



faysabank

بجائز عمل

ANNUAL
REPORT
2016

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Jazba-e-Amal

The passion we had when we started has escalated manifold. We have a strong conviction of making ourselves better and making you stronger. In this journey of excellence, we believe in moving ahead at a continuous pace. There is no single destiny for us, as we believe in acquiring one goal only to set another and achieve the next. Our achievements have been tremendous with your support and enhancing them is our resolve. We have been on this journey of ambition from the beginning and aim to take it ahead with the same spirit and passion.

In 2016, our ambitious resolve has left a footprint in more than 100 cities with 355 branches that have turned into our strength, helping us serve our customers better. The journey with you has been thriving and the passion to achieve more keeps on growing.

جذبہ عمل

جس جذبے اور محنت کے ساتھ ہم نے اپنے مقصد کو پروان چڑھایا وہ انتہائی قابل فخر ہے۔ ہمارا عزم ترقی کی منزلوں کو حاصل کرنا اور آپ کو مضبوط بنانا ہے۔ ترقی کے اس سفر میں ہم رکے نہیں، گھبرائے نہیں۔ ہمارا مقصد کسی ایک منزل کو حاصل کرنا نہیں بلکہ ہمارا مقصد ہر وہ منزل ہے جس سے نہ صرف ہم بلکہ آپ بھی ترقی اور بھروسے کی نئی منزلوں کو حاصل کر سکیں۔ آپ کے اس ہی بھروسے اور جذبے نے ہمیں حوصلہ دیا ہر بار کچھ بہتر کرنے کا۔ اور یہی جذبہ ہمارے لئے بنا "جذبہ عمل"۔

آج پاکستان بھر کے ۱۰۰ سے زیادہ شہروں میں ۳۵۵ برانچوں کے ساتھ ہماری موجودگی ہے۔ ہمارا یہ سفر آپ کے ساتھ، آپ کے لئے ہمیشہ چلتا رہے گا۔

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Chairman's Message

Assalam o Alaikum

In the year 2016, our primary focus was on the expansion of our franchise. We accomplished our ambitious goal of opening 75 Islamic Branches in 2016. This led to increasing our branches to more than 350 and increasing our presence in more than 100 cities. This level of expansion establishes our position as a strong market player in the banking industry. During the course of the year, along with the expansion, another key initiative was to introduce new innovative products and to tap un-served customer segments and penetrate the market effectively. A coherent effort was made to offer bundled products in order to diversify our portfolio offerings and create better customer experience. We initiated the groundwork to move towards a digitally savvy organisation which will translate into a straight through process for customer facilitation on the back of technological advancement. The initiatives of 2016 have not only impacted the business volumes and profitability but also set a strong foundation to offer increased value for our customers in the ensuing challenging macroeconomic environment which is bound to extend into 2017.

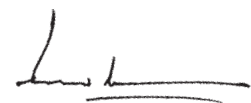
The hard work and results put in by the FBL Management and staff has been encouraging. We made progress in a number of areas and most importantly all business units worked in tandem to implement a number of key initiatives in the digital and operational arenas which supported the bank in meeting its business objectives during the year 2016. These also include special emphasis on continuous staff and field force trainings with a vision to effectively grow our Islamic franchise and a geared up team to improve customer experience which will be the major determinant of the Bank's growth. Furthermore, we built on our existing partnerships to enhance on product proposition thereby facilitating our customers and creating stronger Brand Equity and presence in the industry.

The beginning of the New Year brings its own set of challenges for the banking industry, which necessitates the strengthening of our business fundamentals to meet our growth strategy. While there will be a distinct pressure on revenue streams and profit margins for both Retail and Corporate banking, there are also silver linings in the form of the evolving macroeconomic landscape. With improved GDP growth rate and with the CPEC project moving towards implementation phase, it is critical that we ensure our readiness to make most of the growth opportunities that it offers.

We need to continue our focus on customer experience par excellence and an enhanced product suite to cater to all customers' needs, with further concentration on our core Liability products, strengthening our lending propositions of Consumer Finance, Commercial & SME, Wealth Management and Corporate Investment Banking supported by state-of-the-art Digital Banking services and acquisition. Our business engines are in full steam along with support functions to achieve business goals.

I am confident that our teams will stand strong in the face of the challenging environment and together deliver to the desired aspirations of our clients, employees, and shareholders.

I would like to acknowledge and convey the appreciation of the Board of Directors to the management and the staff of Faysal Bank.



Farooq Rahmatullah Khan
Chairman of the Board

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 modernisation
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 – PROFILES



Mr. Farooq Rahmatullah Khan

Chairman

Farooq Rahmatullah Khan 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-years 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
- Chairman of Pakistan Refinery Limited
- Founding Member of Pakistan Human Development Fund
- Member of the Economic Advisory Council, Ministry of Finance, Government of Pakistan
- Member of National Commission of Government Reforms

- Director on the Boards of PCB, PIA and Pakistan Stone Development Company

He is serving on the Board of Directors of:

- Faysal Bank Limited
- Society for Sustainable Development
- Resource Development Committee of Aga Khan University Hospital
- Pakistan Refinery Limited - Chairman of the Board
- 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

Ahmed Abdulrahim holds an MBA from the University of Glamorgan, Wales (UK), and is an Associate Financial Accountant from the Institute of Financial Accountants, London (UK). 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 Bank B.S.C. He started his career with Aluminium Bahrain for five years followed by one year with Chase Manhattan Bank where he was Head of Financial Control. He then joined National Bank of Bahrain where he served for 28 years in various executive levels and in different capacities, including Manager Foreign Exchange and Funding, Chief Internal Auditor and Assistant General Manager of Corporate Services Group.

Ahmed Abdulrahim held the dual roles of Deputy Chief Executive Officer at Shamil Bank and Chief Operating Officer at Ithmaar Bank for approximately four years. Following the reorganisation of Shamil

BOARD OF DIRECTORS – PROFILES

Bank and Ithmaar Bank in 2010, he took charge of the Retail Banking Group as General Manager of Ithmaar Bank. He currently serves as a board member for The Benefit Company B.S.C. and Injaz Bahrain, and Vice Chairman of Bahrain Association of Banks.



Mr. Nauman Ansari

President & Chief Executive Officer

Nauman Ansari is the President & Chief Executive Officer of Faysal Bank Limited since 2014. Besides CEO of Faysal Bank Limited, he is Chairman of Faysal Asset Management Limited, Member of Managing Committee of Overseas Investors Chamber of Commerce and Industry (OICCI) and Executive Member / Chairman of the Consumer Committee for Pakistan Banking Association (PBA). Nauman holds a degree in Bachelors of Science in Business Administration from Miami University, Oxford, Ohio, 1993.

With over 23 years of rich Credit, Corporate and Investment Banking experience, Nauman started his career with Standard Chartered Bank (Karachi) in 1993. During his vast versatile banking career, he has been associated with Bank of America and ABN Amro Bank where he held a number of senior positions including Head of Financial Institutions, Public Sector, Corporate Finance and Unit Head Credit Portfolio Management. In 2004, he took up the task of leading ABN Amro Bank as Director Portfolio Strategy & Execution, Asia Pacific in Hong Kong. Later he joined Fortis Bank in Dubai in 2006 as Executive Director & Head of Institutional Banking - Middle East & Pakistan.

In 2007, Nauman took charge of Samba Bank Limited (formerly known as Crescent Commercial Bank) as Senior Executive Vice President & Head of Corporate Banking. He joined Faysal Bank Limited as Senior Executive Vice President and Head of Corporate and Investment Banking in 2008, thereafter serving for 5 years, he has been entrusted the position of the President & CEO of Faysal Bank Limited.



Mian Mohammad Younis Director

Mian Mohammad Younis possesses 37 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 (CEO) of Khushal Pakistan Fund Limited.

He established new ventures in Financial & Public Sector entities through mergers, 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 Companies (NBFCs) 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 the State Bank of Pakistan 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 Cooperatives (FBC) and Agriculture Marketing and Storage Limited (AMSL) as liquidator.

As he served in Public Sector for long time, he gained vast experience in HR management through formulation of HR policies, and their implementation, 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)

BOARD OF DIRECTORS – PROFILES

and Finance Division. 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 & 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, in his capacity as Additional Finance Secretary Inter Govt Finance (IGF).

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 Recruitment, Nomination & Remuneration 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 certified expert in Corporate Governance & Leadership Skills from Pakistan Institute of Corporate Governance (PICG) and has attended a number of workshops and seminars on Anti-Money Laundering & Corporate Governance.

Mr. Imtiaz Ahmad Pervez



Director

Imtiaz Ahmad Pervez has more than 35 years of banking experience. He was on the Board of Ithmaar Bank BSC, Bahrain till December 2016. He was Director of the Al Baraka Bank Pakistan Limited from which he resigned in March 2012. 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 CEO of Al Faysal Investment Bank Limited Pakistan in the year 1990.

He holds a B.A. degree from the University of Punjab, Pakistan and is a Fellow of the Institute of Islamic Banking & Insurance, London.



Mr. Juma Hasan Ali Abul

Director

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 Bachelors Degree in Accounting, Cairo (1980).

Key Positions Held:

- Executive General Manager, Ithmaar Bank BSC, Bahrain (2010 - 2013).
- General Manager MFAI (Jersey) (2000-2010) and (2013 - Now), 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 Limited, Pakistan; CITIC International Asset Management Limited, Hong Kong; United Bank of Albania (until 2011); Gulf Co. for Financial Investments, 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 Rose, London (now Deloitte), and Peat Marwick Mitchell Bahrain (now KPMG) – Chartered Accountants
- Lead restructuring of Group institutions as well as major Mergers & Acquisitions.

BOARD OF DIRECTORS – PROFILES



Mr. Abdulelah Ebrahim AlQasimi

Director

Al-Qasimi has more than 31 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 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 Ithmar Holding, Ithmaar Bank, IB Capital, Solidarity Group Holding, Saudi Solidarity Takaful Co. Al Ahlia Insurance Co. Naseej BSC, Faysal Bank Limited (Pakistan) and a member of the Board of Trustees of Arabian Pearl Gulf School.

He 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.

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.

He 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.



Mr. Abdulla Abdulaziz Ali Taleb

Director

Abdulla Taleb has more than 16 years of experience in banking and currently he is heading the

Commercial and Financial Institutions Department of Ithmaar Bank, Bahrain. Besides that, he has a strong work experience in a number of banking functions; including Islamic financial services,

COMPANY INFORMATION

AS OF DECEMBER 31, 2016

Board of Directors

Mr. Farooq Rahmatullah Khan

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery

Mr. Nauman Ansari

Mian Muhammad Younis

Mr. Imtiaz Ahmad Pervez

Mr. Juma Hasan Ali Abul

Mr. Abdulelah Ebrahim Mohamed AlQasimi

Mr. Abdulla Abdulaziz Ali Taleb

Chairman / Independent Director

Vice Chairman / Non-Executive Director

President & CEO

Independent Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Board Audit & Corporate Governance Committee

Mian Muhammad Younis

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery

Mr. Juma Hasan Ali Abul

Chairman

Member

Member

Board Risk Management Committee

Mr. Imtiaz Ahmad Pervez

Mr. Abdulelah Ebrahim Mohamed AlQasimi

Mr. Abdulla Abdulaziz Ali Taleb

Mr. Nauman Ansari

Chairman

Member

Member

Member

Recruitment, Nomination and Remuneration Committee

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery

Mr. Juma Hasan Ali Abul

Mian Muhammad Younis

Mr. Farooq Rahmatullah Khan

Mr. Nauman Ansari

Chairman

Member

Member

Member

Member

COMPANY INFORMATION

AS OF DECEMBER 31, 2016

Board Strategic Planning and Business Transformation Committee

Mr. Farooq Rahmatullah Khan
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Mr. Juma Hasan Ali Abul
Mr. Nauman Ansari

Chairman
Member
Member
Member

Syed Majid Ali

Chief Financial Officer

Mr. Aurangzeb Amin

Company Secretary & Head of Legal

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

Auditors

M/s. Mohsin Tayebaly & Co. Advocate

Legal Advisors

Registered Office

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

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

Share Registrar

M/s. Central Depository Company of
Pakistan Limited
(Share Registrar Department)
CDC House, 99-B, Block-B,
SMCHS, Main Shahrah-e-Faisal,
Karachi-74400

Tel: (92-21) 111-111-500
Fax: (92-21) 34326053
Email: info@cdcpak.com

ATTENDANCE OF BOARD OF DIRECTORS

MEETINGS DURING THE YEAR 2016

ATTENDED BY / MEETING DATE	18-01-16	25-02-16	27-04-16	25-08-16	27-10-16	21-12-16
Farooq Rahmatullah Khan	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓
Nauman Ansari	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓
Imtiaz Ahmad Pervez	✓	✓	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	—	—	Co-opted on March 28, 2016 ✓	✓	✓	✓

ATTENDANCE OF BOARD AUDIT & CORPORATE GOVERNANCE COMMITTEE

MEETINGS DURING THE YEAR 2016

ATTENDED BY / MEETING DATE	24-02-16	26-04-16	30-05-16	24-08-16	26-10-16
Mian Muhammad Younis	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓

ATTENDANCE OF BOARD RISK MANAGEMENT COMMITTEE

MEETINGS DURING THE YEAR 2016

ATTENDED BY / MEETING DATE	24-02-16	26-04-16	24-08-16	26-10-16
Imtiaz Ahmad Pervez	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓
Nauman Ansari	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	—	Appointed on March 28, 2016 ✓	✓	✓

ATTENDANCE OF RECRUITMENT, NOMINATION AND REMUNERATION COMMITTEE

MEETINGS DURING THE YEAR 2016

ATTENDED BY / MEETING DATE	24-02-16	10-03-16	25-04-16	30-05-16	23-08-16	25-10-16	21-11-16	21-12-16
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	Leave of Absence	✓	✓	✓	✓	✓
Farooq Rahmatullah Khan	✓	✓	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓	✓	✓
Nauman Ansari	✓	✓	✓	Leave of Absence	✓	✓	✓	✓

ATTENDANCE OF BOARD STRATEGIC PLANNING AND BUSINESS TRANSFORMATION COMMITTEE

MEETINGS DURING THE YEAR 2016

ATTENDED BY / MEETING DATE	24-02-16	25-04-16	30-05-16	23-08-16	26-10-16	08-12-16
Farooq Rahmatullah Khan	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	Leave of Absence	✓	✓	✓	✓
Nauman Ansari	✓	✓	Leave of Absence	✓	✓	✓

SENIOR MANAGEMENT – PROFILES



Mr. Nauman Ansari

President & Chief Executive Officer

Nauman Ansari is the President & Chief Executive Officer of Faysal Bank Limited since 2014.

Besides CEO of Faysal Bank Limited, he is Chairman of Faysal Asset Management Limited, Member of Managing Committee of Overseas Investors Chamber of Commerce and Industry (OICCI) and Executive Member / Chairman of the Consumer Committee for Pakistan Banking Association (PBA). Nauman holds a degree in Bachelors of Science in Business Administration from Miami University, Oxford, Ohio, 1993.

With over 23 years of rich Credit, Corporate and Investment Banking experience, Nauman started his career with Standard Chartered Bank (Karachi) in 1993. During his vast versatile banking career, he has been associated with Bank of America and ABN Amro Bank where he held a number of senior positions including Head of Financial Institutions, Public Sector, Corporate Finance and Unit Head Credit Portfolio Management. In 2004, he took up the task of leading ABN Amro Bank as Director Portfolio Strategy & Execution, Asia Pacific in Hong Kong. Later he joined Fortis Bank in Dubai in 2006 as Executive Director & Head of Institutional Banking - Middle East & Pakistan.

In 2007, Nauman took charge of Samba Bank Limited (formerly known as Crescent Commercial Bank) as Senior Executive Vice President & Head of Corporate Banking. He joined Faysal Bank Limited as Senior Executive Vice President and Head of Corporate and Investment Banking in 2008, thereafter serving for 5 years, he has been entrusted the position of the President & CEO of Faysal Bank Limited.



Mr. Salman Ahmed Usmani

Head Treasury & ECM

Salman Ahmed Usmani has an extensive experience of over 28

years in both the multinational and local banking sector, with expertise in Treasury and Risk Management, Asset and Liability Management, Strategic Planning, Corporate Restructuring, Strategic Negotiations, Acquisitions and Strategic Alliances and International Operations. 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 organisations such as ANZ Grindlays, American Express, Bank of America, Mashreq Bank and United Bank Limited.



Syed Majid Ali

Chief Financial Officer

Syed Majid Ali has over 27 years of diversified experience, progressively responsible in the Accounts and Finance disciplines

of banking with exposure in IT and HR activities. He has been associated as CFO with Emirates Bank International and Saudi Pak Commercial Bank, as well as KPMG as a partner. Majid is a fellow member of the Institute of Chartered Accountants of Pakistan.



Mr. Yousaf Hussain

Chief Risk Officer

Yousaf Hussain has over 22 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 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. Yousaf has a Bachelor of Science degree in Electrical Engineering and has done his MBA from the Lahore University of Management Sciences.

SENIOR MANAGEMENT – PROFILES



Mr. Khurram Gul Agha
Head Information Technology
& Transaction Banking

Khurram Gul Agha's career spans over 22 years, during which, he has held key roles in IT, Operations and Transaction Banking in both financial and non-financial sectors. Prior to joining Faysal Bank, Khurram has been associated with TCS (Pvt) Limited, Citibank, UBL, First Data and NIB Bank. His last assignment was Group Head Operations & IT at NIB Bank. Khurram holds a Bachelor of Science degree in Computer Science and Mathematics from State University of New York at Binghamton.



Mr. Bilal Asghar
Head Corporate &
Investment Banking

Bilal Asghar possesses over 21 years of multi-functional experience in the field of Corporate and Investment Banking, Islamic Banking, Special Assets and Credit / Risk Management. Bilal holds a Bachelor of Science degree in Business Administration from University of Southern California, Los Angeles. Bilal is also a Certified Director from the Center of Executive Education, Institute of Business Administration duly approved by the SECP.



Mr. Nasir Islam
Head Internal Audit

Nasir Islam is a qualified Chartered Accountant with over 24 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.



Mr. Fouad Farrukh
Head Retail Banking

Fouad Farrukh brings with him a rich and broad-based experience of over 21 years, working in large banks, both in Pakistan and in the Middle East. He joined FBL as Head Islamic Banking in 2010 and was instrumental in expansion of Islamic Business before being given responsibility of the Head Retail Banking. After completing his BS Finance from the University of Maryland (USA) and MBA from Lahore University of Management Sciences, Fouad Farrukh started his career with Faysal Bank as a Corporate Relationship Manager in 1996. He has previously worked as Gulf Risk Manager, Habib Bank Limited Dubai, and as the Country Head, Habib Bank Limited Bahrain, before joining BMI Bank B.S.C.(c) Bahrain as Head, Islamic Financial Services. Fouad is a certified Islamic Banking Professional from NIBAF.



Muhammad Merajuddin Ahmed
Head Human Resources

Muhammad Merajuddin Ahmed has over 19 years of experience in the healthcare sector prior to joining Faysal Bank in 2015. During the course of his career, he has held senior roles in different organisations, such as Aga Khan University, Merck Sharp & Dohme of Pakistan. His last assignment was Head Human Resources at Novartis Pharma Pakistan Limited and Talent Management Lead Asia Cluster for Novartis. He was also the member Board of Directors, Novartis Pharma Pakistan Limited. Meraj is an MBA from the Institute of Business Administration.

SENIOR MANAGEMENT – PROFILES



Mohammed Zahid Ahmed
Head Strategy

Mohammed Zahid Ahmed brings with him over 20 years of experience in both the financial and non-financial sectors where he has held leadership roles in Finance and Strategy. Prior to joining Faysal Bank, Zahid has been associated with organisations such as Allergan Pharmaceuticals Inc., Pak Kuwait Investment Company, and ABN Amro Bank, Dubai Islamic Bank, GIGA Group of Companies, Silk Bank and Meezan Bank. His last assignment was Head of Business Analytics, Strategy & Internal Control at Meezan Bank. Zahid is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan.



Mr. Raheel Ijaz
Head Compliance

Raheel Ijaz has more than 37 years of work experience. Before assuming this position, he accumulated 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 Advisor Business Development & Regulatory Affairs. Raheel holds an MBA degree from Quaid-e-Azam International University.



Mr. Abadullah
Head Operations

Abadullah brings with him over 31 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.



Mr. Hasan Junaid Nasir
Head Islamic Banking

Hasan Junaid Nasir has more than 16 years of work experience with exposure in Treasury, Finance, Information Technology, Product Development and Islamic Banking. He joined Faysal Bank in 2009. He holds a Master of Business Administration degree from College of Business Management along with ACCA and Post Graduate Diploma in Islamic Banking and Takaful. He is also certified from NIBAF in Islamic Banking.



Muhammad Aurangzeb Amin
Company Secretary & Head Legal

Aurangzeb Amin brings with him over 21 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 Master of Laws degree from Temple University, USA.

SHARIAH BOARD – PROFILES

Mufti Mohib ul Haq

Chairman - Shariah Board

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 (Specialisation in Islamic Jurisprudence and Fatwa) from the esteemed Jamia Darul Uloom, Karachi.

Mufti Mohib ul Haq has been associated with Faysal Barkat Islamic Banking since 2011 as the Shariah Advisor prior to his appointment as the Chairman of Shariah Board. Previously, he has served as the Shariah Advisor / Shariah Board Member at various Financial Institutions which include:

- Bank Al Habib Limited
- Takaful Pakistan Limited
- Royal Bank of Scotland Berhad, Malaysia

He has over 13 years of teaching experience at renowned institutions and is also a Faculty Member / Visiting Faculty Member of various well known institutions such as:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics
- National Institute of Banking and Finance – SBP
- Institute of Cost and Management Accountants of Pakistan

Dr. Mufti Khalil Ahmad Aazami

Shariah Board Member

Dr. Mufti Khalil Ahmad Aazami is a renowned Shariah Scholar in the Islamic Banking industry. Dr. Aazami has graduated from Jamia Darul Uloom, Karachi. He obtained his Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Al-Takhassus fil Ifta (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi. Dr. Aazami holds a Doctorate degree in “Islamic Jurisprudence” from the Karachi University.

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 and Faysal Bank Limited.

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 18 years of research experience related to Islamic Finance and other Shariah related subjects. He is an author of numerous publications. He is also an experienced lecturer and trainer in the field of Islamic Finance, Economics, Fiqh, Islamic Financial Laws and General Islamic Science at various institutions which include:

SHARIAH BOARD – PROFILES

- Jamia Darul Uloom, Karachi since 1999
- Centre for Islamic Economics, Karachi
- National Institute of Banking and Finance - SBP
- Sheikh Zaid Islamic Research Centre - University of Karachi
- IBA CEIF

Mufti Khawaja Noor ul Hassan

Resident Shariah Board Member

Mufti Hassan has 12 years of professional experience including 9 years extensive experience in Shariah Compliance and Governance, Product Development and Research, Credit / Financing appraisal and administration. Prior to joining Faysal Bank Limited, he was associated with prestigious Islamic Financial Institutions like Meezan Bank Limited and Al Baraka Bank (formerly Emirates Global Islamic Bank). His past experience also includes working as an Assistant Company Secretary for a number of public and private limited companies.

Mufti Khawaja Noor ul Hassan possesses both contemporary as well as religious academic qualifications. He has obtained the Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Takhassus fil Ifta (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Farooqia and Jamia Darul Uloom, Taleem ul Quran, Karachi. Additionally, he holds a Bachelor's Degree in Law (LLB), a Master's Degree in Islamic Studies and a Master's degree in Islamic History from University of Karachi and Federal Urdu University respectively.

SENIOR MANAGEMENT AND INTERNAL COMMITTEES

Senior Management

Nauman Ansari
President & Chief Executive Officer

Salman Ahmed Usmani
Head Treasury & ECM

Syed Majid Ali
Chief Financial Officer

Yousaf Hussain
Chief Risk Officer

Khurram Gul Agha
Head IT & Transaction Banking

Nasir Islam
Head Internal Audit

Muhammad Merajuddin Ahmed
Head Human Resources

Bilal Asghar
Head Corporate & Investment Banking

Fouad Farrukh
Head Retail Banking

Mohammed Zahid Ahmed
Head Strategy

Raheel Ijaz
Head Compliance

Abadullah
Head Operations

Hasan Junaid Nasir
Head Islamic Banking

Muhammad Aurangzeb Amin
Company Secretary & Head Legal

Management Committee

Nauman Ansari
Chairman

Syed Majid Ali
Member & Secretary

Salman Ahmed Usmani
Member

Yousaf Hussain
Member

Khurram Gul Agha
Member

Muhammad Merajuddin Ahmed
Member

Bilal Asghar
Member

Fouad Farrukh
Member

Raheel Ijaz
Member

Mohammed Zahid Ahmed
Member

Abadullah
Member

Asset & Liability Committee

Nauman Ansari
Chairman

Salman Ahmed Usmani
Member & Secretary

Syed Majid Ali
Member

Yousaf Hussain
Member

Khurram Gul Agha
Member

Bilal Asghar
Member

Fouad Farrukh
Member

Mohammed Zahid Ahmed
Member

Syed Muhammad Fraz Zaidi
Member

SENIOR MANAGEMENT AND INTERNAL COMMITTEES

Compliance Committee

Nauman Ansari
Chairman

Raheel Ijaz
Member & Secretary

Syed Majid Ali
Member

Yousaf Hussain
Member

Nasir Islam
Member

Mohammed Zahid Ahmed
Member

Abadullah
Member

IT Steering Committee

Nauman Ansari
Chairman

Khurram Gul Agha
Member & Secretary

Syed Majid Ali
Member

Yousaf Hussain
Member

Bilal Asghar
Member

Fouad Farrukh
Member

Mohammed Zahid Ahmed
Member

Raheel Ijaz
Member

Abadullah
Member

Iqbal Ahmad
Member

Investment Committee

Nauman Ansari
Chairman

Salman Ahmed Usmani
Member & Secretary

Syed Majid Ali
Member

Yousaf Hussain
Member

Bilal Asghar
Member

Syed Muhammad Fraz Zaidi
Member

SENIOR MANAGEMENT AND INTERNAL COMMITTEES

Enterprise Risk Management Committee

Nauman Ansari
Chairman

Syed Muhammad Fraz Zaidi
Member & Secretary

Salman Ahmed Usmani
Member

Syed Majid Ali
Member

Yousaf Hussain
Member

Bilal Asghar
Member

Fouad Farrukh
Member

Raheel Ijaz
Member

Abadullah
Member

Country Credit Committee

Nauman Ansari
Chairman

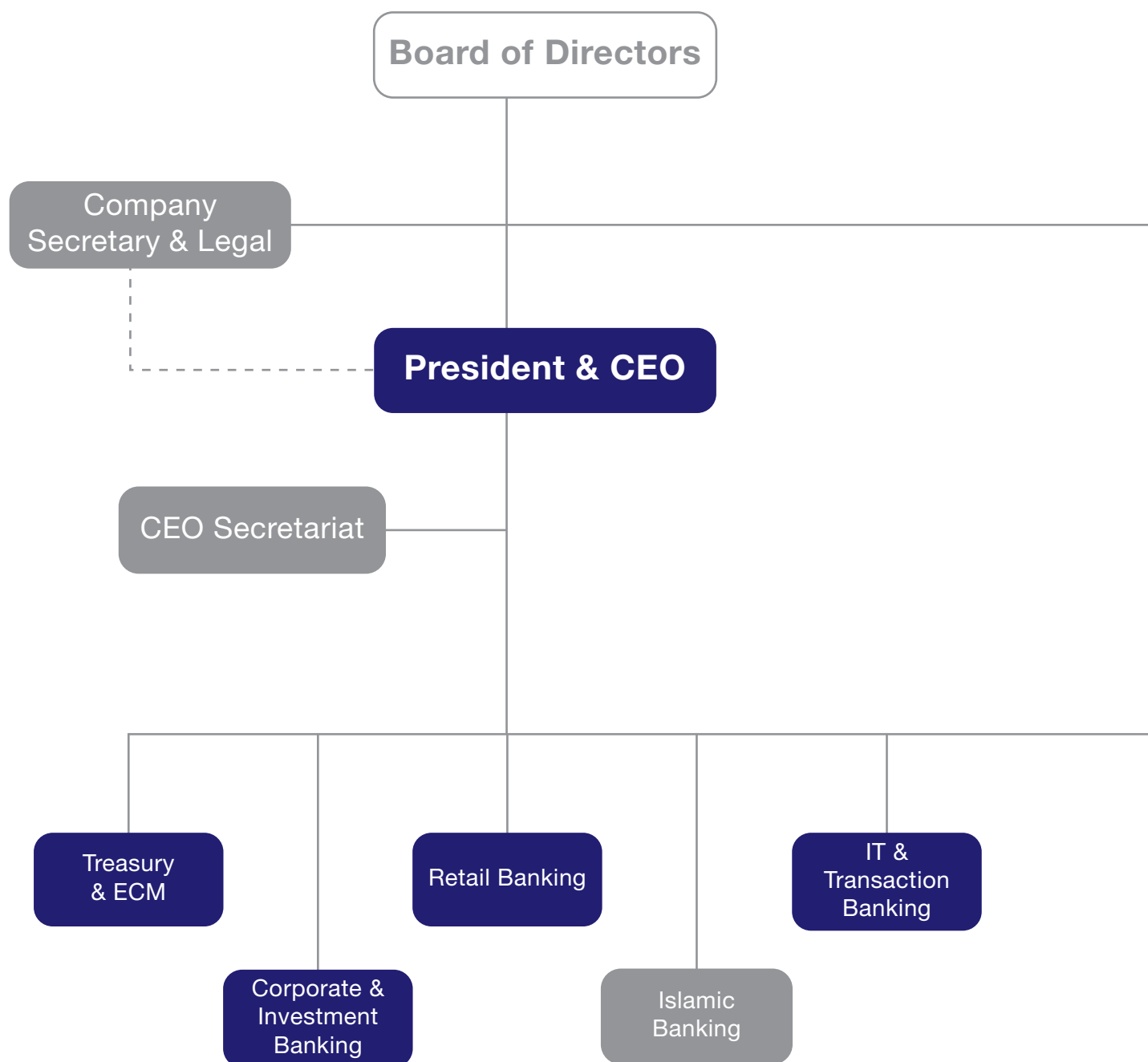
Yousaf Hussain
Member

Bilal Asghar
Member

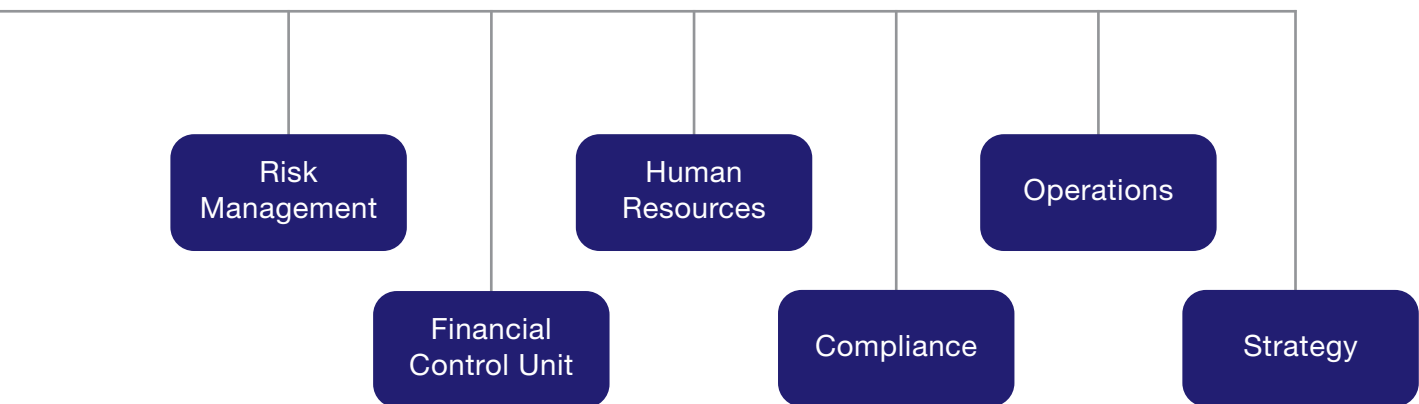
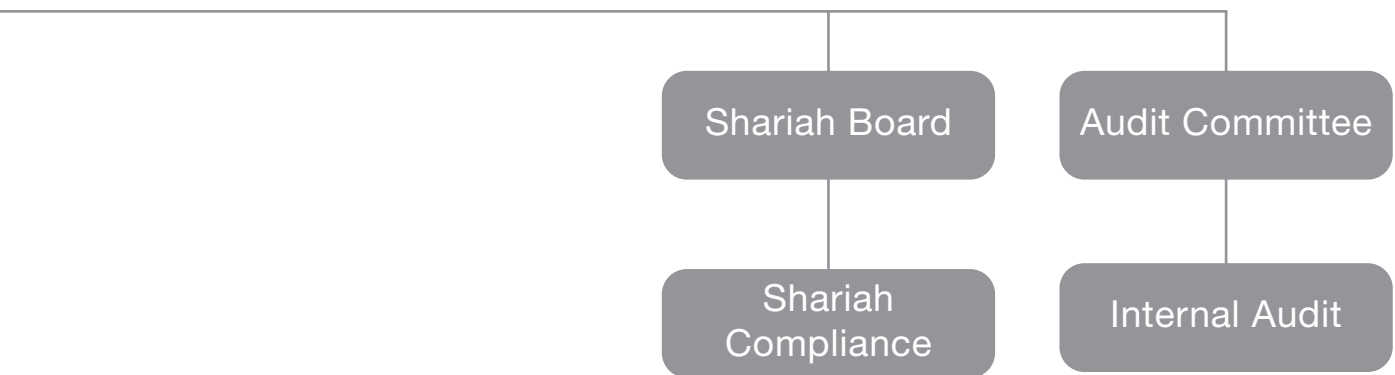
Fouad Farrukh
Member

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ORGANISATIONAL STRUCTURE



■ "Blue positions" are Country MT positions.



SIX YEARS FINANCIAL SUMMARY

	2016	2015	2014	2013	2012	2011
OPERATIONAL RESULTS (Rupees in Million)						
Mark-up / return / interest earned	26,201	32,313	32,313	27,790	28,802	28,825
Mark-up / return / interest expensed	14,134	18,358	18,480	16,945	19,839	19,619
Fee, commission, brokerage, FX income and other income	4,399	3,507	3,731	3,740	3,635	3,708
Dividend and capital gains	2,369	2,057	643	786	1,646	363
Total income	18,834	19,519	18,207	15,371	14,245	13,277
Provisions / Write-offs	564	1,426	2,359	2,116	1,401	695
Operating expenses	11,590	11,166	12,295	11,101	11,004	11,103
Operating profit before tax and provision	7,223	8,346	5,911	4,277	3,236	2,173
Profit before taxation	6,659	6,920	3,552	2,161	1,835	1,478
Profit after taxation	4,302	4,222	2,477	1,850	1,420	1,280
Cash dividend	% -	10.0	-	-	-	-
Bonus shares	% 10.0	-	15.0	12.5	12.5	12.5

BALANCE SHEET (Rupees in Million)						
Shareholders' equity	29,142	26,059	21,832	20,588	18,788	17,808
Revaluation reserves	5,867	4,294	4,470	1,578	2,249	1,420
Deposits	340,306	292,130	283,346	271,134	240,708	214,610
Borrowings from financial institutions	52,806	90,565	60,927	45,447	35,568	39,697
Advances - net of provision	204,831	181,090	182,656	184,190	172,299	148,162
Investments - net of provision	170,210	195,516	155,211	113,319	88,019	93,439
Total assets	444,465	430,073	388,126	355,280	313,123	292,583

CASHFLOWS (Rupees in Million)						
Operating activities	(4,856)	67,214	13,479	28,733	(4,809)	5,912
Investing activities	19,065	(61,543)	(20,929)	(25,110)	7,692	(5,842)
Financing activities	(2,689)	(1)	(500)	(700)	(200)	(209)
Cash and cash equivalents at end of the year	37,856	26,336	20,666	28,617	25,694	23,011

OTHER KEY INFORMATION

Imports	Rs Mln	119,397	98,591	120,614	157,183	120,269	103,766
Exports	Rs Mln	80,838	53,150	59,719	88,128	83,525	69,033
Number of employees		3,611	3,141	3,036	3,610	3,465	3,435
Number of branches		355	280	274	269	265	257

PROFITABILITY RATIOS

Profit before tax ratio	%	25.42	21.42	10.99	7.78	6.37	5.13
Gross spread ratio	%	46.06	43.19	42.81	39.02	31.12	31.94
(Net mark up income / gross mark-up income)							
Return on capital employed	%	2.64	3.17	1.72	1.13	1.15	1.30
Return on average equity (ROE)	%	15.59	17.63	11.68	9.40	7.76	7.43
Return on average assets (ROA)	%	0.98	1.03	0.67	0.55	0.47	0.46
Income to expense ratio	Times	1.63	1.75	1.48	1.38	1.29	1.20

SIX YEARS FINANCIAL SUMMARY

		2016	2015	2014	2013	2012	2011
LIQUIDITY RATIOS							
Current ratio	Times	0.88	0.80	0.90	1.02	0.98	0.71
CASA to total deposits	%	67.12	67.25	65.66	64.90	60.93	54.50
Gross advances to deposit ratio (average)	%	68.85	71.30	73.77	77.21	78.26	77.26
Net advances to deposit ratio (average)	%	61.02	63.21	66.16	69.65	70.38	68.76
Non-performing loans to gross advances ratio	%	13.07	14.82	14.31	13.52	14.44	15.74
Specific provision to non-performing loans ratio	%	81.67	79.10	78.56	71.50	66.31	65.51

INVESTMENT / MARKET RATIOS

Price earning ratio	%	6.07	4.38	8.82	7.39	9.00	7.62
Earning per share (EPS) *	Rs.	3.59	3.52	2.06	1.54	1.18	1.07
Market value per share	Rs.	21.78	15.43	18.20	11.39	10.65	8.13
Market value per share - high	Rs.	24.50	20.07	19.25	12.50	14.12	15.95
Market value per share - low	Rs.	12.86	13.54	11.48	8.15	8.38	8.07
Book value per share - excluding surplus/ (deficit) on revaluation of assets	Rs.	24.29	21.72	20.93	19.73	20.26	21.60
Book value per share - excluding surplus on revaluation of fixed assets	Rs.	26.00	22.81	22.30	19.56	20.70	21.00
Book value per share - including surplus/ (deficit) on revaluation of assets	Rs.	29.18	25.30	25.21	21.25	22.68	23.33

CAPITAL STRUCTURE RATIOS

Capital adequacy ratio	%	14.62	14.41	12.22	11.29	10.69	10.65
Weighted average cost of deposit	%	3.55	4.27	5.33	5.24	6.60	7.04
Total assets turnover to fixed assets turnover ratio (Total assets / Fixed assets)	Times	36.70	37.92	33.62	34.66	28.83	26.97
Net assets per share	Rs.	29.18	25.30	25.21	21.25	22.68	23.33
Earning asset to total asset ratio	%	85.51	87.63	87.05	83.84	83.18	83.39

NET ASSETS MATURITY WISE (based on expected withdrawal pattern)

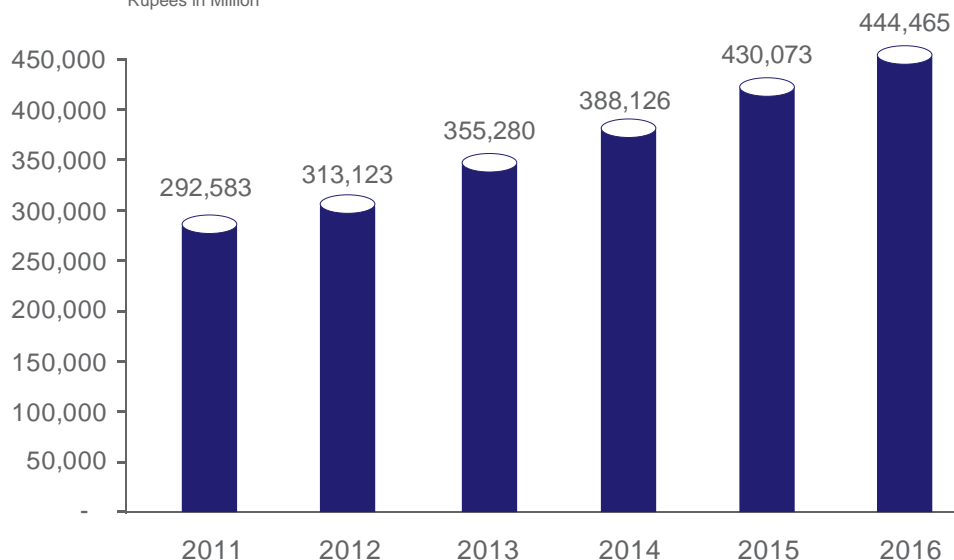
(Rupees in Million)

Upto one month	(33,399)	(85,534)	(60,796)	(16,197)	(28,485)	(28,640)
Over one month to three months	23,162	53,767	27,569	45,394	8,976	(3,212)
Over three months to six months	48,146	5,606	29,650	18,264	3,729	12,261
Over six months to one year	22,701	100,217	37,653	4,165	30,994	29,662
Over one year to two years	16,221	16,103	15,016	3,036	(2,525)	(17,458)
Over two years to three years	8,667	(1,738)	11,530	(5,978)	6,153	(139)
Over three years to five years	11,597	14,891	(10,065)	(14,836)	(5,183)	12,261
Over five years to ten years	(63,074)	(66,060)	(30,792)	(16,962)	(397)	4,736
Over ten years	987	4,940	6,538	5,281	7,774	9,743
Total net assets	35,008	42,192	26,303	22,167	21,037	19,214

