaksawari
101	243	North	Chakwal	Chakwal	0543-553933	Talagang Road Opposite Alliance Travels Chakwal
102	296	North	Chillas	Chillas	05812-450730-40	Near Madni Masjid, Main Bazar Chillas, District Diامر, Chillas
103	190	North	DINA	Dina	0544-636831	Property No.1880 Al Bilal Plaza, Gt Road, Dina
104	259	North	Dudial	Dudial	05827-465816	Hussain Shopping Centre, Main Bazaar Dadyal Azk
105	294	North	Gilgit	Gilgit	05811-457380-9	Zs Plaza, Shahrah-E-Quaid-E-Azam, Opposite Radio Station Pakistan, Jutial, Gilgit

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
106	136	North	Gujjar Khan	Gujjar Khan	051-3514985, 3514996	B-Iii,215-D,Ward # 5 G.T Road Gujjar Khan.
107	248	North	Haripur	Haripur	0995-616427-9	Akbar Arcade, Akbar Khan Plaza, Shahrah-E-Hazara, Haripur
108	332	North	F-7 II, Islamabad	Islamabad	111-11-22-33	Block No. 15, Markaz F-7, Islamabad.
109	213	North	F-8 Markaz, Islamabad	Islamabad	051-2287412 & 13	Npt Building, Markaz F-8, Islamabad
110	452	North	Islamabad Blue Area II Roshen Center	Islamabad	051-2275250-2	78-W, Roshan Center, Jinnah Avenue, Blue Area, Islamabad
111	113	North	Blue Area	Islamabad	051-2275096-9	15-West, Jinnah Avenue Blue Area, Islamabad
112	169	North	I-10 Markaz, Islamabad	Islamabad	051-4102105-8	3-G, Monawwar Plaza, C10 Markaz I10, Islamabad
113	194	North	F-11 Markaz, Islamabad	Islamabad	051-2228142-4	Plot 14, F-11, Markaz, Islamabad
114	220	North	G-10, Markaz, Islamabad	Islamabad	051-2351330-2351353	20-A Ground Floor, Sardar Plaza, G-10 Markaz Branch, Islamabad
115	262	North	Bara Koh	Islamabad	051-2304041-50	Shop No. 8,11 Usman Plaza, Main Murree Road, Bara Koh, Islamabad
116	278	North	PWD	Islamabad	051-5706450-51	Atta Arcade, Ground Floor, Main Blwd, Near Police Foundation, Pwd, Islamabad
117	204	North	Jhelum	Jhelum	0544-625458	Koh-E-Noor Bank Square, Old G.T. Road, Jhelum Cantt
118	162	North	Kharian	Kharian	0537-536067	Rizwan Plaza Gt Road Kharian

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
119	215	North	Mandi Bahauddin.	Mandi Bahauddin	0546-600371	Railway Road Mandi Bahauddin
120	116	North	Mirpur (AJK)	Mirpur (Azad Kashmir)	05827-445100-2	Opposite Quaid E Azam Stadium Mian Mihammad Road Mirpur Azad Kashmir
121	411	North	Fakhr-e-Alam, Peshawar	Peshawar	091-5285289, 5270176-8	1 Fakhr-E- Alam Road Cantt, Peshawar
122	277	North	Peepal Mandi	Peshawar	091-2592802	Ashraf China Trade Centre, Pipal Mandi, Peshawar
123	250	North	Peshawar University Camp	Peshawar	091-5610913, 091-5610943	Ground Floor, Western Corner, Academic Block - II, University Of Peshawar, Peshawar
124	192	North	Khyber Bazar	Peshawar	091-2220471-73	417-D, Outside Bajori Gte, Shoba Chowk, Khyber Bazar, Peshawar
125	191	North	University Road	Peshawar	091-5711401-8	4652-4670, Omer Plaza, Jahangirabad, University Road, Peshawar
126	120	North	Haider Road	Rawalpindi	051-5701018 - 22	32, Haider Road, Rawalpindi Cantt. Rawalpindi
127	135	North	Satellite Town	Rawalpindi	051-4424969-72	5Th Road, City Shopping Centre, Commercial Market, Satellite Town - Rawalpindi
128	409	North	Rawalpindi Gunj Mandi	Rawalpindi	051-5539115,-5535988	Gunj Mandi, Raja Bazar, Rawalpindi
129	337	North	Civil Lines	Rawalpindi	051-111321321, 5795105	CI/ 55 - A, Civil Lines, Meo Road, Rawalpindi
130	168	North	Raja Bazar	Rawalpindi	051-5530661, 5775625-23-27	U-I, Iqbal Road, Fawara Chowk, Raja Bazar, Rawalpindi.
131	184	North	Westridge	Rawalpindi	051-5166835-37	Peshawar Road Westridge, Rv Arcade - Rawalpindi

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
132	214	North	Sadiqabad Road	Rawalpindi	051-4257745, 4573741 - 42	72-C, Satellite Town Sadiqabad Road Rawalpindi
133	234	North	Kalma Chowk	Rawalpindi	051-5683053-4	Kalma Chowk, Kamalabad, Dhok Syedan Road, Rawalpindi
134	267	North	Gulraiz	Rawalpindi	051-5596187-9-102-106	Plot No. 27, Gulraiz Scheme II, Rawalpindi
135	289	North	Rawat	Rawat	051-4612114-6	Office No. 1, Riaz Hussain Shah Plaza, Main Gt Road, Rawat
136	295	North	Skardu	Skardu	05815-456400-10	Plot Own Kasra No. 658/25/123, Skamaidan Bazar College Road, Near Old Yacgar Chowk, Skardu
137	292	South	Ghotki	Ghotki	0723-600807	Ground Floor, City Survey No. 890, Ward-B, Situated At Devri Sahab Road, Ghotki
138	138	South	Saddar, Hyderabad	Hyderabad	022-2728356-59	Plot No. 339, Main Bohra Bazar Saddar, Hyderabad
139	239	South	Latifabad	Hyderabad	022-3820526-7	C - 489, Unit No 8, Latifabad, Hyderabad
140	291	South	Qasimabad	Hyderabad	022-2103433-34	Plot No. B-1, R.S.258/2, Bilal Villas Housing Scheme, Deh Sari, Taluka Qasimabad
141	301	South	Kandhkot	Kandhkot	072-2572705-7	Plot No. 130, Main Bazar Shah Abdul Latif Road, Near Police Station, Kandhkot
142	269	South	Clifton Centre	Karachi	021-35830113-5	Plot No. Dc-1, 16-A, 16-B, Block 5 Clifton Centre, Kehkashan, Karachi
143	338	South	Defence	Karachi	021-35341761, 35856091, 35854038, 35854035	22/C, Lane-2, Shahbaz Commercial, Phase Vi, Dha, Karachi

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
144	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
145	156	South	Korangi Industrial Area	Karachi	021-35114402-3	Plot No. 51/9, Sector 15, Main Korangi Road, Karachi
146	172	South	Stadium Lane, Khayaban-e-Mujahid	Karachi	021-35349113, 021-35349111	43-C, Stadium Lane II, Khayaban-E-Mujahid D.H.A Phase V, Karachi
147	170	South	I. I. Chundrigar Road I	Karachi	021-32638011-13	11/13, Trade Centre, II Chundrigar Road, Karachi
148	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
149	209	South	Korangi No.2	Karachi	021-35071758-59	Q-14, Ground Floor, Sector 33-A, Korangi No. 2, Karachi
150	255	South	Mehmoodabad	Karachi	021-34376346-48-49	Plot No. Sa-85, Block 7, Karachi Administration Employees Cooperative Housing Society (Kaechs), Karachi
151	110	South	Karachi Main	Karachi	021-111-747-747, 32795200"	Faysal House, St-02, Main Shahr-e-Faisal, Karachi
152	119	South	Gulshan-e-Iqbal	Karachi	021-34994262-3	B -35, Block 13-A, Main University Road, Gulshan-E-Iqbal, Karachi
153	333	South	Shaheed-e-Millat	Karachi	021-111-321-321, 34382595	72-A/Z, Block 7/8, Al- Riaz, Karachi

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
154	335	South	Gulshan	Karachi	021 -34830110, 34830111, 34830112, 34830108, 34830109"	Sb-25, Block 13/C, Main University Road, Gulshan E Iqbal, Karachi
155	127	South	Shaheed-e-Millat	Karachi	021-34388104-105-106	Iqbal Arcade, Plot No. 6,3/7, D.M.C Society, Karachi
156	131	South	Shahrah-e-Faisal	Karachi	021-34315634-37	Business Avenue Centre, Block No. 6, P.E.C.H.S, Karachi
157	143	South	MACHS	Karachi	021-34390511 34390516	Plot No. 2, F Commercial ,M.A.C.H.S, Karachi
158	174	South	Gulistan-e-Jauhar	Karachi	021-34026856 34030556-7	Shop No. 28 & 29, Ruffi Lake Drive, Block 18, K.D.A Scheme No. 36, Karachi
159	442	South	Tipu Sultan Road	Karachi	021-34301181-3	Plot No. 110, Zonal Commercial Area, Karachi
160	210	South	Gulshan Block-2	Karachi	021-3497 2202 34972998	A-287, Block-2, K.D.A Scheme -24, Gulshan E Iqbal, Karachi
161	217	South	APWA Complex Garden	Karachi	021-32294779-80	Shop No. Soa. ,5 Ground Floor Apwa Complex, Plot No. 67-Ac, Garden Road, Karachi
162	236	South	Electronic Market	Karachi	021-32751585-86	Shop No. 3, Hashmi Electronics Centre, Abdullah Haroon Road, Saddar, Karachi
163	330	South	Abdullah Haroon	Karachi	021 -111-11-22-33	16-Abdullah Haroon Road, Karachi
164	175	South	DHA Phase IV	Karachi	021-35802423	14-C, Sunset Commercial Street No. 2, Phase Iv, Dha, Karachi

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
165	425	South	Zamzama	Karachi	021-35875303, 35875323, 35822781	13-C, 7Th Zamzama, Commercial Lane , Clifton, Karachi
166	216	South	DHA Phase VIII	Karachi	021-35246011	43-C, Al-Murtaza Commercial Lane No. 4, Dha, Phase VIII, Karachi
167	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
168	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
169	441	South	Bukhari Commercial	Karachi	021-335149595-97	Ground, Basement And First Floor, 19-C Bukhari Commercial Lane No 5, Phase VI, Dha, Karachi
170	198	South	Khalid Bin Waleed Road	Karachi	021-34302249-50, 021-34554302	Plot No. 89-B, Block-2, P.E.C.H.S, Karachi
171	281	South	Tariq Road	Karachi	021-35143538-39	Shop No. 1 & 2, Plot 9-C, Block 2, Main Tariq Road, P.E.Ch.S, Karachi
172	290	South	Pak Colony	Karachi	021-32556695-96-97	Plot No. 250, 251 & 252 Modern Colony, Manghopir Road, Karachi
173	424	South	I.I. Chundrigar II	Karachi	021-32418300-1	Nadir House, I. I. Chundrigar Road, Karachi
174	422	South	Zainab Market - AHR	Karachi	021-35652099, 35684525, 35683301	State Life Building No. 11, Abdulllah Haroon Road, Karachi
175	423	South	Jodia Bazar II	Karachi	021-32522225-8	Np 12/74, Mohammad Shah Street, Karachi

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
176	123	South	Jodia Bazar I	Karachi	021-32471440-3, 32443795, 32444073	G-2, Plot No. Mr-6/52/1, Ismail Trade Centre, Ram Bharti Street, Karachi
177	436	South	Metroville	Karachi	021-36661300, 36662034	Street 15, Block 3, Metroville Site, Karachi
178	134	South	Cloth Market, Karahi	Karachi	021-32439021-22, 32438150"	Br-2-1/1, Bander Quarters, New Neham Road Kharadar, Karachi
179	145	South	New Challi	Karachi	021-32214903-04	Abid Chamber, Plot 3 Sr. 6/9, Shahra-E-Liaqat, Karachi
180	164	South	Timber Market	Karachi	"021-32734508, 32734490	Plot No. 6/2 Old Haji Camp, Siddique Wahab Road Lee Quarters, Karachi
181	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
182	227	South	Burns Road	Karachi	021-32211077-23-43	Shop No. 4 & 5, Ground Floor, Lokhat Mansion, Survey No. 2, Shahra-E-Liaquat , Burns Road, Karachi
183	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.
184	139	South	SITE	Karachi	021-32585918-20	Plot No. B-17, State Avenue, Karachi
185	152	South	North Karachi Industrial Area	Karachi	"021-36957155, 36954054, 36356475"	Sa-2, St 1/1, Sector 12-B, North Karachi Industrial Area, Karachi

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
186	438	South	Federal B Area	Karachi	021-36800694, 36800695"	C-25, Block 17, Federal B. Area, Karachi
187	342	South	North Nazimabad	Karachi	021-36721600-4	Showroom No. 1, Plot No. D-1, Block-D, KDA Scheme No. 2, North Nazimabad, Karachi.
188	195	South	Nazimabad	Karachi	021-36707420	Plot No. 16, Row No. 1, Sub Block A, Block Iii (Iii-A,1 / 16), Nazimabad, Karachi
189	222	South	Buffer Zone	Karachi	021-36950081-87	Plot No. R-2, Sector 15-A / 2, Buffer Zone, North Karachi, Karachi
190	221	South	Power House UP More	Karachi	021-36961034-36	R1, Sector 5C-4, North Karachi, Near Agha Khan Lab, Powerhouse Chowrangi, Karachi
191	231	South	Guizar-e-Hijri	Karachi	021-34652159	Plot No. A-747/C, Block 13-A, Kda Scheme 33, Pakistan Employe Cooperating Housing Society, Karachi
192	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
193	287	South	Larkana	Larkana	074-4056054-56	City Survey No. 2016/ 4-A Ward C, Faysal Bank Chowk, Larkana City
194	258	South	Mirpur Khas	Mirpurkhas	0233- 876472-75	City Survey No. 715, 716 And 718, Ward A, Umerkot Road, Taluka And District, Mirpurkhas
195	272	South	Nawabshah	Nawabshah	0244-330895-97	Cs No. 555, Ward B, Main Mohni Bazar, Nawabshah
196	115	South	Shahrah-e-Adalat	Quetta	081-2840386-87, 2840587, 2842028	Shahrah-E-Adalat Road, Quetta

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197	183	South	Fatima Jinnah Road	Quetta	081-2837234, 2824973, 2836943, 2824807	Yousuf Centre, Fatima Jinnah Road, Quetta
198	297	South	Shahdadkot	Shahdadkot	074-4014227-28	Plot City Survey No. 520 Ward B, Situated At Shaikh Mohala, Shahdadkot
199	230	South	Sukkur	Sukkur	071-5617195-97	City Survey No. D1596 / 1-D, Race Course Road , Sukkha Talab, Sukkur
200	453	South	Turbat	Turbat	0852-411074	Khewat # 32, Khatooni # 32, Al Salam Market, Main Road Turbat

Branch Network - Islamic

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
1	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
2	3030	Central - I	IBB G.T. Road, Gujranwala	Gujranwala	055-3735531-5	157- Al Majeed Centre, Street No.14, Mohalla Faisalabad, G. T Road, Gujranwala
3	3119	Central - I	IBB Satellite Town, Gujranwala	Gujranwala	055-3730424-28	Plot No. D-1, Satellite Town, Gujranwala
4	3104	Central - I	IBB Peoples Colony, Gujranwala	Gujranwala	055-4244178-79-74	Shop No. Y-37/7/SITE/I, Scheme No.1, Peoples Colony, Gujranwala
5	3133	Central - I	IBB Gujranwala Cantt, Gujranwala	Gujranwala	055-3861723-25	Plot No. 10 B, Situated at Super Market, Saddar Bazar Area, Gujranwala Contonment.
6	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.
7	3017	Central - I	IBB East Circular Road, Gujrat	GUJRAT	053-3535933	Ship # B-10/251, Near Shah Doula Gare, East Circular Road, Opposite Green House, Gujrat
8	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
9	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
10	3250	Central - I	IBB Guliana	Guliana	053-7388804, 053-7388805"	Property Khewat No.56, Khatooni 146, Khasra No. 244, Mohala Tibbzinda, situated at Village Guliana, Tehsil Kharian, Distt Gujrat.
11	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.