TOTAL ASSETS AND SHAREHOLDERS' EQUITY

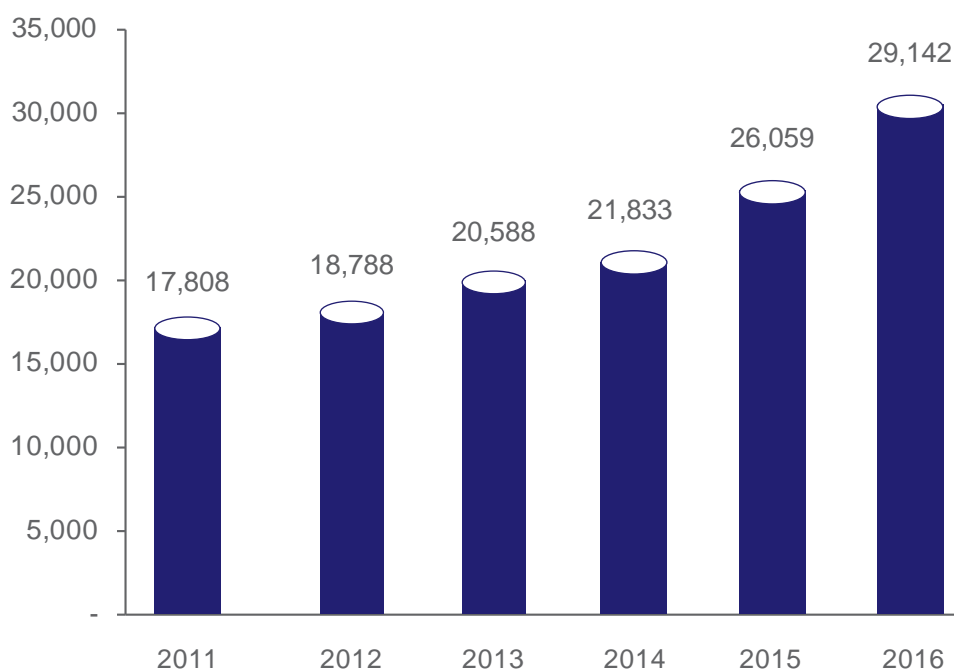
Total Assets

Rupees in Million



Shareholders' Equity

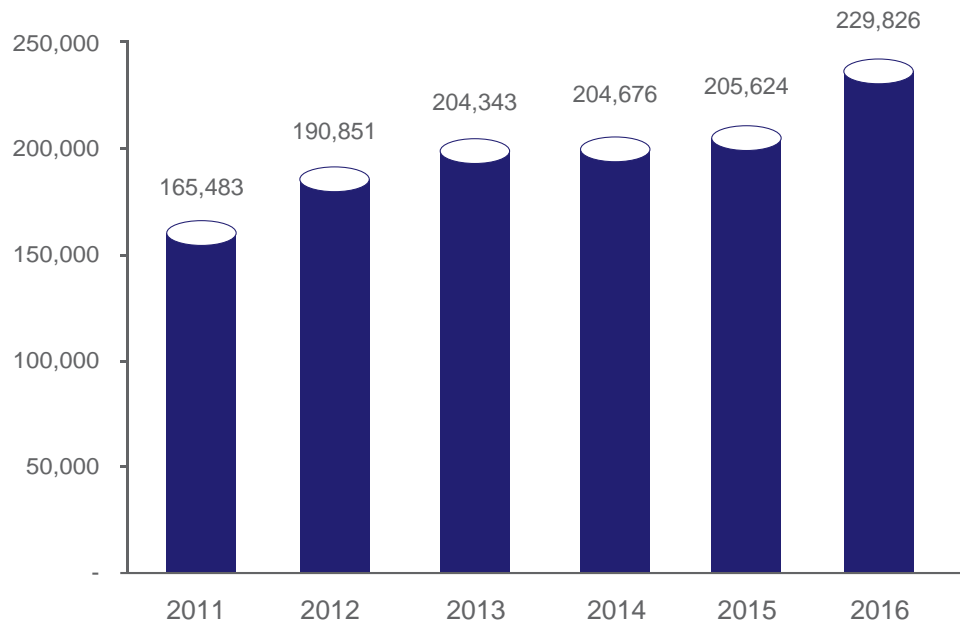
Rupees in Million



GROSS ADVANCES AND DEPOSITS

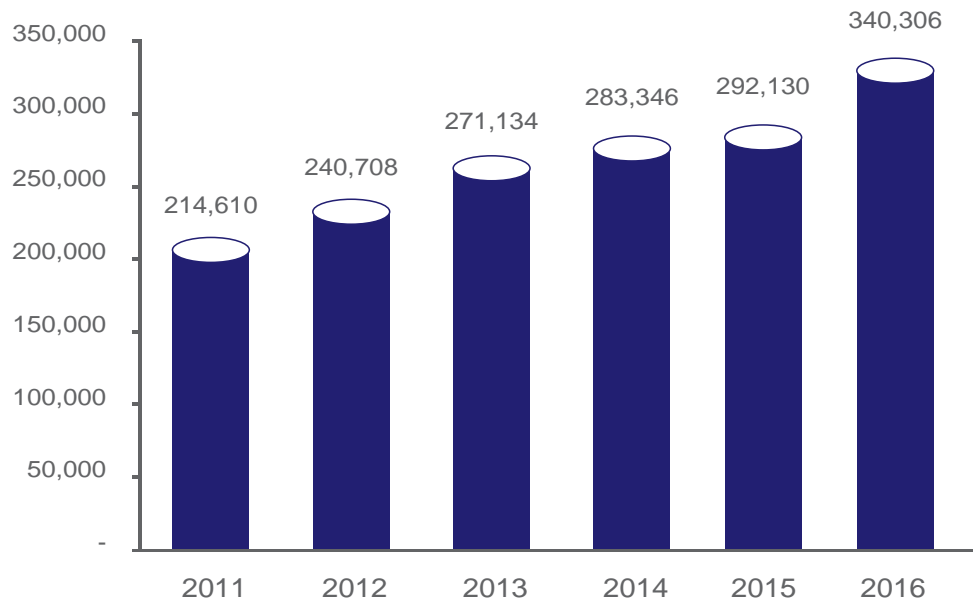
Gross Advances

Rupees in Million

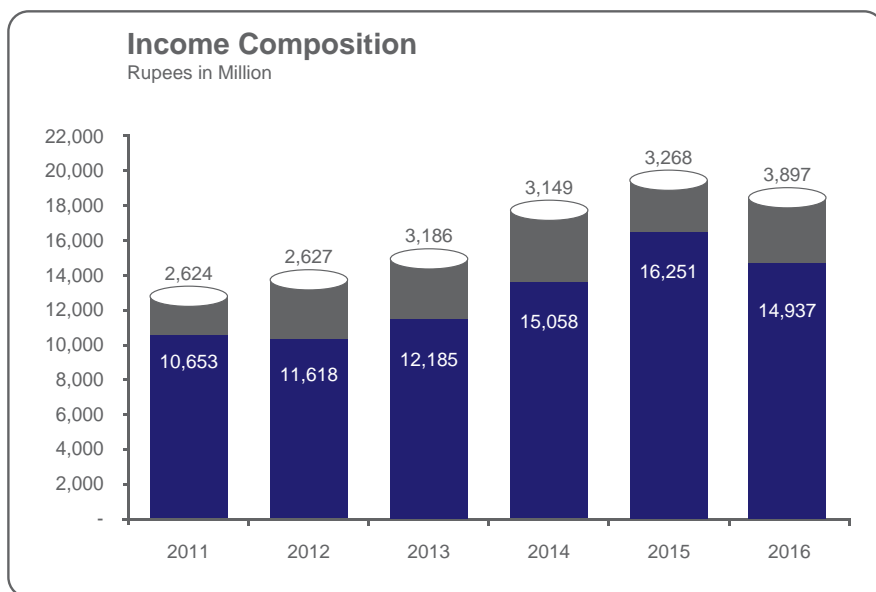


Deposits

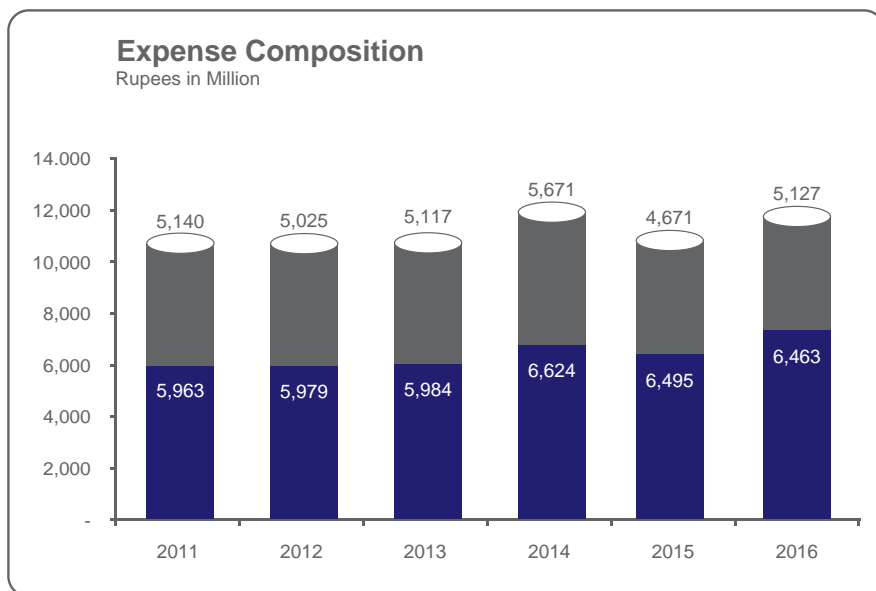
Rupees in Million



INCOME AND EXPENSE COMPOSITION



■ Fee, commission, brokerage & FX income
■ Fund based income

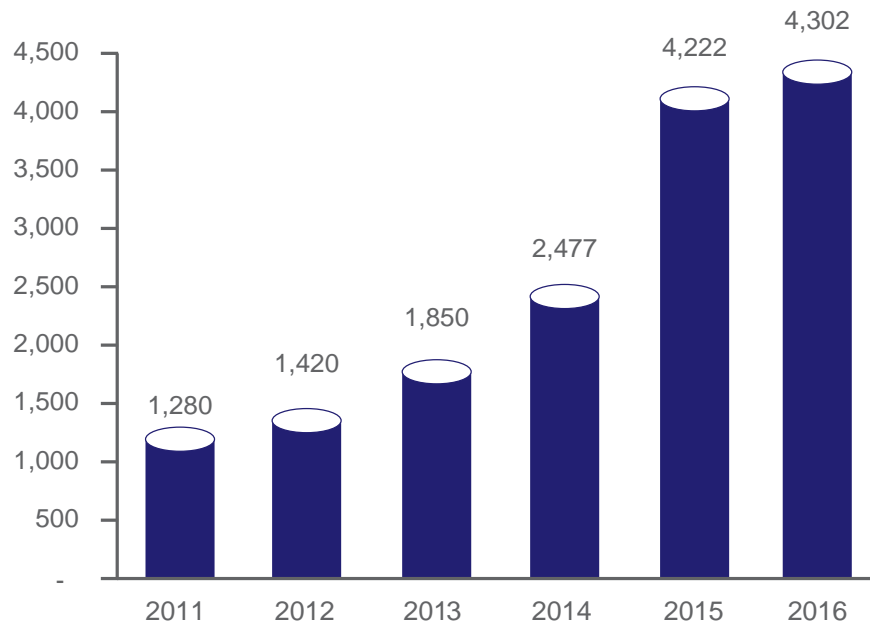


■ Employee Cost
■ Other Cost

PROFIT AFTER TAX AND EPS

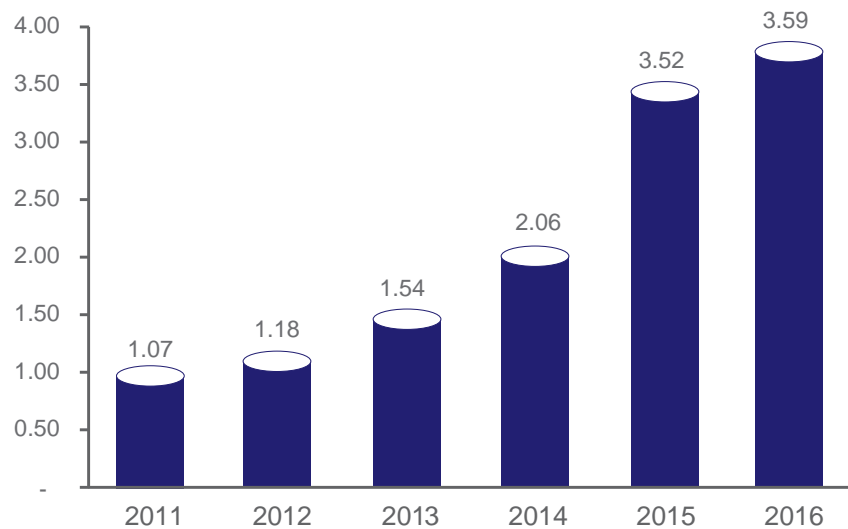
Profit after Tax

Rupees in Million



Earning Per Share

In Rupees



QUARTERLY PERFORMANCE 2016 AND 2015

STATEMENT OF FINANCIAL POSITION

	Rupees in Million							
	2016				2015			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
ASSETS								
Cash and balances with								
treasury banks	37,239	31,489	27,186	24,174	26,084	18,008	24,114	23,959
Balances with other banks	1,139	1,103	1,244	800	1,068	730	753	986
Lendings to financial institutions	5,000	-	397	2,491	250	5,128	7,820	1,200
Investments	170,210	149,660	205,646	156,784	195,516	198,499	201,217	170,838
Advances	204,831	180,730	195,295	180,641	181,090	179,715	186,143	176,722
Operating fixed assets	12,112	10,768	10,658	10,715	11,343	11,452	11,531	11,341
Deferred tax assets - net	2,264	2,451	3,034	3,172	3,087	2,727	2,964	2,587
Other assets	11,669	10,280	12,410	8,846	11,635	13,535	16,009	13,364
	444,464	386,481	455,870	387,623	430,073	429,794	450,551	400,997
LIABILITIES								
Bills payable	5,982	4,901	6,869	6,363	6,009	5,339	6,200	4,474
Borrowings	52,806	23,015	90,843	41,118	90,565	94,344	108,519	78,416
Deposits and other accounts	340,306	314,467	315,083	296,718	292,130	288,708	296,156	276,869
Sub-ordinated loans	1,497	2,246	2,246	2,994	2,994	2,995	2,995	2,995
Liabilities against assets subject to								
finance lease	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-
Other liabilities	8,864	8,685	8,570	9,861	8,022	8,748	8,483	10,246
	409,455	353,314	423,611	357,054	399,720	400,134	422,353	373,000
	35,009	33,167	32,259	30,569	30,353	29,660	28,198	27,997
REPRESENTED BY								
Share capital	11,998	11,998	11,998	11,998	11,998	11,998	11,998	10,433
Reserves	7,158	6,329	6,360	6,392	6,423	5,610	5,641	7,237
Unappropriated profit	9,986	10,262	9,319	7,844	7,638	7,534	6,726	6,031
	29,142	28,589	27,677	26,234	26,059	25,142	24,365	23,701
Surplus on revaluation of assets	5,867	4,578	4,582	4,335	4,294	4,518	3,833	4,296
	35,009	33,167	32,259	30,569	30,353	29,660	28,198	27,997
PROFIT AND LOSS ACCOUNT								
Mark-up / return / interest earned	6,641	6,279	6,513	6,768	7,719	8,057	8,103	8,433
Mark-up / return / interest expensed	3,474	3,441	3,597	3,623	4,383	4,660	4,647	4,668
Net mark-up / interest income	3,167	2,838	2,916	3,145	3,336	3,397	3,456	3,765
Provision and write offs	279	(156)	350	91	211	230	750	234
Non mark-up / interest income	1,156	1,295	2,636	1,681	1,034	907	1,483	2,141
Non mark-up / interest expenses	3,172	2,854	2,922	2,641	2,823	2,849	2,700	2,795
Share of (loss) / profit on associate	(12)	-	(3)	(7)	(2)	(3)	-	(3)
Profit before taxation	860	1,435	2,277	2,087	1,334	1,222	1,489	2,874
Taxation charge / (reversal)	306	505	816	730	474	428	801	994
Profit after taxation	554	930	1,461	1,357	860	794	688	1,880

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HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

	2016	2015	2014	2013	2012	2011	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011	
	Rupees in Million						Variance %					

ASSETS

Cash and balances with

treasury banks	37,239	26,084	20,286	28,422	24,509	18,445	43	29	(29)	16	33	6
Balances with other banks	1,139	1,068	1,423	1,012	1,209	4,686	7	(25)	41	(16)	(74)	(18)
Lendings to financial institutions	5,000	250	-	300	-	-	1,900	100	(100)	100	-	-
Investments	170,210	195,516	155,211	113,319	88,019	93,439	(13)	26	37	29	(6)	8
Advances	204,831	181,090	182,656	184,190	172,299	148,162	13	(1)	(1)	7	16	11
Operating fixed assets	12,112	11,343	11,543	10,251	10,860	10,850	7	(2)	13	(6)	-	24
Deferred tax assets - net	2,264	3,087	2,429	3,981	4,387	5,180	(27)	27	(39)	(9)	(15)	3
Other assets	11,669	11,635	14,579	13,804	11,839	11,821	-	(20)	6	17	-	15
	444,464	430,073	388,127	355,279	313,122	292,583	3	11	9	13	7	9

LIABILITIES

Bills payable	5,982	6,009	5,348	4,969	4,244	3,076	-	12	8	17	38	(4)
Borrowings	52,806	90,565	60,927	45,447	35,568	39,697	(42)	49	34	28	(10)	15
Deposits and other accounts	340,306	292,130	283,346	271,134	240,708	214,610	16	3	5	13	12	10
Sub-ordinated loans	1,497	2,994	2,995	3,495	4,195	4,395	(50)	-	(14)	(17)	(5)	(4)
Liabilities against assets subject												
to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,864	8,022	9,209	8,068	7,370	11,577	10	(13)	14	9	(36)	(11)
	409,455	399,720	361,825	333,113	292,085	273,355	2	10	9	14	7	9
	35,009	30,353	26,302	22,166	21,037	19,228	15	15	19	5	9	16

REPRESENTED BY

Share capital	11,998	11,998	10,433	10,433	9,274	8,243	-	15	-	12	13	12
Reserves	7,158	6,423	5,703	6,554	6,309	6,591	11	13	(13)	4	(4)	(10)
Unappropriated profit	9,986	7,638	5,696	3,601	3,205	2,974	31	34	58	12	8	52
	29,142	26,059	21,832	20,588	18,788	17,808	12	19	6	10	6	7
Surplus on revaluation of assets	5,867	4,294	4,470	1,578	2,249	1,420	37	(4)	183	(30)	58	(1,236)
	35,009	30,353	26,302	22,166	21,037	19,228	15	15	19	5	9	16

HORIZONTAL ANALYSIS

PROFIT AND LOSS ACCOUNT

	2016	2015	2014	2013	2012	2011	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011	2011 vs 2010
	Rupees in Million						Variance %					
Mark-up / return / interest earned	26,201	32,313	32,313	27,790	28,802	28,825	(19)	-	16	(4)	-	46
Mark-up / return / interest expensed	14,134	18,358	18,480	16,945	19,839	19,619	(23)	(1)	9	(15)	1	41
Net mark-up / interest income	12,067	13,955	13,833	10,845	8,963	9,206	(14)	1	28	21	(3)	59
Provision against non-performing loans and advances - net	626	1,058	2,094	1,906	964	330	(41)	(49)	10	98	192	(83)
(Reversal) / provision for consumer and small enterprise loans - general	32	(7)	33	123	25	(77)	(557)	(121)	(73)	392	(132)	(14)
Provision against off balance sheet obligations	4	20	7	11	40	-	(80)	186	(36)	(73)	100	-
Provision for diminution in value of investments - net	(17)	455	397	111	415	409	(104)	15	258	(73)	1	43
Recoveries against written-off debts - net	(81)	(99)	(134)	(34)	(42)	33	(18)	(26)	294	(19)	(227)	(66)
	564	1,427	2,397	2,117	1,402	695	(60)	(40)	13	51	102	(68)
Net mark-up / interest income after provisions	11,503	12,528	11,436	8,728	7,561	8,511	(8)	10	31	15	(11)	137
Non mark-up / interest income												
Fee, commission and brokerage income	2,529	2,303	2,076	2,237	1,858	1,773	10	11	(7)	20	5	55
Dividend income	276	319	182	479	432	619	(13)	75	(62)	11	(30)	85
Income from dealing in foreign currencies	1,368	965	1,073	949	769	851	42	(10)	13	23	(10)	64
Gain on sale of securities - net	2,093	1,738	460	306	1,215	(256)	20	278	50	(75)	(575)	(119)
Unrealised (loss) / gain on revaluation of investments classified as held for trading	11	(27)	31	(19)	43	(58)	(141)	(187)	(263)	(144)	(174)	(185)
Other income	491	267	551	575	967	1,141	84	(52)	(4)	(41)	(15)	87
Total non mark-up / interest income	6,768	5,565	4,373	4,527	5,284	4,070	22	27	(3)	(14)	30	1
	18,271	18,093	15,809	13,255	12,845	12,581	1	14	20	3	2	65
Non mark-up / interest expenses												
Administrative expenses	11,474	10,591	12,162	11,079	10,810	10,814	8	(13)	10	2	-	63
Other provisions / (reversal) - net	(28)	354	(127)	(95)	91	225	(107)	(379)	(34)	(204)	(60)	263
Other charges	144	221	222	117	103	64	(35)	-	90	14	61	(7)
Total non mark-up / interest expenses	11,590	11,166	12,257	11,101	11,004	11,103	4	(9)	10	1	(1)	64
	6,681	6,927	3,552	2,154	1,841	1,478	(4)	95	65	17	25	79
Share of loss of associate	(22)	(7)	(1)	7	(5)	-	214	600	(114)	(240)	100	-
Extraordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
Profit before taxation	6,659	6,920	3,551	2,161	1,836	1,478	(4)	95	64	18	24	79
Taxation - Current	2,263	3,039	1,712	1,078	268	393	(26)	78	59	302	(32)	64
Taxation - Prior years	(901)	265	(813)	(1,613)	(227)	289	(440)	(133)	(50)	611	(179)	51
Taxation - Deferred	995	(606)	175	846	375	(484)	(264)	(446)	(79)	126	(177)	(39)
	2,357	2,698	1,074	311	416	198	(13)	151	245	(25)	110	(155)
Profit after taxation	4,302	4,222	2,477	1,850	1,420	1,280	2	70	34	30	11	8
Earnings per share - basic	3.59	3.52	2.06	1.54	1.18	1.07	2	70	34	30	11	8

VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

	2016	2015	2014	2013	2012	2011	2016	2015	2014	2013	2012	2011
	Rupees in Million						Variance (%)					
ASSETS												
Cash and balances with treasury												
banks	37,239	26,084	20,286	28,422	24,509	18,445	8	6	5	8	8	6
Balances with other banks	1,139	1,068	1,423	1,012	1,209	4,686	-	-	-	-	-	2
Lendings to financial institutions	5,000	250	-	300	-	-	1	-	-	-	-	-
Investments	170,210	195,516	155,211	113,319	88,019	93,439	38	45	40	32	28	32
Advances	204,831	181,090	182,656	184,190	172,299	148,162	46	42	47	52	55	51
Operating fixed assets	12,112	11,343	11,543	10,251	10,860	10,850	3	3	3	3	3	4
Deferred tax assets - net	2,264	3,087	2,429	3,981	4,387	5,180	1	1	1	1	1	2
Other assets	11,669	11,635	14,579	13,804	11,839	11,821	3	3	4	4	4	4
	444,464	430,073	388,127	355,279	313,122	292,583	100	100	100	100	100	100

LIABILITIES

Bills payable	5,982	6,009	5,348	4,969	4,244	3,076	1	1	1	1	1	1
Borrowings	52,806	90,565	60,927	45,447	35,568	39,697	12	21	16	13	11	14
Deposits and other accounts	340,306	292,130	283,346	271,134	240,708	214,610	77	68	73	76	77	73
Sub-ordinated loans	1,497	2,994	2,995	3,495	4,195	4,395	0	1	1	1	1	2
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,864	8,022	9,209	8,068	7,370	11,577	2	2	2	3	3	3
	409,455	399,720	361,825	333,113	292,085	273,355	92	93	93	94	93	93
	35,009	30,353	26,302	22,166	21,037	19,228	8	7	7	6	7	7

REPRESENTED BY

Share capital	11,998	11,998	10,433	10,433	9,274	8,243	3	3	3	3	3	3
Reserves	7,158	6,423	5,703	6,554	6,309	6,591	2	1	2	2	2	2
Unappropriated profit	9,986	7,638	5,696	3,601	3,205	2,974	2	2	1	1	1	1
	29,142	26,059	21,832	20,588	18,788	17,808	7	6	6	6	6	6
Surplus on revaluation of assets	5,867	4,294	4,470	1,578	2,249	1,420	1	1	1	-	1	1
	35,009	30,353	26,302	22,166	21,037	19,228	8	7	7	6	7	7

VERTICAL ANALYSIS

PROFIT AND LOSS ACCOUNT

	2016	2015	2014	2013	2012	2011	2016	2015	2014	2013	2012	2011
	Rupees in Million						Variance (%)					
Mark-up / return / interest earned	26,201	32,313	32,313	27,790	28,802	28,825	100	100	100	100	100	100
Mark-up / return / interest expensed	14,134	18,358	18,480	16,945	19,839	19,619	54	57	57	61	69	68
Net mark-up / interest income	12,067	13,955	13,833	10,845	8,963	9,206	46	43	43	39	31	32
Provision against non-performing loans and advances - net	626	1,058	2,094	1,906	964	330	2	3	6	7	3	1
(Reversal) / provision for consumer and small enterprise loans - general	32	(7)	33	123	25	(77)	-	-	-	-	-	-
Provision against off balance sheet obligations	4	20	7	11	40	-	-	-	-	-	-	-
Provision for diminution in value of investments - net	(17)	455	397	111	415	409	-	1	1	0	1	1
Recoveries against written-off debts - net	(81)	(99)	(134)	(34)	(42)	33	-	-	-	-	-	-
	564	1,427	2,397	2,117	1,402	695	2	4	7	8	5	2
Net mark-up / interest income after provisions	11,503	12,528	11,436	8,728	7,561	8,511	44	39	36	32	27	30
Non mark-up / interest income												
Fee, commission and brokerage income	2,529	2,303	2,076	2,237	1,858	1,773	10	7	6	8	6	6
Dividend income	276	319	182	479	432	619	1	1	1	2	1	2
Income from dealing in foreign currencies	1,368	965	1,073	949	769	851	5	3	3	3	3	3
Gain on sale of securities - net	2,093	1,738	460	306	1,215	(256)	8	5	1	1	4	(1)
Unrealised (loss) / gain on revaluation of investments classified as held for trading	11	(27)	31	(19)	43	(58)	-	-	-	-	-	-
Other income	491	267	551	575	967	1,141	2	1	2	2	3	4
Total non mark-up / interest income	6,768	5,565	4,373	4,527	5,284	4,070	26	17	13	16	17	14
	18,271	18,093	15,809	13,255	12,845	12,581	70	56	49	48	44	44
Non mark-up / interest expenses												
Administrative expenses	11,474	10,591	12,162	11,079	10,810	10,814	44	33	38	40	38	38
Other provisions / (reversal) - net	(28)	354	(127)	(95)	91	225	-	1	-	-	-	1
Other charges	144	221	222	117	103	64	1	1	1	-	-	-
Total non mark-up / interest expenses	11,590	11,166	12,257	11,101	11,004	11,103	45	35	39	40	38	39
	6,681	6,927	3,552	2,154	1,841	1,478	25	21	10	8	6	5
Share of loss of associate	(22)	(7)	(1)	7	(5)	-	-	-	-	-	-	-
Extraordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
Profit before taxation	6,659	6,920	3,551	2,161	1,836	1,478	25	21	10	8	6	5
Taxation - Current	2,263	3,039	1,712	1,078	268	393	9	9	5	4	1	1
Taxation - Prior years	(901)	265	(813)	(1,613)	(227)	289	(3)	1	(3)	(6)	(1)	1
Taxation - Deferred	995	(606)	175	846	375	(484)	4	(2)	1	3	1	(2)
	2,357	2,698	1,074	311	416	198	10	8	3	1	1	-
Profit after taxation	4,302	4,222	2,477	1,850	1,420	1,280	15	13	7	7	5	5

STATEMENT OF VALUE ADDED

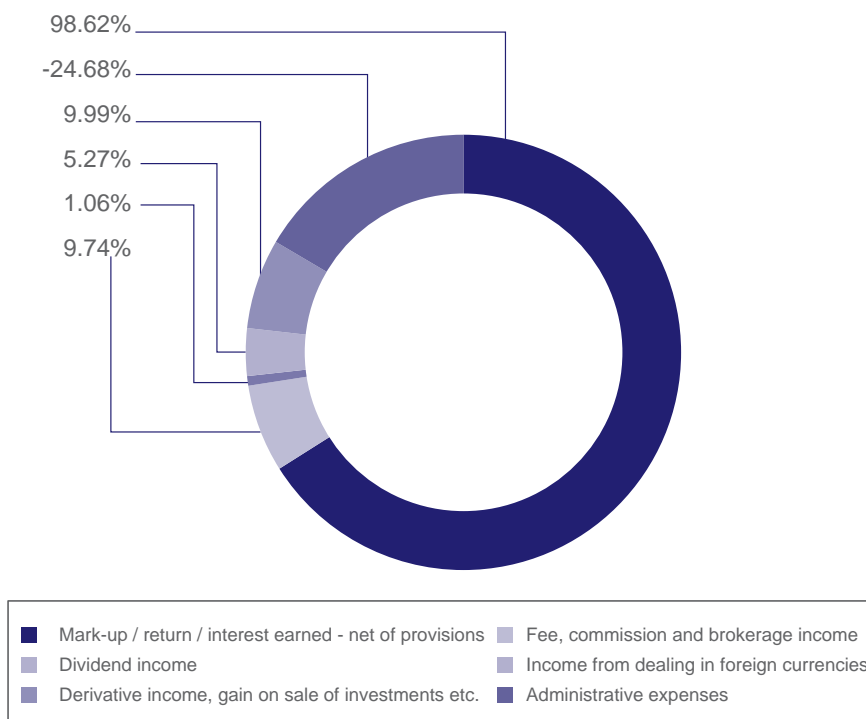
	2016		2015	
	Rupees '000	%	Rupees '000	%
Mark-up / return / interest earned - net of provisions	25,614,563	99	30,880,013	103
Fee, commission and brokerage income	2,528,990	10	2,303,447	8
Dividend income	276,301	1	318,715	1
Income from dealing in foreign currencies	1,368,290	5	964,961	3
Derivative income, gain on sale of investments etc.	2,594,432	10	1,977,217	7
	32,382,576	125	36,444,353	122
Administrative and other expenses	6,410,628	(25)	6,445,578	(22)
Value Added	25,971,948	100	29,998,775	100

Distributed as follows:

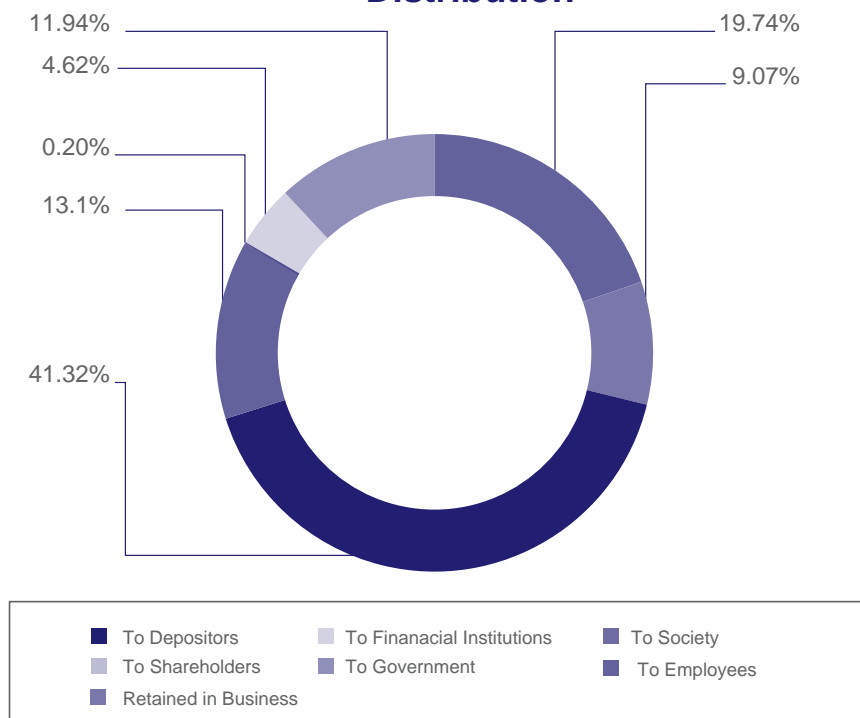
To Employees As remuneration	5,126,656	20	4,671,188	16
To Government As income tax	2,356,865	9	2,697,713	9
To Depositors As profit on investments	10,730,708	41	11,911,428	40
To Financial Institutions As profit on borrowings	3,403,576	13	6,446,543	21
To Society As donations	52,371	0	49,539	0
To Shareholders As dividends / bonus	1,199,760	5	1,564,904	5
Retained in Business As reserves and retained profits	3,102,012	12	2,657,460	9
	25,971,948	100	29,998,775	100

STATEMENT OF VALUE ADDED

Income



Distribution



NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of Faysal Bank Limited (“FBL”) will be held on March 29, 2017 at 9:00 a.m. at Marriott Hotel, Pool Marquee, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 21st Annual General Meeting held on March 29, 2016.
2. To receive and adopt Annual Audited Accounts, Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2016 together with the Directors' and Auditors' Reports thereon.
3. To consider and approve as recommended by the Board of Directors to issue Bonus Shares in proportion of 10 shares for every 100 shares held i.e. 10% for the year ended December 31, 2016.
4. To elect Nine (09) Directors of FBL for a period of three years commencing from March 29, 2017 in accordance with the provisions of the Companies Ordinance, 1984 and Memorandum and Articles of Association. The names of retiring Directors are as under:
 1. Mr. Farooq Rahmatullah Khan
 2. Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
 3. Mian Muhammad Younis
 4. Mr. Imtiaz Ahmad Pervez
 5. Mr. Juma Hasan Ali Abul
 6. Mr. Abdulelah Ebrahim Mohamed AlQasimi
 7. Mr. Abdulla Abdulaziz Ali Taleb

The Board of Directors has fixed the number of Directors to be elected at this meeting to be Nine (09) at the Board meeting held on October 27, 2016. The retiring Directors shall be eligible to offer themselves for re-election in accordance with applicable Regulations.

5. To appoint External Auditors for the ensuing year 2017 at a mutually agreed rate of remuneration. The present Auditors, A.F. Ferguson & Company, Chartered Accountants, being eligible, offer themselves for re-appointment.
6. Any other business with the permission of the Chair.

SPECIAL BUSINESS:

7. To approve disposal of fractional shares created out of the issuance of bonus shares by the Bank for the year 2016 by passing the following resolution as ordinary resolution with or without amendments:

“**RESOLVED** that in the event of any member holding fraction of a Share, the Company Secretary be and is hereby authorised to consolidate such Fractional entitlement and sell in the stock market and the proceeds of sell (less expenses) when realised, be donated to a Charitable Trust namely; “Waqf Faisal”.
8. To consider and approve subordinated loan of PKR 180 Million for Faysal Asset Management Limited an Associated Company of Faysal Bank Limited (FBL) for three years tenure and pass

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

the following **Special Resolutions** as required under **Section 208 of the Companies Ordinance 1984 with or without modifications:**

“RESOLVED that the subordinated loan of PKR 180 Million by Faysal Bank Limited (FBL) for Faysal Asset Management Limited, an Associated Company of FBL for three years tenure with 6 month KIBOR plus 3.5% markup, be and is hereby approved, subject to compliance of all the regulatory approvals.”

FURTHER RESOLVED that for the purpose of giving effect to this Special Resolution; 1) the President & CEO and / or 2) the Company Secretary and / or 3) Chief Financial Officer of the Bank be and are hereby singly or jointly authorised to take all necessary actions and do all acts, deeds and things in the matter.

- 9. To consider and approve FBL’s investment of up to PKR 500 Million into the funds of Faysal Asset Management Limited (FAML) to be launched during 2017 as seed money and pass the following Special Resolutions as required under section 208 of the Companies Ordinance 1984 with or without modifications:**

“RESOLVED that subject to compliance of all the regulatory requirements, investment of Faysal Bank Limited up to PKR 500 Million as seed money in the funds of Faysal Asset Management Limited, an associated company of Faysal Bank Limited be and is hereby approved.”

FURTHER RESOLVED that for the purpose of giving effect to this Special Resolution; 1) the President & CEO and / or 2) the Company Secretary and / or 3) Chief Financial Officer of the Bank be and are hereby singly or jointly authorised to take all necessary actions and do all acts, deeds and things in the matter.

- 10. To approve transmission of Annual Audited Accounts of the Company either through CD / DVD or USB at their registered address as allowed by the SECP vide its SRO 470(I)/2016, dated May 31, 2016 and pass the following Special Resolution:**

“RESOLVED that the consent and approval of the members of Faysal Bank Limited be and is hereby accorded for transmission of the Annual Balance Sheet and Profit and Loss Accounts, Directors’ and Auditors’ Report etc. (“Annual Audited Accounts”) through CD / DVD or USB, instead of transmitting the same in hard copies, to the members for future years commencing from the next year.”

FURTHER RESOLVED that for the purpose of giving effect to this Special Resolution; 1) the President & CEO and / or 2) the Company Secretary of the Bank be and are hereby singly or jointly authorised to take all necessary actions and do all acts, deeds and things in the matter.

- 11. To Consider and approve the amount of remuneration paid to the Non-Executive / Independent Directors of FBL during the year 2016 for attending the Board / Sub-Committees Meetings and in that connection to pass the following resolution as an Ordinary Resolution, with or without modification, addition or deletion:**

“RESOLVED that the remuneration paid to the Chairman, Non-Executive and Independent Directors of

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

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 and Board Strategic Planning and Business Transformation Committee) as disclosed in Note 38 of the Audited Financial Statements of the Bank for the year ended December 31, 2016, be and is hereby approved.”

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

Dated: March 7, 2017
Karachi

By the order of the Board



Aurangzeb Amin
Company Secretary &
Head of Legal

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **March 21, 2017 to March 29, 2017** (both days inclusive). Transfer received at the Share Registrar of the Bank, by the close of business on March 20, 2017 will be treated in time for the purpose of entitlement of aforesaid Bonus Shares.
2. Any member who seeks to contest an election to the office of Director shall file with the Company a notice of his / her intention to offer him / her self for election of directors at the Registered Office, Faysal House, ST-02, Commercial Lane, Main Shahrah-e-Faisal, Karachi, not later than 14 days before the date of Annual General Meeting in terms of section 178(4) of the Companies Ordinance, 1984 together with the following:
 - a) Consent to Act as Director and form 28 duly completed as required under Section 184 of the Companies Ordinance, 1984.
 - b) Declaration in respect of being compliant with the requirement of the Code of Corporate Governance 2012 and the eligibility criteria as set out in the Companies Ordinance, 1984 to act as Director of listed Company.
 - c) Detailed profile along with office address for placement into the Bank's Website within seven (07) days prior to the election in terms of SRO 25 (1) / 2012 dated 16th January 2012 and SRO 634(1) / 2014 dated 10th July 2014.
3. A member entitled to attend and vote at the Meeting may appoint another Member as per his / her proxy to attend and vote for him / her provided that a corporation may appoint as its proxy a person who is not a member, but is duly authorised by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Meeting.
4. Members are required to timely notify any change in their address to Bank's Shares Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

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

A. For attending the Meeting :

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his / her identity by showing his / her original Computerised 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.

6. Computerised National Identity Card (CNIC) / National Tax Number (NTN)

With reference to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 19(I) / 2014 dated January 10, 2014 and SRO 831(I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear a CNIC number of the registered member or their authorised person, except in case of minor(s) and corporate members. All those individual members holding physical shares who have not yet recorded their CNIC No. are once again reminded to immediately submit the copy of their CNIC to Company's 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; Members while sending their CNIC must quote their respective folio numbers.

The corporate members having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificate to Company's Share Registrar. The corporate members while sending their NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

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

The Company has placed the Audited Annual Financial Statements for the year ended December 31, 2016 along with Auditors' and Directors' Reports thereon on its website: www.faysalbank.com

8. Transmission of Financial Statements to the Members through e-mail

In pursuance of SECP notification S.R.O 787(I) / 2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Account, Auditors' and Directors' 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 the form may be downloaded from the Company's website: www.faysalbank.com

9. 5% Withholding Tax on Bonus Shares

Pursuant to the provisions of Section 236M of the Income Tax Ordinance, 2001, Bonus Shares is subject to withholding tax at the rate of 5%. The shareholders who will deposit 5% tax amount on Bonus Shares equal to five percent of the value of the total bonus shares issued to the shareholder determined on the basis of the day end price on the first day of closure of books are entitled for 100% of the approved Bonus Shares.

In case the shareholders fail to pay the said tax to the company within the prescribed time, the company is required to deposit the bonus shares withheld from its shareholders in Central Depository Company of Pakistan Limited in terms of the order of the Federal Board of Revenue, Government of Pakistan dated March 19, 2015.

The letters for collection of tax amount on 5% Bonus Shares will be dispatched to all entitled shareholders separately within the specified time frame bound by FBR.

10. Consent for Video Conference Facility:

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

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

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

The Company will intimate members regarding venue of the video conference facility at least 05 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 / 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 160(1) (b) of the Companies Ordinance 1984 relating to the Special Business referred to the Notice above:

This statement sets out the material facts concerning the following Special Business to be transacted at the Annual General Meeting of Shareholders of FBL to be held on March 29, 2017.

Agenda item No. 7

Disposal of fractional shares created out of the issuance of bonus shares by the Bank for the year 2016 by passing the following resolution as ordinary resolution with or without amendments:

***"Resolved** that in the event of any member holding fraction of a Share, the Company Secretary be and is hereby authorised to consolidate such Fractional entitlement and sell in the stock market and the proceeds of sell (less expenses) when realised, be donated to a Charitable Trust namely; "Waqf Faisal".*

The Statement of material facts as required under the SRO 27(I) / 2012 dated January 16, 2012 appears herein below:

Agenda item No. 8

Subordinated loan of PKR 180 Million for Faysal Asset Management Limited (FAML) an Associated Company of Faysal Bank Limited (FBL)

- (i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;

Faysal Asset Management Limited (FAML). FAML is an associated undertaking since Faysal Bank Limited holds 30% ordinary shares in FAML.

- (ii) Amount of loans or advances;

PKR 180 million.

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

- (iii) Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;

FAML is a strategic investment of FBL. As per Securities and Exchange Commission of Pakistan requirements, FAML is required to maintain minimum equity of PKR 230 million (PKR 200 million for Asset Management & PKR 30 million for Investment Advisory). FAML is facing shortfall in meeting minimum capital requirement. The purpose of providing the subordinated loan is to assist FAML in meeting minimum capital requirements.

Keeping in view the growth of the mutual funds industry it is expected that this loan will help FAML in carrying on its operations profitability and in turn provide FBL with a steady dividend stream on its investment. Besides, FBL will also earn mark-up on financing provided to FAML.

- (iv) In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;

No loan is currently granted to FAML.

- (v) Latest financial position, including main items of balance sheet and profit and loss account of the associated company / undertaking;

FAYSAL ASSET MANAGEMENT LIMITED BALANCE SHEET AS AT JUNE 30, 2016

	2016	2015
	----- Rupees -----	
ASSETS		
Non-current Assets	96,143,078	81,763,034
Current Assets	116,829,794	189,384,248
Total Assets	<u>212,972,872</u>	<u>271,147,282</u>
EQUITY AND LIABILITIES		
Share Capital & Reserves		
Authorized Share Capital	<u>300,000,000</u>	<u>300,000,000</u>
Total Equity	179,173,362	241,923,554
Total Liabilities	<u>33,799,510</u>	<u>29,223,728</u>
Total Equity And Liabilities	<u>212,972,872</u>	<u>271,147,282</u>

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

FASYAL ASSET MANAGEMENT LIMITED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	----- Rupees -----	
Revenue	132,025,384	118,308,458
Total Expenses	183,316,078	136,237,890
Operating Loss	<u>(51,290,694)</u>	<u>(17,929,432)</u>
Financial Charges	854	90,286
	<u>(51,291,548)</u>	<u>(18,019,718)</u>
Other Income	140,208	993,461
Loss for the year Before Taxation	<u>(51,151,340)</u>	<u>(17,026,257)</u>
Taxation - Net	(11,601,103)	7,172,615
Loss for the year After Taxation	<u>(62,752,443)</u>	<u>(9,853,642)</u>

(vi) Average borrowing cost of the investing company or in case of absence of borrowing the KIBOR (Karachi Inter Bank Offered Rate) for the relevant period;

6-Months' KIBOR as at January 26, 2017 is 6.12%.

(vii) Rate of interest, mark-up, profit, fees or commission etc. to be charged;

6-Months' KIBOR plus 3.5%.

(viii) Sources of funds from where loans or advances will be given;

Loan shall be provided from FBL's own sources.

(ix) Where loans or advances are being granted using borrowed funds:

- justification for granting loan or advance out of borrowed funds;
- detail of guarantees / assets pledged for obtaining such funds, if any; and
- repayment schedules of borrowing of the investing company;

Not Applicable.

(x) Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;

The loan provided by FBL will be unsecured.

(xi) If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;

The loan is not convertible.

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

- (xii) Repayment schedule and terms of loans or advances to be given to the investee company;

The loan will be repayable at the end of the three year term in lump sum, subject to compliance with applicable regulatory requirements and approvals.

- (xiii) Salient feature of all agreements entered or to be entered with its associated company / undertaking with regards to proposed investment;

FBL has only entered into a financing agreement with FAML with regard to the proposed loan.

- (xiv) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company / undertaking or the transaction under consideration;

Mr. Nauman Ansari, President & CEO of Faysal Bank Limited (FBL) is the Chairman of the Board of Directors of Faysal Asset Management Limited (FAML). The detail of Shareholding of FAML is given below:

Name	Percentage %
Faysal Bank Limited	30%

There is no personal interest of the directors, sponsors, majority shareholders or their relatives in the transactions.

- (xv) Any other important details necessary for the members to understand the transaction; and

All the necessary details have been mentioned under relevant heads in this document.

- (xvi) In case of investment in a project of an associated company / undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required namely:

- a description of the project and its history since conceptualisation;
- starting date and expected date of completion;
- time by which such project shall become commercially operational;
- expected return on total capital employed in the project; and
- funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;

Not Applicable.

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

Agenda Item No. 9:

To consider and approve FBL's Investment of up to PKR 500 Million as seed money in certain funds of Faysal Asset Management Limited (FAML) with or without modifications.

FBL from time to time makes investment in funds launched by its associated company, FAML. For this purpose approval of PKR 500 Million is sought from shareholders.

- (i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;

Investment in new funds to be launched by FAML. Associated relationship due to 30% shareholding of FBL in FAML.

- (ii) Purpose, benefits and period of investment;

This seed money investment will enable FAML to launch new funds and grow its business, the benefits of which will flow to FBL in the form of dividends on this investment in funds and also in investment in FAML equity.

- (iii) Maximum amount of investment;

Investment up to PKR 500 Million.

- (iv) Maximum price at which securities will be acquired;

Face Value

- (v) Maximum number of securities to be acquired;

Dependent upon number of funds launched by FAML

- (vi) Number of securities and percentage thereof held before and after the proposed investment;

Not Applicable

- (vii) In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired;

Not Applicable

- (viii) In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1);

Not Applicable

- (ix) Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;

Not Applicable

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

- (x) Earning per share of the associated company or associated undertaking for the last three years;

Not Applicable

- (xi) Sources of fund from which securities will be acquired;

Units will be purchased from FBL's own sources

- (xii) Where the securities are intended to be acquired using borrowed funds;

(a) justification for investment through borrowings; and

(b) detail of guarantees and assets pledged for obtaining such funds;

Not Applicable

- (xiii) Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment;

Not Applicable

- (xiv) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;

Mr. Nauman Ansari, President & CEO of Faysal Bank Limited (FBL) is the Chairman of the Board of Directors of Faysal Asset Management Limited (FAML). The detail of Shareholding of FAML is given below:

Name	Percentage %
Faysal Bank Limited	30%

There is no personal interest of the directors, sponsors, majority shareholders or their relatives in the transactions.

- (xv) Any other important details necessary for the members to understand the transaction; and

Not Applicable

- (xvi) In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely;

(a) description of the project and its history since conceptualisation;

(b) starting and expected dated of completion of work;

(c) time by which such project shall become commercially operational; and

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

(d) expected time by which the project shall start paying return on investment;

Not Applicable

Agenda Item No. 10:

Transmission of Annual Report through CD / DVD / USB

Approval of the shareholders is sought for the transmission of Annual Report through CD / DVD / USB in terms of SRO No. 470(I) / 2016 dated May 31, 2016 by Securities and Exchange Commission of Pakistan. Shareholders have the option to request for a hard copy free of cost at their registered addresses by submitting a duly filled Request Form available at the Company's website i.e. www.faysalbank.com. The shareholders who wish to receive hard copies for all future Annual Reports are advised to submit their preference in writing to the Company. The Shareholders are requested to send the duly filled and signed Request Forms to the through courier / post to the Company's Share Registrar Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi or a scanned of the request can be emailed to the Company Secretary at companysecretary@faysalbank.com.

Please note that in terms of SRO 787(I) / 2014 dated September 8, 2014, the Company will provide Annual Report through email to all those shareholders who have given their consent in this regard. Any changes in the email address provided earlier should be communicated to the Company through request form available on the website.

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, asset management, audit and accounting. The Chairman is an Independent Director, while the other two members are Non-Executive Directors. The BACGC has proactively been focusing on the effectiveness of the Internal Control, Compliance, Operational Risk Management Framework and application of Corporate Governance best practices as well as budgeting and accounting standards at Faysal Bank Limited (FBL) to comply with its Terms of Reference as approved by the Board of Directors. The BACGC has also revised / approved the Internal Audit Manual / Charter; ensured the provision of resources with complete independence to the Head of Internal Audit along with free access to the BACGC. The Committee convened five meetings during the year 2016 and the following major activities were undertaken to improve the overall performance of the Bank:

- BACGC reviewed / examined the quarterly, half yearly and annual financial statements along with Directors' Review Reports of FBL with its recommendation to the Board for approval of these financial statements / reportings.
- 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 also recommended the appointment of external auditors and their fee to the Board.
- BACGC reviewed / analysed the performance of Internal Audit Department (IAD), arranged to conduct an External Quality Assurance Review of IAD. Created Regional offices and Internal Quality Assurance activity to further enhance its capacity. Reviewed high risk observations and ensured monitoring and timely implementation of IAD observations. An assurance is given to BACGC so that policies adopted by the Bank are sufficient and appropriate and information provided by the management is reliable. The Committee also reviewed adequacy and quality of IAD resources.
- BACGC reviewed quarterly update of Fraud and Forgery cases & major findings of internal investigations in the area along with management's action thereon and arranged to form the Disciplinary Action Committee (DAC) to enhance the speedy disposition of all cases related to disciplinary actions, which resulted in significant reduction in such cases.
- BACGC arranged to form the Whistle Blow Committee (WBC) of the management under its supervision to further strengthen the governance of FBL.
- Upon BACGC's instructions, the management established a Centralised Procurement Committee to ensure transparency and better control in the procurement process; and to fulfil all regulatory requirements.
- BACGC reviewed related party transactions with assurance from management that all transactions were undertaken at arm's length and recommended the same for Board's approval.
- BACGC not only reviewed the Institutional Risk Assessment Framework (IRAF) – Self Assessment Questionnaire but also ensured implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank.

REPORT OF THE BOARD AUDIT AND CORPORATE GOVERNANCE COMMITTEE

- 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 to comply with SECP code of corporate governance and presented it to the Board.