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
12	3246	Central - I	IBB Jalalpur Jattan	Jalalpur Jattan	053-3430047, 053-3430048"	Property bearing Khewat No. 1690, 2073 & 75, Khatoni No. 2314, 2427 & 29, Khasra No. 194, 198, situated at Jalalpur Jattan, Tehsil & District Gujrat.
13	3054	Central - I	IBB Railway Road,	Kasur	049-2760780-83	B IV -9-R-220 A Outside Lahori Gate, Railway Road, Kasur
14	3247	Central - I	IBB Khichian	Khichian	052-4268143, 052-4268144	Khewat No. 10,11,12, Khatooni 39, 40, 41, Khasra 62, 63, 114/91/56, 70, 71, Situated at Mohali Lehlian, Khichian, Tehsil, Distt. Siakot.
15	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
16	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.
17	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.
18	3025	Central - I	IBB Allama Iqbal Town, Lahore	Lahore	042-37811068, 37811100, 37811074	20, Gulshan Block, Allama Iqbal Town, Lahore
19	3040	Central - I	IBB Expo Centre	Lahore	042-35316023-24	Plot No 590 Block H 3 Opposite Expo Centre M.A Johar Town Lahore
20	3051	Central - I	IBB Bahria Town, Lahore	Lahore	042-35452054-58	Plot No, 5-A, Sector C, Bahria Town, Lahore.
21	3037	Central - I	IBB Raiwind Road, Lahore	Lahore	042-35320164, 35320264, 35320360	131/178, Bohbatein Chowk, Raiwind Road, Lahore

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
22	3132	Central - I	IBB MULL Chowk, Lahore	Lahore	042-37860071-76	Al Khan Plaza, Near Sunder Industrial Estate, Gate No 1, Mull Chowk, Main Raiwind Road, Lahore
23	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
24	3067	Central - I	IBB Ferozpur Road	Lahore	042-35827951-53	Mohallah Makhdoom Abad Chungi Amr Sidhu Main Ferozpur Road Lahore
25	3117	Central - I	IBB BUND Road, Lahore	Lahore	042-3714091-95-96	Building No.SWWI-23-C-S-68, Nawankot, Sanda, Main Band Road, Lahore
26	3130	Central - I	IBB Bahria Orchard, Lahore	Lahore	0317-2015828-29, 0317-2015824-59	Plot No.19, Eastern Block, Bahria Orchard, Main Raiwind Road, Lahore.
27	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.
28	3139	Central - I	IBB Kahna Nau, Lahore	Lahore	042-35274015-6-7	Plot No. S-86-R-1968, Kaahna Nou, Ferozpur Road, Lahore
29	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.
30	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
31	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.

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
32	3234	Central - I	IBB Sagiyana, Lahore	Lahore	0316-8880886 0316-8880880	Ground Floor, Nighat Plaza, Main Saeed Chowk, Sagiyana By Pass, Lahore.
33	3088	Central - I	IBB DHA Phase VI, Lahore	Lahore	042-37188513-16	Plot No. 7, Block - A, Phase VI, Sector CC, DHA Cantt. , Lahore
34	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.
35	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
36	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
37	3421	Central - I	IBB Cavalry Ground Islamic	Lahore	042-36603412-15	97-Commercial Area, Cavalry Ground, Lahore
38	3038	Central - I	IBB Z Block,DHA, Lahore	Lahore	042-35743741-43	10-Z, Street-1, Phase III DHA, Lahore.
39	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.
40	3226	Central - I	IBB State Life Housing Society,	Lahore	042-35460736, 042-35460738	Plot No. 1012, Sector F, Phase I, State Life Insurance Employees Cooperative Housing Society Limited, Lahore.
41	3241	Central - I	IBB Punjab Society, Lahore	Lahore	"0317-2015829, 0317-2015828"	Property No. 57, Block-F, Punjab Cooperative Housing Limited, Lahore.
42	3237	Central - I	IBB DHA T-Block, Lahore	Lahore	0341-4445553	Plot No. 110, Central Commercial Area, Phase 2, DHA, Lahore.

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
43	3258	Central - I	IBB Bedian Road	Lahore	042-37165350	Village Lihhar, Bedian Road, Near Fatima Hospital, Lahore.
44	3016	Central - I	IBB Zrar Shaheed Road	Lahore	042-36636801-7	Zrar Shaheed Road , Joray Pull Near Ranger Girls High School Lahore Cantt
45	3165	Central - I	IBB LDA Plaza Johar Town, Lahore	Lahore	042-35447445-9	Building No.452-F, Muhammad Ali Johar Town Lahore, Opposite Lahore Development Authority Office, Johar Town, Lahore
46	3202	Central - I	IBB Ayubia Market New Muslim Town	Lahore	042-35926822-6	Property No. 18, Block-B, Ayubia Market, New Muslim Town, Lahore
47	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
48	3082	Central - I	IBB Samanabad, Lahore	Lahore	042-37564024-25	Plot No.381/N, Bearing Number SXM-1-S-32/ARH, Main Pouch Road, Samanabad, Lahore
49	3162	Central - I	IBB Manawa, Lahore	Lahore	042-36523022 042-37132736	Shop # 2, Plot # 762, G. T Road, Near Al Hafeez Garden, Manawa, Lahore
50	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
51	3008	Central - I	IBB Azam Cloth Market Lahore	Lahore	042-37671351-54	Akbar Block Rahim Centre Azam Cloth Market Lahore
52	3065	Central - I	IBB Azam Cloth Market II	Lahore	042-37656802	Property # F-1173, Multani Mohallah, Koocha Sodaagan, Chuna Mandi, Lahore Pakistan
53	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

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
54	3216	Central - I	IBB LDA Tajpura, Lahore	Lahore	0317-2701895-96	Plot No. 58, Block A/1, Tajpura Scheme, Near Railway Phatak, Lahore.
55	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.
56	3090	Central - I	IBB Kot Lakhpat, Lahore	Lahore	042-35119959-60	Building No. 1, Civic Centre, Quaid - e - Azam Town, Township Scheme, Lahore
57	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
58	3033	Central - I	IBB Circular Road, Lahore	Lahore	042-37670600	33-Circular Road, Outside Shah Alam Gate, Lahore
59	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.
60	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.
61	3221	Central - I	IBB Garhi Shahu, Lahore	Lahore	0321-3233333, 0321-4454775	EOBI House, 105-A, Allama Iqbal Road (Garhi Shahu), Lahore.
62	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-Habit, More Eminabad Mouza Dhilawali, Tehsil & District Gujranwala.

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
63	3175	Central - I	IBB Muridke, Sheikhupura	Muridke	042-37950535-36	Salam Khata No.15/128, Khewat No.648, Khatoni No.1828, Main G.T Road, Muridke, District Sheikhupura
64	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 -UJ - Maal, Narowal
65	3116	Central - I	IBB Phool Nagar	Phool Nagar	049-4510707	Khewat # 230 Khatooni # 399 Salim Khata 81- Canal Main Bazar Phool Naagr
66	3180	Central - I	IBB Raiwind City	Raiwind	0423-5390955-56	Khewat No.1762, Khatoni No.2162, Situated at Mouza Raiwind, District & Tehsil Lahore
67	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 Sheikhupura
68	3138	Central - I	IBB Sambrial	Sambrial	052-6523964,5	Property No. B-VI-281/RH, Sialkot Wazirabad Road Opposite Sabzi Mandi, Sambrial, District Sialkot.
69	3219	Central - I	IBB Shakargarh	Shakargarh	0542 451576 - 77	Khasra No. 1460. 174/2 & 174/3 on Railway Road, Shakargarh.
70	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, Sharqpur Sharif, Sheikhupura
71	3056	Central - I	IBB Sheikhupura	Sheikhupura	056-3614270-71-73	3-C, College Road, Civil Lines, Sheikhupura
72	3023	Central - I	IBB Daska Road	Sialkot	052-3240200-4, 3252996-8	Plot No. 651, Daska Road, Pul Aik, Sialkot

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
73	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
74	3109	Central - I	IBB Kashmir Road, Sialkot	Sialkot	052-4268378-9	Show Room Bearing No. B III-11S-99/1/A/1/RH, Kashmir Road Pacca Garha , Sialkot
75	3105	Central - I	IBB Small Industrial Estate, Sialkot	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
76	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.
77	3229	Central - I	IBB Sundar Adda	Sundar Adda	0316-8880944, 0316-8880945	Plot / Building, bearing Khasra No. 1778, Khewat No. 121/100, Khatooni No. 212, Sundar Adda, Main Multan Road, Lahore.
78	3194	Central - I	IBB Abadi Talab Saray Manga Raiwind Road	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
79	3039	Central - II	IBB Model Town, Bahawalpur	Bahawalpur	062-2731115-6,2731118	Plot No. 29, Block A, Ghallah Mandi Road, Model Town-B, General Official Colony,
80	3220	Central - II	IBB Chak Jhumra	Chak Jhumra	041-8527234, 041-8527235"	Property Bearing Khewat No. 97, Khatoni No. 99, Hata No. 424/376, situated at Chak No. 297/RB, Mandi Chak Jhumra, Tehsil Chak Jhumra 7, District Faisalabad.

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
81	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
82	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.
83	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.
84	3225	Central - II	IBB Gulberg Road, Faisalabad	Faisalabad	0317-2701920 0317-2701921	Chak No. 279 RB, Gobinpura, Gulberg Thana Road, Faisalabad.
85	3003	Central - II	IBB Sargodha Road, Faisalabad	Faisalabad	041-8580381-7	Muslim Town, Chak 122/Jb, Main Sargodha Road, Faisalabad
86	3021	Central - II	IBB Liaquat Road, Faisalabad	Faisalabad	041-2617403-8, 2619025, 2627806-7	3-Liaquat Road, Faisalabad
87	3014	Central - II	IBB Minerwa Road, Faisalabad	Faisalabad	041-2416281-85	Shop No.1,2, 46-50, New Grain Market, Minerwa Road, Faisalabad
88	3085	Central - II	IBB Millat Chowk, Faisalabad	Faisalabad	041-8580821-27	Plot No. 136 B-II/1, Gulistan Colony, Millat Chowk, Faisalabad
89	3118	Central - II	IBB Jhang Road, Faisalabad	Faisalabad	041-2651805-06	P-I, Street Tayran Wali, Partab Nagar, Main Jhang Road, Faisalabad
90	3120	Central - II	IBB Canal Road, Faisalabad	Faisalabad	041-8751940-41	Khasra No 16/3/3, Khewat # 3688-2421, Sq# 83, Chak # 207 Rb, Canal Road, Faisalabad

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
91	3150	Central - II	IBB Circular Road, Faisalabad	Faisalabad	041-2636341-42	Chak # 212/RB, Shop # 4 & 5, Khasra # 1038/1, Jinnah Market, Bank Square, T.B Hospital, Circular Road Faisalabad
92	3140	Central - II	IBB Peoples Colony, Faisalabad	Faisalabad	041-8717785-86	Building No. 22/A-1 Peoples Colony, Faisalabad
93	3141	Central - II	IBB Gol Karyana, Faisalabad	Faisalabad	041-2604022-23	Shop # 72, Gol Karyana Bazar, Near Rail Bazar, Faisalabad
94	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.
95	3218	Central - II	IBB Abdullah 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, Abdullah Pur, Distt. Faisalabad.
96	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.
97	3113	Central - II	IBB Jampur	Jampur	060-4567316-17	Ward No. 14, Mohamdia Colony, Near THQ Hospital, Jampur, District Rajanpur.
98	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
99	3185	Central - II	IBB Kamalia	Kamalia	046-3413805-06	Khewat No.55/55, Khatoni No.62 To 68, Rajan Road, Mohallah Khokharabad, Near Main Hospital, Kamalia.

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100	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.
101	3251	Central - II	IBB Kotla Jam	Kotla Jam	0453 433105 - 06	Khewat No. 47, Khatoni No. 73, Capital Market, Darya Khan Road, Kotla Jam, District Bhakar.
102	3112	Central - II	IBB Layyah	Layyah	060-6411007-78	Khata No. 35, Chak No. 123-B / TDA Shama Colony, Opposite BYCO Petrol Pump, Layyah
103	3163	Central - II	IBB Lodhran	Lodhran	060-8361654-55	Khewat No.21/22, Khatooni No. 202 – 206, Mouza Duratta Urban Near Fowara Chowk, Multan, Bahawalpur Road, Lodhran
104	3210	Central - II	IBB Mailsi	Mailsi	067 3750520 - 21	Building Khewat No. 47, Khatoni No. 73, situated at Colony Road, Near Ittefaq Ice Factory, Mailsi
105	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
106	3047	Central - II	IBB Chowk Shaheedan, Multan	Multan	061-4574462-64	Property # 1771/SH, Ward # VIII-M, Chowk Shaheedan, Multan
107	3084	Central - II	IBB Model Town, Multan	Multan	061-6306156-57	Plot No. 104, Block A, Model Town, Multan
108	3128	Central - II	IBB Vehari Chowk, Multan	Multan	061-4480914-15	Shop # 51 & 52 Madni Commercial Center, Vehari Road, Vehari Chowk, Multan
109	3145	Central - II	IBB Garden Town, Multan	Multan	061-6537421-23	Property # 7/Rh/Sh, Main Shershah Road, Garden Town, Multan

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110	3161	Central - II	IBB Chungji No 14, Multan	Multan	061-4421271-72	Khewat No. 523/515, Khatooni No.559, Chungji No 14, Mumtazabad Road, Near Ahmedabad, Metro Bus Stop, Mouza Taraf Juma Khalsa, Multan
111	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.
112	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
113	3236	Central - II	IBB Old Shujaabad Road, Multan	Multan	061 6303516 - 17	Khewat # 280-287, Khatoni # 327, 334 to 339, Mouza Qutabpura, Shujaabad Road, Multan.
114	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.
115	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.
116	3195	Central - II	IBB Chak No. 51/2-L – Okara	Okara	0310-2840156	Chak No. 51/2-L, Main Depalpur Road, Okara
117	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.
118	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

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119	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.
120	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
121	3057	Central - II	IBB Sahiwal	Sahiwal	040-4221601-03	Khata No. 923, Khatooni Number 942, Gali Sukh Chain, Mohallah Baloch Garj, Sahiwal
122	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/I, Farid Town, Sahiwal
123	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
124	3198	Central - II	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
125	3075	Central - II	IBB Muslim Bazar, Sargodha	Sargodha	048-3700850-53	Ground Floor, Al-Ghafoor Plaza, Muslim Bazar, Sargodha
126	3111	Central - II	IBB Satellite Town, Sargodha	Sargodha	048-3213375	Plot No. 46-A, Main Bazar, Satellite Town, Sargodha
127	3200	Central - II	IBB Shahkot, 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.

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128	3193	Central - II	IBB Shujaabad, District Multan	Shujaabad	061-4425541-42	Khewat No. 663/677, Khatoni No. 771, Khasra No. 561/1/2 Situated at Mouza Shujaabad Urban, Near Police Station Saddar Jalalpur, Shujaabad, District Multan
129	3227	Central-II	IBB Jahanian	Jahanian	0317-2701902 0317-2701904	Khewat No. 337, Jahaniyan Mandi, Jahanian, Distt. Khanewal.
130	3230	Central-II	IBB Taunsa	Taunsa	0313-6207201	Property bearing Khewat No. 1082, Vehova Road, Mouza Taunsa Shareef, Tehsil Taunsa, District Dera Ghazi Khan.
131	3126	North	IBB Mansehra Road, Abbottabad	Abbottabad	0992-341780	Property No. CB-933-A, Opposite Sethi Masjid, Mansehra Road, Abbottabad
132	3049	North	IBB BANNU	Bannu	0928-611540-41	Khasra No. 1462, 1833, Mouza Fatima Khel, Near Durrani Plaza, Ex GTS Chowk, Bannu Cantt. Bannu
133	3069	North	IBB Batkhela	Batkhela	0932-411850-2	Al-Madina Market, Near Khwar, Main Bazar, Batkhela Distt: Malakand.
134	3053	North	IBB Buner	Buner	0939-555464-5	Khasra No.3249, Khatooni No,887, Mardan Road, Main Bazar Swari, District Buner
135	3020	North	IBB Charsadda	Charsadda	"091-6511013,	Ground Floor Gold Mines Towers Nowshera Road Charsadda
136	3224	North	IBB Atalig Bazar, Chitral	Chitral	094 3414085	Atalig Bazar, Bypass Road, Chitral
137	3256	North	IBB Dassu	Dassu	0998-407301-9	Khasra No. 1, Shereen Plaza, Near Abasain Public School, Dassu, Kohistan.
138	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.

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139	3148	North	IBB DINGA	Dinga	0537-401931	Khewat No.141, Khatoono No.428-462, Khasra 69, Main Bazar , Dhalian Chwok Dinga, Tehsil Kharian, Distt Gujrat
140	3153	North	IBB Ghourghashti, Attock	Ghourghushti	0572-542213,14,19	Property No 783,-785, Main Bazar, Lakkar Mandi, Ghourghushti, Tehsil Hazro, District Attock.
141	3070	North	IBB Naseem Chowk, Gilgit	Gilgit	05811-450790	Khasra No. 5938/17, Near Naseem Cinema Chowk, Airport Road, Mouza & District Gilgit
142	3252	North	IBB Gorakhpur	Gorakhpur	051-5133315	Ground Floor, Khewat No. 161, Khatooni No. 167, Khasra No. 434/1, Main Adyala Road, Gorakhpur, District Rawalpindi.
143	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 Abbottabad.
144	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
145	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.
146	3044	North	IBB Aabpara Market	Islamabad	051-2870474-76	Unit No.715, Kamran Restaurant, Aabpara Market, Khayaban-E-Suhanwardy, Islamabad
147	3203	North	IBB E-11 Markaz, Islamabad	Islamabad	051-2304963, 051-2305193	Shop No. 4-5-6, Royal Suite, Main Double Road, E-11/2-3, Services Cooperative Housing Society, Islamabad

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148	3024	North	IBB F-10 Markaz, Islamabad	Islamabad	051-2296962-3, 2222873, 2809056-8, 2222881, 2106723	Ground Floor, 7-L, F-10 Markaz, Islamabad
149	3048	North	IBB I-8 Markaz, Islamabad	Islamabad	051-4861800-802	Plot No. 33, Aneek Arcade, Sector No. I-8 Markaz, Islamabad
150	3077	North	IBB DHA Phase II, Islamabad	Islamabad	051-5419401-04	Plot No. 12, Sector E, Jinnah Boulevard, Phase II, DHA, Islamabad
151	3147	North	IBB D-12, Islamabad	Islamabad	051-2706153	Plot No 10 Aim Arcade Shop #1 & 2 D-12 Markaz Islamabad
152	3102	North	IBB Kuri Road, Islamabad	Islamabad	051-5402212	Khawat No. 39, Khasra No. 1403/1225/2, Grandeur Arcade, Kuri Road, Mouza Rehara, Islamabad
153	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
154	3238	North	IBB F-6 Markaz, Islamabad	Islamabad	051-2828881	Plot No. 7, Block No. E, Super Market, F-6 Markaz, Islamabad.
155	3240	North	IBB Kallar Syedan	Kallar Syedan	051-3570530	Khasra No. 2353, Khatooni No. 3986, Khawat No. 2087, Main Bazar, Kallar Syedan, District Rawalpindi.
156	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
157	3035	North	IBB Kohat	Kohat	0922522451-52	Plot # 14 Survey No.253-C, Near Butt Super Store, Katchery Chowk, Hangu Road, Kohat

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
158	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
159	3074	North	IBB Katchehry Road, Mandi Bahauddin	Mandi Bahauddin	0546-500943-7	Plot No. B-11/100, Mohallah Toheed Guri/Usmania, Katchehry Road, Mandi Bahauddin
160	3034	North	IBB Mansehra	Mansehra	0997 308303, 308304-308305"	Khata / Khatooni No. 3179/6260, Ground Floor, Rehman Plaza, Abbottabad Road, Mansehra
161	3011	North	IBB Bank Road Mardan	Mardan	0937-870256-258	Khasra No. 2383, Khewat No.187/278, Ground Floor, Khatek Plaza Main Bazar Bank Road Mardan
162	3125	North	IBB New Adda Road, Mardan	Mardan	0937-870275	Khasra No.1564 & 1563,New Adda, Mardan
163	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
164	3019	North	IBB Mirpur AJK	Mirpur (Azad Kashmir)	058-27448412	Branch Al Manzar Building Allama Iqbal Road Mirpur A.K
165	3124	North	IBB Muzaffarabad	Muzaffarabad	05822-442391-4	Khasra No.522, Mouza Muzaffarabad, Near Gilani Hotel Chowk, Bank Road, Tehsil & District Muzaffarabad.
166	3028	North	IBB Nowshera Cantt	Nowshera	0923-613400-2	Amin Tower, Shobra Chowk, G.T Road Nowshera Cantt.
167	3013	North	IBB 6th Saddar Road, Peshawar Cantt	Peshawar	"091-5273093, 091-5273182"	6-Saddar Road, Tasnim Plaza, Peshawar Cantt, Peshawar
168	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
169	3197	North	IBB Dalazak Road, Peshawar	Peshawar	091-2583782	Khasra No. 195, 197, Ground Floor, Malik Plaza, Iqbal Colony, Dalazak Road, Peshawar
170	3041	North	IBB Ashraf Road Branch Peshawar	Peshawar	091-2593364, 091-2593164	Shop # 471-472/203, New Rampura Gate, Ashraf Road Peshawar
171	3093	North	IBB Warsak Road, Peshawar	Peshawar	091-5200543, 091-5200542	Property No. 2841,3481, Ground Floor, Noor Plaza, Warsak Road, Peshawar
172	3094	North	IBB Edgerton Road, Peshawar	Peshawar	091-2593106-8	Plot No. 22-23, Wadud Building, Edgerton Road , Peshawar
173	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
174	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 Ghanchara University Canal Road Peshawar
175	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
176	3005	North	IBB The Mall Branch	Rawalpindi	051-5701054-57	Century Towers, 6 The Mall, Rawalpindi
177	3062	North	IBB Bahria Town	Rawalpindi	051-5412154,55	Plot # 177 Service Avenue Intellectual Village Bahria Town Phase-7 Rawalpindi
178	3076	North	IBB Kashmir Road, Rawalpindi	Rawalpindi	051-5562448, 051-5562445-47	116 A-C, Kashmir Road, Rawalpindi
179	3114	North	IBB Adyala Road, Rawalpindi	Rawalpindi	051-5157540	Khawat No.521, Khatooni No. 635-637 ,Khasra No. 1428/462/2/2 (3 Qittas), Mouza Dhaman, Adyala Road, Rawalpindi

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
180	3168	North	IBB Scheme III, Chaklala, Rawalpindi	Rawalpindi	051-5766108	Ground Floor, Ayaz Plaza, Plot No. 77, Scheme – III, Chaklala, Rawalpindi
181	3235	North	IBB Range Road, Rawalpindi	Rawalpindi	051-5720180	Khawat No. 402-4, Khatooni No. 529-532, Khasra No. 963/5, & 235 & 420, Altaf Shah Plaza, Mouza Patta Amral, Range Road, Rawalpindi.
182	3154	North	IBB Aman Chowk Swabi	Swabi	0938-222102,103,106	Khasra No 3356-7, Aman Chowk, Mardan Swabi Road, Teshil & District Swabi.
183	3009	North	IBB Mingora Swat	Swat	0946-722011-13	First & 2Nd Floor Abasindh Tower Green Chowk Madyan Road Mingora Swat
184	3058	North	IBB Makan Bagh Mingora	Swat	0946-700801-2	Makan Bagh Chowk, Near Swat Continental Hotel, Saidu Sharif Road, Mingora Swat.
185	3071	North	IBB Matta Bazar, Swat	Swat	0946-7900041-43	Property No-2468, Main Matta Bazar, Tehsil Matta, District Swat.
186	3045	North	IBB Talagang	TALAGANG	0543-411995-97	Bl-278-279, Madina Plaza, Near Boys High School No.1, Chakwal Road, Talagang
187	3253	North	IBB Taxila	Taxila	051-4537011	Ground Floor, Khasra No. 411/420, 702/407, Main G.T. Road Bazar, Taxila, District Rawalpindi.
188	3055	North	IBB Timergara	Timergara	0945-821351-3	Shop # 1,2 Fakir Plaza Opposite General Bus Stand Main G.T Road, Dir Lower , Timergara
189	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.
190	3107	South	IBB Main Trench Road, Chaman	Chaman	082-6612326-27	Khatooni No.685, Khasra No.1283, 1284 & 1285 Main Trench Road, Chaman

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
191	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
192	3135	South	IBB Gwadar	Gwadar	086-42110448-49	Khasra No.427, Khewat No.191, Khatooni No.191, Airport Road, Gawadar, Baluchistan
193	3146	South	IBB Hub, District Lasbella	Hub	0853-310104-05	Plot Bearing Mutation No.1161, Khasra No.857/2, Khatooni No.988, Mouza Pathra, Tehsil Hub, District Lasbella, Baluchistan
194	3248	South	IBB Huramzai	Huramzai	0826-429002, 0826-429003	Khewat No. 18, Khatooni No. 19, Khasra No. 9, Qitat, situated at Mohal & Mouza Huramzai, Tappa Galgzai, Tehsil Huramzai, District Pishin.
195	3042	South	IBB Saddar, Hyderabad	Hyderabad	022-2730074-77, 2728702	C. B. 41/474/2 Saddar, Hyderabad
196	3052	South	IBB Market Road, Hyderabad	Hyderabad	022-2613408	Grand Market, Plot # C.S 1284 & 1296 Ward A Market Road Hyderabad
197	3083	South	IBB Auto Bhan Road, Hyderabad	Hyderabad	022-3821384-85	Plot No.55, Block "B", Hyderabad Railway Employee Co-Operative Housing Society Ltd, Auto Bhan Road, Giddu Bunder, Latifabad, Hyderabad
198	3108	South	IBB Gari Khata, Hyderabad	Hyderabad	022-2720523-25	Plot No. F/810, Ward "F", Khokhar Mohallah, Station Road, Gari Khata, Hyderabad
199	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

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
200	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.
201	3080	South	IBB DHA Phase I, Karachi	Karachi	021-35311295-96	Plot No.103/C, Commercial Area 'B', Phase-I, DHA, Karachi
202	3031	South	IBB Khayaban-e-Shahbaz, Karachi	Karachi	021-35342364-7	43-C Khayaban-e-Shahbaz, Phase VI DHA, Karachi
203	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.
204	3400	South	IBB Korangi Road, DHA I	Karachi	021-35311444	Speedy Towers 129// & li Main Korangi Road Phase I Dha Karachi
205	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
206	3043	South	IBB Gulshan-e-Iqbal	Karachi	021-34819572-76	Plot No. Fl-2/4, Block-6, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi
207	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
208	3103	South	IBB Bahria Town, Karachi	Karachi	0316-8880975-76	Bahria Town (Pvt) Ltd, Head Office, Customer Support Center, Super Highway, Karachi
209	3098	South	IBB Model Colony, Karachi	Karachi	021-34491623-24	Ground Floor, Plot No. 95, Street No. 4, Model Colony, Karachi
210	3099	South	IBB Malir Cantt, Karachi	Karachi	0316-1180904-5	Commercial Plot No. S-20, Bazar Area, Malir Cantonment, Karachi.

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
211	3188	South	IBB Gulshan-e-Maymar,	Karachi	0317-2697547-9	Plot No.Sb-34,Sector-X, Sub Sector - IV, KDA Scheme-45,Gulshan-E-Maymar, Karachi
212	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
213	3131	South	IBB Zaibunnisa Street, Saddar, Karachi	Karachi	021-35140214-15	Shop No. 02, Survey No. 06, Sheet No. SB-7, Main Zaibunnisa Street, Saddar Bazar Quarters, Karachi.
214	3228	South	IBB Jinnah Avenue, Malir, Karachi	Karachi	0333-3700427	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.
215	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.
216	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.
217	3255	South	IBB Gulshan Chowrangji	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.
218	3046	South	IBB Cattle Colony, Karachi	Karachi	021-35080121-25-27	Plot 3-A, Commercial Area, Landhi Cattle Colony, Karachi
219	3063	South	IBB Gulbahar	Karachi	021-36729805-808	Plot No- 476-478 Ghousia Colony Gollimar Khi
220	3064	South	IBB Shah Faisal	Karachi	021-34686210-11	Plot No B-9 Main Electomic Market Shah Faisal Colony No 1, Karachi

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
221	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
222	3068	South	IBB Shershah	Karachi	021-32580178	Godown No. D-283/21 & D-283/22 Plot No. D-283, Shershah, Karachi
223	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
224	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
225	3087	South	IBB Landhi no. 6, Karachi	Karachi	021-35030613-6	Quarter No. 32/9, Sector 5-D, Landhi Town, Karachi
226	3001	South	IBB Sharfabad	Karachi	021-34860997-8	Shop No. 08,09, Al Haram Tower 1, Jamal Uddin Afghani Road, Bmdns, Sharfabad, Karachi
227	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
228	3050	South	IBB Rashid Minhas Road	Karachi	021-34832874	Plot # 16, Al Musawir Crown, Block 10-A, KDA Sch # 24, Gulshan-e-Iqbal, Karachi
229	3186	South	IBB Orangi Town, Karachi	Karachi	021-36660185-86	Shop No.30, Commercial Plot, Sector No.6-E, Orangi Township, Karachi
230	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

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231	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.
232	3215	South	IBB Stock Exchange, Karachi	Karachi	021 32460255 - 56	Office No. 102, 103 & 104, 1st Floor, Near Central Depository Company & Salim Kamani Securities, New Stock Exchange Building, Karachi.
233	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.
234	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.
235	3086	South	IBB West Wharf, Karachi	Karachi	021-32313308-9	Ground Floor, Plot No. 21, Warehouse Area, West Wharf, Karachi
236	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
237	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, Preeedy Quarters, Karachi.
238	3010	South	IBB Jodia Bazar Karachi	Karachi	021-32463265-67	Plot No- M.R.3/18-ii-B-143, Market Quarter Bolton Market Karachi
239	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, Ranchoe Quarters, Karachi

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
240	3059	South	IBB Nagan Chowrangi	Karachi	021-36940461	Plot No. R-410, Sector No. 11-C/1, North Karachi Township, North Karachi, Karachi
241	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
242	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
243	3007	South	IBB Nazimabad	Karachi	021-36613053-55	Ground Floor, Commercial Hall No.2, Arshad Plaza, Plot No. IV-D, 15/1, Nazimabad, Karachi
244	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.
245	3121	South	IBB Khuzdar	Khuzdar	0848-412934-35	Khasra No.2142, 2143, 2144 & 2145,Intaqal No.2053, Near Al Saudia Hotel, Rabia Khuzdari Road, Khuzdar, Baluchistan
246	3217	South	IBB Main Bazar, Chitkan, Panjgur	Panjgur	0855-641316-7	Iqbal Hassan Dost Market, Main Bazar, Chitkan, Distt. Panjgur
247	3004	South	IBB Zarghoon Road	Quetta	081-2443177 081-2443265	Near Bukhari Petroleum, New Zarghoon Road, Quetta
248	3018	South	IBB Qandhari Bazar, Quetta	Quetta	081-2837890, 2843005, 2820916, 2837320	1-25/14-15, Gandhari Bazaar, Quetta

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
249	3097	South	IBB Shahbaz Town, Quetta	Quetta	081-2820634-36	Plot No. 15-C, Phase II, Shahbaz Town, Surmangli Road, Quetta Cantt. Quetta
250	3123	South	IBB Hazar Ganji, Quetta	Quetta	081-2472927-28	Shop No. 8, 9, Truck Adda, Hazar Ganji, Quetta
251	3144	South	IBB Quetta Cantt, Quetta	Quetta	0316-1180912-3	Shop No. 12, Jinnah Shopping Complex, Jinnah Road, Quetta Cantt., Quetta
252	3249	South	IBB Sanghar	Sanghar	023-5541961, 023-5541962	Ground floor, CS No. 124/2, Ward A, Housing Society, Nawabshah road, Sanghar.
253	3171	South	IBB Shahdadpur	Shahdadpur	023-5842710-15, 0332-3355988"	Plot Bearing C.S.No.558,Ward-A, Station Road, Shahdadpur, District Sanghar
254	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
255	3134	South	IBB Market Road, Zhob	Zhob	0822-412406-07	Shop Bearing No..B/59, Near PIA Office, Market Road, Zhob, Baluchistan

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.