Mian Muhammad Younis
Chairman - BACGC

AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code), prepared by the Board of Directors of Faysal Bank Limited ('the Bank') for the year ended December 31, 2016 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Limited Regulations issued by the Pakistan Stock Exchange where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Bank for the year ended December 31, 2016.

Attestation

Chartered Accountants
Dated: February 1, 2017
Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: Faysal Bank Limited

Year Ended: December 31, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.5.19 of listing regulations of the Pakistan Stock Exchange issued by the Pakistan Stock Exchange Limited where the Bank is listed for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Faysal Bank Limited (the Bank) has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The Bank encourages representation of independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present, the Board includes:

Category	Names
Independent Directors	Mr. Farooq Rahmatullah Khan Mian Muhammad Younis
Executive Director	Mr. Nauman Ansari, President & CEO
Non-Executive Directors	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery Mr. Juma Hasan Ali Abul Mr. Imtiaz Ahmad Pervez Mr. Abdulelah Ebrahim Mohamed AlQasimi Mr. Abdulla Abdulaziz Ali Taleb

The Independent Directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Bank.
3. All the Resident Directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year 2016. However, casual vacancy that occurred on the Board on December 3, 2015 was filled on January 18, 2016 by co-opting Mr. Abdulla Abdulaziz Ali Taleb.
5. The Bank has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. All policies are subject to periodical review of the Board of Directors.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of President & CEO,

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

- other Executive and Non-Executive Directors, have been taken by the Board / Shareholders.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose. The Board of Directors met six times in the year 2016, once in every quarter and in two additional meetings held during the year. Written notice of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
 9. The Board arranged two training programs for the Directors during the year; on Shariah Governance and on Technology Risks. The Bank is in compliance with the certification requirement for Directors' Training Program prescribed by CCG.
 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.
 11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient features required to be disclosed.
 12. The financial statements of the Bank were duly endorsed by the President & CEO and CFO before approval of the Board.
 13. The Directors, CEO and Executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
 14. The Bank has complied with all corporate and financial reporting requirements of the CCG.
 15. The Board has formed a Board Audit & Corporate Governance Committee. It comprises of three members, two members are Non-Executive Directors and the Chairman of the Committee is an Independent Director.
 16. The Board Audit & Corporate Governance Committee (BACGC) held five (05) meetings, one in every quarter prior to approval of interim and final results of the Bank as required by the CCG. The terms of reference have been formed and advised to the committee for compliance.
 17. The Board has formed a Recruitment, Nomination and Remuneration Committee (RNRC). It comprises of five members, of whom two are Non-Executive, two are Independent and one is Executive Director. The Chairman of the Committee is a Non-Executive Director.
 18. The Board has set up an 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. Internal Audit Department is reporting to Board Audit & Corporate Governance Committee.
 19. 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); 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.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to Directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Bank has complied with the requirements relating to maintenance of register of persons, having access to inside information by designated Senior Management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles envisaged in the CCG have been complied with.



Nauman Ansari

President & CEO

Karachi

Dated: January 26, 2017

SHARIAH BOARD'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

In the Name of Allah the Most Beneficent, the Most Merciful

ALL PRAISE BE TO ALLAH, THE LORD OF ALL THE WORLDS AND BLESSINGS ON OUR MASTER, PROPHET MUHAMMAD ﷺ AND ALL HIS HOUSEHOLD AND ALL HIS COMPANIONS.

By the Grace of Almighty Allah, the year under review was the seventh year of Islamic Banking being operated in Faysal Bank under the brand name of Barkat Islamic Banking. Faysal Bank Limited has 146 standalone Islamic Banking Branches (IBBs) and 01 sub-branch.

During the year, the Shariah Board (the SB) held four meetings to review various products, policies, standard operating procedures, transactions, processes and their Shariah-compliance. The SB also met with the BOD twice this year to discuss issues relevant to Shariah.

The Shariah Board appreciates the vision of the Board of Directors and Management regarding expansion of Islamic banking and conversion process of the Bank.

Following is the overview for the year 2016:

Islamic Branch Expansion and Product Development

During this year, the Islamic Banking Product Development and Management team launched two new products in their Deposit product portfolio, "Muntazim Saving Account" and "Barkat Paycheq Plus Saving Account". On the asset side the product of Running Musharakah has been finalised.

Furthermore, the SB acknowledges the efforts of the Bank, that, apart from converting three (03) conventional branches into Islamic, all new seventy five (75) branches have been opened in Islamic Banking branch network.

Shariah Compliance Department

Shariah Compliance Department (SCD) is working under the supervision of the Shariah Board. SCD is facilitating other departments to ensure Shariah Compliance, such as (i) Product Department in the development of new products and improvement of existing policies and procedures and (ii) Learning and Development by conducting Islamic Banking training programs and development and revamping of Islamic Banking training programs, e.t.c. Moreover, SCD performs branch visits to create Islamic Banking awareness to branch banking staff. SCD also visits customers to provide clear understanding of the Islamic products and to understand their business process before finalisation of process flow.

During the year, SCD has reviewed various process flows, policies and procedures. Further, SCD also reviews profit distribution mechanism on monthly basis to safeguard the depositors' interest and adherence to Shariah principles.

Charity

The opening balance of charity fund was PKR 1.034 million and during the year, an amount of PKR 5.61 million was credited to the charity account which was received due to delay in payments by the customers. Furthermore, non-Shariah compliant income was found to be PKR 296, 336.30/- and the same will be transferred to the charity fund. An amount of PKR 1.8 million was disbursed from this charity account to various charitable institutions as per the directions of the Shariah Board of the Bank. For details of charity refer to Note No. A2.2 of Annexures III for the financial statements.

Islamic Financing for Staff

In accordance with the recommendation from Shariah Board, Islamic financing facilities for autos and home have been made available for Islamic Banking staff.

SHARIAH BOARD'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Code of Conduct

As part of FBL's objective of becoming a full-fledged Islamic Bank, HR has modified the Code of Conduct to bring the appearance and behaviour of our staff closer to Islamic values in the guidance of the SB. By the Grace of Almighty Allah the new Code of Conduct has been implemented from 1st Muharram Al Haram, 1438 A.H., October 03, 2016.

Opinion of Shariah Board

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Faysal Bank Limited, Barkat 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, Barkat Islamic Banking.

The Shariah Compliance Department and Internal Shariah Audit Unit carried out Shariah reviews and Shariah audit on test check basis of each class of transactions, the relevant documentation and the process flows. To establish our opinion on Shariah Compliance of Islamic Banking Division, we have reviewed the reports of Shariah Compliance department and Internal Shariah Audit Unit.

Based on above, we are of the view that:

1. In our opinion, the affairs of the Islamic Banking Division have been carried out in accordance with the rules and principles of Shariah, in the light of Rulings, Fatwa and the Guidelines issued by the Shariah Board.
2. During review, any matters 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 Islamic Banking Division have been carried out in accordance with the rules and principles of Shariah, regulations and guidelines of State Bank of Pakistan related to Shariah compliance.
3. The Bank has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.
4. The Bank has a well-defined system in place in the form of Internal Shariah Audit and Shariah Compliance Department to ensure that the earnings realised from sources or means prohibited by Shariah are credited to the Charity account and properly utilised.
5. The allocation of funds, profit and loss distribution and pool management are in accordance with Shariah principles and the instructions of the State Bank of Pakistan.
6. The SB appreciates the efforts of Learning & Development towards capacity building through Islamic Banking training programs and awareness sessions.

During the year, various training programs on Islamic Banking have been conducted Bank wide. The Islamic Banking training program for Board of Directors and Executive Management have also been conducted.

In addition to the training programs, BOD and Executive Management have been briefed about their roles and responsibilities under Shariah Governance Framework so that they can be fully cognisant of the risk of

SHARIAH BOARD'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Shariah non-compliance and its potential implications on the reputation and business of the Bank.

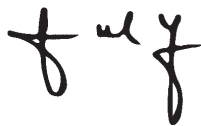
7. The Shariah Board has been provided resources enabling it to discharge its duties.

Recommendations from Shariah Board

Based on the above, we recommend that:

1. The Bank should continue to nominate key Executives and Islamic Banking staff for certificate / diploma programs of Islamic Banking and Finance. The Management is also advised to increase trainings to front line staff on Islamic Banking & relevant Islamic products. Furthermore, improvement is required in the existing training programs and new awareness programs should be introduced for customers and general public.
2. In consideration of increase in Islamic Banking business, the promotion and marketing of Islamic Banking products and services should also be enhanced.
3. During the hiring process of new staff, care should be taken with regards to their approach and commitment towards the cause of Islamic Banking.

And Allah Subhana-hu-wa Taa'la knows the Best



Mufti Muhammad Mohib ul Haq Siddiqui
Chairman Shariah Board



Dr. Mufti Khalil Ahmad Aazami
Shariah Board Member



Mufti Khawaja Noor ul Hassan
Resident Shariah Board Member

Dated: January 26, 2017 | Rabi ul Saani 27, 1438 A.H.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

On behalf of the Board of Directors, I am pleased to present the Directors' Report of Faysal Bank Limited along with financial statements for the year ended December 31, 2016.

Economic Update:

Calendar Year (CY) 2016 saw the culmination of the IMF program during which Pakistan made significant progress in curtailing fiscal deficit, containing inflation and increasing foreign exchange reserves to record levels.

In the outgoing Fiscal Year (FY) the country broadly achieved the fiscal deficit of 4.6% (against an initial target of 4.5%) – a marked improvement from 5.3% in the preceding year and 8.0% in 2013. However, after successfully completing the IMF program the country has shown signs of fiscal digression with revenues registering a paltry growth of 6.85% in Jul-Dec 2016 as compared to the same period last year. Government borrowing from the SBP has also been on the rise over the past 6 months and has increased by PKR 986 billion as compared to a net retirement of PKR 434 billion over the same period last year. This is majorly due to the shift of borrowing by the government from scheduled banks to SBP to avoid escalation in yields in the secondary market.

On the external front, GOP managed to achieve an all-time high FX reserve of US\$ 24 billion in October 2016, however, since then, the reserves have been on a downward trajectory due to rising imports, falling exports and falling remittances. The import bill has mainly risen due to an increase in non-oil imports such as vehicles and machinery due to China Pakistan Economic Corridor (CPEC) related economic activity. Exports have shrunk owing to some deterioration in the level of competitiveness, lack of demand in the global market and relatively appreciated currency parity to its peers. Remittances are the greatest shock in the last six months, since historically, respite was provided to the current account by this head. Home Remittances have also gone down from US\$ 8.07 billion in Jul-Nov 2015 to US\$ 7.87 billion in Jul-Nov 2016 registering a drop of 2.45% year on year.

CPI inflation, after bottoming out at 2.9% in FY16, has remained contained throughout CY16 hovering around 3.7% resulting in a well-rounded stability in a key economic indicator. SBP by exercising staggered monetary easing, reduced the policy rate by 25 bps bringing it down to 5.75% in May 2016, which is the lowest level since the 1970s. The reduction in interest rates alongside lagged effects of prolonged fall in international oil prices has enhanced private sector growth in the country. CPI Inflation as per current IMF projections is expected to increase to around 5.0% in FY17, therefore, SBP must be prepared to adjust its monetary policy stance, particularly, after the international oil prices' rally, following the supply cut agreement by OPEC in Nov 2016.

Economic Outlook:

Despite seemingly controlled economic environment and restoring macroeconomic stability on the domestic front, some major political and economic events have occurred globally during the year that can shape Pakistan's economic outlook in the upcoming years.

Firstly, Brexit – Britain's decision to exit from EU – even though has a relatively small immediate impact on Pakistan's economy, may result in lower growth in advanced countries such as the UK and the EU, may adversely affect our exports, remittances and FDI in the long-run. Secondly, with Mr. Trump winning US elections, the new political regime of the global super power may have a strong influence on the global economy and commodity prices that would eventually have an impact on Pakistan's economy. Thirdly, OPEC's decision to cut global crude oil production by 1.2 million bpd with a further 600,000 bpd cut by non-OPEC countries such as Russia, has immediately caused an upsurge crude oil prices above \$50 a barrel. This might put an instant pressure on the trade deficit position and inflation in the country owing to rising import bills and domestic fuel prices, respectively. Budget deficit is also likely to remain under pressure if the GOP is reluctant to pass on the impact of the rise to domestic consumers.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Bank's Performance:

Bank's aim is to promote economic activity in the country. The strategy is to offer user friendly modern banking products and services to customers at their convenient locations and the priority remained on selective growth with efficient usage of capital, branch network expansion, mobilization of CASA deposit, cost efficiency, consolidation of portfolio and changing its mix towards Islamic financing. During the year, Bank achieved several milestones and executed high profile transactions, some of the notable ones are presented as under:

Project Financing and Syndication:

- FBL, as Joint Mandated Lead Arranger & Shariah Structuring Advisor has successfully closed financing of PKR 3,764 million for modernization and rehabilitation of M2.
- FBL has successfully closed as Joint Mandated Lead Arranger for SBLC amounting to PKR Equivalent of USD 16.5 million for one of the largest and strongest conglomerate in the business sector.
- FBL acted as underwriter for rights issuance amounting to PKR 150 million for a Biaxially Orientated Polypropylene (BOPP) Films producer being the market leader in the sector.
- FBL in capacity of Mandated Lead Advisor and Arranger closed PKR 5.0 billion Rated, Unlisted, Secured, Short Term Privately Placed Syndicated Sukuk Issue for meeting working capital requirements of one of the largest fertilizer marketing and distribution company.
- FBL as part of a joint consortium has arranged and closed (as Lead Advisor and Arranger) PKR 54.67 billion conventional and Islamic mode of financing for the largest gas utility company operating in northern part of the country for its pipe line infrastructure in relation to LNG.
- FBL as part of the joint consortium has arranged and closed (as Lead Advisor and Arranger) PKR 39.8 billion conventional and Islamic mode of financing for the largest gas utility company operating in southern part of the country for its pipe line infrastructure in relation to LNG.
- FBL as Lead Arranger has participated in financing of hydro based power project for the largest hydel state owned company of Pakistan.
- FBL acted as underwriter for Initial Public Offering of shares by a leading Automobile Parts Manufacturer with an underwriting amount of PKR 50 million.
- FBL invested in Tier II Sukuk issue of a reputable Islamic bank of Pakistan with an investment amount of PKR 500 million.
- FBL, among five leading banks of Pakistan, inked a landmark partial credit guarantee program of USD 84 million with United States Agency for International Development (USAID) for promoting green power solutions in private and corporate sectors.
- FBL acted as a Lead Arranger in Rated, Listed and Secured Sukuk Issue of PKR 10.5 billion for a leading fertilizers manufacturing entity with an investment of PKR 1.4 billion in Sukuk Certificates. Furthermore FBL also acted as an underwriter in the IPO portion of the Sukuk Issue.

Infrastructure Development:

- By opening of 75 new branches in the year, Bank expanded its branch network to 355. Bank has now 208 conventional and 146 Islamic branches and 01 sub branch in 103 cities.
- ATM network has increased from 272 to 344 machines offering 24/7 service to customers.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Product Development and New Initiatives:

- Faysal Izafa Premium, a longer tenor Term deposit product to target individual customers, Faysal Life Plus Savings Accounts for senior citizens and Faysal PayCheqPlus - a payroll proposition product, were launched during 2016.
- Barkat Muntazim – an Islamic saving variant product was launched
- Improved and enhanced product proposition of Faysal Business First Current account via 360 degree Marketing Campaign was introduced.
- Strategic partnerships with Adamjee Life Window Takaful Operations and EFU Hemaya Takaful Operations to enhance Islamic product menu was entered into.
- 'Health Plus' value-added insurance product with EFU Allianz Ltd with added benefits was introduced.
- Mutual fund offerings through Faysal Asset Management Limited were further enriched.
- Technology Project Management and Governance framework implemented for effective project management by establishing project management standards, allocating resources and reducing duplication of efforts so as to ensure timely completion of projects.
- IT Strategic Plan 2017-2019 rolled out, focusing on vision and core values. Strategic Plan defines roadmap for achieving IT objectives in the most effective and efficient manner while complying with the regulatory directions.
- Organizational restructuring and alignments were also conducted this year for better synergy, controls and process improvement.
- Liquidity Risk Management was further strengthened by implementing Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in accordance with SBP's Basel III Liquidity Standards.
- With expansion strategy, career growth opportunities were also provided to existing employees that increased staff retention and fostered performance culture.
- In order to improve Faysal Bank's Brand Equity and perception for external and internal customers, it was measured with the help of a consultant.
- Bank implemented modified Code of Conduct to bring the appearance and behavior of staff closer to Islamic values.

Training and Development:

- More than 18,000 participants were trained in both online and classroom trainings in 2016.
- More than 600 employees were trained on our 5 day "Islamic Banking Certification Program".
- 55% of critical identified staff completed NIBAF's Islamic Banking Certificate Course.
- 80% staff completed mandatory on line Islamic Banking Training
- Across country, 700 plus employees were trained for "Limitless to Service & Beyond" to improve service quality.
- Training need analysis exercise was conducted and top ten training needs were made part of training calendar.
- Centralized Account Processing System (CAPS) training was conducted across the Bank.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

- Over 200 staff were successfully trained under Trainee Relationship Manager Program and Trainee Branch Services Officer.
- Staff trained for Foreign Exchange Regulation - 2016 (Imports & Exports).

Corporate Social Responsibility:

- Contributed more than PKR 6 million towards students' sponsorship in different educational institutes.
- Two school vans were donated to an old educational Institution to give relief to the school children.
- Two water filtration plants were sponsored for safe and clean water for public.
- Renewed 350 students training sponsorship at SOS Technical Training Institute and Karigar Training Institute.
- The following contributions were also made:
 - Auditorium in Engineering Block of Namal College, Mianwali.
 - Construction of Surgical Complex at JPMC along with other donors.
 - Emergency elevator at Burns Centre, Karachi.
 - Marie Adelaide Leprosy Centre's project of tuberculosis control in Gilgit Baltistan

Internal Communication:

A series of benefits such as exciting offers on FBL card spends at different food and life style outlets and services were offered in addition to Easy Payment plan.

Significant Achievements:

- Deposits have crossed PKR 340 billion having Current Account component of over PKR 110 billion.
- Achieved high volume of sales of Bancassurance products and has secured its position as one of the top performing Banks in its size class.
- Highest per month acquisition, spend and ENR (outstanding) for credit cards since many years.
- Faysal Car Finance numbers increased manifold.
- External and in house talent pool created for new branch staff hiring.

Future Outlook:

The Bank has planned to aggressively grow its branch network in financial hubs, towns and agriculture areas to provide easy access to customers. These branches shall not only generate low cost core deposits and also improve CASA mix, hence reducing average cost of funding. Moreover, Bank is focusing on development of new Islamic products so as to offer diversified product menu that addresses customer banking requirements. Islamic financing is on the increase and there are many corporate lending proposals in the pipe line which shortly shall materialize. Moreover, Bank is working on many transactions under CPEC & related projects and is hopeful to capitalize the created opportunities.

Bank is relentlessly engaged in recovering of non performing debts. Significant progress has been made and robust efforts shall be made in the future. Administrative expenses have been vigorously controlled without any effect on normal business operations.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Financial Highlights:

	2016	2015
	PKR in Million	
Operating profit	7,223	8,346
Provision for non-performing advances	(577)	(951)
Provision for diminution in value of investments	17	(455)
Provision against off balance sheet obligations	(4)	(20)
	(564)	(1,426)
Profit before tax	6,659	6,920
Provision for taxation	(2,357)	(2,698)
Profit after tax	4,302	4,222
Un-appropriated profit brought forward	7,638	5,696
	11,940	9,918
Appropriations / Transfers:		
Issue of bonus shares @ 15%	-	(1,565)
Final Cash Dividend Paid @ Re 1 per share	(1,200)	-
Transfer to statutory reserve	(860)	(844)
Transfer from surplus on revaluation of fixed Assets - net of tax	89	54
Re measurement of post-employment obligation – net of tax	17	75
	(1,954)	(2,280)
Un-appropriated Profit carried forward	9,986	7,638
Earning per share – Rupees	3.59	3.52

The banking industry is going through difficult times due to historically low interest rates resulting in an unprecedented pressure on banking spreads and profitability. Despite these pressures the bank has managed to maintain a healthy Profit After Tax (PAT) of PKR 4.30 billion during 2016 as against PKR 4.22 billion for 2015. This performance was achieved due to timely and effective measures taken by the bank for maintaining revenue streams in low interest rate environment.

Keeping in view the economic environment, Bank as a strategy made concentrated efforts to mobilize low cost Current and Saving Accounts (CASA) deposits which provides a better spread. CASA deposits show a growth of PKR 31.9 billion and are 16.2% higher than previous year. Consequently, cost of deposit of the Bank decreased from 4.27% to 3.55% providing relief to the pressure on margins. Effective management and recovery of non-performing loans is another cornerstone of our strategy and helped the bank to maintain profitability.

The bank has a sharp focus on non-funded income. This year non mark-up income increased by 21.6% as compared to the last year. Consumer and credit card volumes are on the rise and it is expected that income from these revenue streams will further improve in coming years.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Through cost management, administrative expenses were kept under strict control. New initiatives go through a challenging evaluation process including cost and benefit analysis. The cost increase over last year mainly reflects cost relating to 75 new branches opened under the strategy of enhancing customers' reach.

NPL coverage has increased from 79.1% to 81.7%. This healthy coverage ratio reflects that the Bank has taken sufficient provision on impaired assets and there is less likelihood of higher provision charge in coming years.

On the balance sheet side, total assets of your Bank have increased to PKR 444.5 billion. Advances increased to PKR 204.8 billion registering a 13.1% growth. Your Bank has a healthy Advances to Deposit Ratio of 60% which is significantly better than the other industry players. Therefore, we are following a policy to lend prudently and surplus funds are invested in low risk government securities.

Deposits increased from PKR 292.1 billion to PKR 340.3 billion, depicting an increase of 16.5% over last year while maintaining CASA ratio at 67.1% and reducing cost by 72 bps. Healthy internal generation of capital has further strengthened the capital base of the Bank.

Overall Bank's performance is as per strategy and business plan.

The Board of Directors has recommended final stock dividend of 10% for the year 2016.

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, 2015:

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+: High 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."

Corporate Governance:

The Bank has implemented the requirements of the Code of Corporate Governance (the Code) relevant to the year ended December 31, 2016. A prescribed statement by the management along with the auditor's review report thereon forms part of this Annual Report.

Statement under clause 5.19.11 of the code:

- a. The financial statements prepared by the management of the bank present fairly the state of affairs, the results of its operations, cash flows and changes in equity;
- b. Proper books of account of the bank have been maintained;
- c. Appropriate accounting policies have consistently been applied except for the change mentioned in note 3.8 to these financial statements. Accounting estimates are based on reasonable and prudent judgment;
- d. Approved accounting standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts about the Bank continuing as a going concern;
- g. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;
- h. Summarized key operating and financial data of the last six years is tabulated on the initial pages of this Annual Report;
- i. The value of investment of provident and gratuity funds are PKR 888.381 million and PKR 587.079 million respectively as per the latest audited financial statements.
- j. The Board of Director met six times during the year. The details of the Board and Committees' Meetings held and attended by the directors form part of this Annual Report;
- k. The Board arranged two training programs for the directors during the year; on Shariah Governance and Technology Risks. The Bank is in compliance with the certification requirement for Directors' Training Program prescribed by CCG.
- l. The prescribed pattern of shareholding is given as a part of this Annual Report.
- m. No trades in the shares of the Bank were carried out by the Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children during the year 2016.

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

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

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 2016 by engaging PICG. The evaluation consists of various aspects of the performance of 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 Directors (Independent, Non-Executive and CEO)
- Board Committees

The evaluation was carried out using quantitative method, based on subjective assessment, and was conducted via questionnaires developed by the consultants in conformance with the State Bank of Pakistan's Guidelines on Performance Evaluation of Board of Directors. The quantitative technique has the advantage of being specific and measurable. Measurement scale used in FBL's board evaluation is the summated rating scale, board members have to rate on a scale on 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.

Statement of Internal Control:

This 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.

Risk Management Framework:

Risk Management Group (RMG) organized under the Chief Risk Officer (CRO). CRO has been authorized by the Board of Directors (BoD) to implement a Risk Management framework across the Bank. Risk Management Framework is elaborated under Note 43 of the Financial Statements.

Holding Company:

Ithmaar Bank B.S.C., a Bahrain based retail bank, was the parent company of the Bank, holding, directly and indirectly through subsidiaries 66.78% (2015: 66.78%) of the shareholding of the Bank. Subsequent to the year ended December 31, 2016, the Ithmaar Bank B.S.C., has been restructured into three entities namely Ithmaar Holding Company B.S.C., IB Bank B.S.C. (closed) and IB Bank Capital (closed). As a result of this reorganisation, shareholding of the Bank which was owned by Ithmaar Bank B.S.C. has now been transferred to IB Bank B.S.C (closed) which is a wholly owned subsidiary of Ithmaar Holding Company B.S.C. However this will not effect the control over Faysal Bank Limited. Consequent to this restructuring, IB Bank B.S.C (closed) is the parent company of the Bank, holding directly and indirectly 66.78% (2015: 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 Holding Company B.S.C.

Auditors:

The present auditors, A F Ferguson & Co., Chartered Accountants, will retire on the date of next Annual General Meeting. They have completed their tenure however, State Bank of Pakistan has allowed them to continue as auditor hence they are eligible for re-appointment. Accordingly, the Board of Directors endorses the recommendation of the Audit Committee for the appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the bank for the financial year 2017.

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Acknowledgement:

I would like to take this opportunity to thank on behalf of the Board and Management of the bank, the shareholders for the trust they have reposed in the Bank, I am also grateful to the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their continued support and guidance and the customers for their patronage. I would also like to express sincere appreciation for the employees of the Bank for their dedication and hard work.

On behalf of the Board of Directors



President & CEO

Karachi

Dated: January 26, 2017

STATEMENT ON INTERNAL CONTROLS

This statement is presented to comply with the requirements 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 and 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. However, 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, kept 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 keeps 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 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, 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. Furthermore, as per the instructions of State Bank of Pakistan on the subject, the Bank will submit the Long Form Report of statutory auditors on review of the ICFR program for the year ended December 31, 2016 within the regulatory timeline.

The management feels 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.


Nauman Ansari
President & CEO

Karachi
Dated: January 26, 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Faysal Bank Limited (the Bank) as at December 31, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for thirty five branches which have been audited by us 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 our audit.

It is the responsibility of the Bank's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in the case of loans and advances covered more than sixty percent of the total loans and advances of the Bank, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.8 to the financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2016, and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion 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.

Attestation


Chartered Accountants
Engagement Partner: **Noman Abbas Sheikh**
Dated: February 1, 2017
Karachi.


STATEMENT OF FINANCIAL POSITION


AS AT DECEMBER 31, 2016


	Note	2016	2015	2014
----- Rupees '000 -----				
ASSETS				
Cash and balances with treasury banks	8	37,239,302	26,084,007	20,285,851
Balances with other banks	9	1,139,375	1,068,451	1,422,699
Lendings to financial institutions	10	5,000,000	250,000	-
Investments	11	170,210,137	195,515,642	155,210,513
Advances	12	204,830,997	181,089,804	182,655,623
Operating fixed assets	13	12,111,881	11,342,980	11,543,356
Deferred tax assets - net	14	2,264,212	3,087,325	2,428,816
Other assets	15	11,668,757	11,634,651	14,578,926
		444,464,661	430,072,860	388,125,784
LIABILITIES				
Bills payable	16	5,982,285	6,009,238	5,347,774
Borrowings	17	52,806,084	90,565,242	60,926,863
Deposits and other accounts	18	340,306,404	292,130,258	283,345,739
Sub-ordinated loans	19	1,497,000	2,994,000	2,995,200
Liabilities against assets subject to finance lease		-	-	-
Deferred tax liabilities - net		-	-	-
Other liabilities	20	8,864,563	8,021,649	9,207,632
		409,456,336	399,720,387	361,823,208
NET ASSETS		35,008,325	30,352,473	26,302,576
REPRESENTED BY				
Share capital	21	11,997,601	11,997,601	10,432,697
Reserves	22	7,158,248	6,422,761	5,703,155
Unappropriated profit		9,985,870	7,638,330	5,696,366
		29,141,719	26,058,692	21,832,218
Surplus on revaluation of assets - net of tax	23	5,866,606	4,293,781	4,470,358
		35,008,325	30,352,473	26,302,576
CONTINGENCIES AND COMMITMENTS				
	24			

The annexed notes 1 to 47 and Annexures I to IV form an integral part of these financial statements.


 PRESIDENT & CEO


 DIRECTOR


 DIRECTOR


 DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 -----Rupees '000-----	2015
Mark-up / return / interest earned	26	26,200,691	32,312,553
Mark-up / return / interest expensed	27	14,134,284	18,357,971
Net mark-up / interest income		12,066,407	13,954,582
Provision against non-performing loans and advances - net	12.4	625,813	1,058,206
Provision / (reversal of provision) for consumer and small enterprise loans - general - net	12.4 & 12.5	31,585	(6,852)
Provision against off balance sheet obligations	20.2	4,209	19,929
(Reversal of provision) / provision for diminution in value of investments - net	11.3	(16,930)	454,551
Recoveries against written-off debts - net	12.7.1	(80,599)	(100,296)
Net mark-up / interest income after provisions		11,502,329	12,529,044
Non mark-up / interest income			
Fee, commission and brokerage income		2,528,990	2,303,447
Dividend income		276,301	318,715
Income from dealing in foreign currencies - net		1,368,290	964,961
Gain on sale of securities - net	28	2,092,759	1,738,630
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		11,107	(27,230)
Other income	29	490,566	265,817
Total non mark-up / interest income		6,768,013	5,564,340
Non mark-up / interest expenses		18,270,342	18,093,384
Administrative expenses	30	11,474,088	10,591,053
Other (reversals) / provisions - net	15.3	(28,298)	354,048
Other charges	31	143,865	221,204
Total non mark-up / interest expenses		11,589,655	11,166,305
Share of loss of associate	11.7.2	6,680,687	6,927,079
Extraordinary / unusual items		(22,050)	(7,002)
Profit before taxation		-	-
		6,658,637	6,920,077
Taxation - Current	32	2,262,905	3,038,627
Taxation - Prior years	32	(901,138)	264,797
Taxation - Deferred	32	995,098	(605,711)
		2,356,865	2,697,713
Profit after taxation		4,301,772	4,222,364
-----Rupees-----			
Earnings per share - basic	33	3.59	3.52

The annexed notes 1 to 47 and Annexures I to IV form an integral part of these financial statements.

 PRESIDENT & CEO
  DIRECTOR
  DIRECTOR
  DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		Rupees '000	
Profit after taxation for the year		4,301,772	4,222,364
Other comprehensive income:			
Items that will not be reclassified to profit and loss account			
Components of comprehensive income reflected in equity			
- Remeasurements of defined benefit plan	36.5	25,722	115,098
- Tax liability on remeasurements of defined benefit plan		(9,003)	(40,284)
		16,719	74,814
Comprehensive income transferred to equity		4,318,491	4,297,178
Items that may be reclassified subsequently to profit and loss account			
Components of comprehensive income not reflected in equity			
- Net change in value of available for sale securities		(815,851)	(148,259)
- Deferred tax asset on change in value of available for sale securities		285,547	25,845
		(530,304)	(122,414)
Total comprehensive income		3,788,187	4,174,764

The annexed notes 1 to 47 and Annexures I to IV form an integral part of these financial statements.


PRESIDENT & CEO


DIRECTOR


DIRECTOR


DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Particulars	Share capital	Reserves						Unappropriated profit	Total	
		Capital				Statutory reserve (note 22.1)	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, 2015	10,432,697	-	10,131	1,131,474	23,952	4,537,598	5,703,155	5,696,366	21,832,218	
Profit after taxation for the year	-	-	-	-	-	-	-	4,222,364	4,222,364	
Other comprehensive income for the year										
- Remeasurements of defined benefit plan	-	-	-	-	-	-	-	115,098	115,098	
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	-	-	(40,284)	(40,284)	
	-	-	-	-	-	-	-	74,814	74,814	
Transactions with owners recognised directly in equity										
- Transfer to reserve for issue of bonus shares	-	1,564,904	-	-	-	-	1,564,904	(1,564,904)	-	
- Bonus shares issued	1,564,904	(1,564,904)	-	-	-	-	(1,564,904)	-	-	
	1,564,904	-	-	-	-	-	-	(1,564,904)	-	
Amortisation of intangible assets - customer relationship - net of tax (note 22.2)	-	-	-	(124,867)	-	-	(124,867)	-	(124,867)	
Transfer to statutory reserve	-	-	-	-	-	844,473	844,473	(844,473)	-	
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	54,163	54,163	
Balance as at December 31, 2015	11,997,601	-	10,131	1,006,607	23,952	5,382,071	6,422,761	7,638,330	26,058,692	
Profit after taxation for the year	-	-	-	-	-	-	-	4,301,772	4,301,772	
Other comprehensive income for the year										
- Remeasurements of defined benefit plan	-	-	-	-	-	-	-	25,722	25,722	
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	-	-	(9,003)	(9,003)	
	-	-	-	-	-	-	-	16,719	16,719	
Transactions with owners recognised directly in equity										
Final cash dividend - December 31, 2015 declared subsequent to the year end at Rs. 1 per share	-	-	-	-	-	-	-	(1,199,760)	(1,199,760)	
Amortisation of intangible assets - customer relationship - net of tax (note 22.2)	-	-	-	(124,867)	-	-	(124,867)	-	(124,867)	
Transfer to statutory reserve	-	-	-	-	-	860,354	860,354	(860,354)	-	
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	89,163	89,163	
Balance as at December 31, 2016	11,997,601	-	10,131	881,740	23,952	6,242,425	7,158,248	9,985,870	29,141,719	

The annexed notes 1 to 47 and Annexures I to IV form an integral part of these financial statements.


PRESIDENT & CEO


DIRECTOR


DIRECTOR


DIRECTOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		-----Rupees '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,658,637	6,920,077
Less: dividend income		(276,301)	(318,715)
		6,382,336	6,601,362
Adjustments for non-cash and other items:			
Depreciation		579,133	602,292
Amortisation		235,175	218,683
Depreciation on non-banking assets		12,050	-
Workers' Welfare Fund		131,621	177,179
Provision written back		(225,195)	-
Provision against non-performing loans and advances - net		625,813	1,058,206
Provision / (reversal of provision) for consumer and small enterprise loans - general - net		31,585	(6,852)
(Reversal of provision) / provision for diminution in value of investments - net		(16,930)	454,551
Other (reversal) / provision - net		(28,298)	354,048
Provision against off balance sheet obligations		4,209	19,929
Unrealised (gain) / loss on revaluation of investments classified as held for trading - net		(11,107)	27,230
Net gain on disposal of property and equipment		(56,816)	(14,009)
Net gain on disposal of non-banking assets		-	(115,356)
Charge for defined benefit plan		89,404	100,814
Amortisation of prepaid employee benefits		30,431	94,200
Income from derivative contracts - net	15.2	(11,524)	-
Share of loss from associate		22,050	7,002
		1,411,601	2,977,917
		7,793,937	9,579,279
(Increase) / decrease in operating assets			
Lendings to financial institutions		(4,750,000)	(250,000)
Held for trading securities		5,133,970	20,488,129
Advances - net		(24,398,591)	514,465
Other assets		1,649,682	391,814
		(22,364,939)	21,144,408
Increase / (decrease) in operating liabilities			
Bills payable		(26,953)	661,464
Borrowings		(37,465,314)	29,863,892
Deposits and other accounts		48,176,146	8,784,519
Other liabilities		850,254	(1,205,870)
		11,534,133	38,104,005
Income tax paid		(3,036,869)	68,827,692
Contribution to gratuity fund		(1,819,140)	(1,585,982)
		-	(28,051)
Net cash (used in) / generated from operating activities		(4,856,009)	67,213,659
CASH FLOWS FROM INVESTING ACTIVITIES			
Net divestment / (investment) in available for sale securities		4,870,692	(49,096,036)
Net divestment / (investment) in held to maturity securities		14,490,979	(12,334,264)
Dividend income received		269,255	329,947
Investment in operating fixed assets		(1,110,975)	(819,436)
Proceeds realised on disposal of operating fixed assets		544,718	20,743
Proceeds realised on disposal of non-banking assets		-	356,052
Net cash generated from / (used in) investing activities		19,064,669	(61,542,994)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of sub-ordinated loan		(1,497,000)	(1,200)
Dividends paid		(1,191,597)	(44)
Net cash used in financing activities		(2,688,597)	(1,244)
Increase in cash and cash equivalents		11,520,063	5,669,421
Cash and cash equivalents at the beginning of the year		26,335,872	20,666,451
Cash and cash equivalents at the end of the year	34	37,855,935	26,335,872

The annexed notes 1 to 47 and Annexures I to IV form an integral part of these financial statements.






PRESIDENT & CEO DIRECTOR DIRECTOR DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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 Corporate, Commercial and Consumer banking activities. The Bank has a network of 355 branches (2015: 280); including 146 Islamic banking branches (2015: 68) and 1 Islamic sub-branch (2015: 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., a Bahrain based retail bank, was the parent company of the Bank, holding, directly and indirectly through subsidiaries 66.78% (2015: 66.78%) of the shareholding of the Bank. Subsequent to the year ended December 31, 2016, the Ithmaar Bank B.S.C., has been restructured into three entities namely Ithmaar Holding Company B.S.C., IB Bank B.S.C. (closed) and IB Bank Capital (closed). As a result of this reorganisation, shareholding of the Bank which was owned by Ithmaar Bank B.S.C. has now been transferred to IB Bank B.S.C (closed) which is a wholly owned subsidiary of Ithmaar Holding Company B.S.C. However this will not effect the control over Faysal Bank Limited. Consequent to this restructuring, IB Bank B.S.C (closed) is the parent company of the Bank, holding directly and indirectly 66.78% (2015: 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 Holding Company B.S.C.

- 1.2** Based on the financial statements of the Bank for the year ended December 31, 2015, 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, 2014: 'AA') and the short term rating as 'A1+' (December 31, 2014: '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 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 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 III to these financial statements.

3 STATEMENT OF COMPLIANCE

- 3.1** These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, the

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

requirements of the Companies Ordinance, 1984, the requirements of the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the SBP. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinance, 1984 or the directives issued by the SECP and the SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 or the requirements of the said directives issued by the SECP and the SBP prevail.

- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' 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 financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are 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 management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.
- 3.4** 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, 2016 the Bank has adjusted amortisation of intangible assets amounting to Rs. 124.866 million (net of tax) from the Non-distributable Capital Reserve.
- 3.5** 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 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 financial statements.
- 3.6** The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of the financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, only the surplus / (deficit) on revaluation of available for sale (AFS) securities, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

3.7 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 financial statements.

3.8 Change in accounting policy

3.8.1 The Bank has changed its accounting policy effective from January 1, 2016 for recording of non-banking assets acquired in satisfaction of claims in order to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by the SBP. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are now 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. 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 non-banking assets, if any, or if no surplus exists, is charged to the profit and loss account. Legal fees, transfer costs and direct costs of acquiring title to the non-banking assets are charged to the profit and loss account and these are not capitalised as part of non-banking assets. Previously, non-banking assets acquired in satisfaction of claims were carried at cost (including legal fees, transfer costs and direct costs less impairment, if any). Had the accounting policy not been changed, non-banking assets as at December 31, 2016 (included in other assets in the statement of financial position) would have been lower by Rs 1,291.866 million while other liabilities, surplus on revaluation of assets (net of tax) and deferred tax assets would have been lower by Rs 8.511 million, Rs 1,271.701 million and Rs 24.878 million respectively whereas profit before tax would have been higher by Rs 13.224 million. This change does not have any material impact on the Earnings Per Share of the Bank.

3.9 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

3.9.1 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

3.10 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

3.10.1 The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard, amendments or interpretation

Standard, Interpretations or Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments	January 01, 2018
- IFRS 15 - Revenue from contracts	January 01, 2018
- IFRS 16 - Leases	January 01, 2019

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

3.10.2 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, 2017 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

4 BASIS OF MEASUREMENT

These 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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with the approved accounting 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) classification and provisioning against investments (notes 7.4 and 11).
- ii) income taxes (notes 7.8, 14 and 32).
- iii) classification and provisioning against advances (notes 7.5 and 12).
- iv) depreciation / amortisation of operating fixed assets (notes 7.6 and 13).
- v) accounting for non-banking assets acquired in satisfaction of claims (note 7.9)
- vi) accounting for defined benefit plan (notes 7.10 and 36).
- vii) impairment of intangible assets (note 7.6 and 13.3).
- viii) impairment of assets (note 7.7)
- ix) Provisions and contingent assets and liabilities (note 7.10)
- x) Staff retirement benefits (note 7.11)

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for the changes stated in note 3.8 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

7.1 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 profit and loss account. However, as more fully described in note 22.2 to these 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 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.

7.2 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.

7.3 Lendings to / borrowings from financial institutions

The Bank enters into repurchase agreements (repos) 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 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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(c) Bai Muajjal

Bai Muajjal transactions with the SBP and other financial institutions are classified under lendings. In Bai Muajjal, the Bank sells Shariah 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.

7.4 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, 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.

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 profit and loss account.

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 profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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 statement of financial position below equity and is taken to the profit and loss account when realised upon disposal or when the investment 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 profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

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 directly in surplus / deficit on revaluation of securities on the statement of financial position below equity is removed therefrom and recognised in the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

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

Premium or discount on acquisition of investments is amortised through the profit and loss account over the remaining period till maturity using the effective interest method.

Investment in associates

Investments in associates, where the Bank 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 Bank'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 Bank's share of losses in associates equals or exceeds its interest in the associates, including any other unsecured receivables, the Bank 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 Bank and its associates are recognised in the Bank's financial statements only to the extent of unrelated investor's interests in the associates. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Bank. Dilution gains and losses arising on investments in associates are recognised in the profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

7.5 Loans and Advances

7.5.1 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 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

Murabaha financings are reflected as receivables at the invoiced amount. Actual sales and purchases are not reflected, as the goods are purchased by the customer as an agent of the Bank and all documents relating to purchase are in the customer's name. However, the profit on the sale revenue not due for payment is deferred and is recognised on a time proportion basis. Funds disbursed under Murabaha financing arrangements prior to purchase of goods are recorded as "Advance Against Murabaha" under the head of 'Islamic financing and related assets'.

(b) Diminishing Musharaka

In Diminishing Musharaka based financing, the Bank enters into a Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into periodic profit payment agreement for the utilisation of the Bank's Musharaka share by the customer.

(c) Ijarah assets

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 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 profit and loss account.

(d) Bai Muajjal

In Bai Muajjal financing, the Bank sells Shariah Compliant instruments on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. Profits on Bai Muajjal are recognised on straight line basis.

(e) Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold by the customer on behalf of the Bank and the amount hence financed alongwith profit is paid back to the Bank.

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7.5.2 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 profit and loss account.

7.6 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 13.2 to these 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 balance sheet 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 expenditure are charged to the 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.

Surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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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 and 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 13.3 to these 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 balance sheet 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 profit and loss account in the period in which they arise.

7.7 Impairment

The carrying amount of assets is reviewed at each balance sheet 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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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An impairment loss is reversed except for impairment loss relating to goodwill, if there has been a change in the estimate used to determine the recoverable amount. Such reversals are only made to the extent that the asset's carrying amount does not exceed the amount that would have been determined if no impairment loss had been recognised.

7.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or below equity, in which case it is recognised in equity or below 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 balance sheet date. The charge for the current tax also includes adjustments relating to prior years, if necessary, arising from assessments finalised during the 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 by the balance sheet 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

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

7.9 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 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 non-banking asset, if any, or if no surplus exists, is charged to the profit and loss account. These assets are disclosed in other assets as specified by the SBP.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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7.10 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 balance sheet 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.

7.11 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 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.

7.12 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.

7.13 Subordinated loans

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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7.14 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.
- 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 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.

7.15 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the balance sheet date are considered as non-adjusting events and are recorded in the 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.

7.16 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 balance sheet 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 balance sheet date. The forward cover fee, if any, payable on contracts with the SBP is amortised over the term of the contract.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(b) Translation gains and losses

Translation gains and losses are included in the profit and loss account.

7.17 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the 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.

7.18 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 as off balance sheet transactions and are disclosed as contingent liabilities.

7.19 Financial instruments

Financial assets and financial liabilities

Financial instruments carried on the balance sheet 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 profit and loss account.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the 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 financial statements only when permitted by the approved accounting standards as applicable in Pakistan.

7.20 Earnings per share

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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7.21 Segment reporting

Segment reporting is based on operating (business) segments of the Bank. An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components. The segment's results are reviewed regularly, which have been presented according to the functional basis and the guidance of the SBP, to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available. These have been presented as per the Bank's functional structure and guidance of the SBP. The segments of the Bank are as follows:

(a) Business Segments

(i) Corporate Finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatisation, securitisation, Initial Public Offers (IPOs), secondary private placements and etc.

(ii) Trading and Sales

It includes fixed income, equity, foreign exchanges, funding, own position securities, lendings and repos.

(iii) Retail Banking

Retail banking provides services to small borrowers i.e. consumers, small enterprises, medium enterprises and agriculture sector. It includes loans, deposits, other transactions and balances with retail customers.

(iv) Corporate and Commercial Banking

This includes strategic partnership with Corporate and Commercial 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.

(b) Geographical Segment

The operations of the Bank are currently based only in Pakistan.

	Note	2016	2015
8 CASH AND BALANCES WITH TREASURY BANKS		-----Rupees '000-----	
In hand			
- local currency		8,140,945	5,672,674
- foreign currencies		1,699,075	1,785,085
With the State Bank of Pakistan in			
- local currency current accounts	8.1	17,533,966	8,903,843
- foreign currency current accounts	8.2	1,156,859	1,166,291
- foreign currency deposit accounts	8.3	3,430,526	3,413,193
With the National Bank of Pakistan in			
- local currency current accounts		5,262,880	5,125,097
National prize bonds		15,051	17,824
		<u>37,239,302</u>	<u>26,084,007</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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- 8.1** These include local currency current accounts maintained with the SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with 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 fixed on monthly basis by the SBP. The SBP has not remunerated any amount on these deposits during the current and the last year.

	Note	2016 -----Rupees '000-----	2015
9 BALANCES WITH OTHER BANKS			
In Pakistan			
- Current accounts		699,488	573,956
Outside Pakistan			
- Current accounts		439,887	494,495
		1,139,375	1,068,451

10 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lending		-	250,000
Repurchase agreement lendings	10.2	5,000,000	-
		5,000,000	250,000

10.1 Particulars of lendings

In local currency	5,000,000	250,000
In foreign currency	-	-
	5,000,000	250,000

- 10.2** This represents lending to a commercial bank which carries mark-up at the rate of 5.9% per annum (2015: Nil) maturing at January 03, 2017.

10.3 Securities held as collateral against lendings to financial institutions

	2016			2015		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	----- Rupees '000 -----					
Pakistan Investment Bonds	5,000,000	-	5,000,000	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

11 INVESTMENTS

Investments by type and segments, details of strategic investments and particulars of provisions are given below. The complete break down of available for sale investments is given in Annexure I, which forms an integral part of these financial statements.

11.1 Investments by type

Investments by type	Note	2016			2015		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
		----- Rupees '000 -----					
Held for trading securities							
Market Treasury Bills	11.2.1	533,530	-	533,530	3,204,619	-	3,204,619
Pakistan Investment Bonds	11.2.2	1,170,038	-	1,170,038	3,150,437	-	3,150,437
Fully paid up ordinary shares / certificates of closed end mutual funds		-	-	-	482,482	-	482,482
		1,703,568	-	1,703,568	6,837,538	-	6,837,538
Available for sale securities							
Market Treasury Bills	11.2.1	59,502,461	29,646,237	89,148,698	48,839,635	41,360,610	90,200,245
Pakistan Investment Bonds	11.2.2	41,351,395	2,074,936	43,426,331	19,778,584	28,710,039	48,488,623
GOP Ijara Sukuk Bonds	11.2.3	4,474,967	-	4,474,967	5,919,200	-	5,919,200
Sukuk	11.2.4	2,900,000	-	2,900,000	-	-	-
Units of open end mutual funds							
- Faysal Balanced Growth Fund *		37,480	-	37,480	12,480	-	12,480
- Faysal Income Growth Fund *		257,544	-	257,544	87,544	-	87,544
- Faysal Savings Growth Fund *		680,606	-	680,606	680,606	-	680,606
- Faysal Islamic Savings Growth Fund *		189,432	-	189,432	95,848	-	95,848
- Faysal Money Market Fund *		-	-	-	312,111	-	312,111
- Faysal Asset Allocation Fund *		-	-	-	75,947	-	75,947
- Faysal Financial Sector Opportunity Fund *		-	-	-	34,000	-	34,000
Fully paid up ordinary shares / modaraba certificates / certificates of	11.6 &						
closed end mutual funds	11.3.2	4,370,242	-	4,370,242	4,271,736	-	4,271,736
Fully paid up preference shares		22,490	-	22,490	122,490	-	122,490
Term finance certificates		762,149	-	762,149	839,801	-	839,801
		114,548,766	31,721,173	146,269,939	81,069,982	70,070,649	151,140,631
Held to maturity securities							
Pakistan Investment Bonds	11.2.2	9,931,757	-	9,931,757	19,776,284	-	19,776,284
Term finance certificates		2,455,213	-	2,455,213	2,364,514	-	2,364,514
Sukuk	11.2.4	11,861,617	-	11,861,617	4,760,365	-	4,760,365
Other Federal Government Securities		-	-	-	11,838,403	-	11,838,403
		24,248,587	-	24,248,587	38,739,566	-	38,739,566
Associate *							
Fully paid up ordinary shares of Faysal Asset Management Limited	11.7	46,032	-	46,032	68,082	-	68,082
Investments		140,546,953	31,721,173	172,268,126	126,715,168	70,070,649	196,785,817
Less: provision for diminution in the value of investments	11.3 & 12.4.1	(3,265,833)	-	(3,265,833)	(3,282,763)	-	(3,282,763)
Investments (net of provisions)		137,281,120	31,721,173	169,002,293	123,432,405	70,070,649	193,503,054
Surplus / (deficit) on revaluation of investments classified as held for trading - net	11.5	461	-	461	(10,646)	-	(10,646)
Surplus / (deficit) on revaluation of investments classified as available for sale - net	23.2	1,227,520	(20,137)	1,207,383	852,230	1,171,004	2,023,234
Total investments - net		138,509,101	31,701,036	170,210,137	124,273,989	71,241,653	195,515,642

* related parties

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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11.1.1 Strategic Investments	Note	2016	2015
		-----Rupees '000-----	
Available for sale securities - Listed			
Units of open end mutual funds		7,480	7,480
Available for sale securities - Unlisted			
Fully paid up ordinary shares		568,755	568,755
Associate - unlisted	11.7.2	46,032	68,082
		622,267	644,317
Provision for diminution in the value of investments		(568,755)	(568,755)
		53,512	75,562
Surplus on revaluation of strategic investments classified as available for sale		1,285	1,079
		54,797	76,641

Strategic investments are those investments which the Bank makes with the intention of holding them for a long term duration and are marked as such at the time of investment. Disposals of such investments can only be made subject to the fulfilment of the requirements prescribed by the SBP. The overall exposure limit for equity investments prescribed by the SBP does not apply to these investments. Further, as per the SBP's instructions in BPD Circular Letter No. 16 of 2006 dated August 01, 2006, investments marked as strategic have a minimum retention period of 5 years from the original purchase date. However, these can be sold before the stipulated period with the prior permission of the SBP.

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11.2 Investments by segments	Note	2016 -----Rupees '000-----	2015
Federal Government Securities			
- Market Treasury Bills	11.2.1	89,682,228	93,404,864
- Pakistan Investment Bonds	11.2.2	54,528,126	71,415,344
- Ijara Sukuk Bonds	11.2.3	4,474,967	5,919,200
- Other Federal Government Securities		-	11,838,403
		148,685,321	182,577,811
Fully Paid up Ordinary Shares / Modaraba Certificates / Closed end Mutual Fund Units			
- Listed companies / modarabas / mutual funds		3,720,575	4,104,552
- Unlisted companies		695,699	717,748
		4,416,274	4,822,300
Fully Paid up Preference Shares			
- Listed companies		22,490	122,490
- Unlisted companies		-	-
		22,490	122,490
		4,438,764	4,944,790
Term Finance Certificates			
- Listed		120,851	131,970
- Unlisted		3,096,511	3,072,345
		3,217,362	3,204,315
Units of Open end Mutual Funds		1,165,062	1,298,536
Sukuk Bonds	11.2.4	14,761,617	4,760,365
Total investments		172,268,126	196,785,817
Less: provision for diminution in the value of investments	11.3	(3,265,833)	(3,282,763)
Investments (net of provisions)		169,002,293	193,503,054
Surplus / (deficit) on revaluation of investments classified as held for trading - net	11.5	461	(10,646)
Surplus on revaluation of investments classified as available for sale - net	23.2	1,207,383	2,023,234
Total investments - net		170,210,137	195,515,642

11.2.1 Market Treasury Bills have tenures of three months to one year. The Bank's return on these instruments ranges from 5.80% to 6.25% per annum (2015: 6.25% to 7.95% per annum) with maturities up to September 2017.

11.2.2 Pakistan Investment Bonds have tenures of 3 to 10 years. The Bank's return on these instruments ranges from 5.88% to 12.59% per annum (2015: 6.39% to 14.06% per annum) with maturities from July 2017 to April 2026.

11.2.3 GoP Ijara sukuk bonds have tenures of 3 years. The Bank's return on these instruments ranges from 4.75% to 6.19% per annum (2015: 4.75% to 9.12% per annum) with maturities up to June 2017.

11.2.4 These sukuks have tenures ranging from 5 to 11 years. The Bank's return on these instruments ranges from 5.82% to 9.04% per annum (2015: 6.53% to 9.6% per annum) with maturities up to 2026.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	Note	2016	2015
		-----Rupees '000-----	
11.3 Particulars of provision for diminution in the value of investments			
Opening balance		3,282,763	2,828,212
Charge for the year		75,478	601,616
Reversals during the year		(92,408)	(147,065)
		(16,930)	454,551
Closing balance		3,265,833	3,282,763

11.3.1 Particulars of provision for diminution in the value of investments by type and segment

Available for sale securities

- Fully Paid up Ordinary Shares / Modaraba Certificates / Certificates of Closed end Mutual Funds			
- Listed companies / modarabas / mutual funds	11.3.2	499,066	488,203
- Unlisted companies		649,666	649,666
- Fully Paid up Preference Shares			
- Listed companies		22,490	22,490
- Units of Open end Mutual Funds		856	856
- Term Finance Certificates			
- Listed		59,686	70,781
- Unlisted		508,311	458,311

Held to maturity securities

- Term Finance Certificates			
- Unlisted		999,172	1,057,372
- Sukuk Bonds		526,586	535,084
		3,265,833	3,282,763

11.3.2 These include 1,670,685 equity shares (December 31, 2015: Nil) of Agritech Limited (AGL) acquired during the current year at the rate of Rs 35 each, as a result of the exercise of put option in pursuance of the investors buy-back agreement dated July 20, 2012. The Bank has availed the relaxation provided by the SBP vide letter no BPR/BRD/Policy/2016-14898 dated June 14, 2016 in recording impairment against these shares. The Bank is required to maintain atleast 50%, 75% and 100% of the required impairment as at December 31, 2016, March 31, 2017 and June 30, 2017 respectively. The total impairment on these shares as at December 31, 2016 was Rs 37.306 million. The Bank has recorded an impairment loss of Rs 18.653 million against these shares during the year ended December 31, 2016. Had the SBP not provided this relaxation the profit before taxation would have been lower by Rs 18.653 million and provision for diminution in the value of investment would have been higher by the same amount.

11.4 Quality of available for sale securities

The details regarding the quality of available for sale securities and their mark-up / interest and other terms are contained in Annexure I, which forms an integral part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----Rupees '000-----	
11.5 Surplus / (deficit) on revaluation of investments classified as held for trading - net		
Market Treasury Bills	(23)	685
Pakistan Investment Bonds	484	7,829
Fully paid up ordinary shares / certificates of closed end mutual fund	-	(19,160)
	<u>461</u>	<u>(10,646)</u>

11.6 These include an investment of the Bank in unlisted shares of DHA Cogen Limited (DHA) (a related party of the Bank) representing 19.1% (2015: 19.1%) equity holding of DHA. The Bank acquired these equity shares in 2013 by exercising its rights over pledged shares of DHA after eventual non-compliance by DHA in respect of 'Rehabilitation and Standstill Agreement' made between the consortium banks (including the Bank) and DHA for repayment of liabilities.

11.7 This represents investment of the Bank in Faysal Asset Management Limited (FAML). This has been accounted for under the equity method of accounting as per the requirement of IAS 28. The Bank's share of post acquisition profit or loss is recognised using the latest available un-audited financial statements of FAML which relate to the period ended December 31, 2016 with a corresponding adjustment to the carrying amount of investment.

11.7.1 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.

11.7.2 The details of the Bank's investment and post acquisition changes relating to FAML are as under:

	2016	2015
	-----Rupees '000-----	
Faysal Asset Management Limited - percentage holding 30% (2015: 30%)		
At January 1	68,082	75,084
Post acquisition changes during the year		
- Recognised in the profit and loss account	(22,050)	(7,002)
At December 31	<u>46,032</u>	<u>68,082</u>
Cost of investment	<u>45,000</u>	<u>45,000</u>

11.7.3 Particulars of the assets and liabilities of the associate

Revenue	<u>139,032</u>	128,988
Net loss	<u>(73,499)</u>	(23,340)
Net assets	<u>166,896</u>	265,506
Liabilities	<u>13,456</u>	38,566
Net assets	<u>153,440</u>	226,940
Percentage (%) holding of the Bank	<u>30%</u>	30%
Share of net assets of the Bank	<u>46,032</u>	68,082

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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12	ADVANCES	Note	2016 -----Rupees '000-----	2015
	Loans, cash credits, running finances, etc. – in Pakistan		180,518,663	170,731,644
	Net investment in finance lease – in Pakistan	12.2	10,431,613	9,796,173
			190,950,276	180,527,817
	Bills discounted and purchased (excluding government treasury bills)			
	- Payable in Pakistan		5,289,466	3,376,937
	- Payable outside Pakistan		909,279	1,098,911
			6,198,745	4,475,848
	Islamic financing and related assets	(A3.1)	32,588,297	20,532,158
	Margin financing / reverse repo transactions		88,200	88,200
	Gross advances		229,825,518	205,624,023
	Provision against non-performing advances	12.4, 12.4.1 & 12.4.2	(24,530,264)	(24,101,547)
	Provision against consumer and small enterprise loans - general	12.4, 12.4.2 & 12.5	(464,257)	(432,672)
			(24,994,521)	(24,534,219)
	Advances - net of provision		204,830,997	181,089,804
12.1	Particulars of advances (Gross)			
12.1.1	In local currency		228,942,957	204,549,733
	In foreign currencies		882,561	1,074,290
			229,825,518	205,624,023
12.1.2	Short term (upto one year)		120,859,203	108,628,989
	Long term (over one year)		108,966,315	96,995,034
			229,825,518	205,624,023
12.1.3	Net investment in Ijarah - Ijarah accounted for under IFAS-2			
	Movement in the net book value of Ijarah assets			
	Assets under Ijarah			
	Opening balance		1,188,039	550,253
	Disbursed during the year		40,117	637,786
	Disposals during the year		-	-
	Closing balance		1,228,156	1,188,039
	Accumulated depreciation			
	Opening balance		239,658	35,721
	Charged during the year		494,937	203,937
	Closing balance		734,595	239,658
	Net investment in Ijarah	12.1.4	493,561	948,381

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12.1.4 Ijarah rentals receivable

	2016				2015			
	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 -----							
Ijarah rentals receivable	453,374	53,862	-	507,236	535,623	490,984	-	1,026,607

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

12.2 Net investment in finance lease

	2016				2015			
	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	1,305,035	7,368,009	-	8,673,044	894,874	5,951,325	-	6,846,199
Residual value	591,185	2,346,548	-	2,937,733	851,555	2,837,093	-	3,688,648
Minimum lease payment	1,896,220	9,714,557	-	11,610,777	1,746,429	8,788,418	-	10,534,847
Finance charge for future periods	(60,285)	(1,118,879)	-	(1,179,164)	(16,858)	(721,816)	-	(738,674)
Present value of minimum lease payment	1,835,935	8,595,678	-	10,431,613	1,729,571	8,066,602	-	9,796,173

12.3 Advances includes Rs. 30,036 million (2015: Rs. 30,469 million) which have been placed under non-performing status as detailed below:

		2016								
Note	Category of classification	Classified Advances			Provision required			Provision held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
		----- Rupees '000 -----								
	Other Assets Especially Mentioned (OAEM)	12.3.1	351,337	-	351,337	-	-	-	-	-
	Substandard		2,201,772	-	2,201,772	403,413	-	403,413	403,413	-
	Doubtful		1,822,574	-	1,822,574	552,258	-	552,258	552,258	-
	Loss		25,660,377	-	25,660,377	23,574,593	-	23,574,593	23,574,593	-
			30,036,060	-	30,036,060	24,530,264	-	24,530,264	24,530,264	-

		2015								
Note	Category of classification	Classified Advances			Provision required			Provision held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
		----- Rupees '000 -----								
	Other Assets Especially Mentioned (OAEM)	12.3.1	428,735	-	428,735	830	-	830	830	-
	Substandard		2,691,103	-	2,691,103	373,023	-	373,023	373,023	-
	Doubtful		1,792,035	-	1,792,035	498,651	-	498,651	498,651	-
	Loss		25,556,979	-	25,556,979	23,229,043	-	23,229,043	23,229,043	-
			30,468,852	-	30,468,852	24,101,547	-	24,101,547	24,101,547	-

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12.3.1 This represents non-performing portfolio of agricultural, housing and small enterprise financing classified as OAEM as per the requirements of the Prudential Regulations for agricultural, housing and small enterprise financing issued by the SBP.

12.4 Particulars of provision against non-performing advances and general provision

	2016			2015		
	Specific	General Note 12.5	Total	Specific	General Note 12.5	Total
----- Rupees '000 -----						
Opening balance	24,101,547	432,672	24,534,219	23,049,664	439,524	23,489,188
Recognised in the profit & loss account						
- Charge for the year	1,991,115	31,585	2,022,700	2,374,138	-	2,374,138
- Reversals during the year	(1,365,302)	-	(1,365,302)	(1,315,932)	(6,852)	(1,322,784)
	625,813	31,585	657,398	1,058,206	(6,852)	1,051,354
Recognised in equity						
Provision against non performing loans and advances adjusted against NCR	-	-	-	-	-	-
Net charge	625,813	31,585	657,398	1,058,206	(6,852)	1,051,354
Amounts written off - note 12.7.1	(197,096)	-	(197,096)	(6,323)	-	(6,323)
Closing balance	24,530,264	464,257	24,994,521	24,101,547	432,672	24,534,219

12.4.1 As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 2,193.458 million (2015: Rs 2,730.690 million) relating to advances, Rs 2.884 million (2015: Rs 4.326 million) relating to investments and Nil (2015: Rs 9.308 million) relating to off-balance sheet items while determining the provisioning requirement against non-performing financing (including investments) as at December 31, 2016. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2016 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs 1,427.622 million (2015: Rs 1,783.813 million).

12.4.2 Particulars of provision against non-performing advances

	2016			2015		
	Specific	General	Total	Specific	General	Total
----- Rupees '000 -----						
In local currency	24,530,264	464,257	24,994,521	24,101,547	432,672	24,534,219
In foreign currencies	-	-	-	-	-	-
Total	24,530,264	464,257	24,994,521	24,101,547	432,672	24,534,219

12.5 The SBP vide circular 10 of 2016 has revised the Prudential Regulations for consumer financing. In the revised Regulations, SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio. Previously, the Regulations required provision to be maintained at 1.5% for secured portfolio and 5% for unsecured portfolio.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Had the SBP not issued the revised regulations, 'provision against consumer loans and small enterprises-general' would have been higher by Rs 8.143 million and profit before tax would have been lower by the same amount.

The Bank also maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance and Small and Medium Enterprise Financing issued by the SBP. The provision ranges between the 1.0% to 1.5% for secured and 2% for unsecured.

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

	Note	2016	2015
		-----Rupees '000-----	
12.7 Particulars of write-offs			
12.7.1 Against provisions		197,096	6,323
Bad debts written-off directly		22,340	6,919
Recoveries against written-off debt		(102,939)	(107,215)
Net recoveries against written-off debt credited to profit and loss account		(80,599)	(100,296)
		116,497	(93,973)
12.7.2 Write-offs of Rs. 500,000 and above	12.8	203,107	684
Write-offs below Rs. 500,000		16,329	12,558
Recoveries against write-offs		(102,939)	(107,215)
		116,497	(93,973)
12.8 Details of loan write-offs 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, 2016 is given in Annexure - II to these financial statements. However, the write-off of loans does not affect the Bank's right to recover the outstanding loans from these customers.

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FOR THE YEAR ENDED DECEMBER 31, 2016

12.9 Particulars of loans and advances to directors, associated companies, etc.

2016 2015
-----Rupees '000-----

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons *

Balance at beginning of the year	2,368,153	2,322,652
Loans granted during the year	709,309	750,242
Repayments during the year	(712,536)	(704,741)
Balance at end of the year	<u>2,364,926</u>	<u>2,368,153</u>

Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members **

Balance at beginning of the year	3,238,082	3,241,115
Loans granted during the year	-	-
Repayments during the year	(51,576)	(3,033)
Balance at end of the year	<u>3,186,506</u>	<u>3,238,082</u>

Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties **

Balance at beginning of the year	800,735	800,735
Loans granted during the year	-	-
Repayments during the year	-	-
Balance at end of the year	<u>800,735</u>	<u>800,735</u>

* These represent loans given by the Bank to its employees as per the terms of their employment.

** Provision held against the loans provided to related parties amounted to Rs 2,994.048 million (2015: Rs 2,963.060 million).

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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12.9.2 Maximum total amount of advances (including temporary advances) outstanding at the end of any month during the year

	Note	2016	2015
		-----Rupees '000-----	
Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons		<u>2,408,382</u>	<u>3,414,994</u>
Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members		<u>3,238,082</u>	<u>3,241,115</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties		<u>800,735</u>	<u>800,735</u>

13 OPERATING FIXED ASSETS

Capital work-in-progress	13.1	513,696	627,098
Tangible fixed assets	13.2	9,991,126	8,812,777
Intangible assets	13.3	1,607,059	1,903,105
		<u>12,111,881</u>	<u>11,342,980</u>

13.1 Capital work-in-progress

Civil works	129,865	44,143
Equipment	315,573	504,765
Advances to suppliers and contractors	68,258	78,190
	<u>513,696</u>	<u>627,098</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

13.2 Tangible fixed assets

Particulars	2016									
	COST				ACCUMULATED DEPRECIATION				Book value at December 31, 2016	Rate of depreciation (%)
	As at January 1, 2016	Additions / revaluation surplus / adjustments*	Deletions/ write-off	As at December 31, 2016	As at January 1, 2016	Additions/ revaluation surplus/ adjustments*	On deletions/ write-off	As at December 31, 2016		
Rupees 000										
Owned										
Freehold land	1,348,838	- 166,050 -	(455,000)	1,059,888	-	- - -	-	-	1,059,888	-
Leasehold land	2,495,430	- 316,520 -	-	2,811,950	-	- - -	-	-	2,811,950	-
Building on freehold	195,243	- (26,419) -	-	168,824	40,399	7,396 (47,795) -	-	-	168,824	2 to 6
Building on leasehold land	4,155,058	- 154,643 -	-	4,309,701	371,944	121,706 (493,650) -	-	-	4,309,701	2 to 20
Leasehold property and improvement	1,695,638	324,949 - 19,496	(381) (13,319)	2,026,383	1,346,632	63,806 - 18,066	(381) (13,319)	1,414,804	611,579	10 to 33
Office furniture, fixtures, equipment and computers	5,397,779	758,928 - (20,906)	(16,713) (605,107)	5,513,981	4,864,527	353,895 - (18,640)	(16,515) (603,821)	4,579,446	934,535	10 to 50
Vehicles	294,096	10,104 - -	(61,386)	242,814	145,803	32,330 - -	(29,968)	148,165	94,649	20
Total Owned	15,582,082	1,703,365	(1,151,906)	16,133,541	6,769,305	37,114	(664,004)	6,142,415	9,991,126	

Particulars	2015									
	COST				ACCUMULATED DEPRECIATION				Book value at December 31, 2015	Rate of depreciation (%)
	As at January 1, 2015	Additions / revaluation surplus / adjustments*	Deletions / write-off	As at December 31, 2015	As at January 1, 2015	Additions/ revaluation surplus/ adjustments*	On deletions / write-off	As at December 31, 2015		
Rupees 000										
Owned										
Freehold land	1,348,838	-	-	1,348,838	-	-	-	-	1,348,838	-
		-				-				
		-				-				
Leasehold land	2,495,430	-	-	2,495,430	-	-	-	-	2,495,430	-
		-				-				
		-				-				
Building on freehold	196,186	-	-	195,243	34,189	7,153	-	40,399	154,844	2 to 6
		-				-				
		(943)				(943)				
Building on leasehold land	4,174,299	595	-	4,155,058	270,991	120,789	-	371,944	3,783,114	2 to 20
		-				-				
		(19,836)				(19,836)				
Leasehold property and improvement	1,669,597	111,496	(106,234)	1,695,638	1,289,807	140,127	(104,081)	1,346,632	349,006	14 to 33
		-				-				
		20,779				20,779				
Office furniture, fixtures, equipment and computers	5,301,047	184,226	(87,494)	5,397,779	4,652,266	297,452	(85,191)	4,864,527	533,252	20 to 50
		-				-				
		-				-				
Vehicles	290,281	16,920	(13,105)	294,096	119,859	36,771	(10,827)	145,803	148,293	20
		-				-				
		-				-				
Total Owned	15,475,678	313,237	(206,833)	15,582,082	6,367,112	602,292	(200,099)	6,769,305	8,812,777	

13.2.1 Included in cost of operating fixed asset are fully depreciated items still in use having cost of Rs 4,944.583 million (2015: Rs 5,147.123 million).

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13.2.2 The Bank's freehold / leasehold land and building on freehold / leasehold land were revalued by Iqbal A. Nanjee Co. (Private) Limited on December 31, 2016 on the basis of professional assessments of the market value. As a result of the revaluation of these assets, the market value of freehold / leasehold land and building on freehold / leasehold land were determined at Rs 8,350.363 million. The results of this revaluation exercise have determined a further surplus of Rs 1,152.240 million. Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2016 would have been Rs 3,431.710 million (2015: Rs 3,897.486 million).

13.2.3 Changes in accounting estimate

During the year, the management of the Bank has revised its estimate of the useful life of 'leasehold improvements' and 'furniture and fixture'. Previously, assets under the above categories were depreciated over 5 years and now these are being depreciated over the useful life of 10 years.

The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of these assets had not been made, the depreciation expense for the year would have been higher by Rs. 125.394 million and consequently profit before tax would have been lower by the same amount.

13.3 Intangible assets

Particulars	2016								Book value at December 31, 2016	Rate of amortisation % per annum
	COST				ACCUMULATED AMORTISATION					
	As at January 1, 2016	Additions/ adjustments	Deletions	As at December 31, 2016	As at January 1, 2016	Charge to profit and loss account / adjustments / transferred to equity	Charge on deletions	As at December 31, 2016		
-----Rupees 000-----										
Computer software	1,764,112	130,396 1,410	-	1,895,918	1,409,634	235,175 574	-	1,645,383	250,535	17 to 33
Customer relationship - note 13.3.2	2,557,167	-	-	2,557,167	1,008,540	- 192,103	-	1,200,643	1,356,524	Note 13.3.2
	4,321,279	131,806	-	4,453,085	2,418,174	235,749 192,103	-	2,846,026	1,607,059	

Particulars	2015									
	COST				ACCUMULATED AMORTISATION				Book value at December 31, 2015	Rate of amortisation % per annum
	As at January 1, 2015	Additions/ adjustments	Deletions	As at December 31, 2015	As at January 1, 2015	Charge to profit and loss account / adjustments / transferred to equity	Charge on deletions	As at December 31, 2015		
	-----Rupees 000-----									
Computer software	1,739,103	25,009 -	-	1,764,112	1,190,951	218,683 -	-	1,409,634	354,478	17 to 33
Customer relationship - note 13.3.2	2,557,167	-	-	2,557,167	816,437	- 192,103	-	1,008,540	1,548,627	Note 13.3.2
	4,296,270	25,009	-	4,321,279	2,007,388	218,683 192,103	-	2,418,174	1,903,105	

13.3.1 The intangible assets include fully amortised items still in use having cost of Rs 1,149.284 million (2015: Rs 910.757 million).

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- 13.3.2** 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 22.2 to the financial statements the SBP allowed the Bank to adjust the amortisation charge arising on this intangible assets against non-distributable capital reserve.
- 13.4** Details of disposal of fixed assets to executives, and other persons having cost of more than Rs 1 million or net book value of Rs 250,000 or above are disclosed in Annexure IV to these financial statements.

14 DEFERRED TAX ASSETS - NET

	Note	2016	2015
		-----Rupees '000-----	
Deferred credits arising due to:			
- Accelerated tax depreciation		(88,821)	(12,901)
- Surplus on revaluation of securities	23.2	(422,583)	(708,130)
- Fair value adjustments relating to net assets acquired upon amalgamation		(474,784)	(542,020)
- Surplus on revaluation of fixed assets	23.1	(1,108,548)	(906,063)
- Surplus on revaluation of non banking assets		(24,878)	-
- Remeasurement of defined benefit obligations		-	(75,730)
- Share of loss from associate		(362)	(8,079)
Deferred debits arising due to:			
- Provision against non-performing advances		3,553,726	3,516,660
- Provision for diminution in the value of investments		609,871	1,152,693
- Provision against other assets		220,591	230,495
- Unused tax losses (including unabsorbed depreciation)		-	440,400
		<u>2,264,212</u>	<u>3,087,325</u>

15 OTHER ASSETS

Income / mark-up accrued in local currency		3,980,853	5,998,135
Income / mark-up accrued in foreign currencies		71,030	65,408
Advances, deposits, advance rent and other prepayments		855,656	748,468
Taxation (payments less provisions)		2,168,742	1,842,990
Branch adjustment account		-	-
Non-banking assets acquired in satisfaction of claims	15.1 & 15.4	3,202,821	1,826,276
Credit cards and other products fee receivable		272,007	283,707
Unrealised gain on derivative contracts	25.3	13,120	-
Dividend receivable		90,927	83,881
Receivable from brokers against sale of shares		409,979	382,914
Prepaid employee benefits	15.2	82,290	112,721
Others		807,186	895,528
		<u>11,954,611</u>	<u>12,240,028</u>
Less: provision held against other assets	15.3	(285,854)	(605,377)
Other assets (net of provisions)		<u>11,668,757</u>	<u>11,634,651</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----Rupees '000-----	
15.1 Market value of non-banking assets acquired in satisfaction of claims - determined by professional valuers	<u>3,202,821</u>	<u>2,642,251</u>

- 15.2** The prepaid employee benefits represent the impact of fair value adjustment on employee loans and advances which was determined at the time of acquisition of Ex-RBS Pakistan and is being amortised over the loan periods.

	2016	2015
	-----Rupees '000-----	
The movement of prepaid employee benefits is as follows:		
Prepaid employee benefits at beginning of the year	112,721	206,921
Employee benefits expensed during the year	(30,431)	(94,200)
Prepaid employee benefits at the end of the year	<u>82,290</u>	<u>112,721</u>

15.3 Provision against other assets

Opening balance	605,377	280,462
Charge for the year	53,388	397,602
Reversals	(81,686)	(43,554)
	(28,298)	354,048
Provision written off	(243,228)	(29,133)
Transfer of provision	(47,997)	-
Closing balance	<u>285,854</u>	<u>605,377</u>

- 15.4** On one of these properties is a claim by an individual to the extent of Rs 35 million (2015: Rs 35 million).

	2016	2015
	-----Rupees '000-----	
16 BILLS PAYABLE		
In Pakistan	5,982,285	6,009,238
Outside Pakistan	-	-
	<u>5,982,285</u>	<u>6,009,238</u>

17 BORROWINGS

In Pakistan	52,283,342	89,748,656
Outside Pakistan	522,742	816,586
	<u>52,806,084</u>	<u>90,565,242</u>

17.1 Particulars of borrowings with respect to currencies

In local currency	52,283,342	89,748,656
In foreign currencies	522,742	816,586
	<u>52,806,084</u>	<u>90,565,242</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		-----Rupees '000-----	
17.2 Details of borrowings secured / unsecured			
Secured			
Borrowings from the State Bank of Pakistan			
- Under export refinance scheme - Part I and II	17.3	13,701,772	13,900,738
- Under long term financing facility	17.4	1,672,688	1,600,181
- Agri finance (Under scheme for revival of SME and agricultural activities in flood affected areas)		-	2,000
- Under scheme of financing facility for storage of agricultural produce	17.5	200,518	305,103
- Islamic export refinance scheme	17.6	200,000	-
Repurchase agreement borrowings	17.7	31,703,539	71,142,568
		47,478,517	86,950,590
Unsecured			
Call borrowings	17.8	4,804,825	2,798,066
Overdrawn nostro accounts		522,742	816,586
		5,327,567	3,614,652
		52,806,084	90,565,242

- 17.3** In accordance with the Export Refinance (ERF) scheme, 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 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. Borrowings 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 rate on this facility is 2.05% to 3% per annum (2015: 1.5% to 3.5% per annum) payable on quarterly basis with maturities upto 180 days from the date of grant.
- 17.4** These represent borrowings from the SBP under scheme for long term financing facility. The mark-up rates on these facilities are ranging from 2% to 10.10% per annum (2015: 2% to 10.10% per annum), payable on quarterly basis, with maturities upto December 2019. 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.
- 17.5** 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 (2015: 2.5% to 6.5% per annum) payable on quarterly basis with maturities upto October 2019. As per the agreement, the Bank has granted the SBP a right to recover the outstanding amount from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

- 17.6** In accordance with the Islamic Export Refinance Scheme (IERS), the Bank has entered into agreements for Islamic 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 mark-up rate on this facility is 1.89% per annum (2015: Nil) payable on quarterly basis with maturities upto 180 days from the date of grant.
- 17.7** These represent collateralised borrowings against market treasury bills and Pakistan Investment Bonds. The mark-up rate on these borrowing is 5.75% to 5.86% per annum (2015: 6.21% per annum). These are payable by January 2017.
- 17.8** These borrowings are from the financial institutions. The mark-up rates on these borrowings are ranging from 5.60% to 5.66% per annum (2015: 5.75% to 6.05% per annum) payable on maturity with maturities upto June 2017.

	2016	2015
	-----Rupees '000-----	
18 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	101,774,589	90,461,529
Saving deposits	107,940,436	95,584,670
Current accounts – Remunerative	3,076,212	2,054,101
Current accounts – Non-remunerative	108,820,931	89,476,774
Margin accounts	2,970,671	2,005,605
	324,582,839	279,582,679
Financial institutions		
Remunerative deposits	15,537,363	12,204,384
Non-remunerative deposits	186,202	343,195
	15,723,565	12,547,579
	340,306,404	292,130,258
18.1 Particulars of deposits		
In local currency	316,751,218	268,474,490
In foreign currencies	23,555,186	23,655,768
	340,306,404	292,130,258

19 SUB-ORDINATED LOANS

These represent rated and un-secured Term Finance Certificates (TFCs) issued by the Bank. The salient features of the issue are as follows:

	Note	2016	2015
		-----Rupees '000-----	
Outstanding amount	19.1	1,497,000	2,994,000
Total issue amount		3,000,000	3,000,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

19.1	Particulars	TFC (issue date: 27-12-2010)
	Outstanding amount	Rs. 1,497 million (2015: Rs. 2,994 million)
	Issue amount	Rs. 3,000 million
	Rating as at June 30, 2016	“AA-” (Double A Minus) by JCR-VIS [June 30, 2015: AA-(Double A Minus)]
	Listing	Unlisted
	Rate	Base Rate Plus 2.25%
		The Base Rate is defined as the ask side of six months Karachi Inter bank Offered Rate (KIBOR) prevailing on the base rate setting date.
	Subordination	The TFCs are subordinated to all other indebtedness of the Bank including deposits.
	Date of issue	December 27, 2010
	Tenure and maturity	7 years from the date of issue.
	Principal repayment	Semi annually as follows: 0.20% of principal in first 60 months and remaining principal in four semi-annual installments of 24.95% starting from 66th month.
	Profit payment	Profit is payable semi-annually in arrears.

20	OTHER LIABILITIES	Note	2016	2015
			-----Rupees ‘000-----	
	Mark-up / return / interest payable in local currency		1,393,934	1,609,054
	Mark-up / return / interest payable in foreign currencies		11,733	7,315
	Unearned commission / income		20,482	16,452
	Accrued expenses		1,132,153	1,109,024
	Unclaimed dividends		47,922	39,759
	Branch adjustment account		7,261	8,556
	Unrealised loss on revaluation of forward foreign exchange contracts		100,352	67,748
	Withholding tax payable		107,514	90,266
	Federal excise duty payable		35,010	27,296
	Security deposits against finance leases	20.1	3,827,339	3,702,126
	Provision against off-balance sheet obligations	20.2	118,152	113,943
	Payable to brokers against purchase of shares		38,867	191,075
	Others		2,023,844	1,039,035
			8,864,563	8,021,649

- 20.1** These represent interest free security deposits received from lessees against lease contracts and are adjustable against residual value of leased assets at the expiry of the respective lease terms.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----Rupees '000-----	
20.2 Provision against off-balance sheet obligations		
Opening balance	113,943	94,014
Charge for the year	4,209	19,929
Closing balance	<u>118,152</u>	<u>113,943</u>

	2016	2015
	-----Rupees '000-----	

21.1 Authorised share capital

2016	2015		
Number of Shares			
<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 capital

2016	2015	Ordinary shares	
Number of shares			
201,451,420	201,451,420	Fully paid in cash	2,014,514 2,014,514
980,836,453	980,836,453	Issued as bonus shares	9,808,365 9,808,365
17,472,226	17,472,226	Issued on amalgamation	174,722 174,722
<u>1,199,760,099</u>	<u>1,199,760,099</u>		<u>11,997,601</u> <u>11,997,601</u>

21.3 As at December 31, 2016, Ithmaar Bank B.S.C. (the holding company of the Bank) through its subsidiaries and nominees held 801,164,993 ordinary shares of Rs. 10 each (2015: 801,164,993 ordinary shares).

21.4 The movement in the issued, subscribed and paid-up capital during the year was as follows:

2016	2015		2016	2015
Number of shares			-----Rupees '000-----	
1,199,760,099	1,043,269,652	Opening balance at January 1	11,997,601	10,432,697
-	156,490,447	Bonus shares issued during the year	-	1,564,904
<u>1,199,760,099</u>	<u>1,199,760,099</u>	Closing balance at December 31	<u>11,997,601</u>	<u>11,997,601</u>

Note	2016	2015
	-----Rupees '000-----	

22 RESERVES

Statutory reserve	22.1	6,242,425	5,382,071
Capital reserve			
Reserve arising on amalgamation		23,952	23,952
Share premium		10,131	10,131
Non-distributable capital reserve - gain on bargain purchase	22.2	881,740	1,006,607
		<u>7,158,248</u>	<u>6,422,761</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

22.1 Appropriations are made to statutory reserve, as required by section 21 of the Banking Companies Ordinance, 1962, at the rate 20% of profit after tax for the year.

22.2 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 (2015: Rs. 124.867 million) (net of tax) from the Non-distributable Capital Reserve.

	Note	2016	2015
		-----Rupees '000-----	
23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) arising on revaluation of:			
- Fixed assets	23.1	3,810,105	2,978,677
- Available for sale securities	23.2	784,800	1,315,104
- Non-banking assets acquired in satisfaction of claims	23.3	1,271,701	-
		5,866,606	4,293,781

23.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets at January 1	3,884,740	3,968,067
Surplus on revaluation of fixed assets recognised during the year	1,152,240	-
Transferred to un-appropriated profit in respect of incremental depreciation charged during the year	(54,163)	(54,163)
Related deferred tax liability in respect of incremental depreciation charged during the year	(29,164)	(29,164)
	(83,327)	(83,327)
Transferred to un-appropriated profit in respect of sale of land	(35,000)	-
	4,918,653	3,884,740
Related deferred tax liability on surplus at January 1	(906,063)	(935,227)
Related deferred tax liability on surplus recognised during the year	(231,649)	-
Related deferred tax liability in respect of incremental depreciation charged during the year	29,164	29,164
	(1,108,548)	(906,063)
	3,810,105	2,978,677

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----Rupees '000-----	
23.2 Surplus / (deficit) on revaluation of investments classified as available for sale - net		
Federal Government Securities		
- Market Treasury Bills	(9,724)	76,180
- Pakistan Investment Bonds	306,561	1,941,738
- Ijara Sukuk Bonds	2,718	5,797
Fully Paid up Ordinary Shares / Modaraba Certificates / Units of Closed end Mutual Funds		
- Listed companies / modarabas / mutual funds	911,013	(30,236)
Term Finance Certificates		
- Listed	1,608	1,117
- Unlisted	1,396	3,138
Units of Open end Mutual Funds	(6,189)	25,500
	1,207,383	2,023,234
Related deferred tax liability	(422,583)	(708,130)
	<u>784,800</u>	<u>1,315,104</u>
23.3 Surplus on revaluation of non banking assets acquired in satisfaction of claims		
Surplus on revaluation of non banking assets at January 1	-	-
Surplus on revaluation of non banking assets recognised during the year	1,296,579	-
Related deferred tax liability on surplus at January 1	-	-
Related deferred tax liability on surplus recognised during the year	(24,878)	-
	<u>(24,878)</u>	-
	<u>1,271,701</u>	-
24 CONTINGENCIES AND COMMITMENTS		
24.1 Direct credit substitutes		
Contingent liability in respect of guarantees favouring:		
- Banking companies and other financial institutions	483,766	497,327
Acceptances		
- Others	7,558,310	6,609,326
24.2 Transaction-related contingent liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:		
- Government	10,688,334	8,994,355
- Banking companies and other financial institutions	225,272	12,267
- Others	2,369,202	2,846,359
	<u>13,282,808</u>	<u>11,852,981</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----Rupees '000-----	
24.3 Trade-related contingent liabilities		
Letters of credit		
- Government	8,078,616	12,708,525
- Others	9,057,727	10,813,163
	17,136,343	23,521,688

24.4 Other contingencies

(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	2,510,000	2,510,000
(ii) Indemnity issued favouring the High Court in one of the case	457,543	457,543

There are certain claims against the Bank not acknowledged as debt amounting to Rs 31,576 million (2015: Rs 31,540 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 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 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 financial statements.

(iii) Income tax assessments of the Bank have been finalised upto the tax year 2016 (Accounting year 2015).

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 (2015: Rs. 1,931.759 million). 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 financial statements in respect of the matter.

24.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 22,799 million (2015: Rs 10,951 million) which are irrevocable in nature.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----Rupees '000-----	
24.6 Commitments in respect of forward exchange contracts		
Purchase		
- Customers	627,720	848,576
- Banks	25,971,518	24,152,631
	<u>26,599,238</u>	<u>25,001,207</u>
Sale		
- Customers	87,256	782,309
- Banks	9,325,891	8,282,389
	<u>9,413,147</u>	<u>9,064,698</u>
24.7 Commitments for the acquisition of operating fixed assets	<u>156,240</u>	<u>82,419</u>
24.8 Commitments in respect of repo transactions		
Repurchase	<u>31,743,703</u>	<u>71,239,393</u>
Resale	<u>5,312,485</u>	<u>306,889</u>

25 DERIVATIVE INSTRUMENTS

Interest rate swaps and cross currency swaps (notional principal)	<u>877,690</u>	<u>-</u>
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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).

25.1 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 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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, Currency Delta Basis and Value-at-Risk. 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 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 43.7 to these financial statements.

25.2 Product analysis

	2016		2015	
	Cross Currency Swaps		Interest Rate and Cross Currency Swaps	
	No. of Contracts	Notional Principal	No. of Contracts	Notional Principal
Counterparties		Rupees '000		Rupees '000
With Banks for				
Hedging	-	-	-	-
Market Making	-	-	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	2	877,690	-	-
Total				
Hedging	-	-	-	-
Market Making	2	877,690	-	-
	2	877,690	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

25.3 Maturity analysis

Cross currency swaps

Remaining maturity

Remaining maturity	2016				
	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	-	-	-	-	-
5 to 10 years	2	877,690	(878,178)	891,298	13,120
	2	877,690	(878,178)	891,298	13,120

Cross currency swaps

Remaining Maturity

Remaining Maturity	2015				
	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	-	-	-	-	-
5 to 10 years	-	-	-	-	-
	-	-	-	-	-

26 MARK-UP / RETURN / INTEREST EARNED

	2016	2015
	Rupees '000	
a) On financing to:		
i) customers	14,593,436	17,497,442
ii) financial institutions	151,409	83,125
b) On investments in:		
i) held for trading securities	400,975	371,371
ii) available for sale securities	7,874,945	11,395,228
iii) held to maturity securities	3,144,653	2,896,474
c) On deposits with treasury bank and financial institutions	9,473	11,050
d) On securities purchased under resale agreements	25,800	57,863
	26,200,691	32,312,553

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		-----Rupees '000-----	
27 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		10,730,708	11,911,428
Securities sold under repurchase agreements		1,849,400	4,185,751
Other short term borrowings		951,644	1,167,180
SBP borrowings		379,108	779,477
Sub-ordinated loans		223,424	314,135
		<u>14,134,284</u>	<u>18,357,971</u>
28 GAIN ON SALE OF SECURITIES - NET			
Gain / (loss) on sale of:			
Federal Government Securities			
- Market Treasury Bills		59,179	674,315
- Pakistan Investment Bonds		1,573,504	884,919
Fully Paid up Ordinary Shares / Modaraba Certificates /			
Units of Closed end Mutual Funds		458,543	179,752
Units of Open end Mutual Funds		1,533	(356)
		<u>2,092,759</u>	<u>1,738,630</u>
29 OTHER INCOME			
Rent on property		181,270	126,987
Net gain on disposal of operating fixed assets		56,816	14,009
Net gain on disposal of non-banking assets		-	115,356
Income on derivative contracts - net		11,524	362
Income from disposal of scrap		490	4,861
Provision written back	29.1	225,195	-
Miscellaneous charges recovered		15,271	4,242
		<u>490,566</u>	<u>265,817</u>
29.1	During the current year, the Supreme Court of Pakistan has declared that the amendments in the Worker's Welfare Fund (WWF) Ordinance made through finance acts of 2006 and 2008 are unconstitutional. Accordingly, the Bank on the advice of its tax advisor has reversed the provision on account of WWF amounting to Rs 225.195 million.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
30 ADMINISTRATIVE EXPENSES		-----Rupees '000-----	
Salaries, allowances and other employee benefits	30.1 & 30.2 & 30.3	4,908,601	4,447,746
Charge for defined benefit plan	36.7	89,404	100,814
Contribution to defined contribution plan	37	128,651	122,628
Non-executive directors' fees		54,266	59,006
Rent, taxes, insurance, electricity, etc.		2,108,997	2,017,764
Legal and professional charges		154,554	157,773
Communications		321,601	295,247
Repairs and maintenance		829,925	821,676
Stationery and printing		231,887	220,759
Advertisement and publicity		241,543	154,708
Donations	30.4	52,371	49,539
Auditors' remuneration	30.5	51,007	38,645
Depreciation	13.2	579,133	602,292
Amortisation	13.3	235,175	218,683
Depreciation on non-banking assets		12,050	-
License and technical fee		304,320	279,095
Travelling, conveyance and entertainment		173,670	140,772
Vehicle running expenses		157,342	169,997
Books, periodicals and subscription		69,886	59,937
Brokerage and commission		46,938	41,852
Bank fees and charges		99,369	117,050
Security expenses		414,620	373,129
Public relation and sponsorship		67,603	85,613
Fee and documentation charges		98,421	8,603
Others		42,754	7,725
		<u>11,474,088</u>	<u>10,591,053</u>

30.1 This includes charge amounting to Rs 30.431 million (2015: Rs 94.2 million) in respect of amortisation of prepaid employee benefits as disclosed in note 15.2 to these financial statements.

30.2 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 P&CEO of the Bank amounted to Rs 298.025 million and Rs 36 million respectively (2015: Rs 235.834 million and Rs 28 million respectively).

30.3 This includes accrual of employee benefit in the form of bonus to all permanent employees including President and Chief Executive Officer amounting to Rs 400 million (2015: Rs 450 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----Rupees '000-----	
30.4 Donations made during the year were as follows:		
Donee		
Institute of Business Administration	-	8,000
Patients Aid Foundation	1,000	-
The Citizens Archive of Pakistan	975	-
The Health Foundation	671	-
The Citizens Foundation	500	-
The Layton Rahmatulla Benevolent Trust	200	-
OGS Trust	180	-
Waqf Faisal (Trust)	48,845	41,539
	52,371	49,539

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.