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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.

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 Members of Investment Staff (Back Office) who are required to disclose their personal investments in stocks, shares and other securities.

Accordingly, a staff member in the above category is required to obtain prior permission in writing from the Chief Executive for personal investments making sure that there is no case of conflict of interest. A copy should also be forwarded to Compliance.

In case prior approval could not be obtained for any reason, investment made should be reported to Compliance as and when investment is made.

External Functions

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 suspects someone has committed such an act or witnesses such an act, he / she should report it immediately to Security. If employees prefer, they 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.

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 the 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.

Glossary of Terms

Accrual Basis

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Bonus Issue (Scrip Issue)

The issue of new shares to existing shareholders in proportion to their shareholdings. It is a process for converting a company's reserves (in whole or part) into issued capital and hence does not involve an infusion of cash.

Breakup Value per share

Represents the total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets excluding the impact of revaluation on fixed assets, divided by the total number of share outstanding at year end.

Capital Adequacy Ratio

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

Cash Equivalents

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Reserve Ratio (CRR)

Cash Reserve Ratio is the amount of funds that the banks have to keep with SBP.

Charity

Means monetarily helping those in need. Customer is asked to undertake that if he/she fails to pay rent on due date, he/she will pay certain amount to a charity, which will be administered through the Islamic Bank.

Contingencies

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence of one or more future events.

Commitment to Extend Credit

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

Cost / Income Ratio

Operating expenses as a percentage of total income.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

Deferred Taxation

Sum set aside for tax in the Financial Statements that will become payable in a financial year other than the current financial year.

Diminishing Musharakah

In Diminishing Musharakah, the financier and the client participate either in joint ownership of a property or equipment whereby the share of the financier is divided into a number of units and the client undertakes to purchase these units one by one periodically until he is the sole owner of the property/equipment.

Dividend

A sum of money paid by a company to its shareholders out of its profits (or reserves).

Dividend Payout Ratio

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

Dividend Yield Ratio

Dividend per share divided by the market value of share.

Derivatives

Derivative is a financial instrument or other contract which has the following characteristics:

(a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');

(b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

(c) it is settled at a future date.

Early Termination Charges

If the customer wishes to terminate the Ijarah Agreement before the agreed period, the customer has an option to buy the asset on the pre-agreed purchase price.

Earnings Per Share

Profit after taxation divided by the weighted average number of ordinary shares in issue.

Effective Tax Rate

Net tax charge divided by the profit before taxation.

Finance Lease

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

Fixed Deposits

Deposits having fixed maturity dates and a rate of return.

Forced Sale Value (FSV)

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged / pledged assets in a forced / distressed sale conditions.

Forward Exchange Contract

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

Guarantees

An agreement involving a promise by a person (the guarantor) to fulfill the obligations of another person owning debt if that person fails to perform.

Hibah

Gift

Historical Cost Convention

Recording transactions at the actual value received or paid.

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

IFRIC

International Financial Reporting Interpretation Committee

Income in Suspense

Income suspended on non-performing financing.

Income Spread

Represents the difference between the average rate of income earned and the average rate of cost paid on funds.

Ijarah

Letting on lease. Technically, sale of a definite usufruct in exchange for a definite reward. Commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building or other facility to a client against an agreed rental.

Istisna

Is a type of sale transaction where the buyer places an order with the seller to manufacture certain asset and the sale is completed upon delivery of the asset to the buyer. Istisna is used for providing financing facility for transactions where customer is involved in manufacturing or construction. Under Istisna Financing transaction, the client manufactures goods for the Bank and upon delivery of the goods to the Bank, the client is appointed as agent of Bank to sell those goods in the market.

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange, treasury bills.

Loan Losses and Provisions

Amount set aside against possible losses on loans, advances and other credit facilities as a result of their becoming party or wholly uncollectible.

Materiality

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of financial statements.

Mudarib

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

Net Assets Value Per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Dividends

Dividend net of withholding tax.

Net Interest Income

The difference between what a bank earns on assets such as loans and securities and what it pays on liabilities such as deposits, refinance funds and inter-bank borrowings.

NPLs to Gross Advances / Loans

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

Non Performing Loan - OAEM Category

Where markup / interest or principal is overdue by 90 days from due date for agricultural financing, small enterprises and consumer housing finance.

Non Performing Loan - Substandard Category

Where markup/interest or principal is overdue by 90 days from due date.

Non Performing Loan - Doubtful Category

Where markup/interest or principal is overdue by 180 days or more from the due date.

Non Performing Loan - Loss Category

Where mark-up/interest or principal is overdue by one year or more from the due date and Trade Bill (Import/ Export or Inland Bills) are not paid/adjusted within 180 days of the due date.

Off Balance Sheet Transactions

Transactions that are not recognized as assets or liabilities in the balance sheet but which give rise to contingencies and commitments.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Prudence

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

Return on Average Assets

Profit after tax divided by the average assets.

Risk Weighted Assets

On Balance Sheet assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

Rabb-ul-Maal

A person who invests capital in a Mudarabah.

Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specified date and price.

Reverse Repurchase Agreement

Transaction involving the purchase of securities by a bank or dealer and resale back to the seller at a future date and specified price.

Return on Average Equity

Net profit for the year, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Revenue Reserve

Reserves set aside for future distribution and investment.

Riba/ Interest

Riba literally means increase, addition, expansion or growth. It is, however, not every increase, or growth, which has been prohibited by Islam. In the Shariah, Riba technically refers to the premium that must be paid without any consideration in a loan transactions. According to the jurists of Islam this definition covers the two types of Riba, namely Riba AlFadhl and Riba Al Naseah.

Shareholders' Funds

Total of Issued and fully paid share capital and capital and revenue reserves.

Shariah Board

Shariah Board means a board of members constituted by the Bank pursuant to the regulations of the State Bank of Pakistan to oversee and supervise the Islamic banking operations of the bank.

Shariah-compliant

An act or activity that complies with the requirements of the Shariah.

Statutory Reserve Funds

A capital reserve created as per the provisions of the Banking Companies Ordinance, 1962.

Sukuk

A Sukuk is an Islamic financial certificate, that complies with Shariah. Sukuk represents undivided shares in the ownership of tangible assets relating to particular projects or special investment activity.

Takaful

Islamic Insurance. A scheme of mutual support that provides insurance to individuals against hazards of falling into unexpected and dire need. Weighted Average Cost of Deposits Percentage of the total interest expensed on average deposits of the bank for the period.

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*Mobile apps are also available for download for android and ios devices

Form of Proxy

I/We _____ of _____ a member (s) of FAYSAL BANK LIMITED and holding _____ ordinary shares, as per Register Folio No. / Participant's ID/CDC sub Account No. _____ hereby appoint _____ Folio No. / Participant's ID/CDC sub Account No _____ or failing him/her _____ of _____ as my / our proxy to vote and act for me / us on my / our behalf at the **Annual General Meeting** of the Bank will be held on **March 28, 2019** and at any adjournment thereof.

Signed _____ day of _____, 2019

Witness:

1. _____

2. _____

Revenue Stamp
Rs. 5/-

Signature of Member (s)

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **March 22, 2019 to March 28, 2019** (both days inclusive). Transfer received at the Shares Registrar of the Bank, by the close of business on March 21, 2019 will be treated in time for attending Annual General Meeting will be held on March 28, 2019 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. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

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.

فہرست

۲	ڈائریکٹرز کا جائزہ ان۔ کنسولیڈیٹڈ فنانشل اسٹیٹمنٹس
۱۵	ڈائریکٹرز کا جائزہ کنسولیڈیٹڈ فنانشل اسٹیٹمنٹس
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ڈائریکٹرز کا جائزہ

۳۱ دسمبر، ۲۰۱۸ کو ختم ہونے والے سال کے لیے ڈائریکٹرز کا ان - کنسولیدیشنڈ فنانشل اسٹیٹمنٹس کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں ۳۱ دسمبر، ۲۰۱۸ کو ختم ہونے والے سال کی رپورٹ مالیاتی گوشواروں ان - کنسولیدیشنڈ فنانشل اسٹیٹمنٹس اور آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پروفائل

فیصل بینک لمیٹڈ (FBL) کا قیام پاکستان میں ۳ اکتوبر، ۱۹۹۴ کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ بینک کے شیئرز کا اندراج پاکستان اسٹاک ایکسچینج میں ہے۔ فیصل بینک لمیٹڈ کی ملک بھر کے ۱۵۰ سے زائد شہروں میں ۲۵۵ برانچیں ہیں۔ ان میں سے ۲۵۵ اسلامی برانچیں ہیں اور اسب برانچ ہے۔ بینک نے ملک بھر میں اپنے کسٹمرز کی سہولت کے لیے ۱۴۴۰ ٹی ایم قائم کر رکھے ہیں۔

فیصل بینک لمیٹڈ کرسٹل، ریٹیل، کارپوریٹ، ایس ایم ای (SME) اور زرعی شعبے سے وابستہ اپنے صارفین کی بینکاری کی تمام سرگرمیوں میں مصروف عمل ہے اور ایک اسلامی مالیاتی ادارے میں تبدیل ہونے کی راہ پر بھی گامزن ہے۔ بینک اپنے صارفین کو ان کے قریب بینکاری سہولیات فراہم کرنے کے لیے نئی برانچیں قائم کر رہا ہے۔ برانچوں میں اضافے کے ساتھ فیصل بینک لمیٹڈ صارف دوست، محفوظ اور با سہولت خدمات کی فراہمی کے لیے ٹیکنالوجی پر بھاری سرمایہ کاری کر رہا ہے۔

اقتصادی اپ ڈیٹ

پاکستان کی معیشت مالی سال ۲۰۱۸ کے دوران تبدیلیوں کے مرحلے سے گزر رہی ہے۔ ملکی سیاسی ماحول میں حکومت تبدیل ہو چکی ہے اور نئی حکومت کو معاشی سطح پر کئی چیلنجز کا سامنا ہے۔ نتیجتاً مالی سال ۱۸ میں شرح سود ۴۲.۵ پوائنٹس کے اضافے کے ساتھ ۵.۷۵ فیصد سے ۱۰.۰ فیصد ہو گئی۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں تقریباً ۲۵ فیصد کمی ہوئی جس سے ڈالر کی قدر ۵۲-۱۱۰ سے بڑھ کر ۸۶-۱۳۸ روپے کا ہو گیا۔ مالی سال ۲۰۱۸ کے لیے جی ڈی پی کے ٹارگٹ ۶.۰ کے مقابلے میں ۵.۸ فیصد سامنے آئی اور اس صورتحال میں مزید کمی کا رجحان دیکھا جا رہا ہے۔ آئی ایم ایف نے پاکستان کی جی ڈی پی میں مالی سال ۲۰۱۹ اور ۲۰۲۰ کے لیے بالترتیب ۴ فیصد اور ۳-۵ فیصد کمی کی پیش گوئی کی ہے۔

سال بہ سال کنزیومر پرائس انڈیکس (CPI) برائے دوسری ششماہی ۲۰۱۸ مالی سال ۲۰۱۹ کی پہلی ششماہی کے ۶.۰۳ فیصد کے مقابلے میں ۱۱-۴ فیصد رہا۔ عالمی سطح پر کروڈ آئل کی قیمتوں میں اضافے، پاکستانی روپے کی ناقدری، امپورٹ ڈیوٹیوں کا نفاذ اور بڑھتے ہوئے پیداواری خلا کے سبب مہنگائی میں اضافہ سامنے آیا۔ غیر غذائی اور توانائی کے علاوہ دیگر اشیاء کی قیمتوں کے سی پی آئی میں جنوری ۲۰۱۸ میں ۲-۵ فیصد سے بڑھ کر دسمبر ۲۰۱۸ میں ۲-۸ فیصد کا اضافہ ریکارڈ کیا گیا۔

آمدنی میں ہونے والے اضافے میں سست روی اور بڑھتے ہوئے اخراجات، خاص طور پر انفراسٹرکچر اور پاور پروجیکٹس اور ترقیاتی اخراجات کی وجہ سے عالمی ریٹنگ ایجنسی، فچ کے مطابق پاکستان کا معاشی بحران مالی سال ۲۰۱۸ میں ۸-۵ فیصد سے بڑھ کر مالی سال ۲۰۱۹ میں ۰-۶ فیصد ہونے کا امکان ہے۔

بیرونی سطح پر جولائی سے جون مالی سال ۲۰۱۸ کے دوران کرنٹ اکاؤنٹ خسارہ ۹۸۹-۱۸ بلین امریکی ڈالر ہو گیا جو کہ پاکستان کے لیے اب تک کا سب سے بڑا خسارہ ہے۔ ڈالر کے مقابلے میں روپے کی ناقدری کے باوجود مالی سال ۲۰۱۹ کی پہلی ششماہی میں کرنٹ اکاؤنٹ خسارہ تقریباً ۸ بلین امریکی ڈالر رہا جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں ۳۵۰ بلین ڈالر کم ہے۔ دوسری جانب مالی سال ۲۰۱۹ جولائی تا دسمبر کے دوران ریٹیننس میں ۱۰ فیصد اضافہ ہوا۔ مجموعی طور پر تجارتی خسارہ ایک بہت بڑا مسئلہ بنا ہوا ہے کیونکہ برآمدات میں ابھی تک کوئی مثبت اضافہ دیکھنے میں نہیں آیا۔

بینک کی کارکردگی

بینک درج ذیل جامع حکمت عملی کے تحت مصروف عمل ہے:

- صارفین تک رسائی کے مقصد کو سامنے رکھتے ہوئے برانچ نیٹ ورک میں مزید توسیع کرنا اور اس کے پیش نظر دسمبر ۲۰۱۸ تک برانچوں کی تعداد ۴۰۵ سے بڑھا کر ۴۵۵ کر دی گئی ہے۔
- کارپوریٹ، کمرشل، ایس ایم ای اور کنزیومر شعبہ جات میں قرضوں کا اجراء
- صارفین کی سہولت اور کاروبار انجام دینے کے اخراجات میں کمی لانے کے لیے ٹیکنالوجی کو مزید فروغ دینا۔
- مکمل طور پر اسلامی بینک کے طور پر منتقل ہونے کے لیے سنجیدہ کوشش کرنا

پروجیکٹ فنانسنگ اور سنڈیکیشن

- فیصل بینک فنانسنگ کے اسلامی اور روایتی طریقوں کے تحت کراچی میں ۱۸۵،۰۰۰ اٹن سالانہ کی صلاحیت والی گرین فیلڈ اسٹیبل میلنگ شاپ اور وولنگ مل قائم کرنے کے لیے ۲،۰۰۰ ملین روپے کی طویل مدتی فنانسنگ کے انتظام کے لیے لیڈائیڈ وائزر اور اینبجر کے طور پر حصہ لے رہا ہے۔
- فیصل بینک نے کامیابی کے ساتھ اسلامی اور روایتی طریقوں کے امتزاج کے تحت ٹرانسمیشن لائنز کی فراہمی کے لیے ۲۵،۰۰۰ ملین روپے کی فنانسنگ میں لیڈائیڈ وائزر اور اینبجر کے طور پر حصہ لیا۔ اس فنانسنگ کو بجلی کی سب سے بڑی پیداوار، اس کی تقسیم کے لیے ٹرانسمیشن اور ڈسٹری بیوٹن کمپنی کے لیے استعمال کیا جائے گا۔
- فیصل بینک نے ۱۰،۵۰۰ ملین روپے کی طویل مدتی فنانسنگ کے لیے اسلامی اور روایتی طریقوں کے تحت لیڈائیڈ وائزر اور اینبجر کے طور پر حصہ لیا ہے اس فنانسنگ کو ایک بہت بڑی حکومتی میرین ٹرانسپورٹ کمپنی کے لیے استعمال کیا جائے گا۔ حاصل ہونے والی فنانسنگ کو کمپنی کے آپریشنز کے لیے بحری جہازوں کی خریداری میں استعمال کیا جائے گا۔
- فیصل بینک نے ۱،۸۶۵ ملین روپے کی طویل مدتی سنڈیکیٹڈ فنانسنگ کے لیے اسلامی اور روایتی طریقوں کے تحت لیڈائیڈ وائزر اور اینبجر کے طور پر حصہ لیا ہے جس کے تحت ایک راس سیرپ اور ساربیٹل تیار کرنے کے لیے کمپنی قائم کی جائے گی۔

پروڈکٹ ڈیولپمنٹ

- بینک نے اسٹیٹ بینک آف پاکستان کے اسلاک ایکسپورٹ ری فنانس اسکیم (IERS) اور اسلاک ٹرم فنانسنگ فیسلٹی (ITFF) کے تحت کئی پروڈکٹس متعارف کرائی ہیں۔
- تجارت اور زراعت سے متعلق صارفین کے لیے سلم اور تجارت فنانسنگ متعارف کرائی ہیں۔
- بزنس فرسٹ کرنٹ اکاؤنٹ کو مزید خصوصیات کے ساتھ ایک بار پھر متعارف کرایا ہے۔
- فیصل بینک کی جانب سے امریکی ڈالر ڈپازٹس پر کسی کرایہ کے بغیر لا کرز کی سہولت دی گئی۔

- فیصل بینک لمیٹڈ نے جو بلی لائف کے ساتھ اشتراک سے اسلامی اور روایتی بینکاری صارفین کی طویل اور قلیل مدتی ضروریات کے پیش نظر پونٹ سے جڑی پروڈکٹس متعارف کرائیں۔
- فیصل بینک لمیٹڈ نے بڑے مالدار صارفین کو خدمات کی فراہمی کے لیے مکمل طور پر نئی انداز میں اسلامک کامل برنس اکاؤنٹ کو دوبارہ متعارف کرایا۔
- فیصل بینک نے صارفین کی گاڑی کے بدلے محفوظ قرضہ جات اور پیش رو کاروباری افراد کے لیے رعایتی شرح پر قرضہ جات متعارف کرائے ہیں۔
- فیصل بینک نے ورچوئل کارڈ متعارف کرایا ہے تاکہ صارفین دنیا بھر میں محفوظ آن لائن خریداریاں کر سکیں۔
- فیصل بینک نے پہلا آن لائن ٹریڈنگ پلیٹ فارم متعارف کرایا ہے جو ہمارے انٹرنیٹ بینکنگ صارفین کو یہ سہولت دیتا ہے کہ وہ سرمایہ کاری کا موقع حاصل کر سکیں اور اپنی GoP سیکورٹیز کا خود انتظام کر سکیں۔
- شریعت کے عین مطابق نکاح، بیاتھ کورنچ پروڈکٹ متعارف کرائی گئی۔

نئے اقدامات

- آگے بڑھنے کی منصوبہ بندی کے تحت، ریٹیل بینکنگ پونٹ نے اپنے انتظامی ڈھانچے اور ڈسٹری بیوشن نیٹ ورک کو از سر نو تشکیل دیا تاکہ ترقی کا حصول یقینی بنایا جاسکے۔
- بینک نے کامیابی کے ساتھ کارپوریٹ، کمرشل، ایس ایم ای اور ایگری و مالیاتی اداروں کے لیے آٹومیٹڈ اوپلیگر رسک ریٹنگ اور فیسلٹی رسک ریٹنگ (ORR/FRR) کے ماڈلز کو رائج کیا۔
- بینک نے کامیابی کے ساتھ آٹومیٹڈ برانچ کنورژن بلک پروسیڈنگ یوٹیلیٹی تیار کی جس کی بدولت روایتی برانچ کو اسلامی برانچ میں موثر طریقے سے اس کی پروڈکٹس، اکاؤنٹس اور لاکرز کو منتقل کیا جاسکتا ہے۔
- اس سال بینک نے کامیابی کے ساتھ ۷ روایتی برانچوں کو اسلامی برانچوں میں منتقل کیا۔
- SWIFT انٹرنیشنل کی جانب سے جاری کردہ ہدایات کے تحت، بینک کی جانب سے مجوزہ ”لازمی ضابطوں“ پر کامیابی کے ساتھ عمل درآمد کی گئی۔
- کمرشل اور ایس ایم ای برنس کو ترویج دینے کے لیے ملک بھر میں ڈسٹری بیوشن نیٹ ورک سے فائدہ اٹھانے کے لیے برانچ کی سطح کا ماڈل متعارف کرایا گیا۔

تربیت اور ترقی

- اعلیٰ انتظامی افسران کے لیے اسلامی بینکاری اور فنانش کورس مکمل کیا گیا۔
- سال ۲۰۱۸ میں ۵۱،۷۲۴ شرکاء نے کلاس روم اور آن لائن تربیت مکمل کی۔ ۲۰۱۸ کے دوران ۲۳۲،۱۱۰ گھنٹوں کی تربیت دی گئی۔
- سیلز ٹرانسفر میٹشن پروگرام ”بلیو (Believe)“ میں ۲۰۰ برانچ مینجرز اور ۲۷۳ اسٹاف کو تربیت دی گئی۔ مجموعی طور پر اس پروگرام میں ۲۵۴۰ گھنٹے کی تربیت دی گئی۔
- فیصل بینک نے میٹجمنٹ ٹرینی پروگرام شروع کیا۔ دو مرحلوں میں ۶۰ میٹجمنٹ ٹرینی آفیسرز کو تربیت دی گئی۔

- بینک کے ۵۰۹ شرکاء نے لازمی اسلامی بینکاری کی تربیت حاصل کی اور ۷۰۷ ملازمین کی آن لائن اسلامی بینکاری لیول ۱ اور بینکاری کے اسلامی طریقہ سے متعلق تربیت کی گئی۔
- ۱۷ ابراہنجی سروس آفیسرز کو ملک بھر میں ۷ مرحلوں پر تربیت فراہم کی گئی۔
- ملک بھر سے ۳۵۰ سے زائد شرکاء کو اخلاقیات و اقدار کے تربیتی پروگرام اور سروس سولف اسکولز کے تحت تربیت دی گئی۔

ماحولیاتی تحفظ

- بینک ماحولیاتی تحفظ کے حوالے سے اپنی ذمہ داریوں سے باخبر ہے اور اس سلسلے میں ایک جامع ماحولیاتی پالیسی تشکیل دی گئی ہے۔ اس پالیسی کا مقصد بینک کے ملازمین میں ماحولیاتی شعور اجاگر کرنا ہے کیونکہ یہ ہمارے انتظامی ماحول کا ایک حصہ ہے۔ اس پالیسی میں درج ذیل لائحہ عمل 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
- بینک نے اسٹیٹ بینک آف پاکستان کی ماحول دوست بینکاری سے متعلق ہدایات کے تحت انوائزمنٹل رسک ریٹنگ ماڈل بھی ترتیب دیا ہے۔

ادارے کی سماجی ذمہ داری (CSR)

بینک نے درج ذیل تعلیمی، سماجی، بہبود اور صحت عامہ سے تعلق رکھنے والے اداروں اور این جی او کو فیصل وقف کے ذریعے عطیات فراہم کئے:

تعلیمی اور سماجی بہبود کے ادارے	صحت عامہ کے ادارے
سینٹر آف ایکسی لینس ان اسلامک فنانس	پیشنٹس ویلفیئر ایسوسی ایشن
دی سٹیزن فاؤنڈیشن	انڈس ہسپتال
لنس (LUMS) نیشنل آؤٹ ریچ پروگرام	پیشنٹس ایڈ فاؤنڈیشن
پروفیشنل ایجوکیشن فاؤنڈیشن	چائلڈ ایڈ ایسوسی ایشن
نمل ایجوکیشن فاؤنڈیشن	فرینڈز آف برنس سینٹر
پاتھ ایجوکیشن سوسائٹی	بہبود ایسوسی ایشن
کارگریٹریٹنگ انسٹیٹیوٹ	پنک ربن
دی لاہور برنس مین ایسوسی ایشن فارری پبلیٹیٹیشن آف دی ڈس ایبلڈ	بیت اسکون
ہوپ اپ لفٹ فاؤنڈیشن	شوکت خانم میموریل کینسر ہسپتال اینڈ ریسرچ سینٹر

فیصل ایسٹ مینجمنٹ لمیٹڈ میں سرمایہ کاری

حصص یافتگان نے ۱۰ جولائی ۲۰۱۸ کو منعقدہ غیر معمولی اجلاس عام میں فیصل ایسٹ مینجمنٹ لمیٹڈ (FAML) کے کاروباری حصول کو منظور کیا۔ اس منظوری کی روشنی میں بینک نے اسلامک انویسٹمنٹ کمپنی آف گلوف بہامس لمیٹڈ (IICG) اور ایک فرد سے ۳۰ روپے فی حصص کی شرح پر فیصل ایسٹ مینجمنٹ لمیٹڈ کے لیے شیئرز خریدے ہیں۔ اس خریداری کے بعد بینک کی FAML میں ہولڈنگ ۳۰ فیصد سے بڑھ کر ۹۹-۹۹ فیصد ہونے سے وہ بینک کے مکمل زیر کنٹرول آ گیا ہے۔ اس لیے کنسولیدیشن پر اکاؤنٹ کی معلومات بشمول آڈٹ رپورٹ اور ڈائریکٹرز کی جائزہ رپورٹ بھی علیحدہ سے پیش کی جا رہی ہے۔

سرمایہ سے زیادہ منافع حاصل کرنے کے لیے، بینک نے FAML میں مزید سرمایہ کاری کی اور اس مقصد کے تحت ۱۰ روپے کی شرح سے ۳۳۳،۹۹۵،۲۷۰ شیئرز کا اجراء کیا گیا۔

مستقبل پر نظر

بینک صارفین میں اضافے کے لیے اپنے برانچ نیٹ ورک میں توسیع کی منصوبہ بندی پر گامزن ہے۔ اثاثہ جات کے حوالے سے بینک اپنی توجہ کارپوریٹ سیکٹر پر رکھے گا جبکہ اہم کمرشل، ایس ایم ای اور کنزیومر شعبہ جات تک اپنی رسائی میں بھی اضافہ کرے گا۔ بینک اپنے صارفین کی سہولیات میں اضافے اور اخراجات میں کمی کے لیے ٹیکنالوجی میں سرمایہ کاری جاری رکھے گا۔ بینک کو اسلامی مالیاتی ادارے میں تبدیل کرنے کی کوشش میں زیادہ برانچوں اور سہولتوں کا اسلامی بینکاری میں تبدیل ہونا معاون بن رہا ہے۔ پالیسی ریٹ میں اضافے کے ساتھ بینک کی اصل مارک اپ آمدنی میں اضافے سے ترقی جاری رہنے کا امکان ہے۔

مالیاتی جھلکیاں

بیلس شیٹ	۲۰۱۸	۲۰۱۷	اضافہ
سرمایہ کاری	214,186	179,728	19.1%
فنانسنگ	296,445	231,532	28.0%
کل اثاثہ جات	599,914	494,934	21.2%
ڈپازٹس	409,384	371,624	10.2%
پرافٹ اور لاس اکاؤنٹ (نفع و نقصان اکاؤنٹ)			
کل آمدنی	22,535	19,575	15.1%
انتظامی اخراجات	14,492	12,608	14.9%
قبل از محصول منافع اور پروویژن	8,043	6,967	15.4%
خالص پروویژن بشمول WWF	(159)	(326)	51.2%
قبل از محصول منافع	8,202	7,293	12.5%
محصولات	(3,365)	(2,763)	21.8%
بعد از محصول منافع	4,837	4,530	6.8%
فی حصص آمدن - روپے	3.19	2.98	

آپ کے بینک نے ترقی کا سفر جاری رکھا اور ۲۰۱۸ میں کل اثاثہ جات میں ۲۰ فیصد اضافہ حاصل کیا جس سے فنانسنگ میں ۲۸ فیصد اور سرمایہ کاریوں سے ۱۹ فیصد ترقی حاصل کی۔ اثاثہ جات میں یہ اضافہ دوران سال ڈپازٹس کے بڑھنے کی وجہ سے ہوا۔ مزید برآں، برانچ نیٹ میں مسلسل توسیع سے ڈپازٹس مزید بڑھیں گے۔ بینک کا کیپٹل اینڈ کیوٹسی رلیٹو ۸-۱۶ فیصد کے ساتھ ریگولیٹری ضروریات کی سطح ۹-۱۱ فیصد سے بہت آگے ہے اور مزید ترقی کی گنجائش ہے۔

منافع کے اعتبار سے، اس اسٹریٹیجی کے اثرات کل آمدنی پر دیکھے جاسکتے ہیں جو کہ ۲۰۹ بلین روپے یا ۱۵ فیصد بڑھ گئی ہے۔ آمدنی میں یہ اضافہ مستقل ذرائع سے حاصل کیا گیا جیسا کہ مارک اپ کی آمدنی ۳-۲ بلین روپے، فیس اور کمیشن ۳۶۰ ملین روپے اور فارن ایکسچینج آمدنی ۶۴ بلین روپے حاصل ہوئی۔ انتظامی اخراجات میں اضافہ برانچ نیٹ ورک میں توسیع کی وجہ سے ہوا ہے اور اس کے مثبت اثرات آمدنی میں اضافے کی صورت میں دیکھے جاسکتے ہیں۔