	2016	2015
	-----Rupees '000-----	
30.5 Auditors' remuneration		
Statutory audit fee	3,300	3,300
Fee for quarterly and annual group reporting	14,440	13,575
Fee for the review of the half yearly financial statements	900	900
Tax services	8,700	8,100
Special certifications and sundry advisory services	21,667	9,770
Out-of-pocket expenses	2,000	3,000
	51,007	38,645

31 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	12,244	44,025
Workers' Welfare Fund	131,621	177,179
	143,865	221,204

32 TAXATION

For the year

Current	2,262,905	3,038,627
Deferred	21,688	(605,711)
	2,284,593	2,432,916

For prior years

Current	(901,138)	264,797
Deferred	973,410	-
	72,272	264,797
	2,356,865	2,697,713

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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		2016	2015
		-----Rupees '000-----	
32.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>6,658,637</u>	<u>6,920,077</u>
Tax calculated at the rate of 35% (2015: 35%)		<u>2,330,522</u>	<u>2,422,027</u>
Effect of:			
- permanent differences		(14,964)	15,234
- prior year charge		72,272	264,797
- others		(30,965)	(4,345)
Tax charge for the year		<u>2,356,865</u>	<u>2,697,713</u>
33 EARNINGS PER SHARE			
Profit after tax for the year		<u>4,301,772</u>	<u>4,222,364</u>
		Number of shares in thousands	
Weighted average number of ordinary shares outstanding during the year		<u>1,199,760</u>	<u>1,199,760</u>
		-----Rupees-----	
Earnings per share - basic		<u>3.59</u>	<u>3.52</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, 2016 and December 31, 2015 which would have any effect on the earnings per share if the option to convert is exercised.		
34 CASH AND CASH EQUIVALENTS	Note	2016	2015
		-----Rupees '000-----	
Cash and balances with treasury banks	8	<u>37,239,302</u>	<u>26,084,007</u>
Balances with other banks	9	<u>1,139,375</u>	<u>1,068,451</u>
Overdrawn nostros	17.2	<u>(522,742)</u>	<u>(816,586)</u>
		<u>37,855,935</u>	<u>26,335,872</u>
35 STAFF STRENGTH		2016	2015
		Number of employees	
Permanent		<u>3,592</u>	<u>3,125</u>
Temporary / on contractual basis		<u>19</u>	<u>16</u>
Bank's own staff strength at the end of the year		<u>3,611</u>	<u>3,141</u>
Outsourced	35.1	<u>2,784</u>	<u>2,216</u>
Total staff strength		<u>6,395</u>	<u>5,357</u>
35.1	Outsourced staff are employees hired by outside contractors / agencies and posted in the Bank to perform various tasks / activities of the Bank.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is 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 Fund before November 12, 2002. In the case of other members of the Fund 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, 2016.

The Gratuity scheme exposes the Bank to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating proper investment plan in consultation with the investment advisors of the Fund.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

36.2 Principal actuarial assumptions

	2016	2015
Discount factor used (% per annum)	9.50	10.00
Expected rate of salary increase (% per annum)	9.50	10.00
Normal retirement age (years)	60	60

36.3 The amount recognised in the statement of financial position are determined as follows:

	Note	2016	2015
		-----Rupees '000-----	
Present value of defined benefit obligations	36.5	592,711	504,297
Fair value of plan assets	36.5	(644,985)	(620,253)
		<u>(52,274)</u>	<u>(115,956)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

36.4 Plan assets consist of the following:

	2016		2015	
	Quoted	Non-Quoted	Quoted	Non-Quoted
	----- Rupees '000 -----			
Balances with banks and financial institutions	-	212,069	-	70,626
Debt instruments:				
- Government	170,431	-	319,004	230,000
- Corporate	262,485	-	623	-
	<u>432,916</u>	<u>212,069</u>	<u>319,627</u>	<u>300,626</u>

36.5 The movement in the defined benefit obligation over the year is as follows:

	2016		
	Present value of obligation	Fair value of plan assets	Total
	----- Rupees '000 -----		
At January 1	504,297	(620,253)	(115,956)
Current service cost	100,460	-	100,460
Interest expense / (income)	53,882	(64,938)	(11,056)
	154,342	(64,938)	89,404
	658,639	(685,191)	(26,552)
Remeasurements:			
- Return on plan assets, excluding amounts included in interest (income) / expense	-	(18,390)	(18,390)
- Gain / (loss) from change in financial assumptions	(2,831)	-	(2,831)
- Experience (gains) / losses	(4,501)	-	(4,501)
	(7,332)	(18,390)	(25,722)
Contribution	-	-	-
Benefit payments	(58,596)	58,596	-
At December 31	<u>592,711</u>	<u>(644,985)</u>	<u>(52,274)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2015		
	Present value of obligation	Fair value of plan assets	Total
	-----Rupees '000-----		
At January 1	528,773	(602,394)	(73,621)
Current service cost	109,446	-	109,446
Interest expense / (income)	63,004	(71,636)	(8,632)
	172,450	(71,636)	100,814
	701,223	(674,030)	27,193
Remeasurements:			
- Return on plan assets, excluding amounts included in interest (income) / expense	-	15,863	15,863
- Gain / (loss) from change in financial assumptions	(1,536)	-	(1,536)
- Experience (gains) / losses	(129,425)	-	(129,425)
	(130,961)	15,863	(115,098)
Contribution	-	(28,051)	(28,051)
Benefit payments	(65,965)	65,965	-
At December 31	504,297	(620,253)	(115,956)

36.6 An analysis of present value of defined benefit obligation

	2016	2015
	-----Rupees '000-----	
Split by type of members		
(i) Active employees	592,711	504,297
(ii) Deferred	-	-
(iii) Retired members	-	-
	<u>592,711</u>	<u>504,297</u>
Split by vested / non-vested		
(i) Vested benefits	480,070	425,157
(ii) Non-vested benefits	112,641	79,140
	<u>592,711</u>	<u>504,297</u>
Split by cadre of members		
(i) Management	584,753	499,228
(ii) Non-Management (Contractuals)	7,958	5,069
	<u>592,711</u>	<u>504,297</u>
Split by benefits earned to date		
(i) Present value of guaranteed benefits	254,138	216,852
(ii) Present value of benefits attributable to future increase in salary	338,573	287,445
	<u>592,711</u>	<u>504,297</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----Rupees '000-----	
36.7 Charge for defined benefit plan		
Current service cost	100,460	109,446
Net interest cost	(11,056)	(8,632)
	<u>89,404</u>	<u>100,814</u>

36.8 The plan assets and defined benefit obligations are based in Pakistan.

36.9 Assumptions regarding future mortality are set based on the actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

36.10 The sensitivities of the defined benefit obligation to changes in the weighted principal assumptions are as under:

	Impact on defined benefit obligation - Increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
		-----Rupees '000-----	
Discount rate	1%	(533,600)	662,482
Salary increase rate	1%	658,795	(535,549)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
		-----Rupees '000-----	
Life expectancy / withdrawal rate		(581,425)	602,427

The above analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

36.11 The weighted average duration of the defined benefit obligation is 10.80 years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

36.12 Expected maturity analysis of the undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2016	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees '000				
Gratuity	28,360	103,404	243,916	13,550,849	13,926,529

	2016	2015	2014	2013	2012
	Rupees '000				
Defined benefit obligation	(592,711)	(504,297)	(528,773)	(541,719)	(430,334)
Fair value of plan assets	644,985	620,253	602,394	639,308	534,886
Surplus / (deficit)	52,274	115,956	73,621	97,589	104,552
Remeasurements of plan liabilities	7,332	130,961	32,878	16,818	53,177
Remeasurements of plan assets	18,390	(15,863)	8,588	(23,823)	19,778

36.14 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs 114.614 million as per the actuarial valuation report of the Bank as at December 31, 2016.

36.15 The disclosure made in notes 36.2 to 36.14 are based on the information included in the actuarial valuation report of the Bank as at December 31, 2016.

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 financial statements.

38 COMPENSATION OF DIRECTORS AND EXECUTIVES

Particulars	President & Chief Executive Officer		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	Rupees '000					
Managerial remuneration	34,678	32,250	-	-	743,301	689,061
Fees	-	-	54,266	59,006	-	-
Charge for defined benefit plan	2,890	2,687	-	-	54,780	48,933
Contribution to defined contribution plan	3,468	3,225	-	-	61,282	58,722
Rent and house maintenance	6,487	6,017	-	-	285,522	268,339
Utilities	-	-	-	-	65,152	60,885
Medical	29	63	-	-	43,928	41,869
Leave fare assistance	-	-	-	-	96,971	91,594
Others	894	837	-	-	488,842	529,845
	48,446	45,079	54,266	59,006	1,839,778	1,789,248
Number of persons	1	1	8	7	633	601

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

- 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 30.2 to these financial statements.

39 FAIR VALUE DISCLOSURES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

39.1 Fair value hierarchy

The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

	2016			
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
Recurring fair value measurements				
Financial assets				
Investments - net				
Market Treasury Bills	-	89,672,481	-	89,672,481
Pakistan Investment Bonds	-	44,903,414	-	44,903,414
Ijara Sukuk Bonds	-	4,477,685	-	4,477,685
Fully Paid up Ordinary Shares	4,132,522	-	-	4,132,522
Term Finance Certificates	-	197,156	-	197,156
Units of Open end Mutual Funds	1,158,017	-	-	1,158,017
Sukuk Certificates	-	2,900,000	-	2,900,000
Commitments in respect of forward exchange contracts				
Forward purchase of foreign exchange	-	26,508,068	-	26,508,068
Forward sale of foreign exchange	-	9,422,329	-	9,422,329
Derivative instruments	-	877,690	-	877,690
Non-recurring fair value measurements				
Non - financial assets				
Operating fixed assets(land and buildings)**	-	-	8,350,363	8,350,363
Non banking assets *	-	-	3,202,821	3,202,821

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2015			
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
Recurring fair value measurements				
Financial assets				
Investments - net				
Market Treasury Bills	-	93,481,729	-	93,481,729
Pakistan Investment Bonds	-	53,588,627	-	53,588,627
Ijara Sukuk Bonds	-	5,924,997	-	5,924,997
Fully Paid up Ordinary Shares	3,566,953	-	-	3,566,953
Term Finance Certificates	-	314,964	-	314,964
Units of Open end Mutual Funds	1,323,180	-	-	1,323,180
Sukuk certificates	-	-	-	-
Commitments in respect of forward exchange contracts				
Forward purchase of foreign exchange	-	24,968,147	-	24,968,147
Forward sale of foreign exchange	-	9,099,386	-	9,099,386
Derivative instruments	-	-	-	-
Non-recurring fair value measurements				
Non - financial assets				
Operating fixed assets(land and buildings)**	-	-	7,782,226	7,782,226
Non banking assets	-	-	2,642,251	2,642,251

* The Bank carries Non banking assets as per the accounting policy disclosed in note 7.9 to these financial statements.

** The Bank carries out periodic revaluation of these assets as per the accounting policy disclosed in note 7.6 to these financial statements.

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 Bank to exercise such transfers.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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 eight different pre-defined / approved dealers / brokers.
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

Operating fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in note 7.6.
Non Banking Assets (NBA)	NBA are valued by professionally qualified valuers as per the accounting policy disclosed in note 7.9.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used 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 financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

39.2 Fair Value of Financial Instruments

The book value and fair value of the Bank's assets, liabilities and off-balance sheet items are given below:

	Book value		Fair value	
	2016	2015	2016	2015
	----- Rupees '000 -----			
On-balance sheet financial instruments				
Assets				
Cash and balances with treasury banks	37,239,302	26,084,007	37,239,302	26,084,007
Balances with other banks	1,139,375	1,068,451	1,139,375	1,068,451
Lendings to financial institutions	5,000,000	250,000	5,000,000	250,000
Investments	170,210,137	195,515,642	170,560,812	196,586,639
Advances	204,830,997	181,089,804	204,830,997	181,089,804
Other assets	5,410,164	7,707,205	5,410,164	7,707,205
	<u>423,829,975</u>	<u>411,715,109</u>	<u>424,180,650</u>	<u>412,786,106</u>
Liabilities				
Bills payable	5,982,285	6,009,238	5,982,285	6,009,238
Borrowings	52,806,084	90,565,242	52,806,084	90,565,242
Deposits and other accounts	340,306,404	292,130,258	340,306,404	292,130,258
Sub-ordinated loans	1,497,000	2,994,000	1,509,133	3,061,365
Other liabilities	8,395,089	7,626,982	8,395,089	7,626,982
	<u>408,986,862</u>	<u>399,325,720</u>	<u>408,998,995</u>	<u>399,393,085</u>
Off-balance sheet financial instruments				
Forward purchase of foreign exchange	<u>26,599,238</u>	<u>25,001,207</u>	<u>26,508,068</u>	<u>24,968,147</u>
Commitments in respect of repurchase transactions	<u>31,743,703</u>	<u>71,239,393</u>	<u>31,743,703</u>	<u>71,239,393</u>
Forward sale of foreign exchange	<u>9,413,147</u>	<u>9,064,698</u>	<u>9,422,329</u>	<u>9,099,386</u>
Commitments in respect of resale transactions	<u>5,312,485</u>	<u>306,889</u>	<u>5,312,485</u>	<u>306,889</u>

The fair value of quoted investments is based on quoted market prices. Unquoted equity securities are valued at lower of cost and break-up value as per the latest available audited financial statements. Other unquoted securities are valued at cost less impairment losses. The provision for impairment in the value of investments has been determined in accordance with the accounting policy as stated in note 7.4 to these financial statements.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

40 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Primary segment information

The Bank is organised into four major business segments:

- Corporate Finance
- Trading and Sales
- Retail Banking
- Corporate & Commercial Banking

All assets, liabilities, off balance sheet items and items of income and expense are distributed in primary segments in accordance with the core functions performed by the business groups.

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Total
	Rupees '000				
December 31, 2016					
Total income ***	404,743	7,317,911	22,217,289	3,006,711	32,946,654
Total expenses	(168,689)	(4,577,603)	(21,330,614)	(2,567,976)	(28,644,882)
Net income / (loss)	236,054	2,740,308	886,675	438,735	4,301,772
Segment assets (Gross)	-	182,933,264	87,843,586	202,234,019	473,010,869
Segment non performing loans	-	-	5,721,586	24,314,474	30,036,060
Segment provision required against loans **	-	-	(3,702,010)	(21,292,511)	(24,994,521)
Segment liabilities	-	(38,102,146)	(334,741,785)	(36,612,405)	(409,456,336)
Segment return on assets (ROA) (%) *	-	1.58%	1.10%	0.26%	
Segment cost of funds (%) *	-	4.77%	3.75%	5.55%	
December 31, 2015					
Total income***	171,314	10,511,436	23,968,640	3,218,501	37,869,891
Total expenses	(93,741)	(7,460,330)	(22,804,437)	(3,289,019)	(33,647,527)
Net income / (loss)	77,573	3,051,106	1,164,203	(70,518)	4,222,364
Segment assets (Gross)	-	195,988,770	92,575,975	169,930,474	458,495,219
Segment non performing loans	-	-	5,968,091	24,500,761	30,468,852
Segment provision required against loans **	-	-	(3,150,015)	(21,384,204)	(24,534,219)
Segment liabilities	-	(76,923,939)	(300,294,580)	(22,501,868)	(399,720,387)
Segment return on assets (ROA) (%)*	-	1.65%	1.33%	(0.04%)	
Segment cost of funds (%)*	-	5.42%	4.75%	7.05%	

* These percentages have been computed based on average balances.

** includes general provision

*** Net of share of loss of associate

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

41 RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its holding company, associated undertaking, associated company, group companies, retirement benefit plans, directors, key management personnel and entities over which the directors or key management personnel are able to exercise significant influence.

Banking transactions with the related parties are executed substantially on the same terms, except transactions with directors and key management personnel that are as per their terms of employment, including mark-up rates and collateral, as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk.

	2016			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings
	----- Rupees '000 -----			
Deposits				
Balance at the beginning of the year	55,474	517,875	2,265	518,129
Placements during the year	1,187,752	1,231,961	4,420,973	37,440,177
Withdrawals during the year	(1,166,571)	(828,343)	(4,420,065)	(35,084,527)
Balance at end of the year	<u>76,655</u>	<u>921,493</u>	<u>3,173</u>	<u>2,873,779</u>
Advances *				
Balance at the beginning of the year	63,045	-	-	4,038,817
Disbursements during the year	36,731	-	-	-
Repayments during the year	(15,388)	-	-	(51,576)
Balance at end of the year	<u>84,388</u>	<u>-</u>	<u>-</u>	<u>3,987,241</u>
	2015			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings
	----- Rupees '000 -----			
Deposits				
Balance at the beginning of the year	107,806	87,030	5,141	50,108
Placements during the year	1,274,531	2,212,848	3,810,108	4,635,457
Withdrawals during the year	(1,326,863)	(1,782,003)	(3,812,984)	(4,167,436)
Balance at end of the year	<u>55,474</u>	<u>517,875</u>	<u>2,265</u>	<u>518,129</u>
Advances *				
Balance at the beginning of the year	58,293	-	-	4,041,850
Disbursements during the year	25,193	-	-	-
Repayments during the year	(20,441)	-	-	(3,033)
Balance at end of the year	<u>63,045</u>	<u>-</u>	<u>-</u>	<u>4,038,817</u>

* Provision held against advances in respect of group Companies and associated undertaking amounted to Rs 2,994.048 million (2015: Rs 2,963.060 million)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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- 41.1** 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.
- 41.2** Details of outstanding investments and donations made during the year relating to related parties are given in notes 11 and 30.4 to these financial statements. Details of advances to the companies or firms in which the directors of the Bank are interested as directors, partners or in case of private companies as members, loans due by directors, executives, subsidiary companies and other related parties are given in note 12.9 to these 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 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 30.2 to these financial statements. Such remuneration is determined in accordance with the terms of their employment. Details of disposal of vehicles to key management personnel and other executives are disclosed in Annexure IV to these financial statements. Details of shares held by the holding company are disclosed in note 21.3 to these financial statements. Details of assets held under trust arrangement on behalf of the related parties are given in note 44 to these financial statements.

Particulars	2016				
	Directors and key management personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies and associated undertakings

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

Shares / units purchased during the year	-	-	-	-	764,219
Shares / units sold during the year	-	-	-	-	844,970
Government securities purchased during the year	517,092	-	-	-	2,987
Government securities sold during the year	473,929	189,940	-	-	1,509,202
Profit paid / accrued	1,726	37,241	-	279	27,402
Profit return / earned	4,290	-	-	-	61,922
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	314,650	-	-	-	-
- Post-employment benefits	19,252	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	218,055	-	-	-
Dividend income	-	-	-	-	86,933
Capital loss	915	-	-	-	(5,559)
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397
Share of loss from associate	-	-	-	22,050	-
Dividend paid	120	-	-	-	864,698
Shares issued as fully paid up bonus shares	-	-	-	-	-

* represents outstanding guarantee

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Particulars	2015				
	Directors and key management personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies and associated undertakings

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

Shares / units purchased during the year	-	-	-	-	1,236,738
Shares / units sold during the year	-	-	-	-	853,213
Government securities purchased during the year	510,541	305,674	-	-	67,719
Government securities sold during the year	567,764	-	-	-	3,225,165
Profit paid / accrued	2,670	17,417	-	294	18,091
Profit return / earned	4,429	-	-	-	141,680
Remuneration of the key management personnel					-
- Salaries and other short-term employee benefits	309,611	-	-	-	-
- Post-employment benefits	17,823	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	223,442	-	-	-
Dividend income	-	-	-	-	102,036
Capital gain	-	-	-	-	711
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397
Share of loss from associate	-	-	-	7,002	-
Dividend paid	-	-	-	-	-
Shares issued as fully paid up bonus shares	142	-	-	-	1,044,998

* represents outstanding guarantee

42 CAPITAL - ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of Banks vide its communication dated November 05, 2014. These disclosures are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by Banks in Pakistan. Basel III instructions have become effective from December 31, 2013. However, there is a transitional phase for implementation of Basel III requirements whereas the complete requirements would become applicable with full implementation by December 31, 2019.

The Basel III Capital Regulation (Basel III) is applicable to the Bank and its associate Faysal Asset Management Limited (FAML). The Bank has no subsidiary therefore as per regulatory guidelines, consolidation is not required for reporting / disclosure purpose.

Under Basel III framework, Bank's regulatory capital has been analyzed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after deductions for investments in majority owned securities (to the extent of 20%, during transition phase), threshold deductions on deferred tax assets, reciprocal crossholdings and deduction for book value of intangibles.
 - b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Presently the Bank does not have any AT1 capital.

- Tier II capital, which includes subordinated debt, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (as per Basel III phase in approach requirement).
- The sub-ordinated debt is not entirely eligible under Basel III guidelines due to introduction of Loss absorbency clause. This instrument will be phased out from Tier 2 capital as per the defined phase out arrangement in the regulatory guidelines.
- The deductions from Tier II capital mainly involves reciprocal crossholdings and investment in majority owned securities (to the extent of 20%, during transition phase).

Banking operations are categorized in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

Capital Management

The objective of capital management is to ensure the Bank's ability to operate as a going concern by maintaining appropriate capital base in line with minimum regulatory requirements. The Bank has implemented the applicable requirements of Basel III capital adequacy framework that applies to all Banks as prescribed under BPRD Circular No. 06 of August 15, 2013 and amendments made by State Bank of Pakistan through various circulars. The Bank has adopted Standardized Approach for Credit and Market Risks and Basic Indicator Approach for Operational Risk.

The Bank ensures that it:

- a) complies with the capital requirements set by the State Bank of Pakistan;
- b) safeguards the Bank's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders; and
- c) maintains a strong capital base to support the developments of its business.

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.

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As at December 31, 2016 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, 2016 an additional Capital Conservation Buffer of 0.65% (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, 2016 stood at Rs 11.99 billion (2015: Rs 11.99 billion). As at December 31, 2016 Bank's CAR stood at 14.62% whereas CET1 and Tier 1 ratios both stood at 12.77%. The Bank is also in compliance with the CCB requirements.

Book value of intangible assets including software are deducted from Tier 1 capital whereas investment in associate as disclosed in Note 11.1 is deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital. The SBP through BPRD Circular No. 06 of August 15, 2013 has introduced new capital deductions under Basel III framework, such as Deferred Tax Asset (DTA), surplus on revaluation of assets etc. The newly prescribed deductions are applicable in a phased manner requiring 20% of applicable deductions from December 31, 2014. The deductions will increase by 20% each year and will be fully implemented from December 31, 2019.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature and reflection of an estimate of credit, market and operational risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect the more contingent nature of the associated risks.

The Bank will continue to maintain the required regulatory capital either through its risk management strategies or by increasing the capital requirements in line with the business and capital needs.

The required capital adequacy ratio is achieved by the Bank through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

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42.1 Capital adequacy ratio

The capital to risk weighted assets ratio, calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for Credit and Market Risks and Basic Indicator Approach for Operational Risk is presented below:

Particulars	2016	2015
	Amount	
	----- Rupees '000 -----	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
- Fully paid-up capital / capital deposited with the SBP	11,997,601	11,997,601
- Balance in share premium account	10,131	10,131
- Reserve for issue of bonus shares	-	-
- Discount on issue of shares	-	-
- General / statutory reserves	7,148,117	6,412,630
- Gain / (losses) on derivatives held as cash flow hedge	-	-
- Unappropriated profit	9,985,870	7,638,330
- Minority interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before regulatory adjustments	29,141,719	26,058,692
Total regulatory adjustments applied to CET1 (Note 42.1.1)	1,264,805	2,165,687
Common Equity Tier 1 (a)	27,876,914	23,893,005
Additional Tier 1 (AT 1) Capital		
- Qualifying Additional Tier-1 instruments plus any related share premium of which:		
- classified as equity	-	-
- classified as liabilities	-	-
- Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties of which:		
- instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total regulatory adjustment applied to AT1 capital (Note 42.1.2)	-	-
Additional Tier 1 capital after regulatory adjustments	-	-
Additional Tier 1 capital recognised for capital adequacy (b)	-	-
Tier 1 Capital (CET1 + admissible AT1) (c=a+b)	27,876,914	23,893,005
Tier 2 Capital		
- Qualifying Tier 2 capital instruments under Basel III	-	-
- Tier 2 capital instruments subject to phase out arrangement	-	419,160
- Tier 2 capital instruments issued to third party by consolidated subsidiaries of which:		
- instruments issued by subsidiaries subject to phase out	-	-
- General provisions or general reserves for loan losses-up to maximum of 1.25% of credit risk weighted assets	464,257	432,672
- Revaluation reserves of which:		
- revaluation reserves on fixed assets	2,971,880	1,995,713
- unrealized gain / (loss) on AFS	612,144	881,120
- Foreign exchange translation reserves	-	-
- Undisclosed / other reserves (if any)	-	-
T2 before regulatory adjustments	4,048,281	3,728,665
Total regulatory adjustment applied to T2 capital (Note 42.1.3)	9,206	170,155
Tier 2 capital (T2) after regulatory adjustments	4,039,075	3,558,510
Portion of Tier 1 capital recognised in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy (d)	4,039,075	3,558,510
TOTAL CAPITAL (T1 + admissible T2) (e=c+d)	31,915,989	27,451,515
Total risk weighted assets (for details refer note 42.4)	218,344,080	190,542,523

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Particulars	2016	2015
	Percentage	
Capital ratios and buffers (in percentage of risk weighted assets)		
- CET1 to total RWA (a / i)	12.77%	12.54%
- Tier-1 capital to total RWA (c / i)	12.77%	12.54%
- Total capital to RWA (e / i)	14.62%	14.41%
- Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	6.65%	6.25%
- capital conservation buffer requirement	0.65%	0.25%
- counter cyclical buffer requirement	-	-
- Domestic Systemically Important Banks (SIB) or Global SIB buffer requirement	-	-
- CET1 available to meet buffers (as a percentage of risk weighted assets)	6.12%	6.29%
National minimum capital requirements prescribed by SBP		
- CET1 minimum ratio	6.00%	6.00%
- Tier 1 minimum ratio	7.50%	7.50%
- Total capital minimum ratio	10.65%	10.25%

Particulars	2016		2015	
	Amount	Pre - Basel III treatment*	Amount	Pre - Basel III treatment*

Rupees '000

42.1.1 Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	1,196,144	-	1,439,276	-
Shortfall in provisions against classified assets	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	176,160	264,240
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	59,455	-	212,894	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of fixed assets / AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	316,932	475,398
Amount exceeding 15% threshold	-	-	-	-
of which: significant investments in the common stocks of financial entities	-	-	-	-
of which: deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investments in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	9,206	9,206	20,425	20,425
Total regulatory adjustments applied to CET1	1,264,805	9,206	2,165,687	760,063

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FOR THE YEAR ENDED DECEMBER 31, 2016

Particulars	2016		2015	
	Amount	Pre - Basel III treatment*	Amount	Pre - Basel III treatment*

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

42.1.2 Additional Tier-1 & Tier-1 Capital: regulatory adjustments

Investment in mutual funds exceeding the prescribed limit	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-	-
Adjustments to additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustment applied to AT1 capital	-	-	-	-

42.1.3 Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	9,206	9,206	20,425	20,425
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	149,730	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Total regulatory adjustment applied to T2 capital	9,206	9,206	170,155	20,425

* This column highlights items that are still subject to Basel II treatment during the transitional period.

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FOR THE YEAR ENDED DECEMBER 31, 2016

42.1.4 Additional Information

	2016	2015
	----- Rupees '000 -----	
“Risk weighted assets” subject to pre-Basel III treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)		
of which: deferred tax assets	-	739,638
of which: defined-benefit pension fund net assets	-	-
of which: recognized portion of investment in capital of banking, financial and insurance entities	-	-
where holding is less than 10% of the issued common share capital of the entity		
of which: recognized portion of investment in capital of banking, financial and insurance entities	-	-
where holding is more than 10% of the issued common share capital of the entity		
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	1,466,384	565,007
Significant investments in the common stock of financial entities	27,619	27,233
Deferred tax assets arising from temporary differences (net of related tax liability)	2,738,996	2,396,612
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	464,256	432,672
Cap on inclusion of provisions in Tier 2 under standardized approach	2,065,837	1,748,942
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

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FOR THE YEAR ENDED DECEMBER 31, 2016

42.2 Capital Structure Reconciliation

42.2.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting

Particulars	2016	
	Balance sheet	Under regulatory scope of reporting
-----Rupees '000-----		
Assets		
Cash and balances with treasury banks	37,239,302	37,239,302
Balances with other banks	1,139,375	1,139,375
Lendings to financial institutions	5,000,000	5,000,000
Investments	170,210,137	170,210,137
Advances	204,830,997	204,830,997
Operating fixed assets	12,111,881	12,111,881
Deferred tax assets - net	2,264,212	2,264,212
Other assets	11,668,757	11,668,757
Total assets	444,464,661	444,464,661
Liabilities and equity		
Bills payable	5,982,285	5,982,285
Borrowings	52,806,084	52,806,084
Deposits and other accounts	340,306,404	340,306,404
Sub-ordinated loans	1,497,000	1,497,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	-
Other liabilities	8,864,563	8,864,563
Total liabilities	409,456,336	409,456,336
Represented by:		
Share capital	11,997,601	11,997,601
Reserves	7,158,248	7,158,248
Unappropriated profit	9,985,870	9,985,870
Surplus on revaluation of assets - net of tax	5,866,606	5,866,606
	35,008,325	35,008,325
Total liabilities and equity	444,464,661	444,464,661

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42.2.2 Reconciliation of balance sheet to eligible regulatory capital

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
-----Rupees '000-----			
Assets			
Cash and balances with treasury banks		37,239,302	37,239,302
Balances with other banks		1,139,375	1,139,375
Lendings to financial institutions		5,000,000	5,000,000
Investments of which:		170,210,137	170,210,137
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	59,455	59,455
- others	e	-	-
Advances		204,830,997	204,830,997
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	464,257	464,257
Operating fixed assets of which:		12,111,881	12,111,881
- Intangibles	k	1,196,144	1,196,144
Deferred tax assets of which:		2,264,212	2,264,212
- DTAs that rely on future profitability excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets of which:		11,668,757	11,668,757
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		444,464,661	444,464,661
Liabilities and Equity			
Bills payable		5,982,285	5,982,285
Borrowings		52,806,084	52,806,084
Deposits and other accounts		340,306,404	340,306,404
Sub-ordinated loans of which:		1,497,000	1,497,000
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:		-	-
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	-	-
Other liabilities		8,864,563	8,864,563
Total liabilities		409,456,336	409,456,336

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FOR THE YEAR ENDED DECEMBER 31, 2016

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
-----Rupees '000-----			
Share capital		11,997,601	11,997,601
- of which: amount eligible for CET1	s	11,997,601	11,997,601
- of which: amount eligible for AT1	t	-	-
Reserves of which:		7,158,248	7,158,248
- portion eligible for inclusion in CET1 - Statutory reserves	u	6,242,425	6,242,425
- portion eligible for inclusion in CET1 - General and other reserves		915,823	915,823
- portion eligible for inclusion in Tier 2	v	-	-
Unappropriated profit	w	9,985,870	9,985,870
Minority Interest of which:		-	-
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets of which:		5,866,606	5,866,606
- Revaluation reserves on fixed assets		3,810,105	3,810,105
- Revaluation reserves on non banking assets acquired in satisfaction of claims		1,271,701	1,271,701
- Unrealized gains / (losses) on AFS securities	aa	784,800	784,800
- In case of deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and equity		444,464,661	444,464,661

42.2.3 Basel III Disclosure (with added column)

Particulars	Source based on reference number from 43.2.2	Component of regulatory capital reported by the Bank
Rupees '000		
Common equity Tier 1 capital (CET1): instruments and reserves		
1 Fully paid-up capital		11,997,601
2 Balance in share premium account	(s)	10,131
3 Reserve for issue of bonus shares		-
4 General / statutory reserves	(u)	7,148,117
5 Gain / (losses) on derivatives held as cash flow hedge		-
6 Unappropriated profit	(w)	9,985,870
7 Minority interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
8 CET 1 before Regulatory Adjustments		29,141,719

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Particulars		Source based on reference number from 43.2.2	Component of regulatory capital reported by the Bank
			Rupees '000
Common Equity Tier 1 capital: Regulatory adjustments			
9	Goodwill (net of related deferred tax liability)	(j) - (s)	
10	All other intangibles (net of any associated deferred tax liability)	(k) - (p)	1,196,144
11	Shortfall of provisions against classified assets	(f)	-
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(h) - (r) * 60%	-
13	Defined-benefit pension fund net assets	(l) - (q) * 60%	-
14	Reciprocal cross holdings in CET1 capital instruments	(d)	59,455
15	Cash flow hedge reserve		-
16	Investment in own shares / CET1 instruments		-
17	Securitization gain on sale		-
18	Capital shortfall of regulated subsidiaries		-
19	Deficit on account of revaluation from bank's holdings of fixed assets / AFS securities	(ab)	-
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
22	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i) * 60%	-
23	Amount exceeding 15% threshold of which:		-
	- significant investments in the common stocks of financial entities		-
	- deferred tax assets arising from temporary differences		-
24	National specific regulatory adjustments applied to CET1 capital of which:		-
	- investment in TFCs of other banks exceeding the prescribed limit		-
	- any other deduction specified by the SBP		-
25	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		9,206
26	Total regulatory adjustments applied to CET1		1,264,805
	Common equity tier 1		27,876,914
Additional Tier 1 (AT 1) Capital			
27	Qualifying additional Tier-1 instruments plus any related share premium of which:		-
	- classified as equity	(t)	-
	- classified as liabilities	(m)	-
28	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
	- of which: instrument issued by subsidiaries subject to phase out		-
29	AT1 before regulatory adjustments		-

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Particulars	Source based on reference number from 43.2.2	Component of regulatory capital reported by the Bank
		Rupees '000
Additional Tier 1 Capital: regulatory adjustments		
30 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
31 Investment in own AT1 capital instruments		-
32 Reciprocal cross holdings in additional Tier 1 capital instruments		-
33 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
34 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
35 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
36 Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions		-
37 Total of regulatory adjustment applied to AT1 capital		-
38 Additional Tier 1 capital		-
39 Additional Tier 1 capital recognised for capital adequacy		-
Tier 1 Capital (CET1 + admissible AT1)		27,876,914
Tier 2 Capital		
40 Qualifying Tier 2 capital instruments under Basel III		-
41 Capital instruments subject to phase out arrangement from Tier 2	(n)	-
42 Tier 2 capital instruments issued to third party by consolidated subsidiaries		-
- of which: instruments issued by subsidiaries subject to phase out	(z)	-
43 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	464,257
44 Revaluation reserves eligible for Tier 2 of which:		3,584,024
- portion pertaining to fixed assets		2,971,880
- portion pertaining to AFS securities		612,144
45 Foreign exchange translation reserves	(v)	-
46 Undisclosed / other reserves (if any)		-
47 T2 before regulatory adjustments		4,048,281
Tier 2 Capital: regulatory adjustments		
48 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		9,206
49 Reciprocal cross holdings in Tier 2 instruments	(d)	-
50 Investment in own Tier 2 capital instruments		-
51 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
52 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
53 Amount of regulatory adjustment applied to T2 capital		9,206
54 Tier 2 capital (T2)		4,039,075
55 Tier 2 capital recognised for capital adequacy		4,039,075
56 Excess additional Tier 1 capital recognised in Tier 2 capital		-
57 Total Tier 2 capital admissible for capital adequacy		4,039,075
TOTAL CAPITAL (T1 + admissible T2)		31,915,989

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42.3 Main features of regulatory capital instruments

S No.	Main Features	Common Shares	Subordinated Debt 3 billion
1	Issuer	Faysal Bank Limited	Faysal Bank Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	FABL	N/A
3	Governing law(s) of the instrument	Relevant Capital Market Laws	Relevant Capital Market Laws
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
6	Eligible at solo / group / group & solo	Solo	Solo
7	Instrument type	Ordinary shares	TFCs
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	11,997,601	-
9	Par value of instrument	10	5,000
10	Accounting classification	Shareholders' equity	Liability - Subordinated loan
11	Original date of issuance	Various	December 27, 2010
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	December 27, 2017
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend / coupon	N/A	Floating
18	Coupon rate and any related index / benchmark	N/A	Kibor
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non - Cumulative	Non - Cumulative
23	Convertible or non-convertible	Non - Convertible	Non - Convertible
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation	Common equity (ranks after all creditors including depositors)	Refer 42.3.1
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A

42.3.1 The instrument is unsecured, subordinated as to payments of principal and profit to all other indebtedness of the Bank including deposits.

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42.4 Risk Weighted Assets

	Capital Requirements		Risk Weighted Assets	
	2016	2015	2016	2015
	----- Rupees '000 -----			
Credit risk				
On-Balance sheet				
<i>Portfolios subject to standardized approach (Comprehensive)</i>				
- Sovereign	10,495	4,263	98,541	42,628
- Public Sector entities	530,425	296,558	4,980,516	2,965,579
- Banks	109,186	105,785	1,025,223	1,057,845
- Corporate	9,119,572	6,425,222	85,629,788	64,252,224
- Retail	2,191,855	2,068,635	20,580,796	20,686,345
- Residential Mortgages	141,704	139,549	1,330,552	1,395,494
- Past Due loans	662,960	764,720	6,224,977	7,647,195
- Operating Fixed Assets	1,111,962	936,169	10,440,955	9,361,685
- Other assets	1,346,555	1,407,223	12,643,710	14,072,228
	15,224,714	12,148,124	142,955,058	121,481,223
Off-Balance sheet				
Non-market related				
- Loan Repayment Guarantees	1,220,045	871,222	11,455,820	8,712,215
- Purchase and Resale Agreements	10,393	10,628	97,590	106,284
- Performance Bonds etc	197,722	146,198	1,856,548	1,461,980
- Revolving underwriting Commitments	512,209	522,456	4,809,476	5,224,555
- Stand By Letters of Credit	243,113	223,366	2,282,749	2,233,662
Market related				
- Derivative Instruments	7,406	-	69,543	-
- Foreign Exchange Contracts	21,512	19,366	201,989	193,660
	2,212,400	1,793,236	20,773,715	17,932,356
Equity Exposure Risk in the Banking Book				
<i>Under simple risk weight method</i>				
- Listed Shares	163,816	50,175	1,538,182	501,746
- Unlisted Shares	-	-	-	-
	163,816	50,175	1,538,182	501,746
Total Credit Risk-Weighted Exposures	17,600,930	13,991,535	165,266,955	139,915,325
Market Risk - capital requirement for portfolios subject to standardised approach				
- Interest rate risk	1,355,498	1,211,753	12,727,683	12,117,531
- Equity position risk	811,816	643,453	7,622,690	6,434,526
- Foreign exchange risk	4,946	12,029	46,438	120,287
Total market risk	2,172,260	1,867,235	20,396,811	18,672,344
Operational Risk - Capital requirement for operational risks				
Total operational risk	3,480,453	3,195,485	32,680,314	31,954,854
	23,253,643	19,054,255	218,344,080	190,542,523
Capital Adequacy Ratio	2016	2015		
	----- Rupees '000 -----			
Total Eligible Regulatory Capital held	31,915,989	27,451,515		
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	12.77%	6.00%	12.54%
Tier-1 capital to total RWA	7.50%	12.77%	7.50%	12.54%
Total capital to total RWA	10.65%	14.62%	10.25%	14.41%

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- 42.5** The SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011 has advised the Bank that the deduction of intangible assets, as appearing under Tier-I capital, would be limited to the extent of the amount of the intangible assets recognized as negative goodwill. Whereas, the portion of Deferred Tax Liabilities (DTL) created due to such intangible assets would not be netted against Deferred Tax Assets (DTA) for calculation of CAR.
- 42.6** In accordance with the Regulatory Capital Framework under Basel III issued by the SBP, Banks are required to deduct from Common Equity Tier I capital - regulatory adjustments, any shortfall in provisions required against classified assets irrespective of any relaxation allowed by the SBP.
- 42.7** The benefit of the FSV allowed by the SBP has not been deducted from Common equity Tier I capital - regulatory adjustments of the Bank based on a clarification issued by the SBP through its letter BSD/BAI-1/220/452/2009 dated April 27, 2009 in accordance with section 1.1 of the SBP Capital adequacy guidelines.

42.8 Leverage Ratio

SBP vide BPRD Circular No. 06 dated August 15, 2013 introduced leverage ratio (Tier 1 Capital to total exposure) under Basel III Framework. Banks are required to maintain minimum leverage ratio of 3% and to disclose the same from December 31, 2015. At Present, the leverage ratio is on parallel run till December 31, 2017. Based on the results of the parallel run period, the SBP intends to make final adjustments to the definition and calibration of the leverage ratio with a view to set the leverage ratio requirements as a separate capital standard on December 31, 2018.

The leverage ratio of the Bank for the year ended December 31, 2016 stood at 5.08% (2015: 4.26%).

Particulars	2016	2015
	-----Rupees '000-----	
On balance sheet exposures		
On-balance sheet items (excluding derivatives but including collateral)	443,186,739	427,907,173
Derivatives	97,309	89,518
A) Total on balance sheet exposures	<u>443,284,048</u>	<u>427,996,691</u>
Off balance sheet exposures		
Off-balance sheet items (excluding derivatives)	104,751,059	133,162,562
Commitment in respect of derivatives (derivatives having negative fair value are also included)	359,525	285,161
B) Total off balance sheet exposures	<u>105,110,584</u>	<u>133,447,723</u>
Capital and total exposures		
Tier 1 capital	<u>27,876,914</u>	<u>23,893,005</u>
Total exposure (A+B)	<u>548,394,632</u>	<u>561,444,414</u>
Leverage ratio	<u>5.08%</u>	<u>4.26%</u>

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43 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 & convergence towards Regulatory & 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 & 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 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 organization. This calls for aligning strategic vision, policy objectives and business processes / procedures with 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
- 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 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 centralized RMG oversight
- Sufficient policies, procedures and limits
- Adequate risk measurement, monitoring and management information systems
- 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 authorized by the BoD to assist in the design, regular evaluation and timely updation of the Risk Management framework. The BRMC has further authorized management committees such as Country Credit Committee (CCC), Enterprise Risk Management Committee (ERMC) and Assets & 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 specialized skill sets & 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 & 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 & 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 analyzes 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, BoD approvals and best practices.
- The Information Security Risk function is responsible for Information Security Risk identification, monitoring and reporting.

43.1 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 analyzed, fully disclosed to the approving authorities and appropriately rated, appropriately structured, appropriately priced and documented.

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The Bank deals with many different types of borrowers and borrowing structures across the corporate, commercial, SME 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 scrutinize, advise & discuss associated risks and recommend/ review/ approve credit facilities & financing, through respective Credit Committees. Besides financial, industry and transaction analysis, in order to quantify risks of counterparty, the credit evaluation also includes risk rating system to evaluate risk rating of the customers which is then monitored on a portfolio basis to gauge the Bank's credit portfolio quality. To avoid risk concentration, counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

With a view to develop and effectively manage a diversified credit portfolio within each Business segment (as an integral part of the Credit Risk Management process), the Bank has adopted the concept of an industry / sector-wise exposure concentration grid which dictates target market exposures.

As part of the Bank's Portfolio strategy and planning activity, these industry concentration limits are continually overseen by the management against the Bank's approved exposures in these sectors and reviewed by the Board Risk Management Committee (BRMC) in its meetings with an aim to monitor the overall risk and to avoid high exposure to a single group or industry.

43.1.1 Segment by class of business

Credit Risk Management (CRM) Framework (non-retail/ non-individual portfolio) covers three business segments: Corporate Risk Management, Commercial Banking & SME (including Agri) Risk Management and Retail Risk. The common responsibilities of Corporate Risk Management and Commercial Banking & 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 Compliance to ensure conformity to the relevant Government regulations, SBP Prudential Regulations 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 risk coverage.

Retail Risk Management is responsible for managing the credit risk of consumer finance credit products, with credit facilities extended to individual (non-corporate) customers. This function operates on a program lending/ financing approach to manage, mitigate and approve risks on a portfolio level. Retail Risk Management is responsible for managing the entire retail credit cycle while maintaining the risk parameters approved under the Product Program. Retail credit cycle and its scope includes engagement in product program planning & subsequent program based approvals (along with business), management of credit underwriting process, portfolio monitoring & review, collections and recoveries.

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Segmental information in respect of the class of business, by sector including related provision and classified advances and geographical distribution of advances, deposits, and contingencies and commitments is given below:

	2016					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Chemical and pharmaceuticals	9,838,269	4.28	10,003,779	2.94	2,585,621	6.64
Agriculture	34,578,371	15.05	7,391,593	2.17	159,457	0.41
Textile	23,901,174	10.40	2,327,674	0.68	2,580,647	6.63
Cement	2,160,572	0.94	233,261	0.07	441,636	1.13
Sugar	5,676,693	2.47	87,671	0.03	28,821	0.07
Construction	6,514,081	2.83	5,720,291	1.68	1,095,831	2.82
Ready made garments	2,815,800	1.23	692,604	0.20	128,550	0.33
Footwear and leather garments	1,171,931	0.51	158,128	0.05	333,491	0.86
Automobile and transportation equipment	573,499	0.25	4,024,968	1.18	310,315	0.80
Financial	2,528,589	1.10	16,950,190	4.98	1,071,377	2.75
Oil refining / marketing	8,951,056	3.89	5,877,957	1.73	6,435,852	16.54
Distribution / trading	11,217	-	58,610,052	17.22	3,031,839	7.79
Electronics and electrical appliances	4,685,132	2.04	953,249	0.28	359,324	0.92
Production and transmission of energy	39,175,968	17.05	2,969,772	0.87	2,427,655	6.24
Iron and steel	5,217,059	2.27	634,694	0.19	976,118	2.51
Food and allied	7,425,868	3.23	3,631,426	1.07	1,421,047	3.65
Synthetic and rayon	1,654,293	0.72	55,546	0.02	1,021,550	2.62
Paper and board	1,209,691	0.53	143,677	0.04	297,232	0.76
Individuals	20,390,495	8.87	108,933,737	32.01	993,415	2.55
Telecommunication	2,888,385	1.26	477,690	0.14	2,794,921	7.18
Transportation, road and air	14,030,225	6.10	681,358	0.20	2,929,918	7.53
Mining and quarrying	4,083,548	1.78	76,345	0.02	4,019	0.01
Others	30,343,602	13.20	109,670,742	32.22	7,490,134	19.26
	229,825,518	100.00	340,306,404	100.00	38,918,770	100.00

	2015					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Chemical and pharmaceuticals	9,554,275	4.59	3,387,027	1.16	2,174,662	5.06
Agriculture	33,595,343	16.59	7,795,719	2.67	243,872	0.57
Textile	22,590,702	11.09	1,989,027	0.68	2,891,883	6.73
Cement	3,601,417	1.78	142,038	0.05	564,167	1.31
Sugar	3,033,405	1.50	103,112	0.04	33,101	0.08
Construction	2,234,194	0.95	4,221,349	1.45	1,038,829	2.42
Ready made garments	2,714,867	1.34	714,532	0.24	141,197	0.33
Footwear and leather garments	985,924	0.49	142,189	0.05	205,390	0.48
Automobile and transportation equipment	733,325	0.36	1,051,116	0.36	407,575	0.95
Financial	1,224,760	0.60	13,774,204	4.72	1,154,836	2.69
Oil refining / marketing	3,723,757	1.84	4,145,816	1.42	12,064,212	28.10
Distribution / trading	882,388	0.44	55,221,263	18.90	2,535,374	5.90
Electronics and electrical appliances	3,813,282	1.87	973,633	0.33	602,255	1.40
Production and transmission of energy	35,339,017	17.23	1,156,927	0.40	4,614,353	10.75
Iron and steel	4,445,513	2.19	1,315,373	0.45	1,555,000	3.62
Food and allied	7,952,089	3.93	2,926,597	1.00	1,051,381	2.45
Synthetic and rayon	1,026,286	0.51	80,584	0.03	1,136,853	2.65
Paper and board	1,927,538	0.95	181,382	0.06	539,352	1.26
Individuals	20,732,211	10.24	101,467,363	34.73	302,372	0.70
Telecommunication	3,572,885	1.55	746,933	0.26	3,326,101	7.75
Transportation, road and air	7,819,299	3.86	549,583	0.19	363,860	0.85
Mining and quarrying	2,511,272	1.24	55,575	0.02	9,858	0.02
Others	31,610,274	14.86	89,988,916	30.79	5,982,382	13.93
	205,624,023	100.00	292,130,258	100.00	42,938,865	100.00

* Contingent liabilities in this note are presented at cost and includes direct credit substitutes, transaction related contingent liabilities, trade related contingent liabilities and indemnity issued.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

43.1.2 Segment by sector

	2016					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Public / Government	51,407,749	22.37	21,603,435	6.35	7,360,128	18.91
Private	178,417,769	77.63	318,702,969	93.65	31,558,642	81.09
	229,825,518	100.00	340,306,404	100.00	38,918,770	100.00

	2015					
	Advances (Gross)		Deposits		Contingent liabilities *	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Public / Government	48,718,664	24.05	24,109,993	8.25	3,023,977	7.04
Private	156,905,359	75.95	268,020,265	91.75	39,914,888	92.96
	205,624,023	100.00	292,130,258	100.00	42,938,865	100.00

* Contingent liabilities in this note are presented at cost and includes direct credit substitutes, transaction related contingent liabilities, trade related contingent liabilities and indemnity issued.