بینک نے اپنے غیر فعال قرضوں کی واپسی کو یقینی بنانے کے لیے اپنی کوششیں جاری رکھی ہوئی ہیں۔ NPL کی موثر مینجمنٹ کے نتیجے میں زیر جائزہ سال کے دوران بینک نے پرانے قرضوں کی واپسی کی وجہ سے ۱۵۹ بلین روپے کی پروویژن واپس ہوئی۔ بینک کے غیر فعال اثاثہ جات کی پروویژن کو توجیح ۸-۸۶ فیصد ہے جبکہ NPL رلیٹو ۳-۸ فیصد ہے جو کہ انڈسٹری کے برابر ہے۔

اس کے نتیجے میں، بینک کا بعد از ٹیکس منافع گزشتہ سال کے مقابلے میں ۳۰۷ بلین روپے زائد ہے اور فی حصص منافع ۲۰۹۸ روپے سے بڑھ کر ۳۰۱۹ روپے ہو گیا۔

تخصیصات (Appropriations)

ڈائریکٹرز نے ۲۱ فروری ۲۰۱۹ کو منعقدہ اجلاس عام میں ۳۱ دسمبر ۲۰۱۸ کو ختم شدہ سال کے لیے بونس شیئرز NIL کے حساب سے دینے کی تجویز دی ہے۔ NIL (بونس شیئرز برائے ۲۰۱۷: ۱۵ فیصد یعنی ۹۶۰،۱۹۷ ملین شیئرز) بنتا ہے۔

آڈیٹرز کی رپورٹ

بیرونی آڈیٹرز کی رپورٹ کا نمونہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ آڈیٹرز ریگولیشن ۲۰۱۸ کی ہدایات کے مطابق یکم جنوری ۲۰۱۸ کو تبدیل کیا گیا۔ بیرونی آڈیٹرز نے مالیاتی گوشواروں پر اپنی رپورٹ نئے فارمیٹ پر جاری کی ہے جو سالانہ رپورٹ کا حصہ ہے۔ اس رپورٹ میں ہونے والی تبدیلیوں میں ایک خاص تبدیلی مالیاتی گوشواروں پر آڈیٹرز کی رپورٹ میں ”کی آڈٹ میٹرز (KAMs) شامل ہونا ہے۔

مالیاتی گوشواروں کا نمونہ

اسٹیٹ بینک آف پاکستان نے ۲۵ جنوری ۲۰۱۸ کو جاری کردہ اپنے BPRD سرکلر میں بینکوں کے سالانہ مالیاتی گوشواروں کے موجودہ نمونے میں ترمیم کی ہے۔ تمام بینکوں کو اپنے سالانہ مالیاتی گوشوارے ۳۱ دسمبر ۲۰۱۸ سے ترمیم شدہ نمونے کے مطابق تیار کرنے کی ہدایات کی گئی ہے۔ اسی کے پیش نظر بینک نے اسٹیٹ بینک آف پاکستان کی جانب سے مجوزہ نمونے پر اپنے مجموعی اور Unconsolidated مالیاتی گوشوارے تیار کئے ہیں۔

مالیاتی گوشواروں کے نئے نمونے میں گزشتہ نمونے کے مقابلے میں تبدیلیاں درج ذیل ہیں:

Acceptances بیلنس شیٹ پر لائی گئی ہیں اور فنانشل اسٹیٹمنٹ لائن آئٹمز (FSLIs) کے نیچے لکھی جائیں،

نوٹس ۱۹ اور ۱۵	”دیگرا تاہ جات“ اور ”دیگرو اجبات“
بیلنس شیٹ، ایکویٹی میں تبدیلیوں کا گوشوارہ	اثاثہ جات کی ری ویلو ایشن پر سرپلس بینک کے ایکویٹی ہولڈرز سے منسوب ٹوٹل ایکویٹی کا اب حصہ ہے، پہلے یہ ایکویٹی کے نیچے الگ لائن میں درج کیا جاتا تھا۔
نوٹ ۲۶	بینک کی فیس اور کمیشن کی آمدنی کو تفصیل سے بیان کرنے کے لیے ایک تفصیلی نوٹ شامل کیا گیا ہے۔

کارپوریٹ گورننس

بینک نے لسٹڈ کمپنیوں کے لیے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۷ کی تمام شرائط پر عملدرآمد کیا ہے۔ ریگولیشن ۴۰ کی شرائط کے مطابق کوڈ کے مطابق اسٹیٹمنٹ آف کمپلائنس بشمول آڈیٹرز کی رپورٹ اس سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

بورڈ آف ڈائریکٹرز

بینک کے بورڈ میں شیئر ہولڈنگ ادارے کے نمائندے، خود مختار ڈائریکٹرز اور بینک کے صدر و چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ بورڈ کے تمام ڈائریکٹرز، کمپنیز ایکٹ ۲۰۱۷، لسٹڈ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۷ 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 کل تعداد ۱۰ ہے جس کی تفصیل درج ذیل ہے:

جنس	تعداد
مرد عہدہ	۱۰
خواتین	-

ڈائریکٹرز کا بورڈ درج ذیل ممبران پر مشتمل ہے:

در	نام	ج
خود مختار ڈائریکٹرز	میاں محمد یونس جناب فواد عظیم ہاشمی جناب علی منیر	
نان ایگزیکٹو ڈائریکٹرز	جناب فاروق رحمت اللہ خان جناب احمد عبدالرحیم محمد عبداللہ پھیری جناب جمعہ 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)	

بوڈ کمیٹی

ر ر

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

اور ر س ر

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

نمبر شا	نام	ر
۱	جناب میاں محمد یونس	چیئرمین
۲	جناب جمعہ حسن علی اہل	ممبر
۳	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
۱	جناب امتیاز احمد پرویز	چیئرمین
۲	جناب عبداللہ ابراہیم محمد القاسمی	ممبر
۳	جناب عبداللہ عبدالعزیز علی طالب	ممبر
۴	جناب یوسف حسین	ممبر

ریکروٹمنٹ، نامینشن اور ریویژن کمیٹی

بورڈ کی ریکروٹمنٹ، نامینشن اور ریویژن 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 ۵ 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
۱	جناب احمد عبدالرحیم محمد عبداللہ نجیری	چیئرمین
۲	جناب جمعہ حسن علی اہل	ممبر
۳	میام محمد یونس	ممبر
۴	جناب فواد عظیم ہاشمی	ممبر
۵	جناب علی منیر	ممبر

اسٹریٹیجی کمیٹی

اسٹریٹیجی کمیٹی بورڈ کو بینک کی اسٹریٹیجی بنانے 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 چیئرمین نان ایگزیکٹو ڈائریکٹر ہے، جو بورڈ کا چیئرمین بھی ہے۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

نمبر شمار	نام	عہدہ
۱	جناب فاروق رحمت اللہ خان	چیئرمین
۲	جناب احمد عبدالرحیم محمد عبداللہ پیری	ممبر
۳	جناب جمعہ حسن علی اہل	ممبر
۴	جناب نواز عظیم ہاشمی	ممبر
۵	جناب یوسف حسین	ممبر

آئی ٹی کمیٹی

بورڈ کی آئی ٹی کمیٹی اس بات کو یقینی بنانے کی پابند ہے کہ بینک کے پاس ایک منوٹر اور محفوظ آئی ٹی نظام موجود ہے جس سے صارفین کو خدمات اور بینک کے آپریشن کو منوٹر طور پر چلایا جاسکتا ہے۔ یہ کمیٹی ۴ ممبران پر مشتمل ہے، کمیٹی کا چیئرمین آزاد ڈائریکٹر ہے۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

نمبر شمار	نام	عہدہ
۱	جناب علی منیر	چیئرمین
۲	جناب عبداللہ ابراہیم محمد القاسمی	ممبر
۳	جناب عبدالعزیز علی طالب	ممبر
۴	جناب یوسف حسین	ممبر

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

کارپوریٹ گورننس کی روایات کے مطابق فیصل بینک لمیٹڈ کے بورڈ میں ۲۰۱۲ سے سالانہ بنیادوں پر پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے ذریعے اپنے جائزے کی روایت برقرار ہے جو کہ بیرونی سہولت کار اور 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 ۲۰۱۶ لازمی قرار دیا گیا ہے، اور فیصل بینک لمیٹڈ کے بورڈ نے اس پر تعمیل کرتے ہوئے پی آئی سی جی کے ذریعے خود کو ۲۰۱۸ 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، کمیٹیاں، تربیت، حکمت عملی، رسک مینجمنٹ، اور بورڈ کے اجلاس شامل ہیں۔ جائزہ میں احاطہ کیا جاتا ہے:

- بورڈ مجموعی طور پر
- انفرادی طور پر ڈائریکٹر (خود مختار، نان-ایگزیکٹو اور سی ای او)
- بورڈ کی کمیٹیاں

جائزہ کے لیے تعداد کے طریقہ کار پر عمل کیا جاتا ہے۔ بینک دولت پاکستان کی جانب سے بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزے پر رہنما اصولوں کے مطابق کنسلٹنٹ ڈائریکٹرز ایک سوالنامہ کا جواب دیتے ہیں جو کہ کنسلٹنٹ نے ترتیب دیا ہے۔ تعداد کی تکنیک سے فائدہ ہو سکتا ہے۔ فیصل بینک کے بورڈ کا جائزہ لیتے ہوئے یہاں کے لیے ایک اسکیل استعمال کیا جاتا ہے، بورڈ کے ارکان کو اس اسکیل پر دیئے گئے بیان کے سامنے اسے ۱۰ تک نمبر دے کر ان کی کارکردگی کا اندازہ لگایا جاتا ہے۔ اس طریقہ کار کے استعمال سے خاص مقصد اور قابل پیمائش ڈیٹا مل جاتا ہے جو کہ بعد میں ایک مثال بن جاتی ہے کہ کارکردگی کو بہتر طور پر جانچا جاسکتا ہے۔

ڈائریکٹرز کے لیے مشاہرے کی پالیسی

مشاہرے کا تعین کسی بھی بینک کی مجموعی کامیابی کے لیے بہت اہم ہوتا ہے کیونکہ اس سے بینک کے لیے اعلیٰ معیاری ماہرین کو متوجہ کرنے میں مدد ملتی ہے۔ اس طرح کا مشاہرے کا نظام اعلیٰ اقدار پیدا کرنے میں معاون ثابت ہوتا ہے، اس لیے فیصل بینک کے بورڈ نے فیصل بینک کے ڈائریکٹرز کا مشاہرہ طے کرنے کے لیے درج ذیل اصول اپنائے ہیں:

- (الف) بورڈ آف ڈائریکٹرز کے کردار اور ذمہ داریوں میں اضافے کا جائزہ لینا
- (ب) مقامی اور عالمی مارکیٹ کے تجربات اور دوسرے بینک میں مساوی عہدہ رکھنے والوں سے موازنہ
- (ج) طویل مدتی فوائد کے لیے بہترین پرفیشنلز کا انتخاب
- (د) مارکیٹ کے ساتھ برابری اور تقابل کی صلاحیت کو یقینی بنانا
- (ر) مشاہرے کے عمل / طریقہ کار میں شفافیت کو یقینی بنانا

نان ایگزیکٹو اور خود مختار ڈائریکٹرز کے لیے مشاہرہ

ڈائریکٹرز کو اجلاس یا کمیٹی کی میٹنگ میں شرکت کے لیے مشاہرہ کے طور پر حاضری کی فیس ادا کی جاتی ہے اس کے علاوہ ان اجلاسوں یا میٹنگز میں شرکت کے لیے انہیں سفری سہولیات اور اخراجات سے متعلق تمام اخراجات ادا کئے جاتے ہیں۔

بورڈ اپنے اختیار سے بورڈ ممبران کے خصوصی طور پر بنائے ہوئے ٹاسک فورس کی میٹنگ میں شرکت کے لیے مشاہرہ طے کر سکتا ہے اور کسی بھی ڈائریکٹر کی جانب سے خصوصی طور پر تفویض کئے جانے والے امور میں حاضر ہونے پر بھی مشاہرہ دے سکتا ہے۔

نان ایگزیکٹو اور آزاد ڈائریکٹرز کو ادا کئے جانے والے مشاہروں کی مجموعی رقم اس سالانہ رپورٹ میں علیحدہ سے واضح کر دی گئی ہے۔

رسک مینجمنٹ فریم ورک

چیف رسک آفیسر (CRO) کے تحت رسک مینجمنٹ گروپ (RMG) قائم کیا گیا ہے جس کا بینک آپریشن سے تعلق نہیں ہوتا۔ سی آرا کو بورڈ آف ڈائریکٹرز کی جانب سے پورے بینک میں رسک مینجمنٹ فریم ورک لاگو کرنے کا اختیار دے دیا ہے۔ رسک مینجمنٹ فریم ورک کی مالیاتی گوشواروں کے نوٹ ۴۴ میں وضاحت کی گئی ہے۔

انٹرنل کنٹرول کا اسٹیٹمنٹ

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 اور اسے بحال رکھا جاتا ہے۔ بورڈ آف ڈائریکٹرز انٹرنل کنٹرولز سے متعلق انتظامیہ کے تیار کردہ اسٹیٹمنٹ کی تصدیق کرتے ہوئے خوشی محسوس کرتا ہے۔ انٹرنل کنٹرول کا نظام تشکیل کے اعتبار سے بہتر ہے اور اس پر منوش طریقے سے عمل کے نگرانی کی جاتی ہے۔ انٹرنل کنٹرول سے متعلق اسٹیٹمنٹ اس سالانہ رپورٹ میں شامل ہے۔

شیر ہولڈنگ کا طریقہ کار

۳۱ دسمبر ۲۰۱۸ 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

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

AA	طویل المیعاد:
A1+	قلیل المیعاد:

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

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

”AA ہائی کریڈٹ کوالٹی۔ حتمی 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 متبادل ذرائع تک رسائی موجود ہے۔ درجہ بندی حکومت پاکستان کی قلیل المیعاد قرضوں کی درجہ بندی سے ذرا سی نیچے ہے۔“

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

”AA: بہت اعلیٰ 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

اتمار بینک B.S.C (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین ماتحت ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینک کے ۶۶.۷۸ فیصد (۲۰۱۷ میں ۶۶.۷۸ فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک B.S.C (کلوزڈ)، اتمار ہولڈنگ B.S.C کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (DMIT) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے اور اتمار ہولڈنگ B.S.C کا بھی سربراہ ادارہ ہے۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، آئیندہ سالانہ اجلاس عام کی تاریخ پر سبکدوش ہو جائیں گے اور دوبارہ تقرری کے لیے اہل ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو مالیاتی سال ۲۰۱۹ کے لیے بینک کے آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کی ہے۔

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 کوئی قابل ذکر تبدیلی رونما نہیں ہوئی تاہم تفصیلات مالیاتی بیانات میں موجود ہیں۔

توثیقی بیان

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

منظوری

کمپنیز ایکٹ ۲۰۱۷ کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو ۲۱ فروری ۲۰۱۹ کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیئر مین ڈائریکٹرز

صدر اور سی ای او

کراچی

۲۱ فروری، ۲۰۱۹

ڈائریکٹرز کا جائزہ

۳۱ دسمبر، ۲۰۱۸ کو ختم ہونے والے سال کے لیے ڈائریکٹرز کا کنسولیدٹڈ فنانشل اسٹیٹمنٹس کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کی خدمت میں ۳۱ دسمبر، ۲۰۱۸ کو ختم ہونے والے سال کی Consolidated رپورٹ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پروفائل

فیصل بینک لمیٹڈ (FBL) نے ۲۲ نومبر، ۲۰۱۸ کو فیصل ایسٹ منجمنٹ لمیٹڈ (FAML) کے مزید شیئرز خریدے اور اس ٹرانزیکشن کے بعد، FAML کی حیثیت منسلک ادارے سے ذیلی ادارے میں تبدیل ہو گئی ہے۔ FBL نے FAML کی بنیادی سرمایہ کاری کو مضبوط بنانے اور کیمپل ایڈیکوئسی ریشو (CAR) کو بہتر بنانے کے لیے FAML کے کیمپل میں ۲۸۰ ملین روپے کی رقم ڈال دی ہے۔ اب کمپنیوں کی حیثیت کچھ اس طرح ہے:

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

FBL اسلامی مالیاتی ادارے میں تبدیل ہونے کے ساتھ ساتھ کارپوریٹ، ریٹیل، کمرشل، ایس ایم ای اور ایگری۔ بیسڈ کسٹمرز کو خدمات فراہم کر رہا ہے جبکہ فیصل ایسٹ منجمنٹ لمیٹڈ (FAML) ایک نان۔ بینکنگ فنانشل کمپنی (NBFC) ہے، جس کے پاس نان۔ بینکنگ فنانشل کمپنیز (اسٹیٹمنٹ اینڈ ریگولیشنز) رولز، 2003 اور نان بینکنگ فنانشل کمپنیز اور نوٹیفائیڈ اینٹرائپرائز ریگولیشنز کے تحت ایسٹ منجمنٹ اور سرمایہ کاری کے لیے مشاورت کی خدمات فراہم کرنے کا لائسنس ہے۔

اپنے صارفین کی آسانی کے لیے ان کے قریب بینکاری کی سہولیات فراہم کرنے کے لیے بینک نئی برانچوں کے ذریعے اپنے دائرہ کار کو وسیع کر رہا ہے۔ برانچوں کی تعداد بڑھانے کے ساتھ، FBL اپنے صارفین کو آسان استعمال، محفوظ اور مشکلات سے پاک خدمات فراہم کرنے کے لیے ٹیکنالوجی میں بھی سرمایہ کاری کر رہا ہے۔

ماحولیاتی تحفظ

بینک ماحولیاتی تحفظ کے حوالے سے اپنی ذمہ داریوں سے باخبر ہے اور اس سلسلے میں ایک جامع گرین بینکنگ پالیسی تشکیل دی گئی ہے۔

ادارے کی سماجی ذمہ داری (CSR)

بینک نے تعلیمی، سماجی، بہبود اور صحت عامہ سے تعلق رکھنے والے اداروں اور ای. این. جی او کو فیصل وقف کے ذریعے عطیات فراہم کئے۔ تفصیلات فیصل بینک لمیٹڈ کے ڈائریکٹرز کے ان۔ کنسولیدٹڈ فنانشل اسٹیٹمنٹس کے جائزے میں شامل ہے۔

مستقبل پر نظر

بینک صارفین میں اضافے کے لیے اپنے برانچ نیٹ ورک میں توسیع کی منصوبہ بندی پر گامزن رہے گا۔ FAML کی خریداری سے فیصل بینک کی پروڈکٹس کا پورٹ فولیو وسیع ہو گیا ہے اور اس سے فیصل بینک کے صارفین کے لیے انتظامیہ کے تحت فنڈز اور مشاورت کی خدمات بھی دستیاب ہیں۔ اضافی وسائل کے ساتھ، فیصل بینک لمیٹڈ گروپ نہ صرف اپنے کاروباری حجم میں اضافہ کر سکتا ہے بلکہ اسٹیک ہولڈرز کے لیے بہتر منافع بھی کماسکتا ہے۔

بینک نے FAML کے تشکیلی ڈھانچے میں تبدیلی کی حکمت عملی کے لیے منصوبہ بندی کر لی ہے۔ انتظامی بہتری اور منافع جات بڑھانے کے لیے قلیل اور طویل مدتی حکمت عملی پر مبنی پروگرام تیار کیے جا رہے ہیں۔

مالیاتی جھلکیاں

ملین روپے	بیلنس شیٹ
۲۰۱۸	سرماہیکاری
213,816	فنانسنگ
296,445	کل اثاثہ جات
599,996	ڈپازٹس
409,384	
	پرافٹ اور لاس اکاؤنٹ (نفع و نقصان اکاؤنٹ)
22,653	کل آمدنی
14,510	انتظامی اخراجات
8,143	قبل از محصول منافع اور پروویژن
(159)	خالص پروویژن بشمول WWF
8,302	قبل از محصول منافع
(3,416)	محصولات
4,886	بعد از محصول منافع
3.22	فی حصص آمدن - روپے

سال ۲۰۱۸ کے لیے فیصل بینک لمیٹڈ کا کنسولیڈٹڈ منافع ۴،۸۸۶ ملین روپے تھا، اور ۲۰۲۲ روپے EPS رہا۔ سود کی شرح میں اضافے اور بیلنس شیٹ کی موافق صورتحال کے باعث فیصل بینک لمیٹڈ کی آمدنی میں اضافے کا امکان ہے۔ فیس میں اضافے اور تجارت سے ہونے والی آمدنی پر کمیشن، ریٹیل اور بینجمنٹ برنس کے تحت ریٹیل اور انتظامی فنڈز بڑھانے کے لیے بھی اقدامات کیے گئے ہیں۔

کارپوریٹ گورننس

بینک نے لسٹڈ کمپنیوں کے لیے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۷ (دی کوڈ) کی تمام شرائط پر عملدرآمد کیا ہے۔ ریگولیشن ۴۰ کی شرائط کے مطابق کوڈ کے ساتھ اسٹیٹمنٹ 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، خود مختار ڈائریکٹرز اور بینک کے صدر و چیف ایگزیکٹو آفیسر پر مشتمل ہے۔ بورڈ کے تمام ڈائریکٹرز، کمپنیز ایکٹ ۲۰۱۷، لسٹڈ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۷ 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 لمیٹڈ ڈائریکٹرز کے جائزے میں شامل ہے۔

FAML کے ڈائریکٹرز کی کل تعداد ۶ ہے جس کی تفصیل درج ذیل ہے:

جنس	تعداد
مرد	۶
خواتین	-

FAML ڈائریکٹرز کا بورڈ درج ذیل ممبران پر مشتمل ہے:

درجہ	نام
خود مختار ڈائریکٹرز	جناب فاروق حسن جناب اسامہ اصغر خان
نان ایگزیکٹو ڈائریکٹرز	جناب سلمان احمد عثمانی جناب طاہر یعقوب بھٹی میاں سلمان علی سید محمد فراز زیدی
ایگزیکٹو ڈائریکٹر	جناب خلدون بن لطیف (سی ای او)

سال کے دوران درج ذیل ڈائریکٹرز نے استعفیٰ دے دیا۔ خالی ہونے والے عہدوں پر مقررہ وقت میں تقرریاں کر دی گئی ہیں۔

درجہ	نام
نان۔ ایگزیکٹو ڈائریکٹرز	سید عبدالرحمن چشتی جناب محمد زاہد احمد
ایگزیکٹو ڈائریکٹر	جناب رضی الرحمن خان (سی ای او)

بورڈ کمیٹیاں

بورڈ کمیٹیوں کی تفصیل اور ان کے نام فیصل بینک لمیٹڈ کے ڈائریکٹرز رپورٹ میں دیئے گئے ہیں۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

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

ڈائریکٹرز کے لیے مشاہرہ کی پالیسی

ڈائریکٹرز کے لیے مشاہرہ کی پالیسی فیصل بینک لمیٹڈ کے ڈائریکٹرز کے جائزے کا حصہ ہے۔

رسک مینجمنٹ فریم ورک

چیف رسک آفیسر (CRO) کے تحت رسک مینجمنٹ گروپ (RMG) قائم کیا گیا ہے جس کا بینک آپریشن سے کوئی تعلق نہیں ہے۔ سی آرا کو بورڈ آف ڈائریکٹرز (BoD) کی جانب سے پورے بینک میں رسک مینجمنٹ فریم ورک لاگو کرنے کا اختیار دے دیا ہے۔ رسک مینجمنٹ فریم ورک بینک کو درپیش بڑے خطرات اور غیر یقینی صورتحال کا احاطہ کرتا ہے اور ان سے کس طرح نمٹا جائے اس کی وضاحت مالیاتی گوشواروں کے نوٹ ۴۵ میں کی گئی ہے۔

انٹرنل کنٹرول کا اسٹیٹمنٹ

بورڈ آف ڈائریکٹرز مکمل طور پر اپنی ذمہ داری کا احساس رکھتا ہے کہ یقینی بنایا جائے کہ انٹرنل کنٹرول 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 کنٹرول سے متعلق انتظامیہ کے تیار کردہ اسٹیٹمنٹ کی تصدیق کرتے ہوئے خوشی محسوس کرتا ہے۔ انٹرنل کنٹرول کا نظام تشکیل کے اعتبار سے بہتر ہے اور اس پر موثر طریقے سے عمل کے نگرانی کی جاتی ہے۔ انٹرنل کنٹرول سے متعلق اسٹیٹمنٹ اس سالانہ رپورٹ میں شامل ہے۔

بعد ازاں واقعات

مالی سال کے اختتام سے لیکر اس رپورٹ کی تاریخ کے دوران مالیاتی گوشواروں میں ظاہر کیے گئے واقعات کے علاوہ بینک کی مالی پوزیشن کو متاثر کرنے والے واقعات یا کوئی قابل ذکر تبدیلی رونما نہیں ہوئی تاہم تفصیلات مالیاتی بیانات میں موجود ہیں۔

توثیقی بیان

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

منظوری

کمپنیز ایکٹ ۲۰۱۷ کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو ۲۱ فروری ۲۰۱۹ کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیئر مین / ڈائریکٹر

صدر اور سی ای او

کراچی

۲۱ فروری، ۲۰۱۹

شریعی بورڈ رپورٹ

برائے سال 2018

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد للہ رب العالمین، والصلاة والسلام علی خاتم الانبیاء والمرسلین محمد المصطفیٰ الصادق الامین وعلیٰ آلہ واصحابہ اجمعین

الحمد للہ، فیصل بینک لمیٹڈ نے اپنی اسلامک بینکنگ کے کامیاب آپریشنز کا مزید ایک سال مکمل کر لیا ہے۔ فیصل بینک کامیابی سے اپنی اسلامک بینکنگ کی برانچز میں اضافہ کر رہا ہے اور مروجہ بینکاری کے پورٹ فولیو سے اسلامک کی طرف منتقل کر رہا ہے۔ اس سال 50 نئی برانچز کو اسلامک بینکنگ نیٹ ورک کا حصہ بنایا گیا ہے جس کے بعد اسلامک برانچز نیٹ ورک کی تعداد 255 تک پہنچ گئی ہے جس میں 5 وہ برانچز بھی ہیں جن کو دوران سال مروجہ بینکاری سے اسلامک بینکنگ کی طرف منتقل کیا گیا ہے۔

شریعی بورڈ (SB) نے دوران سال متعدد موجودہ اور نئی پروڈکٹس، پالیسیز، اسٹینڈرڈ آپریشنز، پروسجر، ٹرانزیکشنز اور انکے شریعت سے ہم آہنگ ہونے کا جائزہ لینے سے متعلق 14 اجلاس منعقد کئے۔ SB نے شریعی گورننس فریم ورک کے تحت شریعت سے ہم آہنگ ماحول پر تفصیلی تبادلہ خیال کے لئے اس سال دو دفعہ (BoD) بورڈ آف ڈائریکٹرز سے بھی ملاقات کی۔

شریعی بورڈ، بینک کے تمام تر آپریشنز کو اسلامک بینکنگ کی طرف منتقل کرنے کے BoD اور انتظامیہ کے فیصلہ کو سراہتا ہے۔

سال 2018 کا جائزہ درج ذیل ہے۔

بینک کے مروجہ پورٹ فولیو کی اسلامک پورٹ فولیو کی طرف منتقلی (Conversion of Bank's Portfolio)

شریعی بورڈ، منتقلی کے طریقہ کار میں تیزی لانے کی انتظامیہ کی کوششوں پر مسرت کا اظہار کرتا ہے۔ اس سال کے دوران، مروجہ بینکاری کی پانچ (5) برانچز کو اسلامک کی طرف منتقل کر دیا گیا ہے۔ مزید یہ کہ شریعی بورڈ نے مروجہ بینکاری کی فیڈیلیٹی کو اسلامک کی طرف منتقلی کرنے کے لئے تقریباً 20 سے زائد کسٹمرز کے لئے مخصوص پروسفلو کو منظور کیا ہے۔ الحمد للہ، اس سال بینک نے اپنے موجودہ 24.00 بلین روپے کے مروجہ قرضی پورٹ فولیو کو شریعت سے ہم آہنگ طریقہ کار کی طرف منتقل کر دیا ہے۔

پروڈکٹ ڈیولپمنٹ (Product Development)

پروڈکٹ ڈیولپمنٹ نے شریعی بورڈ کی زبردایات موجودہ پروڈکٹس کی مزید بہتری اور اس طرح نئی پروڈکٹس کو انکی متعلقہ دستاویزات اور معاہدات کے ساتھ مطابقت کرنے پر کام کیا ہے۔ اس سال فیصل بینک-اسلامک نے اپنی (Asset Side) پروڈکٹ کی فہرست میں مزید اضافہ کیا ہے جیسے اسلامک ایکسپورٹ ری فنانس (IERS) کے لئے "رنگ مشارکہ"، SME، کمرشل اور کارپوریٹ، کے لئے "سلم"، کنزرویٹو فنانسنگ پروڈکٹ کیلئے "مسواومہ" کو تیار کیا جا چکا ہے اور تجارتی پروڈکٹ کا آغاز بھی کیا گیا ہے۔ اس سال کامل رزنس اکاؤنٹ کو نئی سہولیات کے ساتھ دوبارہ پیش کیا گیا ہے۔ مزید یہ کہ اس سال منظم ماہانہ سیونگ اکاؤنٹ، بچہ چیک نفع بخش کرٹ اکاؤنٹ، برکت انویسٹمنٹ ٹھیکٹیٹ (LCY/FCY) اور FCY سیونگ اکاؤنٹ کی نئی اقسام کو بھی متعارف کروایا گیا ہے۔

مزید برآں اسلامک بینکنگ کی معلومات میں اضافہ کے لئے بینک نے بینڈ بک، اسلامک ہیلپ لائن اور دفتری عملہ کی پروڈکٹ ڈائریکٹری کو متعارف کروایا ہے۔

شریعی کمپلائنس ڈیپارٹمنٹ (Shariah Compliance Department)

شریعی بورڈ کے زبردایات عمل پیرا، شریعی کمپلائنس ڈیپارٹمنٹ نے مختلف شعبہ ہائے جات کا نمونہ جاتی بنیادوں پر منظور شدہ پروسفلوز، پالیسیز اور پروسجرز سے مطابقت کے لئے "شریعی کمپلائنس جائزوں" کو انجام دیا ہے۔ اس سلسلے میں رنگ مشارکہ، مراحہ، اجارہ، استصناع، جمع شدہ چیرٹی اور اس کی تقسیم، گارنٹی اور غیر معمولی سہولیات اور اسلامک برانچ نیٹ ورک وغیرہ کے جائزوں کو انجام دیا گیا۔ مزید یہ کہ SCD نے ماہانہ بنیادوں پر پول ٹینٹ اور منافع کی تقسیم کے طریقہ کار کا ریویو لینی اور شریعی بورڈ کی ہدایات کے مطابق ہونے کے لیے جائزے لئے۔

ان جائزوں کے دوران عملہ کی صلاحیت اور اہلیت کے تقاضوں کو جانچنے کے لیے مختلف شعبہ ہائے جات کے ساتھ موثر نشستوں کا بھی انعقاد کیا گیا۔