43.1.3 Details of non-performing advances and specific provisions by class of business segment

	2016		2015	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	Rupees '000			
Chemical and Pharmaceuticals	815,720	633,712	781,240	634,382
Agriculture	1,665,290	821,169	1,525,373	770,535
Textile	7,709,641	6,917,514	8,174,939	7,098,215
Cement	51,054	51,054	139,177	118,768
Sugar	21,078	-	34,228	7,066
Construction	586,115	546,309	630,536	468,437
Ready made garments	1,879,782	1,743,340	1,978,984	1,782,497
Footwear and leather garments	213,830	145,578	225,572	126,691
Automobile and transport equipment	203,883	185,185	429,022	390,533
Financial	105,853	105,309	105,853	105,309
Oil refining / marketing	261,594	261,594	171,800	171,800
Distribution / trading	-	-	24,781	20,409
Electronics and electrical appliances	1,636,437	1,518,987	1,424,593	1,408,986
Production and transmission of energy	2,934,005	2,934,005	2,934,005	2,934,005
Iron and steel	2,075,835	919,589	2,146,107	900,731
Food and allied	1,363,168	949,436	1,123,152	542,550
Synthetic and rayon	482,083	482,083	508,076	482,083
Paper and board	232,847	137,616	309,829	146,946
Transportation, road and air	125,270	96,497	-	-
Telecommunications	12,855	3,317	5,834	4,522
Individuals	2,287,527	1,830,358	2,190,764	1,671,869
Mining and quarrying	13,673	9,387	13,430	4,858
Others	5,358,520	4,238,225	5,591,557	4,310,355
	30,036,060	24,530,264	30,468,852	24,101,547

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43.1.4 Details of non-performing advances and specific provisions by sector

Public / Government
Private

2016		2015	
Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
----- Rupees '000 -----			
-	-	-	-
30,036,060	24,530,264	30,468,852	24,101,547
30,036,060	24,530,264	30,468,852	24,101,547

43.1.5 Geographical segment analysis

Pakistan
Asia Pacific (including South Asia)
Europe
United States of America and Canada
Middle East
Others

2016			
Profit before taxation	Total assets employed	Net assets employed	Contingent liabilities *
----- Rupees '000 -----			
6,658,637	444,464,661	35,008,325	38,918,770
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,658,637	444,464,661	35,008,325	38,918,770

Pakistan
Asia Pacific (including South Asia)
Europe
United States of America and Canada
Middle East
Others

2015			
Profit before taxation	Total assets employed	Net assets employed	Contingent liabilities *
----- Rupees '000 -----			
6,920,077	430,072,860	30,352,473	42,938,865
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,920,077	430,072,860	30,352,473	42,938,865

* Contingent liabilities for the purpose of this note are presented at cost and includes direct credit substitutes, transaction related contingent liabilities, trade related contingent liabilities and indemnity issued.

43.2 Credit Risk: General disclosures Basel II specific

The Bank has adopted the Standardized Approach under Basel. According to the regulatory statement submitted under the Standardized Approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorized as retail portfolio. Claims on corporate constitute 63.07% (2015: 56.38%) of the total exposure, 3.40% (2015: 3.56%) represents claims on PSEs and 13.91% (2015: 16.40%) exposure pertains to claims categorized as retail portfolio.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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43.2.1 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's, Fitch and Moody's are used. Exposures not rated by any of the aforementioned rating agencies are categorized as unrated.

Types of exposure for which each agency is used in the year ended December 31, 2016 are as follows;

Exposures	PACRA	JCR-VIS	Standard and Poor's	Moody's	Fitch
Corporate	√	√	-	-	-
Banks	√	√	√	√	√
Sovereigns	-	-	√	-	-
SMEs	√	√	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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For exposure amounts after risk mitigation subject to the standardised approach, amount of Bank's / DFI's outstanding (rated and unrated) in each risk bucket as well as those that are deducted are as follows:

Exposures	Rating Category	Amount Outstanding	Deduction CRM	Net Amount
----- Rupees '000 -----				
- Cash and Cash Equivalent		9,840,020	-	9,840,020
- Corporate	1	29,021,333	-	29,021,333
	2	12,032,130	4,765	12,027,365
	3,4	-	-	-
	5,6	-	-	-
	Unrated	34,537,180	839,373	33,697,807
	Unrated-2	32,814,419	723,194	32,091,225
- Public Sector Entities	1	5,596,028	-	5,596,028
	2,3	1,262,405	-	1,262,405
	Unrated	6,460,216	-	6,460,216
- Banks	1,2,3	4,337,089	-	4,337,089
	4,5,6	85,342	-	85,342
	Unrated	197,728	-	197,728
- Sovereigns etc.	1	-	-	-
	2	-	-	-
	3	-	-	-
	4,5	98,541	-	98,541
	6	-	-	-
	Unrated	-	-	-
- Government of Pakistan		109,495,440	4,974,869	104,520,571
- SBP		4,488,844	-	4,488,844
- Retail		31,084,872	3,643,811	27,441,061
- Residential Mortgage		3,819,066	17,489	3,801,577
- Past Dues Loans		5,086,782	367,842	4,718,940
- Past Dues against Residential Mortgage		329,718	8,823	320,895
- Significant investment in Commercial entities		-	-	-
- Significant investment and DTAs above 15% threshold		2,766,615	-	2,766,615
- Unlisted Equity Investments		-	-	-
- Listed Equity Investments		1,538,182	-	1,538,182
- Operating Fixed Assets		10,440,955	-	10,440,955
- Other Assets		5,727,173	-	5,727,173
		311,060,078	10,580,166	300,479,912

The Bank has adopted the Comprehensive Approach of Credit Risk Mitigation for the Banking Book. Under this approach, cash, lien on deposits, government securities and eligible guarantees etc. are considered as eligible collateral. Where the Bank's exposure to an obligor is secured by eligible collateral, the Bank reduces its exposure for the calculation of capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

Collaterals used by the Bank for Credit Risk Mitigation (CRM) were as follows:

- Cash margin
- Government securities
- Guarantees of governments and banks
- Shares listed on recognized stock exchange.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

43.3 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.

43.4 Foreign exchange risk / currency 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. Foreign exchange risk exposures are managed by matching future maturities.

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.

43.4.1 Currency Risk

	2016			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	----- Rupees '000 -----			
Pakistan rupee	436,374,105	384,340,805	(17,013,383)	35,019,917
United States dollar	6,615,994	20,159,500	13,497,068	(46,438)
Great Britain pound	1,143,721	3,066,201	1,928,019	5,539
Japanese yen	3,091	526	468	3,033
Euro	302,461	1,889,304	1,587,828	985
Other currencies	25,289	-	-	25,289
	<u>444,464,661</u>	<u>409,456,336</u>	<u>-</u>	<u>35,008,325</u>
	----- Rupees '000 -----			
	2015			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	----- Rupees '000 -----			
Pakistan rupee	421,429,701	375,203,461	(15,772,386)	30,453,854
United States dollar	7,101,625	18,687,862	11,465,949	(120,288)
Great Britain pound	1,150,986	3,474,408	2,326,691	3,269
Japanese yen	4,810	29,132	24,368	46
Euro	371,822	2,325,524	1,955,378	1,676
Other currencies	13,916	-	-	13,916
	<u>430,072,860</u>	<u>399,720,387</u>	<u>-</u>	<u>30,352,473</u>

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FOR THE YEAR ENDED DECEMBER 31, 2016

43.5 Equity position risk

Equity position risk is the risk arising from unfavourable fluctuations in prices of shares in which the Bank carries long positions as part of its trading book. 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 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.

43.6 Mismatch of Interest Rate Sensitive Assets and Liabilities / Yield / Interest Rate Risk

		2016									
		Exposed to Yield / Interest risk									
Effective Yield / Interest rate	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	Non-interest bearing financial instruments
----- Rupees '000 -----											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	37,239,302	-	-	-	-	-	-	-	-	-	37,239,302
Balances with other banks	1,139,375	-	-	-	-	-	-	-	-	-	1,139,375
Lendings to financial institutions	5.9 5,000,000	5,000,000	-	-	-	-	-	-	-	-	-
Investments	7.3 170,210,137	221,288	40,229,736	53,458,010	19,798,213	17,670,639	6,384,724	16,667,019	10,443,935	-	5,336,573
Advances	7.1 204,830,997	54,159,756	71,437,582	31,273,223	18,380,975	3,135,650	7,312,196	7,277,629	4,734,140	1,505,500	5,614,346
Other assets	5,410,164	-	-	-	-	-	-	-	-	-	5,410,164
	423,829,975	59,381,044	111,667,318	84,731,233	38,179,188	20,806,289	13,696,920	23,944,648	15,178,075	1,505,500	54,739,760
Liabilities											
Bills payable	5,982,285	-	-	-	-	-	-	-	-	-	5,982,285
Borrowings	3.9 52,806,084	31,935,634	11,143,078	7,335,040	8,418	121,742	31,367	1,109,720	583,889	14,453	522,743
Deposits and other accounts	3.6 340,306,404	32,502,276	32,555,433	25,838,206	26,349,658	8,633,442	12,663,341	25,195,155	47,271,047	14,288,790	115,009,056
Sub-ordinated loans	8.7 1,497,000	-	-	748,500	748,500	-	-	-	-	-	-
Other liabilities	8,395,089	-	-	-	-	-	-	-	-	-	8,395,089
	408,986,862	64,437,910	43,698,511	33,921,746	27,106,576	8,755,184	12,694,708	26,304,875	47,854,936	14,303,243	129,909,173
On-balance sheet gap	14,843,113	(5,056,866)	67,968,807	50,809,487	11,072,612	12,051,105	1,002,212	(2,360,227)	(32,676,861)	(12,797,743)	(75,169,413)
Off-balance sheet financial instruments											
Forward Lending											
Cross currency and interest rate swaps	-	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts	26,599,238	12,731,798	12,245,365	1,074,224	547,851	-	-	-	-	-	-
	26,599,238	12,731,798	12,245,365	1,074,224	547,851	-	-	-	-	-	-
Forward Borrowing											
Cross currency and interest rate swaps	877,690	-	-	-	-	-	-	-	877,690	-	-
Forward foreign exchange contracts	9,413,147	4,106,388	4,977,800	328,959	-	-	-	-	-	-	-
	10,290,837	4,106,388	4,977,800	328,959	-	-	-	-	877,690	-	-
Off-balance sheet gap	16,308,401	8,625,410	7,267,565	745,265	547,851	-	-	-	(877,690)	-	-
Total Yield / Interest Risk Sensitivity Gap											
		3,568,544	75,236,372	51,554,752	11,620,463	12,051,105	1,002,212	(2,360,227)	(33,554,551)	(12,797,743)	
Cumulative Yield / Interest Risk Sensitivity Gap											
		3,568,544	78,804,916	130,359,668	141,980,131	154,031,236	155,033,448	152,673,221	119,118,670	106,320,927	

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Mismatch of Interest Rate Sensitive Assets and Liabilities / Yield / Interest Rate Risk

2015											
Exposed to Yield / Interest risk											
Effective Yield / Interest rate	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	Non-interest bearing financial instruments
----- Rupees '000 -----											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	26,084,007	-	-	-	-	-	-	-	-	-	26,084,007
Balances with other banks	1,068,451	-	-	-	-	-	-	-	-	-	1,068,451
Lendings to financial institutions	6.8 250,000	250,000	-	-	-	-	-	-	-	-	-
Investments	8.7 183,609,157	96,449	51,103,504	4,231,187	66,530,683	16,902,556	13,765,410	23,177,027	2,812,208	-	4,990,133
Advances	8.7 181,089,804	48,408,355	47,123,492	29,528,194	25,636,726	2,299,150	3,787,142	10,769,284	2,138,120	2,091,315	9,308,026
Other assets	7,707,205	-	-	-	-	-	-	-	-	-	7,707,205
	399,808,624	48,754,804	98,226,996	33,759,381	92,167,409	19,201,706	17,552,552	33,946,311	4,950,328	2,091,315	49,157,822
Liabilities											
Bills payable	6,009,238	-	-	-	-	-	-	-	-	-	6,009,238
Borrowings	6.2 90,565,242	78,843,290	1,102,536	7,458,526	12,513	85,652	325,352	635,152	1,285,635	-	816,586
Deposits and other accounts	4.3 292,130,258	34,178,301	41,944,635	93,008,928	25,132,657	2,622,958	348,766	716,740	62,771	-	94,114,502
Sub-ordinated loans	10.5 2,994,000	-	-	2,994,000	-	-	-	-	-	-	-
Other liabilities	7,626,982	-	-	-	-	-	-	-	-	-	7,626,982
	399,325,720	113,021,591	43,047,171	103,461,454	25,145,170	2,708,610	674,118	1,351,892	1,348,406	-	108,567,308
On-balance sheet gap	482,904	(64,266,787)	55,179,825	(69,702,073)	67,022,239	16,493,096	16,878,434	32,594,419	3,601,922	2,091,315	(59,409,486)
Off-balance sheet financial instruments											
Forward Lending											
Cross currency and interest rate swaps	-	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts	24,116,917	16,468,088	5,451,581	1,540,249	656,999	-	-	-	-	-	-
	24,116,917	16,468,088	5,451,581	1,540,249	656,999	-	-	-	-	-	-
Forward Borrowing											
Cross currency and interest rate swaps	-	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts	9,948,989	7,269,014	2,661,399	15,130	3,446	-	-	-	-	-	-
	9,948,989	7,269,014	2,661,399	15,130	3,446	-	-	-	-	-	-
Off-balance sheet gap	14,167,928	9,199,074	2,790,182	1,525,119	653,553	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	(55,067,713)	57,970,007	(68,176,954)	67,675,792	16,493,096	16,878,434	32,594,419	3,601,922	2,091,315		
Cumulative Yield / Interest Risk Sensitivity Gap											
	(55,067,713)	2,902,294	(65,274,660)	2,401,132	18,894,228	35,772,662	68,367,081	71,969,003	74,060,318		

43.6.1 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.

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43.6.2 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.

43.6.3 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); and
- iv) interest-related options embedded in Bank's products (options risk).
- v) changes in marked-to-market value of financial instruments which occur when interest rate changes (price risk)

43.7 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn.

The Market and Liquidity Risk under Enterprise Risk Management function oversee liquidity risk. The Bank's Asset and Liability Management 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:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements;
- Monitoring of overall balance sheet liquidity position against internal threshold;
- Managing the concentration and profile of debt maturities.
- Monitoring of next three months liquidity target, available internal liquidity, liquidity excess / shortfall and estimated overall liquidity; and
- Managing the liabilities both on a contractual and behavioural basis primarily by matching the maturity profiles of assets and liabilities;

Maturities of Treasury's and Capital Market's balances are monitored on monthly basis so as to provide management with cash flow measurement and projections.

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, geography, provider, product and term.

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43.7.1 Maturities of Assets and Liabilities (based on contractual maturities)

2016									
Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
Rupees '000									
Assets									
Cash and balances with treasury banks	37,239,302	37,239,302	-	-	-	-	-	-	-
Balances with other banks	1,139,375	1,139,375	-	-	-	-	-	-	-
Lendings to financial institutions	5,000,000	5,000,000	-	-	-	-	-	-	-
Investments	170,210,137	221,288	41,550,180	54,778,454	22,439,101	17,670,639	6,384,724	16,675,784	10,443,935
Advances	204,830,997	42,197,946	28,487,345	23,915,621	24,774,263	17,670,450	22,644,758	26,040,111	15,437,998
Operating fixed assets	12,111,881	9,515	4,229	266,646	301,795	287,958	482,502	762,586	760,849
Deferred tax assets - net	2,264,212	-	-	-	-	-	-	2,264,212	-
Other assets	11,668,757	2,656,854	1,410,112	2,739,641	1,055,586	398,711	891,262	2,305,418	211,173
	444,464,661	88,464,280	71,451,866	81,700,362	48,570,745	36,027,758	30,403,246	45,783,899	29,118,167
									12,944,338
Liabilities									
Bills payable	5,982,285	5,982,285	-	-	-	-	-	-	-
Borrowings	52,806,084	32,458,377	11,143,078	7,335,040	8,418	121,742	31,367	1,109,720	583,889
Deposits and other accounts	340,306,404	260,381,428	31,557,486	23,581,485	22,641,377	853,990	1,050,864	189,774	50,000
Sub-ordinated loans	1,497,000	-	-	748,500	748,500	-	-	-	-
Other liabilities	8,864,563	741,204	912,253	1,344,690	2,492,015	1,458,447	1,914,280	1,674	-
	409,456,336	299,563,294	43,612,817	33,009,715	25,890,310	2,434,179	2,996,511	1,301,168	633,889
									14,453
Net assets	35,008,325	(211,099,014)	27,839,049	48,690,647	22,680,435	33,593,579	27,406,735	44,482,731	28,484,278
									12,929,885
Share capital	11,997,601								
Reserves	7,158,248								
Unappropriated profit	9,985,870								
	29,141,719								
Surplus on revaluation of assets - net	5,866,606								
	35,008,325								

2015									
Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
Rupees '000									
Assets									
Cash and balances with treasury banks	26,084,007	26,084,007	-	-	-	-	-	-	-
Balances with other banks	1,068,451	1,068,451	-	-	-	-	-	-	-
Lendings to financial institutions	250,000	250,000	-	-	-	-	-	-	-
Investments	195,515,642	1,130,843	52,160,678	3,564,710	82,650,816	23,083,447	3,428,306	25,673,323	3,823,519
Advances	181,089,804	40,558,277	23,273,316	25,610,372	28,754,010	16,030,461	15,598,510	19,571,377	8,256,422
Operating fixed assets	11,342,980	9,262	4,280	19,691	104,942	881,545	517,716	847,283	188,932
Deferred tax assets - net	3,087,325	-	-	-	-	-	-	3,087,325	-
Other assets	11,634,651	1,486,481	2,705,475	2,735,685	952,413	470,152	335,625	2,948,820	-
	430,072,860	70,587,321	78,143,749	31,930,458	112,462,181	40,465,605	19,880,157	52,128,128	12,268,873
									12,206,388
Liabilities									
Bills payable	6,009,238	6,009,238	-	-	-	-	-	-	-
Borrowings	90,565,242	79,659,876	1,102,536	7,458,526	12,513	85,652	325,352	635,152	1,285,635
Deposits and other accounts	292,130,258	221,410,617	25,347,806	16,487,941	25,132,658	2,622,958	348,766	716,741	62,771
Sub-ordinated loans	2,994,000	-	-	748,500	748,500	1,497,000	-	-	-
Other liabilities	8,021,649	3,120,297	664,094	2,875,034	1,352,548	1,113	2,154	6,409	-
	399,720,387	310,200,028	27,114,436	27,570,001	27,246,219	4,206,723	676,272	1,358,302	1,348,406
									-
Net assets	30,352,473	(239,612,707)	51,029,313	4,360,457	85,215,962	36,258,882	19,203,885	50,769,826	10,920,467
									12,206,388
Share capital	11,997,601								
Reserves	6,422,761								
Unappropriated profit	7,638,330								
	26,058,692								
Surplus on revaluation of assets - net	4,293,781								
	30,352,473								

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

43.7.2 Maturities of Assets and Liabilities (based on expected withdrawal pattern)

In line with 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 four years weekly data. The outliers (seasonal variations) are adjusted from data using fourth spread statistical methodology. Subsequently, the data is analysed through regression analysis so as to capture the deposit withdrawal behaviour in higher maturity time bands. The regression analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawal in order to arrive at an estimated deposits withdrawal pattern. This methodology is in line with industry best practices and regulatory guidance.

	2016								
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years
	----- Rupees '000 -----								
Assets									
Cash and balances with treasury banks	37,239,302	227,159	312,810	679,617	1,282,894	3,748,136	4,012,535	6,494,534	18,135,541
Balances with other banks	1,139,375	1,139,375	-	-	-	-	-	-	-
Lendings to financial institutions	5,000,000	5,000,000	-	-	-	-	-	-	-
Investments	170,210,137	221,288	41,550,180	54,778,454	22,439,101	17,670,639	6,384,724	16,675,784	10,443,935
Advances	204,830,997	32,841,471	25,391,848	26,807,851	31,275,649	19,196,814	24,176,750	26,040,111	15,437,998
Operating fixed assets	12,111,881	9,515	4,229	266,646	301,795	287,958	482,502	762,586	760,849
Deferred tax assets - net	2,264,212	-	-	-	-	-	-	-	2,264,212
Other assets	11,668,757	2,656,854	1,410,112	2,739,641	1,055,586	398,711	891,262	2,305,418	211,173
	444,464,661	42,095,662	68,669,179	85,272,209	56,355,025	41,302,258	35,947,773	52,278,433	47,253,708
									15,290,414
Liabilities									
Bills payable	5,982,285	5,982,285	-	-	-	-	-	-	-
Borrowings	52,806,084	32,458,377	11,143,078	7,335,040	8,418	121,742	31,367	1,109,720	583,889
Deposits and other accounts	340,306,404	36,313,234	33,451,740	27,698,043	30,405,448	23,500,936	25,334,882	39,569,680	109,743,651
Sub-ordinated loans	1,497,000	-	-	748,500	748,500	-	-	-	-
Other liabilities	8,864,563	741,204	912,253	1,344,690	2,492,015	1,458,447	1,914,280	1,674	-
	409,456,336	75,495,100	45,507,071	37,126,273	33,654,381	25,081,125	27,280,529	40,681,074	110,327,540
									14,303,243
Net assets	35,008,325	(33,399,438)	23,162,108	48,145,936	22,700,644	16,221,133	8,667,244	11,597,359	(63,073,832)
									987,171
Share capital	11,997,601								
Reserves	7,158,248								
Unappropriated profit	9,985,870								
	29,141,719								
Surplus on revaluation of assets - net	5,866,606								
	35,008,325								

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Maturities of Assets and Liabilities (based on expected withdrawal pattern)

2015										
Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
----- Rupees '000 -----										
Assets										
Cash and balances with treasury banks	26,084,007	2,415,915	2,413,555	1,891,510	3,078,410	2,423,552	2,176,499	3,535,261	7,476,683	672,622
Balances with other banks	1,068,451	1,068,451	-	-	-	-	-	-	-	-
Lendings to financial institutions	250,000	250,000	-	-	-	-	-	-	-	-
Investments	195,515,642	1,130,843	52,160,678	3,564,710	82,650,816	23,083,447	3,428,306	25,673,323	3,823,519	-
Advances	181,089,804	23,320,181	25,051,390	29,379,153	37,675,392	17,733,122	16,665,709	19,571,376	8,256,422	3,437,059
Operating fixed assets	11,342,980	9,262	4,280	19,691	104,942	881,545	517,716	847,283	188,932	8,769,329
Deferred tax assets - net	3,087,325	-	-	-	-	-	-	3,087,325	-	-
Other assets	11,634,651	1,486,481	2,705,475	2,735,685	952,413	470,152	335,625	2,948,820	-	-
	430,072,860	29,681,133	82,335,378	37,590,749	124,461,973	44,591,818	23,123,855	55,663,388	19,745,556	12,879,010
Liabilities										
Bills payable	6,009,238	6,009,238	-	-	-	-	-	-	-	-
Borrowings	90,565,242	79,659,876	1,102,536	7,458,526	12,513	85,652	325,352	635,152	1,285,635	-
Deposits and other accounts	292,130,258	26,425,757	26,801,948	20,903,187	33,969,867	26,905,339	24,534,162	40,130,666	84,519,840	7,939,492
Sub-ordinated loans	2,994,000	-	-	748,500	748,500	1,497,000	-	-	-	-
Other liabilities	8,021,649	3,120,298	664,094	2,875,034	1,352,548	1,113	2,154	6,408	-	-
	399,720,387	115,215,169	28,568,578	31,985,247	36,083,428	28,489,104	24,861,668	40,772,226	85,805,475	7,939,492
Net assets	30,352,473	(85,534,036)	53,766,800	5,605,502	88,378,545	16,102,714	(1,737,813)	14,891,162	(66,059,919)	4,939,518
Share capital	11,997,601									
Reserves	6,422,761									
Unappropriated profit - restated	7,638,330									
	26,058,692									
Surplus on revaluation of assets - net	4,293,781									
	30,352,473									

43.8 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

The Bank has implemented an effective Operational Risk Management (ORM) 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 & 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).

44 TRUST ACTIVITIES

The Bank commonly 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 statement of financial position. The following is the list of assets held under trust:

2016					
Category	No. of IPS Accounts	Securities Held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Total
----- Rupees '000 -----					
Corporate	32	1,039,815	1,002,100	-	2,041,915
Insurance Companies	2	-	-	-	-
Asset Management Companies	45	91,000	-	-	91,000
Employees Funds	153	637,850	3,727,700	-	4,365,550
Charitable Institution / NGO'S	19	445,500	633,000	-	1,078,500
Individuals	328	547,125	494,850	-	1,041,975
Related Parties	9	189,360	589,200	-	778,560
Others	6	-	-	-	-
	594	2,950,650	6,446,850	-	9,397,500

2015					
Category	No. of IPS Accounts	Securities Held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Total
----- Rupees '000 -----					
Corporate	28	660,440	952,400	-	1,612,840
Insurance Companies	2	-	-	-	-
Asset Management Companies	41	228,520	-	-	228,520
Employees Funds	152	926,485	6,512,870	-	7,439,355
Charitable Institution/NGO'S	20	107,200	747,700	-	854,900
Individuals	319	346,640	930,090	10,800	1,287,530
Related Parties	10	35,500	1,057,800	-	1,093,300
Others	6	-	195,100	-	195,100
	578	2,304,785	10,395,960	10,800	12,711,545

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

45 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on January 26, 2017 by the Board of Directors of the Bank.

46 GENERAL

46.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current year. There have been no significant reclassifications except for those disclosed as under;

The SBP vide BPRD Circular Letter No. 05 of 2016 dated February 29, 2016 has made certain changes to the 'Revised Forms of Annual Financial Statements' as applicable to the Banks having Islamic Banking Branches (IBBs).

As required under the directives issued by the SBP, the Bank has changed its classification in respect of presentation and disclosure of financing and related assets as under:

- All Islamic financing which were previously reported under 'loans, cash credits, running finances, etc' have now been classified as 'Islamic financing and related assets' under the head of 'Advances'.
- All advances (against murabaha etc), inventories and related assets previously being reported under 'other assets' have now been made part of 'Islamic financing and related assets'.
- Bai Muajjal transactions with the Government of Pakistan which were previously being reported under the head of 'Lendings to Financial Institutions' have now been reported under the head of 'Investments' as 'Other Federal Government Securities'.

The effect of the reclassification on the current and prior period financial statements have been summarised below:

	2016	2015	2014
	-----	Rupees '000	-----
Impact on Statement of Financial Position			
Increase in Advances - net	7,619,710	3,010,720	1,430,818
Decrease in Other assets	7,619,710	3,010,720	1,430,818
Decrease in Lendings to financial institutions	-	11,838,403	-
Increase in Investments	-	11,838,403	-
Impact on Profit and Loss Account			
Increase in Provision against non-performing loans and advances - net	-	32,078	37,921
Decrease in Other provisions - net	-	32,078	37,921
Impact on Cash Flow Statement			
Net cash generated from operating activities	-	11,838,403	-
Net cash used in investing activities	-	(11,838,403)	-

There is no impact of this change on the profit after taxation and earnings per share for the current or prior year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS


FOR THE YEAR ENDED DECEMBER 31, 2016


- 46.2** Figures have been rounded off to the nearest thousand rupees unless other wise stated.
- 46.3** Captions as prescribed in BSD circular No. 4 dated February 17, 2006 issued by the State Bank of Pakistan in respect of which no amounts are outstanding have not been reproduced in these financial statements except in the statement of financial position and the profit and loss account.


47 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on January 26, 2017 has proposed a stock dividend of 10% amounting to Rs 1,200 million (2015: 10% cash dividend amounting to Rs 1,200 million). The Board of Directors have also proposed the transfer of Rs 1,200 million to "Reserve for Bonus issue" from "Unappropriated Profit". The financial statements for the year ended December 31, 2016 do not include the effect of this proposed distribution which will be accounted for in the financial statements for the year ending December 31, 2017.


PRESIDENT & CEO


DIRECTOR


DIRECTOR


DIRECTOR

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

QUALITY OF AVAILABLE FOR SALE SECURITIES

1. Details of investments in Government securities (Pakistan Investment Bonds, Market Treasury Bills and Ijara Sukuk Bonds) are as follows:

	2016	2015	2016	2015	2016	2015
	At Cost		Market Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Market Treasury Bills	89,148,698	90,200,245	89,138,974	90,276,425	N/A	N/A
Pakistan Investment Bonds	43,426,331	48,488,623	43,732,892	50,430,361	N/A	N/A
Ijara Sukuk Bonds	4,474,967	5,919,200	4,477,685	5,924,997	N/A	N/A
	137,049,996	144,608,068	137,349,551	146,631,783		

2. Details of investments in fully paid-up shares of listed companies / modaraba certificates / certificates of closed end mutual funds are as follows:

2016	2015		2016	2015	2016	2015	2016	2015
Ordinary shares / certificates of Rs 10 each		Name of company / modaraba / mutual fund	At Cost		Market Values		Medium to Long Term Rating Assigned (where available)	
			-----Rupees '000-----		-----Rupees '000-----			
Banks / Financial Services								
1,762,772	1,762,772	Prudential Investment Bank Limited * / **	12,528	12,528	-	-	-	-
415,536	371,936	Habib Bank Limited	81,517	70,576	113,545	74,432	AAA	AAA
250,000	325,500	MCB Bank Limited	51,735	83,836	59,455	70,585	AAA	AAA
-	157,500	Bank Al-Falah Limited	-	4,277	-	4,539	-	AA
-	478,260	United Bank Limited	-	79,563	-	74,106	-	AA+
-	500,000	National Bank of Pakistan Limited	-	32,323	-	27,020	-	AAA
Construction, Materials, Paints and Cements								
10,600	10,600	Dadaboy Construction Technology Limited**	16	16	1	1	-	-
641,500	508,500	Akzo Nobel Pakistan Limited	104,398	75,500	150,124	110,319	-	-
594,100	970,000	D.G Khan Cement Company Limited	104,106	129,158	131,730	143,162	-	-
648,200	420,800	Lucky Cement Limited	388,930	208,325	561,510	208,313	-	-
201,900	560,000	Cherat Cement Company Limited	20,221	50,104	35,139	50,501	A	A
1,000	1,000	Quality Steel Works Limited	13	13	-	-	-	-
105,260	-	Bestway Cement Ltd	18,481	-	29,042	-	AA-	-
-	893,500	Fauji Cement Limited	-	29,680	-	32,899	-	-
-	902,000	Maple Leaf Cement Factory Limited	-	55,729	-	67,271	-	A
-	226,000	Pioneer Cement Limited	-	18,156	-	20,534	-	-
-	554,599	Lafrage Pakistan Cement Limited	-	9,625	-	9,445	-	A-
Oil and Gas								
150,800	456,800	Pakistan State Oil Limited	52,998	160,540	65,479	148,812	AA	AA
611,300	1,228,500	Pakistan Oilfields Limited	194,579	406,732	326,813	329,263	-	-
1,261,200	1,042,200	Oil & Gas Development Company Limited	175,699	151,503	208,539	122,292	AAA	AAA
100,000	-	Sui Southern Gas Co Limited	2,938	-	3,635	-	A+	-
-	815,300	Pakistan Petroleum Limited	-	118,888	-	99,312	-	-
Electricity and Energy								
17,548,500	13,783,500	K-Electric Limited	137,914	104,002	164,429	102,549	AA	AA-
960,500	785,500	Nishat Chunian Power Limited	52,598	43,900	53,289	43,242	A+	A+
195,000	-	Pak Elektron Limited	12,189	-	13,900	-	A+	-
1,119,500	-	Hub Power Company Limited	123,523	-	138,236	-	AA+	-
1,280,500	-	Kot Addu Power Company Limited	99,445	-	100,903	-	AA+	-
Balance carried forward			1,633,828	1,844,974	2,155,769	1,738,597		

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

2016	2015		2016	2015	2016	2015	2016	2015
Ordinary shares / certificates of Rs 10 each		Name of company / modaraba / mutual fund	At Cost		Market Values		Medium to Long Term Rating Assigned (where available)	
			-----Rupees '000-----		-----Rupees '000-----			
		Balance brought forward	1,633,828	1,844,974	2,155,769	1,738,597		
		Personal Goods, Textile & Spinning						
53,500	53,500	(Colony) Sarhad Textile Limited **	27	27	-	-	-	-
1,500	1,500	Al-Qaim Textile Mills Limited **	3	3	-	-	-	-
178,645	178,645	Crown Textile Mills Limited **	1,239	1,239	-	-	-	-
80	80	Fateh Textile Mills Limited	29	29	6	6	-	-
41,600	41,600	Hakkim Textile Mills Limited **	10	10	-	-	-	-
8,500	8,500	Mehr Dastgir Textile Mills Limited **	2	2	13	13	-	-
69,000	69,000	Sunshine Cotton Mills Limited **	69	69	-	-	-	-
79,300	79,300	Zahoor Cotton Mills Limited **	22	22	-	-	-	-
2,567,046	2,567,046	Zahoor Textile Mills Limited **	2,500	2,500	-	-	-	-
1,000,000	1,236,800	Nishat Mills Limited	108,863	134,641	152,270	117,335	AA	AA
-	1,250,500	Nishat Chunian Limited	-	52,307	-	42,517	-	A-
		Non Life Insurance						
1,367,500	820,500	Adamjee Insurance Company Limited	70,270	39,727	101,386	46,366	AA+	AA
		Food Producers						
9,500	9,500	Morafco Industries Limited **	126	126	97	97	-	-
9,000	9,000	Suraj Ghee Industries Limited **	117	117	-	-	-	-
		Chemicals and Fertilizers						
17,539,528	15,868,843	Agriotech Limited	578,399	519,824	222,401	148,374	D	D
700,000	450,500	Engro Fertilizers Limited	43,174	38,566	47,586	37,901	AA-	AA-
948,100	783,500	Fauji Fertilizer Company Limited	100,288	97,622	98,953	92,437	AA	-
1,224,800	1,494,000	Engro Corporation Limited	378,271	403,421	387,147	417,409	AA	AA
1,264,500	1,080,000	Fauji Fertilizer Bin Qasim Limited	65,471	63,927	64,755	56,892	-	-
		Transportation and Automobiles						
100,000	195,980	Indus Motor Company Limited	106,734	210,515	161,453	198,269	-	-
6,816,500	-	Pakistan International Bulk Terminal	212,020	-	224,876	-	-	-
-	150,000	Honda Atlas Cars Pakistan Limited	-	34,281	-	35,841	-	AA-
		Health Care Equipment and Services						
48,000	48,000	Medi Glass Limited **	38	38	-	-	-	-
		Pharmaceuticals						
210,000	-	The Searle Company Limited	108,124	-	137,296	-	-	-
176,500	-	Abbot Laboratories (Pakistan) Ltd.	150,070	-	168,926	-	-	-
		Fixed Line Telecommunication						
1,342,500	2,136,500	Pakistan Telecommunication limited	24,381	43,331	23,064	35,231	-	-
		General Industrials / Others						
900	900	VISA Incorporation - Class C Shares	-	-	7,345	7,386	-	-
102,500	102,500	Fatima Enterprises Limited **	1,789	1,789	-	-	AA-	AA-
26,000	26,000	Hashmi Can Company Limited **	156	156	-	-	-	-
		Siemens Pakistan Engineering						
39,018	39,018	Company Limited	49,584	49,584	55,196	35,116	-	-
125,000	134,250	Packages Limited	68,596	68,539	106,256	78,148	AA	AA
223	223	Syed Match Company Limited **	3	3	3	3	-	-
1,630,500	1,462,500	Dolmen City REIT	16,372	14,681	17,724	15,693	RR1	RR1
			3,720,575	3,622,070	4,132,522	3,103,631		

* The Bank holds more than 10% of investees' capital in Prudential Investment Bank Limited – 17.10% (2015: 17.10%)

** Delisted companies. However, in certain cases last available market value has been disclosed in the current and previous year.

Provision for diminution in the value of investments against above shares amounts to Rs 499.066 million (2015: Rs 488.203 million)

Note: The Bank hold various delisted and non-traded shares, certificates of modarabas and units of closed end mutual funds having Nil carrying value which have not been disclosed individually.

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

3. Details of investments in unlisted companies classified as available for sale are as follows:

	2016	2015	2016	2015	2016	2015
	At Cost		Market Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Al Hamra Avenue (Private) Limited ** / *	265,937	265,937	Not Applicable	-	-	-
28,812,500 (2015: 28,812,500) ordinary shares of Rs 10 each						
The Bank holds 17.99% (2015: 17.99%) of investee's capital.						
Chief Executive: Mr. Habib Ahmed						
Break up value per share: Rs. 12.41 (2015: Rs 12.41)						
Period of financial statements: June 30, 2012 (audited)						
Al Hamra Hills (Private) Limited * / *	5	5	Not Applicable	-	-	-
500 (2015: 500) ordinary shares of Rs 10 each						
DHA Cogen Limited * / *	325,000	325,000	Not Applicable	-	-	-
63,694,475 (2015: 63,694,475) ordinary shares of Rs 10 each						
The Bank holds 19.10% (2015: 19.10%) of investee's capital.						
Chief Executive: Siraj ul Haq						
Break up value per share: Rs. (29.1) (2015: Rs (29.1))						
Period of financial statements: December 31, 2013 (audited)						
Himont Chemical (Private) Limited *	1,037	1,037	Not Applicable	-	-	-
810,000 (2015: 810,000) ordinary shares of Rs 10 each						
Pace Barka Properties Limited *	52,000	52,000	Not Applicable	-	-	-
5,200,000 (2015: 5,200,000) ordinary shares of Rs 10 each						
The Bank holds 1.70% (2015: 1.70%) of investee's capital.						
Chief Executive: Aamna Taseer						
Break up value per share: Rs. 17.336						
Period of financial statements: June 30, 2012 (audited)						
Pakistan Export Finance Guarantee Agency Limited *	5,687	5,687	Not Applicable	-	-	-
568,044 (2015: 568,044) ordinary shares of Rs 10 each						
	649,666	649,666				

* Fully provided investments

* Strategic investments

** Includes 24,375,000 shares of Al Hamra Avenue (Private) Limited classified as strategic investment

Provision for diminution in the value of investments against above shares amounts to Rs 649.666 million (2015: Rs 649.666 million)

ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

4. Preference shares – Listed companies

2016	2015	Name of Company	Rate	2016	2015	2016	2015	2016	2015
Share of Rs 10 each				At Cost		Market Values		Medium to Long Term Rating Assigned (where available)	
				Rupees '000		Rupees '000			
2,249,000	2,249,000	Azgard Nine Limited	8.95% Cumulative	22,490	22,490	-	-	D	D
-	40,000,000	Silk Bank Limited	14% Non - Cumulative Convertible	-	100,000	-	100,000	-	A-
				22,490	122,490	-	100,000		

Provision for diminution in the value of investments against above shares amounts to Rs 22.490 million (2015: Rs 22.490 million)

5. Details of investments in open ended mutual funds:

2016	2015	Name of the Fund	2016	2015	2016	2015	2016	2015
			At Cost		Net Asset Values		Medium to Long Term Rating Assigned (where available)	
			Rupees '000		Rupees '000			
2,413,740	820,936	Open ended Mutual funds	257,544	87,544	257,763	90,352	A(f)	A(f)
6,478,942	6,493,784	Faysal Income Growth Fund	680,606	680,606	669,404	689,315	AA-(f)	AA-(f)
1,818,788	949,369	Faysal Savings Growth Fund	189,432	95,848	190,809	99,048	A(f)	A(f)
556,181	203,373	Faysal Islamic Savings Growth Fund	37,480	12,480	39,978	14,275	2-Star	MFR 3-Star
4,602	4,602	Faysal Balanced Growth Fund	-	-	63	49	-	MFR 2-Star
-	3,087,368	First Capital Mutual Fund	-	312,111	-	320,839	-	AA+(f)
-	1,046,129	Faysal Money Market Fund	-	75,947	-	73,992	-	MFR 3-Star
-	339,322	Faysal Asset Allocation Fund	-	34,000	-	35,310	-	AA-(f)
		Faysal Financial Sector Opportunity Fund	1,165,062	1,298,536	1,158,017	1,323,180		

Provision for diminution in the value of investments against the units of above funds amounts to Rs 0.856 million (2015: Rs 0.856 million)

6. Term Finance Certificates - Listed

2016	2015	2016	2015	2016	2015
At Cost		Market / Carrying Values		Medium to Long Term Rating Assigned (where available)	
Rupees '000		Rupees '000			
Azgard Nine Limited *					
31,640 (2015: 31,640) certificates of Rs 5,000 each		51,476	51,476	-	-
Mark-up: Different spread over six months KIBOR rate in different years with no floor and cap				D	D
Redemption: 12 unequal semi annual installments, 2012-2015: 47% and 2016-2017: 53% of the outstanding amount					
Maturity: September 2017					
Chief Executive Officer: Mr. Ahmed H. Shaikh					
Telecard Limited *					
70,233 (2015: 70,233) certificates of Rs 5,000 each		8,211	19,305	-	-
Mark-up: 5.04% above three months KIBOR rate, with no floor and no cap				-	-
Redemption: Ten unequal semi-annual installments commencing 18 months from the last date of public subscription.					
Maturity: May 2015					
Chief Executive Officer: Mr. Syed Aamir Hussain					
Bank Alfalah Limited - Fifth Issue					
12,250 (2015: 12,250) certificates of Rs. 5,000 each		61,164	61,189	62,772	60,779
Mark-up: 1.25% above six months KIBOR rate with no floor and cap				AA-	AA-
Redemption: 0.30% semi annually in first 90 months, balance of 99.70% at maturity in the 96th Month					
Maturity: February 2021					
Chief Executive Officer: Mr. Atif Aslam Bajwa					
		120,851	131,970	62,772	60,779

* Fully provided investments

Provision for diminution in the value of investments against above TFCs amounts to Rs 59.687 million (2015: Rs 70.781 million)

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FOR THE YEAR ENDED DECEMBER 31, 2016

7. Term Finance Certificates - Unlisted

	2016	2015	2016	2015	2016	2015
	At Cost		Market / Carrying Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Dewan Cement Limited*	500,000	500,000	-	50,000	-	D
100,000 (2015: 100,000) certificates of Rs. 5,000 each Chief Executive Officer: Mr. Dewan M. Yousuf Farooqui						
Bank Alfalah Limited - Fourth Issue	132,987	199,520	134,383	202,658	AA-	AA-
40,000 (2015: 40,000) certificates of Rs. 5,000 each Mark-up: 2.50% above six months KIBOR rate with no floor and cap Redemption: Three equal semi annual instalments commencing 84th months after the issue date Maturity: December 2017 Chief Executive Officer: Mr. Atif Aslam Bajwa						
Dewan Sugar Mills Limited *	8,311	8,311	-	-	-	-
10,000 (2015: 10,000) certificates of Rs 5,000 each Mark-up: SBP discount rate less 2% p.a. with 6% floor and 12% cap Maturity: June 2008 Chief Executive Officer: Mr. Dewan M. Yousuf Farooqui						
	641,298	707,831	134,383	252,658		

* Fully provided investments

Provision for diminution in the value of investments against above TFCs amounts to Rs 508.311 million (2015: Rs 458.311 million)

8. Sukuks - Unlisted

	2016	2015	2016	2015	2016	2015
	At Cost		Market / Carrying Values		Medium to Long Term Rating Assigned (where available)	
	-----Rupees '000-----		-----Rupees '000-----			
Fatima Fertiliser Limited	2,400,000	-	2,400,000	-	AA-	-
480,000 (2015: Nil) certificates of Rs. 5,000 each Mark-up: 1.1% above six months KIBOR rate with no floor and cap Redemption: Ten equal semi annual instalments commencing 6 months after the issue date Maturity: November 2021 Chief Executive Officer: Mr. fazal Ahmed Sheikh						
Meezan Bank Limited	500,000	-	500,000	-	AA-	-
5,000 (2015: Nil) certificates of Rs. 5,000 each Mark-up: 0.50% above six months KIBOR rate with no floor and cap Redemption: Bullet at maturity Maturity: September 2026 Chief Executive Officer: Mr. Irfan Siddiqi						
	2,900,000	-	2,900,000	-		

ANNEXURE II TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2016 as referred in note 12.8 to these financial statements.

						Outstanding Liabilities at beginning of year						
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs
S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	6	7	8	9	10	11	12
1	2	3	4		5							Total (10+11+12)
Rupees '000												
1	Zahur Textile Mills Limited	1. 49 -A, Babar Block, New Garden Town, Lahore 2. H. No. 295 - H, Sabzazar Scheme, Multan Road, Lahore. 3. H. No. 305, Hadi St., Alhamad Colony, Allama Iqbal Town, Lahore. 4. H. No. 11, St. No. 2, Ali Liaquat Town, Chungi Anarsidhu, Lahore. 5. H. No. 333, St. No. 2, Ahmad Muneer Shaheed Road, Ichhra, Lahore 6. Kang Tahsil Daska, Distt. Sialkot 7. H. No. 4 St. 32 Near Masjid Kubra Mustafabad Lahore	Airf Zahur / Tahir Saeed / Mirza Muhammad Riaz / Muhammad Rafiq / Khalid Mahmood / Rana Mubairk Ali / Muhammad Idrees	35201-1656433-5 35202-4959590-5 35202-3882132-5 35201-1608762-3 35202-8397439-5 34601-0786821-9 35201-8701501-1	1) Zahoor Ul Haq 2) Saeed Ahmed 3) Mirza Idrees Ahmed 4) Muhammad Shafii 5) Hakim Ali 6) Nazir Ahmed 7) Muhammad Tufail	185,982	282,422	-	488,404	167,982	303,752	-
2	Eagle Industries (Pvt) Ltd	94-D, Model Town, Lahore.	Yousaf Waqar / Nosheen Yousaf	35202-2868513-9 35202-2693800-0	1) Waqar Ahmed Shafi 2) Yousaf Waqar	78,457	25,879	-	104,336	12,800	77,373	-
3	Capital Industries (Pvt) Ltd	94-D, Model Town, Lahore / 147-D, Model Town, Lahore.	Yousaf Waqar / Zubair Ahmed	35202-2868513-9 35202-3988608-5	1) Waqar Ahmed Shafi 2) Sh. Nazir Ahmed	82,463	29,543	-	112,006	-	79,498	-
4	Fairtex International (Pvt) Limited	1. 49 -A, Babar Block, New Garden Town, Lahore. 2. H. No. 305, Hadi St., Alhamad Colony, Allama Iqbal Town, Lahore.	Airf Zahur / Mirza Mohammad Riaz	35201-1656433-5 35202-3882132-5	1) Zahoor Ul Haq 2) Mirza Adress Ahmed	19,973	30,202	-	50,175	19,973	32,514	-
5	Fortress Manufacturing & Technology (Pvt) Ltd	Lg-16, Eden Towers, Main Boulevard Gulberg-III, Lahore.	Muhammad Javed Khan / Muhammad Abdul Sami / Abdul Quadir Khan	35202-786910-5 35202-3060993-7 35202-2961992-3	1) Muhammad Zahir Khan 2) Hafiz Sheikh Muhammad Rafiq 3) Muhammad Zahir Khan	-	44,057	-	44,057	-	41,802	-
6	Corrobox Industries	15 Km, Lahore Sheikhupura Road, Javed Nagar, Coat Abdul Malik, Lahore.	Syed Mahmood Ali Shah / Syed Masood Ali Shah	35202-5816645-3 35202-9088911-5	Syed Ayaz Ali Shah	19,396	44,669	-	64,065	-	39,545	-
7	M.A Traders	Hosue No.101, Street No.6, Cavalary Ground, Lahore.	Nasir Iqbal	35201-6395246-7	Muhammad Ali	18,050	31,395	-	49,445	-	30,241	-
8	Sajwal Enterprises	P-788, West Canal, Faisalabad.	Anees Shahzad	33100-0907770-5	M. Siddique	11,500	25,480	-	36,980	-	25,306	-
9	Anmol Fabrics	House No.24, Abbot Road, Lahore.	Sheikh Mumtiaz Ahmad	35202-1006909-1	Sheikh Mukhtar Ahmad	21,994	19,103	-	41,097	-	20,388	-
10	Al Alfa Livestock	Green Field Farms, 1Km Flyover Bypass, Rawind, Tehsil And District Lahore.	Zulfigar Ali	35202-0473271-3	Ali Asghar	27,000	32,445	-	59,445	-	19,702	5

ANNEXURE II TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2016 as referred in note 12.8 to these financial statements.

S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Principal	Liabilities at beginning of year Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
1	2	3	4		5	6	7	8	9	10	11	12	13
Rupees '000													
11	State Life Insurance Employees Cooperative Housing Society Limited	Near DHA Phase-IV, P.O Box No.2558, Lahore.	Shehzad Waheed / Muhammad Asghar / Ghazanfar Iqbal Milan / Muhammad Asif / Shaheen / Agha Rizwan / Ijaz / Fakhara Khanum / Muhammad Amin Zaki / Nazli / Muhammad Almas / Muhammad Khuram / Ashfaq / Malik Sharafat Ali / Farha Amir / Asim / Latif Riyar / Irfan Mehmood / Rana / Sheikh Abdul Ghaloor	35202-8292608-1 35202-2493511-5 34402-5077325-1 35202-7966105-3 35201-0472463-3 35202-0338223-0 35202-2780671-7 35202-2111241-0 34201-0561155-1 35202-9319895-3 35201-5791868-9 35201-1792932-4 41304-9016624-7 61101-3127167-3 35201-1628091-1	Not Available	11,508	18,274	-	29,782	-	18,155	-	18,155
12	Anjum Jamil	House No. 301, Block S, DHA Lahore.	Anjum Jamil	34101-6505999-9	Abdul Aziz	15,581	17,143	-	32,724	-	16,881	1,194	18,075
13	Pasha Agencies	P-9, Rana Tower, Hockey Stadium, Faisalabad.	Aleef Pasha / Tehmina Pasha	33100-1409913-3 33100-1871766-8	Shahid Rizwan Pasha	13,250	16,069	-	29,319	-	15,655	-	15,655
14	Babita Oil Mills	House # 49, Block - A, Karkhana Bazar, Vehari.	Ashiq Ali Bhatti / Naseen Akhtar / Muhammad Imran	36603-6331824-7 36603-5267592-8 36603-4570173-9	Khushi Muhammad Bhatti Ashiq Ali Bhatti Ashiq Ali Bhatti	-	14,898	-	14,898	-	14,464	-	14,464
15	Imran Manzoor Paracha	House # 24, Block-L, Model Town, Lahore.	Imran Manzoor Paracha	35202-7259574-7	Manzoor Sheikh	11,243	12,532	-	23,775	-	12,860	1,516	14,376
16	Fahad	House # 39, Street # 95 I-8/4, Islamabad.	Fahad	61101-7321421-9	Jahangir Ahmed	13,335	12,281	-	25,616	-	12,737	1,203	13,940
17	Aljaz Ahmed Khoker	Unit No. 3, Latifabad, Hyderabad.	Aljaz Ahmed Khokhar	41304-7317773-5	Ghulam Hussain Khokhar	11,984	14,702	-	26,686	-	13,639	-	13,639
18	Vpro	House No.62 A-II, Gulberg III, Lahore.	Sidique Akbar Butt	35202-5505944-1	Muhammad Inshad Butt	7,608	14,316	-	21,924	-	13,141	-	13,141
19	Master Paper	Plot No. 36, St-3, Sector 12-D, North Karachi Industrial Area, Karachi.	Tufail Ahmed / Shakeel Ahmed / Suhail Ahmed	42101-1762047-3 42101-2616677-7 42101-8177538-9	Muhammad Aziz	2,899	12,736	-	15,635	-	12,895	-	12,895
20	Raja Shakeel Traders	Plot# 46, Chowk Saray Sultan, Lahore.	Shakeel Ahmed	35201-5268586-1	Muhammad Amin	14,000	15,138	-	29,138	-	12,320	-	12,320
21	Traveline International	107-C, Phase-I, DHA, Lahore.	Ahmad Rifat Paul	35201-6448808-1	Allah Rakha Paul	15,400	11,900	-	27,300	-	12,188	-	12,188
22	Hussain Dyeing & Printing Ind. Pvt Ltd	Canal Road, P-97, Raza Garden, Faisalabad.	Saeed Akbar / Nisar Ahmed / Sh Ghulam Fareed / Asim Akbar / Sh M. Ejaz	33100-7697708-5 33100-0917755-3 33100-6708400-3 33100-0930707-5 33100-9566240-9	Haji M. Akbar	8,011	10,859	-	18,870	-	11,101	-	11,101
23	Muhammad Ibrahim Khan	House # 64, Block-W, Phase-II Dha, Lahore.	Muhammad Ibrahim Khan	36302-9148629-3	Muhammad Hussain Khan	28,156	231	-	28,387	-	-	10,809	10,809
24	H Rja Mubarik Huss/Rja Zulqamain Mubrik	H # 42-A Main Road, St Town Rawalpindi.	H Raja Mubarik Hussain / Rja Zulqamain Mubrik	37405-5063971-7	Raja Sikandar Khan	9,138	9,306	-	18,444	-	9,524	635	10,159

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Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2016 as referred in note 12.8 to these financial statements.

S. No.		Name of the borrower		Address		Name of Individuals / Partners/Directors		CNIC		Father's / Husband's Name		Outstanding Liabilities at beginning of year				Principal written-off		Interest / Mark-up written-off		Other Financial Reliefs		Total			
1		2		3		4		5		6		7		8		9		10		11		12		13	
Rupees '000																									
25	Tayaba Cold Storage	Gujrawala Road, Near Aldawat Model School, Daska, Sialkot.		Muhammad Farooq	34601-2397396-9	Haji Lal Din	6,701	8,926	-	15,627	-	9,785	-	9,785	-	-	-	-	-	-	-	-	9,785		
26	Moin-Ud-Din Sheikh	House No. 732, Street 94 & 112 A, Sector III, Gulshan-e-Abad, Adiala Road, Rawalpindi.		Moin-Ud-Din Sheikh	35202-0462300-1	Charag Ud Din	7,799	7,844	-	15,643	-	8,361	-	8,361	-	610	8,971	-	-	-	-	-	8,971		
27	Al-Mueen Foundary	New Moman Pura, 410/B, G.T. Road, Lahore.		Mian Muhammad Fiaz	35201-5482511-1	Muhammad Shafi	4,998	8,655	-	13,653	-	8,299	-	8,299	-	-	-	-	-	-	-	-	8,299		
28	Muhammad Asif Khan	House # 288, M Block Dha, Lahore.		Muhammad Asif Khan	35201-1697231-7	Shahid Jamal	8,687	7,510	-	16,197	-	7,084	-	7,084	-	616	7,700	-	-	-	-	-	7,700		
29	Masood Ahmad	House No. 598/C, Jalal Masjid Road, Gulguشتi, Multan.		Masood Ahmad	36302-1020740-5	Abdul Hameed	7,168	6,886	-	14,054	-	7,033	-	7,033	-	585	7,618	-	-	-	-	-	7,618		
30	Azam Paper Mart	Shop No.1, Under Masjid Faiz-ul-Islam, Main Gunpat Road, Lahore.		Muhammad Azam Malik	35202-0820644-3	Mukhtar Ahmed	6,000	8,509	-	14,509	-	7,594	-	7,594	-	-	7,594	-	-	-	-	-	7,594		
31	Ah Traders & Builders	House No.22, Block-M, Johar Town, Lahore.		Ahmed Raza	35202-3041973-1	Riaz Ahmed	14,000	7,427	-	21,427	-	7,260	-	7,260	-	-	7,260	-	-	-	-	-	7,260		
32	Siraj Ahmad	Chah Muhabbat Wala, Moza Sandhi Wala, Po Lodhran, Lodhran.		Siraj Ahmad	36203-5384368-1	Rahim Buksh	9,900	13,079	-	22,979	-	7,209	-	7,209	-	-	7,209	-	-	-	-	-	7,209		
33	Muhammad Humayun Mirza	E/142, Gulshan-e-Iqbal, Block-7, Karachi.		Muhammad Humayun Mirza	42201-2287881-1	Mohammed Anwar Mirza	2,487	6,912	247	9,646	-	7,186	-	7,186	-	-	7,186	-	-	-	-	-	7,186		
34	Raheel Waheed	House # 132,Block-D, DHA Phase IV, Lahore.		Raheel Waheed	35202-2936633-7	Sheikh Abdul Waheed	13,634	5,339	-	18,973	-	5,759	-	5,759	-	1,159	6,918	-	-	-	-	-	6,918		
35	M/S. Panther Sports & Rubber Industries	26-B, Officers Colony, Ghazi Road, Lahore Cant.		Sadia Waqar / Mian Waqar Ahmed / Mian Shehryar Ahmed	35201-1167303-8 35201-1201723-5 35201-4267707-5	Mian Waqar Ahmed Mian Abdul Rasheed Mian Abdul Rasheed	-	6,279	-	6,279	-	6,279	-	6,279	-	15	6,294	-	-	-	-	-	6,294		
36	Chaudhry Traders	70-1st Floor, Farooq Centre Meccod Road, Lahore.		Masood Ahmed Malik / Tariq Manzoor Malik	35202-2405606-5	Manzoor Ahmed Malik Manzoor Ahmed Malik	5,000	6,586	-	11,586	-	5,647	-	5,647	-	-	5,647	-	-	-	-	-	5,647		
37	Sall Dairy Farm	House No. 272/33A, Model Town, Gujranwala.		Bilal Nasir Cheema / Touseef Azam Cheema	34101-2427315-5 34101-2486515-3	Muhammad Nasir Cheema Ch. Muhammad Azam Cheema	4,102	5,869	-	9,971	-	5,627	-	5,627	-	-	5,627	-	-	-	-	-	5,627		
38	Prosol Technologies (Pvt) Ltd	Office No.10, 2nd Floor, Evacuee Trust Complex, F-5/1, Islamabad.		Rana Ahmad Saad / M/s. Anjum Saad	61101-1809461-5 61101-1750229-6	1) Niaz M Erfan 2) Rana Ahmad Saad	10,000	6,007	-	16,007	-	5,610	-	5,610	-	-	5,610	-	-	-	-	-	5,610		
39	Shahid Rafiq & Company	Phase I, DHA Lahore.		Shahid Rafiq	35201-2285935-9	Muhammad Rafiq	12,657	4,676	-	17,333	-	5,596	-	5,596	-	-	5,596	-	-	-	-	-	5,596		
40	Iftekhar Ahmad	Plot No. 42-A/1, 4th Sunset Street, Phase II Ext. DHA, Karachi.		Iftekhar Ahmad	42201-1752431-3	Yousuf Ismail	5,605	4,812	-	10,417	-	4,988	-	4,988	-	473	5,471	-	-	-	-	-	5,471		
41	Noman Akhter	House # D-28, Block-1, Survey Street # 35-P/1, K.A.E.C.H.S, Karachi.		Noman Akhter	42101-0670296-7	Muhammad Akhtar	21,526	2,460	-	23,986	-	3,663	-	3,663	-	1,805	5,468	-	-	-	-	-	5,468		
42	Madani Traders	6/62, Muhammad Feroz Street, Jodia Bazar, Karachi.		Muhammad Iqbal	42301-2730607-5	Abdul Habib	1,758	91	5,369	7,218	-	5,240	-	5,240	-	-	5,240	-	-	-	-	-	5,240		

ANNEXURE II TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2016 as referred in note 12.8 to these 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	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
1	2	3	4	5	6	7	8	9	10	11	12	13		
43	Yousaf Enterprises	W-169, Astabal Road, Rawalpindi.	Muhammad Yousaf	37405-6157690-1	Taj Din	9,675	5,576	-	15,251	-	4,953	-	-	4,953
44	Kay Bee Snacks	10-F, M.A.H. Society, Karachi.	Zafar Ahmed Kalia	42201-5297655-3	Abdul Ghani Kalia	12,150	-	4,840	16,990	-	4,926	-	-	4,926
45	Ittikhar Zari Model Farm	Gali Meraj Din, Muhallah Aftanawala, Sheikhupura.	Mian Ittikhar Hussain	35404-9336349-9	Mian Muhammad Abdullah	11,600	7,329	-	18,929	-	4,811	-	-	4,811
46	Jamal Shah	House No. 217-B, Margalla Road F-10/3 Islamabad.	Jamal Shah	61101-2018378-3	Syed Babar M. Shah	8,001	4,668	-	12,669	-	4,024	105	-	4,129
47	Fine Towel Industries	3-Garden Road, Opp Dc Road, Gujranwala.	Muhammad Akmal / Muhammad Atfal / Muhammad Ajmal	34101-5669648-3 / 34101-2502128-5	Bashir Ahmad Khan	6,587	3,983	-	10,570	-	4,106	-	-	4,106
48	Ch Masood Ahmad Buttar	Sandar St, House No. 77-Ast No. 09 Haseeb Shaheed Colony, Faisalabad.	Ch Masood Ahmad Buttar	33100-2739943-9	Chaudhary Shakar Ul Din	4,381	3,956	-	8,337	-	3,880	218	-	4,098
49	Muhammad Nasir Siddiqui/ Mumtaz Begu	Flat No. S1-1, Building # 66 Sea View Township Phase V Dha, Karachi.	Muhammad Nasir Siddiqui / Mumtaz Begum	42101-4167362-7	Muhammad Khalil Siddiqui	3,285	3,767	-	7,052	-	3,791	157	-	3,948
50	Mehab Jewellers	House No. 12-A, Block - W, Model Town C, Bahawalpur.	Malik Sajid Mehab	31202-4224940-1	Haji Elahi Bukhtsh	4,000	5,968	-	9,968	-	3,908	-	-	3,908
51	Rehmat Estate Developers & Builders	House # 1, Shalimar Colony, Bosan Road, Multan.	Masood Ahmed	36302-1020740-5	Abdul Hameed	4,000	3,654	-	7,654	-	3,820	-	-	3,820
52	Irshad & Co	E-10, 2nd Floor, Jason Cantonment Apartment, Block-E, Karachi.	Irshad Saghir	42301-6815823-3	Saghir	1,900	106	3,461	5,467	-	3,666	-	-	3,666
53	Aqsa Weaving Mills (Pvt.) Ltd.	14-A, Asif Chambers, Davis Road, Lahore.	Abdul Haleem Paracha	35202-2976977-1	Abdul Rashid	-	3,494	-	3,494	-	3,294	-	-	3,294
54	Ittikhar Atfal	House No.17, Sabena Town Shekhu Pura Road Faisalabad.	Ittikhar Atfal / Muhammad Atfal	33100-2514505-5	Mian Muhammad Atfal	2,714	2,952	-	5,666	-	2,943	332	-	3,275
55	Chaudhry Ejaz-Ul-Haq	110-A, Askari Home Complex, Gulberg-III, Lahore.	Chaudhry Ejaz-Ul-Haq	35202-7766779-1	Chaudhry Israr-Ul-Haq	758	3,471	-	4,229	-	3,260	-	-	3,260
56	Nizam Feroze	House No.8, Model Town A, Khanpur, Tehsil Khanpur, District Rahim Yar Khan.	Nizam Feroze	31301-1432398-9	Akram Ur Rehman	-	4,181	-	4,181	-	3,181	-	-	3,181
57	Muhammad Nadeem Sheikh	Flat No.3, Iqbal Centre, Plot # 16/12-B, Memon Co-Operative Society Ltd, Karachi.	Muhammad Nadeem Sheikh	42301-1232102-5	Muhammad Shamim	4,048	2,743	-	6,791	-	2,878	277	-	3,155
58	W.I. Enterprises	Muslim Industry Atfab Market , G.T Road Gujranwala.	Waqar Ahmad Sadiq / Ittikhar Ahmad / Imran Ashraf	35202-2248710-1 / 35202-2248705-3 / 34101-7272065-7	1) Muhammad Sadiq 2) Muhammad Sadiq 3) Muhammad Ashraf	7,989	3,048	-	11,037	-	2,971	-	-	2,971
59	Moin-Ud-Din Sheikh	House No. 732, Street 94 & 112 A, Sector III, Gulshan-e-Abad, Adiala Road, Rawalpindi.	Moin-Ud-Din Sheikh	35202-0462300-1	Charag Ud Din	2,462	2,569	-	5,031	-	2,742	186	-	2,928

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FOR THE YEAR ENDED DECEMBER 31, 2016

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2016 as referred in note 12.8 to these financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year			Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)	
						Principal	Interest / Mark-up	Others					
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
60	Rana Muhammad Shahid Mehmood Khan	House No. P-165/53,Chak No. 213, Susan Madina Town, Faisalabad.	Rana Muhammad Shahid	33100-0626551-9	Ch. Nazir Hussain	2,935	2,555	-	5,490	-	2,576	188	2,764
61	Ather Murtaza Khan	64-A-2, Gulberg-III, Lahore.	Ather Murtaza Khan	35202-2629148-3	Murtaza Ali Khan Lohdi	3,213	2,363	-	5,576	-	2,319	240	2,559
62	Ch. Safdar Ali	Roras PO Khas, Tehsil Sambrial, District Sialkot.	Chaudary Safdar Ali	34604-0363748-9	Ch Muhammad Ali	2,290	2,729	-	5,019	-	2,476	-	2,476
63	Muhammad Zaki Khan	Plot# A-182, Block # 1, Kda Scheme # 16, FB Area, Karachi.	Muhammad Zaki Khan	42101-1866741-9	Muhammad Rafi Khan	4,546	2,216	-	6,762	-	2,361	72	2,433
64	Asim Rehman Khan &Or Sadaf Mujli Asim	Plot No. 102/1, Khayaban-e-Bathria, Phase-V, DHA, Karachi.	Asim Rehman Khan / Sadaf Mujli Asim	35201-1614779-3	Anees Ur Rehman Khan	12,348	3,296	-	15,644	-	2,316	44	2,360
65	Aftab Alam	House # 81-E,Alam Manzil, Street # 2, Anrian Street, Shekhupura Road, Faisalabad.	Aftab Alam	33100-0649124-9	Muhammad Alam	2,325	2,135	-	4,460	-	2,091	172	2,263
66	Vintage Builders	House No. 27-A, Tech Society, Lahore.	Rizwan Akhter	35202-9883205-3	Ch Abdul Sattar Akhtar	4,946	2,316	-	7,262	-	2,255	-	2,255
67	Mughal Steels Pvt Limited	570 B, Model Town, Gujranwala.	Mirza Muhammad Akram / Mirza Muhammad Afzal / Mirza Muhammad Muslim / Mirza Muhammad Aslam	34101-0917575-1 / 34101-1843261-7 / 34101-2576323-7 / 34101-3359118-1	Mirza Muhammad Ali	38,553	1,029	-	39,582	-	2,210	-	2,210
68	Ideal Agro Chemicals	House # 83, Block - C, Shah Rukan e Alam Colony, Multan.	Abdul Waheed / Fareeda Waheed	36302-4384924-9	1) Abdul Majeed	-	2,157	-	2,157	-	2,156	-	2,156
69	Al-Shams Engineering Works	1Ice No 5 Al-Rahim Shopping Centre, Hyderabad.	Muhammad Akhtar	36302-4076887-2	2) Abdul Waheed	2,499	2,304	-	4,803	-	2,085	-	2,085
70	Mohammad Saleem	A-701, 7th Floor, Sea Castle-II, Plot No Ca-2,Block-4, Clifton, Karachi.	Mohammad Saleem	41302-4695355-5	Shamsuddin	3,241	1,955	-	5,196	-	1,897	136	2,033
71	Emeskey Industrial & Commercial Ent	House No. 10-N, Samanabad, Lahore.	Muhammad Yasin Butt	35202-2194747-3	Saeed M. Sheikh	1,999	1,975	-	3,974	-	1,956	-	1,956
72	Ansari Enterprises	Jammu Road, Sialkot.	Ramzan Ansari / Usman Ansari	34603-2248526-7 / 34603-3568159-1	Muhammad Amnsari	-	1,905	-	1,905	-	1,905	-	1,905
73	Sajjad Hussain	H # A-27, A/Hamra Coop Society Housing, Noonuddin Street, Tipu Sultan Rd, Karachi.	Sajjad Hussain	42201-9602316-9	Nabi Baksh	6,213	1,823	-	8,036	-	1,896	-	1,896
74	Syed Babar Ali	S 254-F, Satellite Town, Rawalpindi.	Syed Babar Ali	37405-3713519-3	Masood Ul Hassan	3,208	1,440	-	4,648	-	1,503	271	1,774
75	Amir Rice Dealer	Garden Town, Okara.	M Amir	35302-2043214-3	Ch Muhammad Anwar	1,999	1,745	-	3,744	-	1,736	-	1,736
76	Mahmood Ul Haq	91-1-B-II, Township, Lahore.	Mehmood-Ul-Haq	35202-8058174-5	Ihsan-Ul-Haq	1,590	1,899	-	3,489	-	1,716	-	1,716
77	Muhammad Yayha	122-B, Margh Zar House, Marghza Chowk, Marghzar Colony, Multan Rd, Lahore.	Muhammad Yayha	35202-0147320-7	Sheikh Ameer Muhd	1,981	1,460	-	3,441	-	1,462	224	1,686

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Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2016 as referred in note 12.8 to these financial statements.

						Outstanding Liabilities at beginning of year							
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
78	Hyder Builders & Developers	Plot No 18-A, Shafique Heights, Main Road, G.M.B Society Qasimabad, Hyderabad.	Jalil Ahmed Memon / Ahsaah	41306-0808003-3 44302-8312874-3	1) Gulam Hayder Memon 2) Arbab Abdul Al Jabar	3,991	2,076	-	6,067	-	1,588	-	1,588
79	Fazal Poultries	Sagan Khurd, Burj Altan, Teh Ferozwala, Sheikhupura.	Fazal Hussain / Malik Muhammad Yousaf / Muhammad Kashif Chaudhary	35401-0178938-7 35401-1829756-7 35202-2774747-9	Muhammad Tufail Milan Muhammad Ismail Muhammad Aslam Chaudhary	3,385	1,272	-	4,657	-	1,533	-	1,533
80	Ghazi Petroleum Service	House No. 43, Block 14, Dera Ghazi Khan.	Sardar Omar Asghar Khan Kithra	32102-0983355-7	Sardar Rab Nawaz Khan	2,814	1,769	-	4,583	-	1,490	-	1,490
81	Anis-Ur-Rehman Siddiqui / Nadeem-Er-Rehman	Flat No A-1, Plot No 1-C, Sehar Lane No.1, Phase-VII DHA, Karachi.	Anis-Ur-Rehman Siddiqui / Nadeem-Er-Rehman	42301-5818002-9	-	8,410	6,576	-	14,986	-	700	787	1,487
82	Liaqat Ali Shahid	H. No.P-260 St # 10, Mohallah Taj Colony, Sargodha Rd, P.O.Islamia College, Faisalabad.	Liaqat Ali Shahid	33100-5273683-5	Chaudhary Faqir Mohammad	1,658	1,108	-	2,766	-	1,097	304	1,401
83	New Chandio Filling Station	National High Village, Haji Mureed Chandio Taluka, Karachi.	Muhammad Hanif Chandio	45401-5162099-5	Daudd Khan	842	1,376	7	2,225	-	1,382	-	1,382
84	Asghar Lassi	Flat No A-19, 4th Floor Pearl Heaven Apartment, Block-5, Clifton, Karachi.	Asghar Lassi	42301-9510167-5	Noor Uddin	1,434	34	-	1,468	1,237	111	-	1,348
85	Muhammad Mazher	Basti Muhabbat Wala, Moza Kamalpur Jayal, Po Thathi Sameeja, Lodhran.	Muhammad Mazher	36203-4384128-1	Malik Muhammad Nawaz	-	1,553	-	1,553	-	1,336	-	1,336
86	Hamza Chemical	H# 1243, Miani Road Hyderabad.	Saeed Ahmed	41303-2571357-1	Noor Muhammad	3,994	1,113	-	5,107	-	1,307	-	1,307
87	Tech Master International	306-A, Jinnah Market, Jinnah Road, Rawalpindi.	Iftekhar Ahmad Khalid	37405-6543848-5	Muhammad Sabir	1,476	1,707	-	3,183	-	1,284	-	1,284
88	Gulnar Enterprises	396-K, 1st Floor, Opposite Allama Iqbal Chowk, Sialkot Cantt.	Waseem Akhtar Shiekh	34603-2135444-2	Skeikh Mumammad Alam	1,700	1,670	-	3,370	-	1,273	-	1,273
89	Sheikh Tariq Mehmood	D-9/3 Salmina Benglows Park Lane, Block-5 Clifton, Karachi.	Sheikh Tariq Mehmood	31304-9541664-9	Sheikh Allan Ditta	3,130	1,225	-	4,355	-	1,224	-	1,224
90	Prince Glass House	P- 19, C-Block, Okara.	M. Saleem / M. Naeem	35302-6256907-3 35302-0814739-5	Khadam Hussain	1,161	1,249	-	2,410	-	1,212	-	1,212
91	Ather Murtaza Khan	64-A-2, Gulberg-III, Lahore.	Ather Murtaza Khan	35202-2629148-3	Murtaza Ali Khan	1,697	1,426	-	3,123	-	1,196	-	1,196
92	Muhammad Yayha	122-B, Margh Zar House, Margtza Chowk, Marghzar Colony, Multan Rd, Lahore.	Muhammad Yayha	35202-0147320-7	Sheikh Ameer Muhtd	1,387	1,022	-	2,409	-	1,024	169	1,193
93	Sardar Shah	Village Saro Shah, Tehsil Takhtbai, Mardan.	Sardar Shah	16102-7012066-7	Arbab Khan	-	2,172	-	2,172	-	1,172	-	1,172
94	Patriot Light Products	39- Mohmi Road, Lahore.	Muhammad Javaid Iqbal	35202-7291979-5	Malik Muhammad Tufail	2,499	1,321	-	3,820	-	1,068	-	1,068
95	Abdul Razzaq	House No. 16-A, Peoples Colony#1, Near Shible college, Faisalabad.	Abdul Razzaq	33102-1794674-5	M Azam	2,365	907	-	3,272	-	877	158	1,035

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						Outstanding Liabilities at beginning of year							
S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total
1	2	3	4		5	6	7	8	9	10	11	12	13
Rupees '000													
96	Kalimuddin &Or Anita Kalim	R-3, Al-Hilal Co-Operative Housing Society Ltd, Block-4 & 5, KDA Scheme # 7, Karachi.	Kalimuddin / Anita Kalim	42301-3712421-4	-	2,431	595	-	3,026	-	796	210	1,006
97	Ghulam Meeran Shah	Kot Momin Shah, Po Akramabad, Rahim Yar Khan.	Ghulam Meeran Shah	31303-5184569-5	Ghulam Qadir Shah	1,434	1,311	-	2,745	-	1,000	-	1,000
98	Muhammad Yaqoob Chohan	Near Seem Nala, Mohallah Chah Qazian Biji,, Hafizabad.	Muhammad Yaqoob Chohan	34301-7316628-7	Muhammad Din	1,000	1,114	-	2,114	-	997	-	997
99	Ifikhar Afzal	House No.17, Sabeena Town Shekhu Pura Road Faisalabad.	Ifikhar Afzal / Muhammad Afzal	33100-2514505-5	Mian Muhammad Afzal	679	672	-	1,351	-	659	217	876
100	Muhammad Akram Weaving Factory	Faizabad, Khajoor Wali Gali, Faisalabad.	Muhammad Akram	33100-6193334-7	Noor Muhammad	3,000	1,025	-	4,025	-	866	-	866
101	Atzaal Hussain	Chak No.28 Jb, Po 56 Jb, Teshil Faisalabad.	Atzaal Hussain	33100-1086971-3	Altat Hussain	1,369	1,368	-	2,737	-	859	-	859
102	Muhammad Ameen Khan	Poultry Farm Road, House No.8, Muhallah D/6, Model Town, Bahawalpur.	Muhammad Ameen Khan	31202-7107740-3	Haji Dur M Khan Khakwani	-	903	-	903	-	800	-	800
103	Wei Come Int Trader	25-B, Moli Plaza, Saddar, Rawalpindi.	Muhammad Anwar Khan	37405-2022644-5	Muhammad Shafih	739	938	-	1,677	-	716	-	716
104	Feroz Atif Khan	House No.18, 38-Street, Off Khayaban-e-Hafiz, Phase 7 DHA, Karachi.	Feroze Atif Khan	50254-4258552-3	Khan	2,500	2,044	1,059	5,603	-	701	-	701
105	Ahsanullah	Chak No.5-Bc, Po Dera Bakhta, Bahawalpur.	Ahsanullah	31202-0231532-5	Bashir Ahmad	-	683	-	683	-	683	-	683
106	Asghar Lassi	Flat No A-19, 4th Floor Pearl Heaven Apartment, Block-5, Clifton, Karachi.	Asghar Lassi	42301-9510167-5	Noor Uddin	3	-	-	3	588	45	24	657
107	Muhammad Bilal	Muhammad Bilal C/O Malik Aziz Ur Rehman, Credit Manager NBP Main Branch, Muzalargarh.	Muhammad Bilal	32304-3032223-7	Dildar	794	894	-	1,688	-	650	-	650
108	Syed Abdul Baqi Shah	House No. 6-C, Industrial Estate, Employees Colony, Qasimabad, District Hyderabad.	Syed Abdul Baqi Shah	41303-9933023-3	Ghulam Hussain	490	1,432	-	1,922	-	643	-	643
109	Barkat Ali	Barkat Ali Village Pir Muhammad Chak Uc 9 Amari Po Nasar Pur, Tehsil Tando Allahyar, Hyd.	Barkat Ali	41307-2001198-7	Abdul Shakoor Qazi	2,130	808	-	2,938	-	640	-	640
110	China Textile Industries (Pvt) Ltd	P-66, Raza Garden, Faisalabad.	Muhammad Shahid	33100-9793874-3	M. Siddique	2,975	1,136	-	4,111	-	636	-	636
111	Liaquat Ali	House # 605, Block-F, Gulshan-e-Ravi, Lahore.	Liaquat Ali	35202-2984139-1	Abdul Rashid (Late)	1,344	186	-	1,530	-	255	374	629
112	Toor Enterprises	House No.279, Mohallah Al-Makki Street, Al-Hamd Colony, Allama Iqbal Town, Lahore.	Talat Mahmood Khan	35202-3035353-9	Fateh Muhammad Khan	-	623	-	623	-	623	-	623
113	Mohammad Asghar Thanvi / Kanwal Asghar	House No.487 /1, Gulshan-E-Iqbal, Block 1, Karachi.	Mohammad Asghar Thanvi / Kanwal Asghar	42201-9731174-5	-	1,500	512	-	2,012	-	524	85	609

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						Principal	Interest / Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
114	Tariq Ghaloor	Chek No.35 W/B., Po Vehari, Vehari.	Tariq Ghaloor	36603-1443549-5	Abdul Ghaloor	700	852	-	1,552	-	600	-	600
115	Al Noor Dairy Farm	Mohallah Farooqia, Kot Radha Kishan, Kasur.	Sufi Sultan Ahmed	35102-8202540-1	Haji Noor Muhammad	250	588	-	838	-	598	-	598
116	Muhammad Arif Ansari	Flat No. 306, 3rd Floor, Ward-F, Orient Centre, Gari Khata, Hyderabad.	Muhammad Arif Ansari	41303-4742321-9	Muhammad Saeed Anwer Ansari	684	569	-	1,253	-	479	99	578
117	Asghar Lassi	Flat No A-19, 4th Floor Pearl Heaven Apartment, Block-5, Clifton, Karachi.	Asghar Lassi	42301-9510167-5	Noor Uddin	349	10	4	363	470	59	41	570
118	Imran Sabir	55-S, Block-6, P.E.C.H.S, Karachi.	Imran Sabir	42201-4154606-7	Muhammad Sabir	1,539	700	-	2,239	-	463	106	569
119	Syed Mehboob Ali / Syed Abid Hussain	House # 86 St # 3, Clifton Colony, Wahdat Road Lahore.	Syed Mehboob Ali / Syed Abid Hussain	35202-8883708-9	Syed Muhammad Abdul Hakeem	1,096	433	-	1,529	-	438	123	561
120	Khalid Jamil	1B, Central Avenue Phase II DHA Karachi.	Khalid Jamil	42301-8769791-9	-	432	143	335	910	57	143	360	560
121	Khalid Pervaz	Mohallah Peer Bahar Shah, Near New Truck Stand, Sheikhpura.	Khalid Pervaz	35404-7043248-1	Bashir Ahmed	446	450	-	896	-	517	-	517
122	Ahmad Nawaz Khan	Basti Meeranpur, Bela Wang, District Kehrorpacca, District Lodhran.	Ahmad Nawaz Khan	36202-0965444-1	Haji Khuda Bukhsh Khan Joiya	500	863	-	1,363	-	504	-	504
123	Muhammad Naveed	House # 1312, Street # 36-B, Mehmodabad # 06, Karachi.	Muhammad Naveed	42301-9164536-7	Muhammad Jameel	1,772	428	-	2,200	-	502	-	502
						1,018,485	1,013,070	15,322	2,046,877	203,107	1,101,251	26,304	1,330,662

ANNEXURE III TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

The Bank is operating 146 Islamic banking branches (2015: 68) and 1 Islamic sub-branch (2015: 1). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2016 are as follows:

(A) Statement of financial position as at December 31, 2016

	Note	2016	2015
		-----Rupees '000-----	
ASSETS			
Cash and balances with treasury banks		5,601,380	3,023,428
Balances with other banks		83,370	79,307
Due from financial institutions		-	85,548
Investments		16,246,917	21,798,271
Islamic financing and related assets	(A3)	32,316,678	20,286,653
Operating fixed assets		1,175,046	469,907
Deferred tax assets		-	-
Other assets		954,377	338,394
		56,377,768	46,081,508
LIABILITIES			
Bills payable		896,669	578,799
Due to financial institutions		200,000	-
Deposits and other accounts	(C)		
- Current accounts		18,424,972	13,060,570
- Saving accounts		12,548,303	10,145,581
- Term deposits		7,077,218	7,169,760
- Others		34,955	50,334
- Deposits from financial institutions - remunerative		9,618,020	1,327,324
- Deposits from financial institutions - non-remunerative		5,500	5,495
Due to head office		1,007,797	10,280,307
Deferred tax liabilities		24,645	2,029
Other liabilities		2,131,144	515,807
		51,969,223	43,136,006
NET ASSETS		4,408,545	2,945,502
REPRESENTED BY			
Islamic banking fund		2,880,000	1,380,000
Reserves		-	-
Unappropriated profit		1,357,645	1,436,604
		4,237,645	2,816,604
Surplus on revaluation of assets - net of tax		170,900	128,898
		4,408,545	2,945,502
(A1) Remuneration to shariah board		9,762	5,976
(A2) Charity fund			
Opening balance		1,034	337
Additions during the year		5,610	1,597
Payments / utilization during the year	(A2.1) & (A2.2)	(1,800)	(900)
Closing balance		4,844	1,034

ANNEXURE III TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	-----Rupees '000-----	
(A2.1) Sector wise details of charity disbursement		
Health	1,300	700
Education	200	100
Social Work	300	100
	<u>1,800</u>	<u>900</u>

The charity has been paid by the Bank on account of late payment amount received from customers and profit earned thereon.

	Note	2016	2015
		-----Rupees '000-----	
(A2.2) Donee wise details of charity disbursement			
The Indus Hospital		300	200
Shaukat Khanum Memorial Trust		300	100
Sindh Institute of Urology and Transplantation (SIUT)		300	200
Punjab Institute of Cardiology		300	200
DEWA Institute of Special and Inclusive Education		100	100
Alamgir Welfare Trust		100	100
The Kidney Centre		100	-
SADA Welfare Foundation		100	-
Saylani Welfare Trust		100	-
The Citizens Foundation		100	-
		<u>1,800</u>	<u>900</u>

(A3) Islamic financing and related assets	(A3.1)	<u>32,316,678</u>	<u>20,286,653</u>
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(A3.1) Islamic mode of financing

Financing

Murabaha	(A3.1.1)	861,049	1,120,081
Musharika cum Ijara		11,269	11,637
Diminishing Musharika		23,602,710	15,371,340
Fixed Assets Ijara Financing (net)		493,559	948,381
		<u>24,968,587</u>	<u>17,451,439</u>

Advance against Financing

Advance against Murabaha Financing		251,821	331,498
Advanced against Diminishing Musharika		6,332,472	2,164,556
Advance against Ijara		635,417	584,665
Advance against Istisna		400,000	-
		<u>7,619,710</u>	<u>3,080,719</u>

Gross Islamic financing and related assets

Provision against Islamic financing and related assets		32,588,297	20,532,158
		(271,619)	(245,505)
		<u>32,316,678</u>	<u>20,286,653</u>

(A3.1.1) Murabaha receivable - gross		1,026,101	1,303,785
Less: Deferred murabaha income		(52,167)	(92,313)
Add: Profit receivable shown in other assets		(112,885)	(183,704)
Murabaha financings		<u>861,049</u>	<u>1,027,768</u>
Murabaha sale price		1,026,101	1,303,785
Murabaha purchase price		(861,049)	(1,027,768)
		<u>165,052</u>	<u>276,017</u>

ANNEXURE III TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(B) Profit and loss account

	2016	2015
	-----Rupees '000-----	
Profit / return earned on financing and investments	3,169,930	3,049,738
Profit / return expensed	1,952,029	1,506,158
Net spread earned	1,217,901	1,543,580
Provision against non-performing financings - net	32,103	32,064
Provision against consumer financings - general	(5,989)	9,848
Reversal against provision for diminution in the value of investments	-	-
Recoveries against written off debts	(220)	-
	25,894	41,912
	1,192,007	1,501,668
Other income		
Fee, commission and brokerage income	162,268	122,543
Dividend income	-	-
Income from dealing in foreign currencies - net	8,159	4,075
Gain on sale of securities - net	-	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	1,552	1,887
Total other income	171,979	128,505
	1,363,986	1,630,173
Other expenses		
Administrative expenses	1,411,591	909,325
Other provision / write-offs	31,336	205,673
Other charges	18	-
Total other expenses	1,442,945	1,114,998
	(78,959)	515,175
Extraordinary items / unusual items	-	-
(Loss) / profit for the year	(78,959)	515,175

(C) Sectors and avenues of deposits and funds

The deposits and funds accepted under the pools mentioned in note (D) are provided to diversified sectors and avenues of the economy / business.

	2016	2015
	-----Rupees '000-----	
Government and other securities	16,246,917	21,883,819
Textiles, chemicals, pharmaceuticals, food and allied	4,111,549	2,108,618
Production and transmission of energy	7,038,599	4,302,203
Transportation	5,337,739	4,183,800
Construction / Housing	4,327,540	315,792
Others	11,772,870	9,621,744
	48,835,214	42,415,976

Musharaka investments from the SBP under Islamic Export Refinance Scheme (IERS) are channelled towards the export sector of the economy.

ANNEXURE III TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(D) 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 Musharika Pool'
- iv. 'Barkat Investment Pools'

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all FBL IBD 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 sub pools against each FBL IBD money market deals.
- The Barkat investment pools are created to cater the needs of high net worth clients
- The risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

(D1) 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 IBD and investors / depositors in the ratio of FBL IBD's equity commingled in a pool on pro rata basis, and then amongst FBL IBD and the depositors as per agreed mudarib fee and 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 IBD 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 IBD 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 IBD 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	2016		2015	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	1,154,324	50.11	980,170	50.27
- Amount and percentage of mudarib share transferred to depositors through Hiba	674,410	58.42	343,324	35.03
- Profit rate earned (annualised)	-	7.62	-	8.12
- Profit rate distributed (annualised)	-	5.20	-	6.19

ANNEXURE IV TO AND FORMING PART OF THE FINANCIAL STATEMENTS

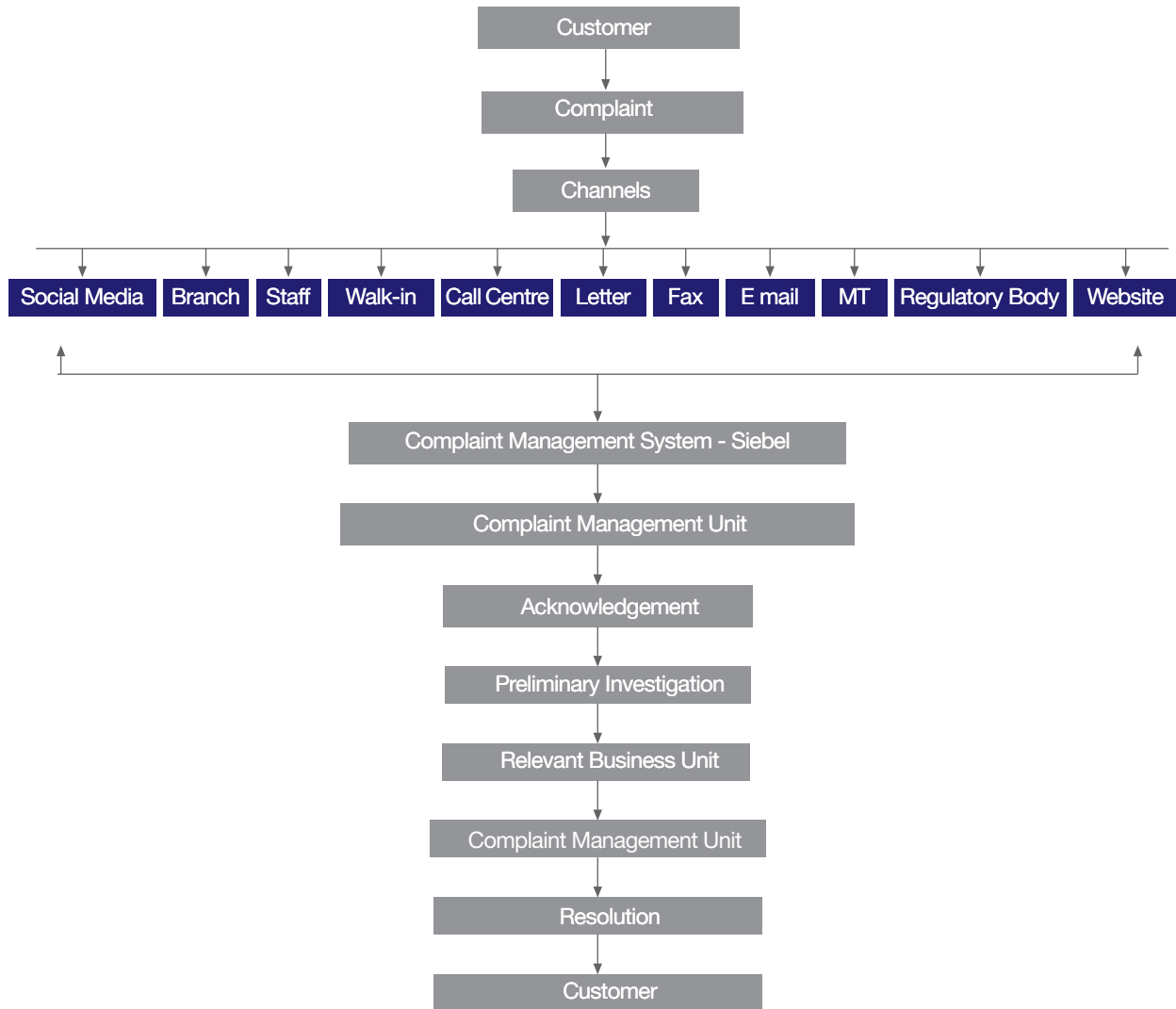
FOR THE YEAR ENDED DECEMBER 31, 2016

Details of disposal of fixed assets to executives, and other persons having cost of more than Rs.1 million or net book value of Rs. 250,000 or above are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser / Insurer / addresses (only in case of individuals)
----- Rupees '000 -----							
Freehold Land							
Plot No. 201, Upper Mall, Lahore (area 7 kanal)	455,000	-	455,000	510,000	55,000	Bid	JS Bank Limited.
Owned - Vehicles							
Toyota Corolla GLI	1,691	900	791	1,600	809	Insurance Claim	Adamjee Insurance Company Limited & EFU Insurance Company Limited
Mercedes Benz	6,175	4,034	2,141	2,223	82	As per Bank Policy	Mr Nasir Islam - Executive
Toyota Prado	15,544	7,461	8,083	7,001	(1,082)	As per settlement agreement	Mr Naveed A. Khan Ex President & CEO
Mercedes Benz S400 Hybrid	22,951	7,956	14,995	14,000	(995)	As per settlement agreement	Mr Naveed A. Khan Ex President & CEO
Honda Accord	7,025	4,496	2,529	2,529	-	As per Bank Policy	Syed Majid Ali - Executive
Mercedes Benz E200	8,000	5,120	2,880	2,880	-	As per Bank Policy	Mr Salman Usmani - Executive
Owned - Office furniture, fixtures, equipments, and computers							
Comport Switch	2,698	2,698	-	1,672	1,672	Bid	Premier System - 6500 Switches
Generator	1,014	1,014	-	101	101	Bid	M Rahat
Generator Siemens	1,341	1,341	-	591	591	As per settlement agreement	Mr Naveed A. Khan Ex President & CEO
Assets written off	65,544	65,544	-	-	-	Written off	-
Owned - Leasehold improvement							
Assets written off	8,885	8,885	-	-	-	Written off	-
Details of disposal of fixed assets having cost no more than Rs. 1 million or net book value of Rs. 250,000 or below are as follows:							
- Disposed of	12,041	11,844	197	2,121	1,924	Various	-
- Written off	543,997	542,711	1,286	-	(1,286)	Various	-
	1,151,906	664,004	487,902	544,718	56,816		

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 center, branch, email, website, etc. and the same are lodged in the system.
- All customer complaints are acknowledged to the customer.
- Initial investigation of the complaint will be conducted by the Complaints Management Unit (CMU) of the Bank, the same will be forwarded to the relevant department for their feedback.
- In case a complaint exceeds its stipulated time, the customer will be informed through an interim reply.
- Resolution of the complaint will be provided to the customer.
- In case where the complaint is declined by the Bank then it will be ensured that the customer will be provided with alternate grievance redressal forums.