مزید برآں شریعہ بورڈ کی ہدایات کے مطابق RSBM اور SCD کے ہمراہ اسلام آباد، لاہور، ملتان، کوئٹہ اور کراچی کے مختلف علاقائی دفاتر کا معاہدہ کیا گیا جہاں بینک کے عملہ کے ساتھ آگاہی کی نشستوں کا اہتمام کیا گیا۔ سال کے دوران SCD نے تقریباً 160 سیزانڈ، کسٹمرز سے مخصوص پروسس فلو اور متعدد مشترکہ تمویلی عقود (Syndicate Participations Transactions) کی اجازت حاصل کی۔

اسکے ساتھ ہی SCD نے غیر طے شدہ عملے کو بھی انجام دیا۔ شریعہ بورڈ کی ہدایات کے مطابق مروجہ بینکاری سے اسلامک بینکنگ کے لئے بینک کی پالیسیز اور پروسیجرز کی علیحدگی کے طریقہ کار کا آغاز ہو گیا ہے اور سال کے دوران تقریباً 60 سے زائد موجودہ پالیسیز اور اسٹینڈرڈ آپریننگ پروسیجرز پر SCD نے نظر ثانی کی ہے اور SB سے منظور کروایا ہے۔ SCD نے عملہ کی قابلیت میں اضافہ کرنے کے سلسلے میں مرکزی کردار ادا کیا ہے جس میں SCD نے تربیتی مواد میں اضافہ اور اسی طرح متعدد تربیتی نشستوں کا انعقاد بھی کیا ہے

شریعی ایڈوائزی سروسز (Shariah Advisory Services)

امسال شریعہ بورڈ نے 8 مختلف اسلامک مشترکہ تمویلی عقود (Syndicate Participations Transactions) کو شریعی ایڈوائزی سروسز فراہم کی ہیں جو کہ مختلف انڈسٹریز مثلاً آٹوموبائل، اسٹیل، پاور (پکلی)، سروس (خدمات)، تعلیمی اداروں، مشروبات اور ترسیلات کے اداروں سے متعلقہ ٹرانزیکشنز پر مشتمل ہے۔

شریعی آڈٹ (Shariah Audit)

SGF کے تقاضوں کے مطابق انٹرنل اور ایکسٹرنل شریعی آڈٹ کو انجام دیا گیا ہے۔ انٹرنل شریعی آڈٹ یونٹ (ISAU) مجموعی طور پر بینک کے شریعت سے ہم آہنگ ماحول کو تقویت دینے کے لئے ایک لازمی حصہ ہے۔ ISAU نے اس سال درج ذیل پروڈکٹس اور شعبوں کے لئے شریعی آڈٹس کو انجام دیا مثلاً کارپوریٹ فنانس، مارکیٹنگ اور سروس کوالٹی، شریعی کمپلائنس، SME اور کرسٹل برانچ بینکنگ، ریشیل بینکنگ، چیرٹی کے لیے جمع شدہ رقوم اور تقسیم، منافع کی تقسیم اور پول منجمنٹ۔ مزید یہ کہ ایکسٹرنل شریعی آڈٹ بھی کرایا گیا جو اسلامک بینکنگ کے تمام متعلقہ فنکشنز پر محیط تھا۔

چیرٹی (Charity)

چیرٹی فنڈز کی ابتدائی رقم 8.182 ملین روپے تھی اور سال کے دوران 9.488 ملین روپے کی رقم کسٹمرز سے ادائیگیوں میں تاخیر کے زمرے میں وصول کی گئی۔ مزید یہ کہ SCD اور ISAU کی طرف سے انجام دیئے گئے شرعی جائزوں اور آڈٹس کے دوران متعدد عقود کی شریعی بورڈ نے نظر ثانی کی جس کے نتیجے میں شرعی اصولوں کی عدم مطابقت کی بناء پر 0.617 ملین روپے کی رقم چیرٹی فنڈ میں ڈلوائی گئی۔ اس مدت کے دوران شریعی بورڈ کی اجازت سے 8.500 ملین روپے کی رقم کو متعدد خیراتی اداروں میں تقسیم کیا گیا۔ چیرٹی کی تفصیلات نوٹ نمبر A-2.2 پر دستیاب ہیں۔

لرننگ ڈیولپمنٹ اور آگاہی کے اجلاس (Learning Development and Awareness Sessions)

تربیت یافتہ افرادی قوت، اسلامک بینکنگ انڈسٹری کی کامیابی کی کئی ہے۔ اس سال کے دوران بینک نے سینئر آف اسلامک اکنامس، CIE (جو جامعہ دارالعلوم کراچی کا ایک ذیلی ادارہ ہے) اور IBA سینئر آف ایگزیکیوٹس ان اسلامک فنانس (CIEF) کے تعاون سے بینک کی ایگزیکٹو اور سینئر منجمنٹ کے لئے جامع معلوماتی پروگرام کے انعقاد کا آغاز کیا۔ مزید یہ کہ BOD کے اراکین کے لئے بھی پول منجمنٹ اور منافع کی تقسیم کے طریقہ کار پر ایک آگاہی سیشن کا انعقاد کیا گیا۔ مزید برآں SBP کی ہدایات کے مطابق نئی کھولی گئی برانچز کے عملہ کے لئے 5 روزہ اسلامک بینکنگ سٹریٹجی پروگرام کو منعقد کیا گیا۔ مزید برآں امسال، اسلامک بینکنگ کے اعلیٰ سطحی کورسز درجہ 1 اور درجہ 2 بھی متعارف کروائے گئے جن کا مقصد بالخصوص فرنٹ آفس میں کام کرنے والے عملے اور ان کے معاون شعبہ جات کی اہلیت اور صلاحیت میں اضافہ کرنا تھا۔ یہ بات قابل ذکر ہے کہ L&D ڈپارٹمنٹ نے تقریباً 3000 بینک کے اسٹاف (عملے) کے لئے اسلامک بینکنگ کی ٹریننگ کا انعقاد کیا۔ مزید یہ کہ بینک کے L&D ڈپارٹمنٹ نے متعدد نامور بیرونی ٹریننگ کے اداروں سے منتخب عملہ کی اسلامک بینکنگ ٹریننگ کا انتظام بھی کیا۔

شریعی بورڈ کی رائے (Opinion of Shariah Board)

جیسا کہ بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ مکمل طور سے اس بات کو یقینی بنانے کے ذمہ دار ہیں کہ فیصل بینک لمیٹڈ - اسلامک بینکنگ کے آپریشنز اس طریقہ سے انجام دیئے جائیں جو ہمہ وقت شریعت کے اصولوں سے ہم آہنگ ہوں۔ ہم سے فیصل بینک لمیٹڈ، اسلامک بینکنگ کا مجموعی طور سبشریعت سے ہم آہنگ ماحول ہونے پر ایک رپورٹ پیش کرنے کا تقاضہ کیا جاتا ہے۔

ہماری رائے کے مطابق جیسا کہ اس رپورٹ میں ظاہر ہے کہ بینک کے شریعی کمپلائنس ڈپارٹمنٹ نے ٹیسٹ چیک کی بنیاد پر ہر طرح کی ٹرانزیکشنز، متعلقہ دستاویزات اور طریقہ کار کا جائزہ لیا ہے۔ مزید یہ کہ ہم انٹرنل شریعی آڈٹ اور ایکسٹرنل شریعی آڈٹ کی رپورٹس کا جائزہ بھی لے چکے ہیں۔

مندرجہ بالا تفصیلات کی بنیاد پر ہماری رائے درج ذیل ہے کہ:

1. بینک کے اسلامک بینکنگ کے شعبہ نے شریعی بورڈ کی طرف سے جاری شدہ فتاویٰ، ضابطوں اور ہدایات کی روشنی میں مجموعی حیثیت سے شریعت کے اصولوں پر عمل درآمد کیا ہے۔
2. شریعی جائزوں کے دوران صحیح طریقہ کار کے متقاضی ہر معاملہ کو نوٹ کیا گیا اور مینجمنٹ کی جانب سے حل کیا گیا یا مستقبل میں اسکی اصلاح کی یقین دہانی کرائی گئی۔ ما قبل سے مربوط ہماری رائے میں شعبہ برکت اسلامک بینکنگ کے معاملات کو SBP کی طرف سے جاری شدہ، شریعی کمپلائنس سے متعلقہ احکامات، ضابطوں اور ہدایات کے مطابق انجام دیا گیا ہے۔
3. بینک کے پاس اپنے تمام آپریشنز کا شریعت سے ہم آہنگ ہونے کو یقینی بنانے کے لئے ایک جامع نظام کا حامل ہے۔
4. بینک، شریعی کمپلائنس ریویو اور انٹرنل شریعی آڈٹ کی صورت میں اس بات کو یقینی بنانے کے لئے ایک جامع سسٹم رکھتا ہے کہ شریعت کی رو سے ممنوع ذرائع یا طریقوں سے حاصل شدہ رقم کو چھٹی اکاؤنٹ میں منتقل کیا جائے اور خیراتی مقاصد میں صحیح طریقے سے خرچ کیا جاسکے۔
5. فنڈز کی فراہمی، نفع و نقصان کی تقسیم اور پول مینجمنٹ، شریعت کے اصول و ضوابط اور اسٹیٹ بینک آف پاکستان کی پول مینجمنٹ کی ہدایات کے مطابق ہیں۔
6. اگرچہ بینک کا L&D کا شعبہ، اسلامک فنانس اور مختلف فنانس ٹریڈنگ پروگرامز کے ذریعہ افرادی قوت کی تربیت و ترقی کے لئے فعال کردار انجام دے رہا ہے تاہم منتقلی (Conversion) کے چیلنجز کے پیش نظر ترجیحی طور سے مزید جدوجہد کرنا مطلوب ہے، جو پروڈکٹس، بینک کے پروڈکٹس اور اسکے شریعت سے ہم آہنگ ہونے کی اہمیت کے بارے میں عملہ، انتظامیہ اور BOD کی آگاہی میں اضافہ کرے۔
7. اپنی ذمہ داریوں کو مؤثر طریقے سے عہدہ برآں ہونے کے لیے شریعی بورڈ کو مکمل اور مناسب وسائل مہیا کیے گئے ہیں۔

شریعیہ بورڈ کی طرف سے سفارشات (Recommendations from Shariah Board)

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

1. اگرچہ ایگزیکٹو مینجمنٹ اور دیگر معاون فنکشنرز (ٹیویوں) کی کوششیں قابل قدر ہیں تاہم اسکے باوجود منتقلی کا پروسس مزید تیزی کا متقاضی ہے۔
2. متوقع ترقی اور FBL اسلامک بینکنگ کی طرف منتقلی کے منصوبہ کو مد نظر رکھتے ہوئے، شریعت کی ہدایات پر عمل مزید اہمیت اختیار کر گیا ہے، لہذا یہ سفارشات کی جاتی ہے کہ شریعیہ کمیٹی کے کارکردگی سے متعلق اپریل (Appraisal) کے نظام کا لازمی حصہ ہونا چاہئے اور موجودہ عملے کی کارکردگی کے اپریل (Appraisal) کے نظام پر نظر ثانی کرنا چاہئے جو کہ شریعت سے ہم آہنگ نہ ہونے کی صورت میں ملازمین کی کارکردگی کیا پریل (Appraisal) پر براہ راست اثر انداز ہونے کو شتمل ہو۔
3. برانچ میں مسلسل اضافے اور اسلامک بینکنگ کی طرف منتقلی کی وجہ سے اسلامک بینکنگ کی تمام پروڈکٹس اور سروسز کی مارکیٹنگ کی طرف مزید توجہ خوش آئند عمل ہوگا۔

واللہ سبحانہ و تعالیٰ اعلم بالصواب

۴۳۶

۴۳۶

مفتی محمد محبت الحق صدیقی
چیئر مین شریعیہ بورڈ

محمد عبداللہ

ڈاکٹر مفتی خلیل احمد اعظمی
ممبر شریعیہ بورڈ

مفتی محمد عبداللہ
ریزیڈنٹ شریعیہ بورڈ ممبر

مورخہ: 12 فروری 2018 بمطابق 6 جمادی الثانی 1439 ہجری

نوٹ: زیر نظر رپورٹ "شریعیہ بورڈ رپورٹ" کا باجا مواہ اردو ترجمہ ہے۔ اصل رپورٹ انگریزی میں ہے۔ انگریزی اور اردو متن میں اختلاف کی صورت میں انگریزی متن کا اعتبار کیا جائے گا۔

پراکسی فارم

میں اہم _____
رہائشی _____
فیصل بینک لمیٹڈ کے ممبر (ز) کی حیثیت سے رجسٹرڈ فلیو نمبر / پارٹی سپنٹ شناختی نمبر اسی ڈی سی سب اکاؤنٹ نمبر کے مطابق _____
عمومی شیئرز کے مالک ہیں اور بذریعہ ہذا _____
فلیو نمبر / پارٹی سپنٹ شناختی نمبر اسی 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 اہارے پراکسی کے طور پر میری اہماری غیر موجودگی میں
بینک کے 28 مارچ، 2019 کو منعقد ہونے والے سالانہ اجلاس عام میں میری اہماری جانب سے شرکت کرنے اور ووٹ دینے کے اہل ہوں گے۔

دستخط _____

دستخط کی تاریخ _____

گواہ

1- _____

2- _____

پانچ روپے کارپوریشن اسٹامپ چسپاں کریں

ممبر (ز) کے دستخط

نوٹ:

- 1- بینک کے شیئرز انسٹرکٹس 22 مارچ، 2019 سے 28 مارچ، 2019 تک (بشمول دونوں دن) بند رہیں گی۔ بینک کے شیئرز رجسٹرار کو 21 مارچ، 2019 کو کاروبار کے اختتام تک موصول ہونے والے لٹرانسفر کو 28 مارچ، 2019 کو کراچی میں منعقد ہونے والے سالانہ اجلاس عام کے لیے بروقت قرار دیا جائے گا۔
- 2- اجلاس میں شرکت اور ووٹ دینے کا اہل ممبر کسی دوسرے ممبر کو اپنی جگہ شرکت کرنے اور ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے جبکہ کسی ادارے کی جانب سے مقرر کردہ پراکسی کا ممبر ہونا لازمی نہیں ہے، لیکن اس کے پاس ادارے کی جانب سے تقرری کا ثبوت ہونا چاہیے۔ پراکسی لازمی طور پر اجلاس سے کم از کم 48 گھنٹے قبل بینک کے رجسٹرڈ آفس میں وصول ہونی چاہئیں۔

3- ممبرز اپنے پتے کی تبدیلی سے متعلق اطلاع بینک کے سینئر رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان 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 ایکسچینج کمیشن آف پاکستان کے 26 جنوری، 2000 کو جاری شدہ سرکلر 1 میں دی گئی رہنما ہدایات پر عمل کریں۔

A- اجلاس میں شرکت کے لیے:

- (i) انفرادی ممبرز کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ آدمی جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات قواعد کے مطابق اپ لوڈ ہو چکی ہیں، انہیں اپنی شناخت کے لیے اجلاس میں شرکت کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرنا پڑے گا۔
- (ii) کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد اور آف انارنی (اگر پہلے فراہم نہیں کیا گیا ہے) نامزد کرنے والے کے مجاز دستخط کے ساتھ پیش کرنا ہوگا۔

B- پراکسیز کی تقرری کے لیے:

- (i) انفرادی ممبرز کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ آدمی جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات قواعد کے مطابق اپ لوڈ ہو چکی ہیں، انہیں 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) کارپوریٹ ادارے کی صورت میں، کمپنی کے پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد اور آف انارنی (اگر پہلے فراہم نہیں کیا گیا ہے) مجاز دستخط شدہ منسلک ہوگا۔

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