CONSUMER GRIEVANCES HANDLING MECHANISM

Listed below are the initiatives taken by Complaint Management Unit Department in the year 2016:

1. Opened additional channels for customer complaints e.g. Facebook
2. Multilingual Customer awareness placards in branches
3. Gave prominence to Complaint Lodgement Process on the Corporate website
4. Automated recording on UAN lines to guide customers on Complaint Lodgement process
5. Complaint Lodging procedure transmitted in voice enabled ATM machines
6. Revision in Complaint Resolution Turnaround Time

Total number of complaints received by the Bank in the year 2016 are 66,681 and the average time taken to resolve them was 4 working days.

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS ON DECEMBER 31, 2016

Category No.	Categories of Share Holders	Category Wise No. of Share Holders	Number of Shares Held	Category Wise Number of Shares Held	Percentage %
1	Associated Companies, Undertakings And Related Parties				
	Ithmaar Bank B.S.C.	5	576,575,276		
	Faisal Finance (Luxembourg) S.A.		102,632,590		
	DMI (Jersey) Limited		51,316,293	801,164,993	66.78
	MFAI (Jersey) Limited		70,640,834		
2	Mutual Funds				
	CDC - Trustee MCB Pakistan Stock Market Fund	16	2,400,000		
	CDC - Trustee JS Large CAP. Fund		21,750		
	CDC - Trustee Atlas Stock Market Fund		2,475,000		
	CDC - Trustee First Dawood Mutual Fund		25,000		
	CDC - Trustee AKD Index Tracker Fund		89,952		
	CDC - Trustee NAFA Stock Fund		1,171		
	CDC - Trustee NAFA Multi Asset Fund		3,992		
	CDC - Trustee NIT-Equity Market Opportunity Fund		395,320		
	CDC - Trustee NAFA Asset Allocation Fund		2,168	7,385,891	0.62
	AGP (Pvt.) Ltd Staff Provident Fund		305,500		
	CDC - Trustee PIML Strategic Multi Asset Fund		30,000		
	CDC - Trustee First Capital Mutual Fund		53,685		
	CDC - Trustee National Investment (Unit) Trust		1,177,353		
	CDC - Trustee PIML Value Equity Fund		200,000		
	CDC - Trustee PIML Asset Allocation Fund		200,000		
	CDC - Trustee Alfalah GHP Sovereign Fund - MT		5,000		
3	Directors and their spouse(s) and minor children				
	Farooq Rahmatullah Khan	7	1,129		
	Ahmed Abdulrahim Mohamed Abdulla Bucheery		575	108,266	0.01
	Mian Muhammad Younis		575		
	Juma Hasan Ali Abul		575		
	Imtiaz Ahmad Pervez		105,412		
	Nauman Ansari		-		
	Abdulelah Ebrahim Mohamed AlQasimi		-		
	Abdulla Abdulaziz Ali Taleb		-		

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS ON DECEMBER 31, 2016

Category No.	Categories of Share Holders	Category Wise No. of Share Holders	Number of Shares Held	Category Wise Number of Shares Held	Percentage %
4	Executives	8	9,321	9,321	0.00
5	Public Sector Companies and Corporations	13	65,152,199	65,152,199	5.43
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	22	18,944,591	18,944,591	1.58
7	Foreign Investors	45	76,615,412	76,615,412	6.39
8	General Public	17,346	178,321,723	178,321,723	14.86
9	Others	144	52,057,703	52,057,703	4.34
	Total	17,606	1,199,760,099		100.00
	Total Paid-up Capital 1,199,760,099 Shares				
	5% Of The Paid-up Capital 59,988,005 Shares				

S. No.	Shareholders Holding 5% or More Voting Rights in the Listed Company	Number of Shares Held	Percentage %
1	Ithmaar Bank B.S.C.	576,575,276	48.06
2	Faisal Finance (Luxembourg) S.A.	102,632,590	8.55
3	MFAI (Jersey) Limited	70,640,834	5.89
4	State Life Insurance Corporation of Pakistan	63,532,760	5.30

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING

AS ON DECEMBER 31, 2016

Category No.	Categories of Share Holders	Number of Shareholders	Number of Shares Held	Percentage %
1	Associated Companies, undertakings and Related Parties	5	801,164,993	66.78
2	Mutual Funds	16	7,385,891	0.62
3	Directors and their spouse(s) and Minor Children	7	108,266	0.01
4	Executives	8	9,321	0.00
5	Public Sector Companies and Corporations	13	65,152,199	5.43
6	Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	22	18,944,591	1.58
7	Foreign Investors	45	76,615,412	6.39
8	General Public	17,346	178,321,723	14.86
9	Others	144	52,057,703	4.34
	Total	17,606	1,199,760,099	100.00

PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2016

Number of Shareholders	Shareholdings' Slab			Total Shares Held
4749	1	to	100	139,460
5814	101	to	500	1,598,996
1295	501	to	1000	988,147
3858	1001	to	5000	9,747,178
711	5001	to	10000	5,389,835
272	10001	to	15000	3,385,410
145	15001	to	20000	2,547,559
115	20001	to	25000	2,663,264
72	25001	to	30000	2,013,631
48	30001	to	35000	1,586,748
34	35001	to	40000	1,305,007
31	40001	to	45000	1,329,826
55	45001	to	50000	2,681,742
30	50001	to	55000	1,586,719
22	55001	to	60000	1,276,151
11	60001	to	65000	694,518
23	65001	to	70000	1,558,905
22	70001	to	75000	1,601,830
11	75001	to	80000	849,366
8	80001	to	85000	663,347
9	85001	to	90000	793,169
2	90001	to	95000	186,746
23	95001	to	100000	2,289,820
5	100001	to	105000	512,774
12	105001	to	110000	1,287,818
6	110001	to	115000	686,487
9	115001	to	120000	1,062,683
5	120001	to	125000	608,824
4	125001	to	130000	514,066
5	130001	to	135000	659,287
2	135001	to	140000	270,692
5	140001	to	145000	713,400
7	145001	to	150000	1,039,077
3	150001	to	155000	458,682
3	155001	to	160000	472,863
3	160001	to	165000	486,803
1	170001	to	175000	175,000
1	175001	to	180000	176,000
5	180001	to	185000	913,638
2	190001	to	195000	388,080
14	195001	to	200000	2,799,937
1	200001	to	205000	201,007
4	205001	to	210000	834,235
1	210001	to	215000	214,250
1	215001	to	220000	218,937
3	220001	to	225000	668,572
2	225001	to	230000	458,500
6	235001	to	240000	1,428,619
2	240001	to	245000	486,353
5	245001	to	250000	1,249,155
1	250001	to	255000	250,125
1	260001	to	265000	263,000
2	265001	to	270000	534,781
3	275001	to	280000	828,134
2	280001	to	285000	565,477
8	295001	to	300000	2,399,839

PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2016

Number of Shareholders	Shareholdings' Slab			Total Shares Held
1	300001	to	305000	304,500
2	305001	to	310000	613,324
1	310001	to	315000	311,804
2	315001	to	320000	637,307
1	320001	to	325000	324,142
2	325001	to	330000	653,377
2	330001	to	335000	665,772
1	335001	to	340000	338,525
2	345001	to	350000	700,000
1	360001	to	365000	360,043
1	380001	to	385000	385,000
1	390001	to	395000	393,900
4	395001	to	400000	1,594,596
2	405001	to	410000	820,000
1	425001	to	430000	425,250
2	435001	to	440000	873,812
2	470001	to	475000	943,526
1	490001	to	495000	493,000
3	495001	to	500000	1,500,000
1	530001	to	535000	531,000
1	545001	to	550000	550,000
2	550001	to	555000	1,101,456
1	555001	to	560000	556,799
1	590001	to	595000	591,250
1	595001	to	600000	600,000
1	610001	to	615000	612,500
1	620001	to	625000	624,500
1	640001	to	645000	644,828
1	665001	to	670000	665,353
1	670001	to	675000	675,000
1	700001	to	705000	700,285
2	715001	to	720000	1,436,500
2	745001	to	750000	1,500,000
1	750001	to	755000	751,579
1	755001	to	760000	759,647
1	765001	to	770000	768,339
1	770001	to	775000	774,950
1	795001	to	800000	800,000
1	800001	to	805000	805,000
1	830001	to	835000	835,000
1	895001	to	900000	900,000
1	920001	to	925000	925,000
1	925001	to	930000	927,610
1	945001	to	950000	948,100
2	995001	to	1000000	1,999,639
1	1005001	to	1010000	1,007,794
1	1065001	to	1070000	1,068,331
1	1095001	to	1100000	1,100,000
1	1130001	to	1135000	1,131,803
1	1175001	to	1180000	1,177,353
1	1180001	to	1185000	1,184,325
1	1195001	to	1200000	1,200,000
1	1210001	to	1215000	1,214,539
1	1330001	to	1335000	1,333,548
1	1400001	to	1405000	1,400,436
1	1485001	to	1490000	1,489,325
2	1495001	to	1500000	3,000,000
1	1520001	to	1525000	1,525,000

PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2016

Number of Shareholders	Shareholdings' Slab			Total Shares Held
1	1635001	to	1640000	1,638,000
1	1650001	to	1655000	1,653,997
1	1715001	to	1720000	1,718,500
1	1975001	to	1980000	1,976,000
1	1995001	to	2000000	2,000,000
1	2250001	to	2255000	2,251,000
2	2395001	to	2400000	4,800,000
1	2425001	to	2430000	2,428,000
1	2455001	to	2460000	2,455,232
1	2470001	to	2475000	2,475,000
1	2495001	to	2500000	2,500,000
1	2560001	to	2565000	2,561,506
1	2830001	to	2835000	2,832,306
1	2995001	to	3000000	3,000,000
1	3775001	to	3780000	3,776,410
1	4000001	to	4005000	4,000,500
1	4055001	to	4060000	4,056,574
1	4425001	to	4430000	4,428,708
1	4630001	to	4635000	4,632,277
1	5660001	to	5665000	5,664,618
1	5930001	to	5935000	5,931,375
1	6040001	to	6045000	6,041,215
1	7485001	to	7490000	7,489,405
1	9630001	to	9635000	9,635,000
1	10850001	to	10855000	10,851,000
1	15705001	to	15710000	15,709,500
1	22230001	to	22235000	22,234,175
1	30825001	to	30830000	30,826,472
1	32880001	to	32885000	32,880,412
1	39810001	to	39815000	39,814,362
1	40580001	to	40585000	40,582,500
1	51315001	to	51320000	51,316,293
1	63530001	to	63535000	63,532,760
1	102630001	to	102635000	102,632,590
1	576575001	to	576580000	576,575,276
17606				1,199,760,099

BRANCH NETWORK - CONVENTIONAL

S. No.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
1	165	South	Green Belt Residency Branch	Karachi	021-35877923	Green Belt Residency, Shop No. 13-16, Plot No. Commercial 7/1, Block 2, KDA Scheme-5, Kehkashan, Clifton, Karachi
2	269	South	Clifton Centre Branch	Karachi	021-35871891	Plot No. DC-1, 16-A, 16-B, Block 5, Clifton Centre, Kehkashan, Karachi
3	330	South	Abdullah Haroon Branch	Karachi	021-35218026	16-Abdullah Haroon Road, Karachi
4	425	South	Zamzama	Karachi	021-35875454	13-C, 7th Zamzama, Commercial Lane, Clifton, Karachi
5	175	South	Phase-IV DHA	Karachi	021-35802426	14-C, Sunset Commercial Street No. 2, Phase IV, DHA, Karachi
6	196	South	Saba Avenue	Karachi	021-35243985	Shop No. 2 & 3, Ground Floor Plot No. 36-C, Badar Commercial Street, St. No. 6, Phase V, Karachi
7	216	South	DHA Phase-VIII	Karachi	021-35246014	43-C, Al-Murtaza Commercial Lane No. 4, DHA, Phase VIII, Karachi
8	338	South	Defence	Karachi	021-35854460	22/C, Lane-2, Shahbaz Commercial, Phase VI, DHA, Karachi
9	441	South	Bukhari Commercial	Karachi	021-35149592	Ground, Basement and First Floor, 19-C Bukhari Commercial Lane No 5, Phase VI, DHA, Karachi
10	115	South	Shahrah-e-Adalat	Quetta	081-2838449	Shahrah-e-Adalat Road, Quetta
11	183	South	Fatima Jinnah Road	Quetta	081-2837234	Yousuf Centre, Fatima Jinnah Road, Quetta
12	453	South	Turbat	Turbat	0852-411074	Main Bazar, Turbat
13	170	South	I. I. Chundrigar Road I Branch	Karachi	021-32635790	11/13, Trade Centre, I.I Chundrigarh Road, Karachi
14	118	South	Quality Height Clifton	Karachi	021-35868426	32-A, Ground Floor, Quality Heights, K.D.A Scheme No. 5, Clifton Block-8, Karachi
15	172	South	Stadium Lane, Khayaban-e-Mujahid	Karachi	021-35349113	43-C, Stadium Lane II, Khayaban-e-Mujahid D.H.A Phase V, Karachi
16	173	South	Khayaban-e-Tanzeem	Karachi	021-35877845	Plot No. C-4-D-N, Phase V, Khayaban-e-Tanzeem, DHA, Karachi
17	209	South	Korangi No. 2	Karachi	021-35071757	Q-14, Ground Floor, Sector 33-A, Korangi No. 2, Karachi
18	198	South	Khalid Bin Waleed Road	Karachi	021-34302252	Plot No. 89-B, Block-2, P.E.C.H.S, Karachi
19	255	South	Mehmoodabad	Karachi	021-34376340	Plot No. SA-85, Block 7, Karachi Administration Employees Cooperative Housing Society (KAECHS), Karachi
20	281	South	Tariq Road Branch	Karachi	021-35143535	Shop No. 1 & 2, Plot 9-C, Block 2, Main Tariq Road, P.E.C.H.S, Karachi
21	156	South	Korangi Industrial Area	Karachi	021-35114405	Plot No. 51/9, Sector 15, Main Korangi Road, Karachi
22	424	South	I.I. Chundrigar II Branch	Karachi	021-32416643	Nadir House, I. I. Chundrigar Road, Karachi
23	134	South	Cloth Market Branch	Karachi	021-32437825	BR-2-1/1, Bander Quarters, New Neham Road, Kharadar, Karachi
24	164	South	Timber Market Branch	Karachi	021-32731926	Plot No. 6/2 Old Haji Camp, Siddique Wahab Road Lee Quarters, Karachi

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
25	217	South	APWA Complex Garden	Karachi	021-32294777	Shop No. SOA , 5 Ground Floor Apwa Complex, Plot No. 67-AC, Garden Road, Karachi
26	227	South	Burns Road Branch	Karachi	021-32211022	Shop No. 4 & 5, Ground Floor, Lokhat Mansion, Survey No. 2, Shahr-e-Liaquat, Burns Road, Karachi
27	236	South	Electronic Market Branch	Karachi	021-32751595	Shop No. 3, Hashmi Electronics Centre, Abdullah Haroon Road, Saddar, Karachi
28	290	South	Pak Colony Branch	Karachi	021-32556692	Plot No. 250, 251 & 252, Modern Colony, Manghopir Road, Karachi
29	422	South	Abdullah Haroon Branch	Karachi	021-35652022	State Life Building No. 11, Abdullah Haroon Road, Karachi
30	423	South	Jodia Bazar II Branch	Karachi	021-32533976	NP 12/74, Mohammad Shah Street, Karachi
31	436	South	Metroville	Karachi	021-36659926	Street 15, Block 3, Metroville Site, Karachi
32	437	South	Denso Hall	Karachi	021-32752303	Plot No. 19, Survey Sheet No. WO-07, Wadhomal Oddharam Quarters, M.A. Jinnah Road, Saddar Town, Karachi
33	123	South	Jodia Bazar I Branch	Karachi	021-32471441	G-2, Plot No. MR-6/52/1, Ismail Trade Centre, Ram Bharti Street, Karachi
34	145	South	New Chaili Branch	Karachi	021-32630561	Abid Chamber, Plot 3 SR. 6/9, Shahr-e-Liaquat, Karachi
35	138	South	Saddar, Hyderabad	Hyderabad	022-2728364	Plot No. 339, Main Bohra Bazar Saddar, Hyderabad
36	230	South	Sukkur	Sukkur	071-5617130	City Survey No. D1596 / 1-D, Race Course Road , Sukha Talab, Sukkur
37	239	South	Latifabad	Hyderabad	022-3820535	C - 489, Unit No 8, Latifabad, Hyderabad
38	258	South	Mirpur Khas	Mirpurkhas	0233-876470	City Survey No. 715, 716 And 718, Ward A, Umerkot Road, Taluka and District, Mirpurkhas
39	272	South	Nawabshah	Nawabshah	0244-330892	CS No. 555, Ward B, Main Mohni Bazar, Nawabshah
40	287	South	Larkana	Larkana	074-4056051	City Survey No. 2016/ 4-A Ward C, Faysal Bank Chowk, Larkana City
41	291	South	Qasimabad	Hyderabad	022-2103434	Plot No. B-1, R.S. 258/2, Bilal Villas Housing Scheme, Deh Sari, Taluka, Qasimabad
42	292	South	Ghotki	Ghotki	0723-600801	Ground Floor, City Survey No. 890, Ward-B, Devri Sahab Road, Ghotki
43	297	South	Shahdadkot	Shahdadkot	074-4014224	Plot City Survey No. 520 Ward B, Shaikh Mohala, Shahdadkot
44	301	South	Kandhkot	Kandhkot	072-2572709	Plot No. 130, Main Bazar Shah Abdul Latif Road, Near Police Station, Kandhkot
45	195	South	Nazimabad Branch	Karachi	021-36707418	Plot No. 16, Row No. 1, Sub Block A, Block III (III-A,1/16), Nazimabad, Karachi
46	221	South	Power House UP More	Karachi	021-36961032	R1, Sector 5C-4, North Karachi, Near Agha Khan Lab, Powerhouse Chowrangi, Karachi
47	222	South	Buffer Zone	Karachi	021-36950086	Plot No. R-2, Sector 15-A/2, Buffer Zone, North Karachi, Karachi

BRANCH NETWORK - CONVENTIONAL

S. No.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
48	231	South	Gulzar-e-Hijri	Karachi	021-34652144	Plot No. A-747/C, Block 13-A, K.D.A. Scheme 33, Pakistan Employee Cooperating Housing Society, Karachi
49	265	South	F B Area II	Karachi	021-36340240	Plot No. St-4/A-1, Block 20, Scheme 16, Federal 'B' Area, Adjacent Bank Al Habib, Karachi
50	342	South	North Nazimabad	Karachi	021-36721635	D-4, Block D, North Nazimabad, Karachi
51	428	South	North Nazimabad- Hyderi	Karachi	021-36676028	Show Room No. 01, Ground Floor, Euro Continental Tower, Plot No. D-10, Block-B, K.D.A. Scheme No. 2, North Nazimabad, Karachi.
52	438	South	Federal B Area	Karachi	021-36800694	C-25, Block 17, Federal B Area, Karachi
53	139	South	SITE	Karachi	021-32585925	Plot No. B-17, State Avenue, Karachi
54	152	South	North Karachi Industrial Area	Karachi	021-36933307	SA-2, St 1/1, Sector 12-B, North Karachi Industrial Area, Karachi
55	110	South	Karachi Main	Karachi	021-32799467	Faysal House, St- 02, Main Shahrah-e-Faisal, Karachi
56	119	South	Gulshan-e-Iqbal	Karachi	021-34990950	B -35, Block 13-A, Main University Road, Gulshan-e-Iqbal, Karachi
57	127	South	Shaheed-e-Millat	Karachi	021-34301188	Iqbal Arcade, Plot No. 6, 3/7, D.M.C Society, Karachi
58	131	South	Shahrah-e-Faisal	Karachi	021-34326661	Business Avenue Centre, Block No. 6, P.E.C.H.S, Karachi
59	143	South	MACHS	Karachi	021-34168070	Plot No. 2, F Commercial, M.A.C.H.S, Karachi
60	153	South	Gulshan Chowrangi	Karachi	021-34833932	Shop No. 1-4, Ground Floor, Sana Arcade, Plot No. ZC-6, Block No. 7, K.D.A. Scheme 24, Karachi
61	210	South	Gulshan Block-2	Karachi	021-34972721	A-287, Block-2, K.D.A. Scheme 24, Gulshan-e-Iqbal, Karachi
62	333	South	Karachi Shaheed-e-Millat	Karachi	021-34311950	72-A/Z, Block 7/8, Al-Riaz, Karachi
63	335	South	Karachi Gulshan	Karachi	021-34992055	SB-25, Block 13/C, Main University Road, Gulshan-e-Iqbal, Karachi
64	442	South	Karachi Tipu Sultan Road	Karachi	021-34301188	Plot No. 110, Zonal Commercial Area, Karachi
65	174	South	Gulistan-e-Jauhar	Karachi	021-34026858	Shop No. 28 & 29, Ruffi Lake Drive, Block 18, KDA Scheme No. 36, Karachi
66	252	South	Safoora Goth Branch	Karachi	021-34023791	Shop No. 1,2,3,4, Plot SV-9, Block VII, Gulistan-e-Jauhar, KDA Scheme No. 36, Karachi
67	125	Central I	DHA H-Block-Branch	Lahore	92-42-35899789	136/1, Block-H, Commercial Area, Phase-I, DHA, Cantt, Lahore
68	160	Central I	Thokar Niaz Baig Branch	Lahore	92-42-5314019	Jamal Market, Ali Town, Opp. Lahore University, Thokar Niaz Baig, Raiwand Road Lahore
69	181	Central I	Bedian Road Branch	Lahore	92-42-37165349	Bedian Road, Near DHA Phase VI, Cantt, Lahore
70	189	Central I	Walton Cantt Branch	Lahore	92-42-36621045	36-Jinnah Plaza, Main Boulevard Defence Link Road, Walton Cantt, Lahore
71	211	Central I	New Airport Road Branch	Lahore	92-42-35700816	Adjoining Divine Mega-II Plaza, New Airport Road, Cantt, Lahore

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
72	282	Central I	Tufail Road	Lahore	92-42-36604902	Garrison Officers Mess 12, Tufail Road, Cantt, Lahore
73	334	Central I	Cavalry Ground-Branch	Lahore	92-42-36610009	4 /5 Haroon Plaza, Cavalry Ground, Lahore
74	417	Central I	Phase-V DHA	Lahore	92-42-37182351	Plot No. 10, Commercial Area, Sector C-C-A, Phase-V, DHA, Lahore
75	462	Central I	DHA Z Block Branch	Lahore	92-42-35728276	77-Y, Phase-III, Commercial Area, DHA, Lahore
76	331	Central I	Upper Mall Branch	Lahore	92-42-35751670	310-Upper Mall, Shahrah-e-Quaid-e-Azam, Lahore
77	401	Central I	Egerton Road Branch	Lahore	92-42-36610009	Ground Floor, Aiwan-e-Iqbal Complex, Opposite Holiday Inn Hotel, Lahore
78	233	Central I	CMH Chowk Branch	Lahore	92-42-36601744	1482/14-15, Day Building, CMH Chowk, Sarwar Road, Cantt, Lahore
79	468	Central I	Jail Road Branch	Lahore	92-42-37423963	9-Main Jail Road, Lahore
80	178	Central I	Shadman Branch	Lahore	042-35408507	11-A, Shadman 1, Jail Road, Lahore
81	188	Central I	Ichra Branch	Lahore	92-42-7586529	172, Ferozepur Road, Ichra, Lahore
82	208	Central I	Chouburji Branch	Lahore	92-42-35244898	50, Choburji Chowk, Lahore
83	416	Central I	Gulshan-e-Ravi Branch	Lahore	92-42-37404510	2/B, Civic Center, Gulshan-e-Ravi, Lahore
84	256	Central I	EME Society Branch	Lahore	92-42-37498941	111-D, Commercial Area, EME Society, DHA Multan Road, Lahore
85	459	Central I	Valancia Society Branch	Lahore	92-42-35224796	9-A, Commercial Zone Valancia Society, Lahore
86	461	Central I	PIA Society Branch	Lahore	92-42-35227081	Building / Plot No. 402, Block No. E, PIA Housing Society Road, Near BFC, Lahore
87	182	Central I	Johar Town Branch	Lahore	92-42-35301392	435-G-I, Johar Town, Lahore
88	212	Central I	Ghazi Chowk Branch	Lahore	92-42-35212255	8-A, Awaisia Cooperative Housing Society, Ghazi Chowk, Link College Road, Township, Lahore
89	148	Central I	Main Boulevard Gulberg Branch	Lahore	92-42-35787850	69-B, Main Boulevard, Gulberg-III Lahore
90	130	Central I	Garden Town Branch	Lahore	92-42-35889674	4-Albak Block, New Garden Town, Lahore
91	464	Central I	New Garden Town Branch	Lahore	92-42-35940191	Awami Complex, Usman Block No. 2, New Garden Town, Lahore
92	122	Central I	Sialkot Main	Sialkot	052-4292550	Plot No.B1-16S-98B, 17-Paras Road, Opposite CC & I, Sialkot
93	128	Central I	Gujranwala	Gujranwala	055-3845301	Zia Plaza, G.T. Road, Gujranwala
94	146	Central I	Gujrat	Gujrat	053-3533855	Nobel Furniture Plaza, G.T. Road, Gujrat
95	238	Central I	Daska	Daska	052-6614625	Plot No. 3, 4 & 5, Muslim Market, Gujranwala, Daska
96	245	Central I	Lalamusa	Lalamusa	053-7519581	Faysal Bank Limited, Shayan Plaza Kaira, G.T. Road, Lalamusa
97	261	Central I	Cantt Sialkot	Sialkot	052-4261501	100-A, Aziz Shaheed Road, Cantt, Sialkot

BRANCH NETWORK - CONVENTIONAL

S. No.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
98	268	Central I	Sheikhupura Road, Gujranwala	Gujranwala	055-4240151	Rehman Market, Sheikhupura Road, Gujranwala
99	279	Central I	Wazirabad	Wazirabad	055-6609521	Ground Floor, Al Rehmat Plaza, Hajipura Chowk, Sialkot Road, Wazirabad
100	112	Central I	The Mall Branch	Lahore	92-42-37311804	43, Shahr-e-Quaid-e-Azam, Lahore
101	132	Central I	Circular Road Branch	Lahore	92-42-37672911	Babar Center, 51, Circular Road, Lahore
102	137	Central I	Shalimar Garden Branch	Lahore	92-42-36844710	Bilal Market, Chowk Shalimar Bagh, G.T. Road, Baghbanpura, Lahore
103	179	Central I	Shahalam Market Branch	Lahore	92-42-37675503	5 A-C, Near Fowara Chowk, Shah Alam Market, Lahore
104	180	Central I	Urdu Bazar Branch	Lahore	92-42-37361259	S-38, R-205-A, Cattle Street, Circular Road, Urdu Bazar, Lahore
105	186	Central I	Shahdara Branch	Lahore	92-42-37930404	G.T. Road, Shahdara, Lahore
106	197	Central I	McLeod Road Branch	Lahore	92-42-36374950	Usman Plaza, Opposite Lahore Hotel, McLeod Road, Lahore
107	205	Central I	Mughalpura Branch	Lahore	92-42-36532182	3/15 Jahangir Road, Lal Pul, Near AFC, Mughalpura, Lahore
108	218	Central I	Nila Gumbud Branch	Lahore	92-42-37360040	8-The Mall, Bank Square, Lahore
109	223	Central I	Brandreth Road Branch	Lahore	92-42-37367227	78 Brandreth Road, Old Nishtar Road, Lahore
110	253	Central I	Fruit Market Branch	Lahore	92-42-37944503	136, Farooq Centre, Fruit Market Scheme, Ravi Link Road, Lahore
111	273	Central I	Daroghawala	Lahore	92-42-36533521	386-C, More Salamat Pura, Main G.T. Road, Daroghawala, Lahore
112	276	Central I	Shadbagh Branch Lahore	Lahore	92-42-37614722	Tajpura Chowk, Near Ptl Exchange, Misri Shah, Shadbagh, Lahore
113	467	Central I	Badami Bagh Branch	Lahore	92-42-37708171	343-Circular Road, Badami Bagh, Lahore
114	469	Central I	Bilal Gunj Branch	Lahore	92-42-37214076	16-Shahjahan Road, Bilal Gunj, Lahore
115	142	Central I	Allama Iqbal Town	Lahore	92-42-37806017	18-Hunza Block, Main Road, Allama Iqbal Town, Lahore
116	150	Central I	Model Town Branch	Lahore	92-42-35884704	13-C Faysal Bank, Bank Square, Model Town, Lahore
117	158	Central I	Faisal Town I Branch	Lahore	92-42-35201555	10-C, Main Boulevard, Faisal Town, Lahore
118	187	Central I	Liberty Branch	Lahore	92-42-35750075	37-E, Ill Saeed Alam Tower, Liberty Market, Gulberg III, Lahore
119	271	Central I	Main Multan Road Branch	Lahore	92-42-37801910	235/1, Badar Block, Allama Iqbal Town, Main Multan Road, Lahore
120	274	Central I	Karim Block Branch	Lahore	92-42-35295567	2B-2C, Karim Block, Allama Iqbal Town, Lahore
121	419	Central I	Faisal Town II Branch	Lahore	92-42-35203892	594-A, Faisal Town, Lahore
122	457	Central I	Gulberg Industrial Area Branch	Lahore	92-42-35718384	25-B-2, Gulberg III, Lahore
123	450	North	Bhalwal	Bhalwal	048-6643671	131-A, Liaqat Shaheed Road, Bhalwal
124	243	North	Chakwal	Chakwal	0543-553923	Faysal Bank Limited, Talha Gang Road, Opposite Alliance Travel, Chakwal

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
125	215	North	Mandi Bahauddin	Mandi Bahauddin	0546-600723	Khasra No.143 / 112 / 2 Railway Road, Mandi Bahauddin
126	405	North	Sargodha	Sargodha	048-3726545	Khayyam Chowk, Railway Road, Sargodha
127	235	North	Chakrawari	Chakrawari	05827-454805	Faysal Bank Limited, Khalid Plaza, Main Bazar, Chakrawari, Mirpur A.J.K.
128	190	North	Dina	Dina	0544-636824	Faysal Bank Limited, 1880 Al-Bilal Plaza, G.T. Road, Dina
129	259	North	Dudial	Dudial	05827-465811	Hussain Shopping Centre, Main Bazar Branch, Dudial, Azad Kashmir
130	136	North	Gujar Khan	Gujar Khan	0513-514018	Faysal Bank Limited, B-111, 215-D, Ward 5, G.T. Road, Gujar Khan
131	204	North	Jhelum	Jhelum	0544-626001	Faysal Bank Limited, Rizwan Plaza, Old G.T. Road, Jhelum Cantt
132	162	North	Kharian	Kharian	0537-536064	Faysal Bank Limited, Kohinoor Bank Square, Old G.T. Road, Jhelum Cantt
133	116	North	Mirpur (AJK)	Mirpur	05827-445103	Near City Hospital, Kharian
134	289	North	Rawat	Rawat	051-4612117	Ch. Sharif Plaza, Mian Muhammad Road, Opposite Quaid-e-Azam Stadium, Mirpur, Azad Kashmir
135	296	North	Chilas	Chilas	05812-450730	Office No. 1, Riaz Hussain Shah Plaza, Main G.T. Road, Rawat
136	300	North	Dassu	Dassu	0998-407301	Near Madni Masjid, Main Bazar Chilas, District Diamer, Chilas
137	294	North	Gilgit	Gilgit	05811-457385	Shireen Plaza, Dassu, Kohistan
138	295	North	Skardu	Skardu	05815-456400	ZS Plaza, Shahrah-e-Quaid-e-Azam, Opposite Radio Station Pakistan, Jutial, Gilgit
139	113	North	Blue Area	Islamabad	051-2270241	Plot Own Khasra No. 658 / 25 / 123, Skamaldan Bazar College Road, Near Old Yagdar Chowk, Skardu
140	169	North	I-10 Markaz	Islamabad	051-4102153	Faysal Bank Limited, 15-West, Jinnah Avenue, Blue Area, Islamabad
141	194	North	F-11 Markaz	Islamabad	051-2228146	Faysal Bank Limited, 3-G, Monawwar Plaza, C-10, Markaz I-10, Islamabad
142	220	North	G-10 Markaz	Islamabad	051-2351360	Faysal Bank Limited, Plot 14, F-11, Markaz, Islamabad
143	262	North	Bara Koh	Islamabad	051-2304041	Faysal Bank Limited, 20-A Ground Floor, Sardar Plaza, G-10 Markaz Branch, Islamabad
144	452	North	Islamabad Blue Area II Roshen Center	Islamabad	051-2605660	Shop No. 8, 11 Usman Plaza, Main Murree Road, Bara Koh, Islamabad
145	166	North	F-7 Markaz	Islamabad	051-2652601	78-W, Roshan Center, Jinnah Avenue, Blue Area, Islamabad
146	213	North	F-8 Markaz	Islamabad	051-2287416	Faysal Bank Limited, Shop 1, Plot 12D, Jinnah Supermarket, F-7 Markaz, Islamabad
147	332	North	F-7/2	Islamabad	051-2650803	Faysal Bank Limited, NPT Building, Markaz F-8, Islamabad
148	219	North	Abbottabad	Abbottabad	0992-385922	15, Markaz F-7, Opposite FG College For Women, F-7/2, Islamabad 841 Farooqabad Main Mansehra Road, Abbottabad

BRANCH NETWORK - CONVENTIONAL

S. No.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
149	246	North	Attock	Attock	057-2602066	Faysal Bank Limited, Plot No. 169 Shaikh Jaffar Plaza, Saddiqui Road, Attock
150	248	North	Haripur	Haripur	0995-616434	Akbar Arcade, Akbar Khan Plaza, Shahrah-e-Hazara, Haripur
151	191	North	University Road	Peshawar	091-5711405	4652-4670, Omer Plaza, Jahangirabad, University Road, Peshawar
152	192	North	Khyber Bazar	Peshawar	091-2219860	417-D, Outside Bajori Gte, Shoba Chowk, Khyber Bazar, Peshawar
153	250	North	Peshawar University Camp	Peshawar	091-5610841	Ground Floor, Western Corner, Academic Block-II, University Of Peshawar, Peshawar
154	277	North	Pipal Mandi	Peshawar	091-2592800	Ashraf China Trade Centre, Pipal Mandi, Peshawar
155	411	North	Peshawar Fakhr-e-Alam	Peshawar	091-5270872	1 Fakhr-e-Alam Road Cantt, Peshawar
156	278	North	PWD	Islamabad	051-5706453	Atta Arcade, Ground Floor, Main Blvd, Near Police Foundation, PWD, Islamabad
157	120	North	Haider Road	Rawalpindi	051-5525877	32, Haider Road, Cantt, Rawalpindi
158	135	North	Satellite Town	Rawalpindi	051-4424941	5th Road, City Shopping Centre, Commercial Market, Satellite Town, Rawalpindi
159	168	North	Raja Bazar	Rawalpindi	051-5530670	U-I, Iqbal Road, Fawara Chowk, Raja Bazar, Rawalpindi
160	184	North	Westridge	Rawalpindi	051-5166842	Peshawar Road Westridge, RV Arcade, Rawalpindi
161	214	North	Sadiqabad Road	Rawalpindi	051-4573744	Faysal Bank Limited 72-C, Satellite Town, Sadiqabad Road, Rawalpindi
162	234	North	Kalma Chowk	Rawalpindi	051-5683060	Kalma Chowk, Kamalabad, Dhok Syedan Road, Rawalpindi
163	267	North	Gulraiz	Rawalpindi	051-5596182	Plot No. 27, Gulraiz Scheme II, Rawalpindi
164	337	North	Civil Lines	Rawalpindi	051-5796185	CL/ 55 - A, Civil Lines, Meo Road, Rawalpindi
165	409	North	Rawalpindi Gunj Mandi	Rawalpindi	051-5778543	Gunj Mandi, Raja Bazar, Rawalpindi
166	111	Central II	Civil Line, Main Faisalabad	Faisalabad	041-2641165	Blal Road, Civil Lines, Faisalabad
167	121	Central II	Bosan Road	Multan	061-6214901	1/A-2, Officers Colony, Bosan Road, Multan
168	133	Central II	Old Bahawalpur Road	Multan	061-4783390	129/1, Old Bahawalpur Road, Multan
169	149	Central II	Bahawalpur	Bahawalpur	062-2730591	2-Rehman Society, Noor Mahal Road, Bahawalpur
170	154	Central II	Vehari	Vehari	067-3363190	47-A, Karkhana Bazar, Vehari
171	155	Central II	Okara	Okara	044-2551771	M.A. Jinnah Road, Okara
172	157	Central II	Rahim Yar Khan	Rahim Yar Khan	068-5889419	27- Town Hall Opposite City Park, Rahim Yar Khan
173	163	Central II	Jhang	Jhang	0477-629219	P-10/1/A, Katchery Road, Near Session Chowk, Saddar, Jhang
174	176	Central II	GM Abad, Faisalabad	Faisalabad	041-2692948	39-B, Usman Plaza, Sadar Bazar, GM Abad, Faisalabad

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
175	177	Central II	Satyana Road, Faisalabad	Faisalabad	041-8732195	Plot No. 721, DGM Block, Batala Colony, Satyana Road, Faisalabad
176	200	Central II	Burewala	Burewala	067-3359333	95-C, Multan Road, Burewala
177	201	Central II	Sadiqabad	Sadiqabad	068-5702434	Shop # 567, Allama Iqbal Road, Sadiqabad
178	202	Central II	Sahiwal	Sahiwal	040-4224010	Sarwar Shaheed Road, Sahiwal
179	203	Central II	Gulshan Market	Multan	061-6784272	11 Y-Block, Gulshan Market, New Multan, Multan
180	224	Central II	Madina Town, Faisalabad	Faisalabad	041-8723440	Madina Town Branch, Faisalabad
181	225	Central II	Chichawatni	Chichawatni	040-5482315	G.T. Road, Chichawatni
182	226	Central II	Depalpur	Depalpur	044-4540771	Shop No. 1 & 2, Gillani Heights, Madina Chowk, Depalpur
183	228	Central II	Toba Tek Singh	Toba Tek Singh	046-2517809	P-356 A/15-5, ST-6, Chaudhry Park, Farooq Shaheed Road, Toba Tek Singh
184	229	Central II	Mian Channu	Mian Channu	065-2664260	G.T. Road, Near T-Chowk, Mian Channu
185	232	Central II	Arifwala	Arifwala	045-7835421	173-D, Thana Bazar, Arifwala
186	241	Central II	Khanewal	Khanewal	065-2553606	Plot No. 75, Block 12, Sir Syed Road, Khanewal
187	242	Central II	Haronabad	Haronabad	063-2250770	25/C, Grain Market, Haroonabad District, Bahawalnager
188	247	Central II	Pakpattan	Pakpattan	045-7352305	College Road, Pakpattan
189	249	Central II	Rabwah	Rabwah Chenab	047-6215533	Plot No. 09, Gol Bazar Darul Saddam Chenab Nagar, Rabwah Nagar
190	254	Central II	Samanabad, Faisalabad	Faisalabad	041-2563675	650 A, Samanabad, Industrial Labor Colony, Faisalabad
191	260	Central II	Vehari Road, Multan	Multan	061-6241081	Sheary Commercial Center, Vehari Road, Multan
192	263	Central II	Khanpur	Khanpur	068-5577419	Faysal Bank Limited, Doabba Road, Khanpur
193	264	Central II	Cheshtian	Cheshtian	063-2507801	143 B-Block, Main Bazar, Cheshtian
194	266	Central II	Bahawalnagar	Bahawalnagar	063-2279333	2-B, Ghalla Mandi, Bahawalnagar
195	270	Central II	Hasilpur	Hasilpur	062-2441401	16-D, Baldia Road, Hasilpur
196	275	Central II	Kot Addu	Kot Addu	066-2241091	G.T. Road, Kot Addu
197	280	Central II	Gojra	Gojra	046-3512027	Teshli Office Road, Gojra
198	283	Central II	Yazman Mandi	Yazman Mandi	062-2703155	56/A-DB, Bahawalpur Road, Yazman
199	284	Central II	Ahmed Pur East	Ahmed Pur East	062-2275219	22, Dera Nawab Road, Adjacent Civil Hospital, Ahmed Pur East
200	285	Central II	Liaquat Pur	Liaquat Pur	068-5792460	Shop No. 9-10 Abbasia Road, Liaquat Pur
201	286	Central II	Renala Khurd	Renala Khurd	044-2622163	20-A/2-L, Gulshan Ishaq Colony, Welcome Road, Renala Khurd

BRANCH NETWORK - CONVENTIONAL

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
202	288	Central II	Clock Tower, Faisalabad	Faisalabad	041-2610307	Plot No. 221/A, Clock Tower, Faisalabad
203	293	Central II	Pattoki	Pattoki	049-4424061	55-Allama Iqbal Road, Pattoki
204	298	Central II	Haveli Lakkha	Haveli Lakkha	044-4775100	Head Sulemanki Road, Haveli Lakkha, Depalpur, Okara
205	299	Central II	Factory Area Branch	Faisalabad	041-2540190	Factory Area Tata Market, Faisalabad
206	341	Central II	Cantt Branch	Multan	061-4588375	44/D Aziz Shaheed Road, Cantt, Multan
207	308	Central II	Circular Road, Faisalabad	Faisalabad	-	Chak No. 212/RB, Shop No. 4 & 5, Khasra No. 1038/1, Jimmah Market, Bank Square, T.B. Hospital, Circular Road, Faisalabad
208	448	Central II	Dera Ghazi Khan	Dera Ghazi Khan	064-2474182	Block 18, Hospital Chowk, Pakistan Plaza, Dera Ghazi Khan

BRANCH NETWORK - ISLAMIC

S. No.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
1	3003	Central II	Sargodha Road	Faisalabad	041 8580381-7	Muslim Town, Chak 122/JB, Main Sargodha Road, Faisalabad
2	3014	Central II	Minerwa Road	Faisalabad	041-2416281-85	Shop No. 1-2, 46-50, New Grain Market, Minerwa Road, Faisalabad
3	3021	Central II	Liaquat Road	Faisalabad	041-2617403-8, 2619025, 2627806-7	3-Liaquat Road, Faisalabad
4	3061	Central	Chiniot	Chiniot	047 6333561-3	Property No. 3188/3178, Main Faisalabad Rd., Sagheer Town, Near NADRA Office, Chah Karari Wala, Chiniot No. 2, Chiniot
5	3022	Central II	Abdali Road	Multan	061-4571768, 4570768, 4581905-6, 4570398, 4517408	80- Abdali Road, Multan
6	3047	Central II	Chowk Shaheedan	Multan	061 4574462-64	Property No. 1771/SH, Ward No. VIII-M, Chowk Shaheedan, Multan
7	3039	Central	Ghalla Mandi	Bahawalpur	062-2731115-6, 2731118	Plot No. 29, Block A, Ghallah Mandi Road, Model Town-B, General Official Colony, Bahawalpur
8	3017	Central	East Circular Road, Gujrat	Gujrat	053 3535931-2, 3533143	Shop No. B-10/251, Near Shah Doula Gate, East Circular Road, Opposite Green House, Gujrat
9	3023	Central	Daska Road	Sialkot	052-3240200-204, 3252996-8	Plot No. 651, Daska Road, Pul Aik, Sialkot
9	3023*	Central	Citi Housing Sub Br.	Sialkot	052-6556010, 052-6556022	City Housing Society Limited, Shop No. 19, Opposite Main Office, 6-Km Daska Road, Sialkot
10	3030	Central	Gujranwala	Gujranwala	055 3735531-5	157-Al-Majeed Centre, Street No. 14, Mohalla Faisalabad, G.T. Road, Gujranwala
11	3045	Central	Talagang	Talagang	0543 411995-97	Bill-278-279, Madina Plaza, Near Boys High School No.1, Chakwal Road, Talagang
12	3008	Central	Azam Cloth	Lahore	042-37671351-54	Shop No. F-1469, 1566 & 1567, Akbar Block, Rahim Centre, Azam Cloth Market, Lahore
13	3065	Central	Azam Cloth II	Lahore	0423-7656802	Property No. F-1173, Multani Mohalla, Koocha Sotaagran, Chuna Mandi, Lahore
14	3025	Central	Allama Iqbal Town	Lahore	042-37811068, 37811100, 37811074	20, Gulshan Block, Allama Iqbal Town, Lahore
15	3033	Central	Circular Road	Lahore	042-37670600-05	33 - Circular Road, Outside Shah Alam Gate, Lahore
16	3040	Central	Expo Centre	Lahore	042 35316023-24	Plot No. 590, Block H-III, Opposite Expo Centre, M.A. Johar Town, Lahore
17	3006	Central	Leads Centre, Gulberg	Lahore	042-35783955-57-59	Shop No. 4, 4A & 4B, Leeds Center, Main Boulevard, Gulberg, Lahore
18	3016	Central	Zarar Shaheed Road	Lahore	042-36840310-3	Zarar Shaheed Road, Joray Pul Chowk, Near Rangers Girls High School, Lahore
19	3038	Central	Z-Block, DHA	Lahore	042 35743741-43	10-Z, Street 1, Phase III, DHA, Lahore

BRANCH NETWORK - ISLAMIC

S. No.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
20	3054	Central	Kasur	Kasur	049 2760780-782	BIV-9R-220 A, Outside Lahori Gate, Railway Road, Kasur
21	3421	Central	Cavalry Ground	Lahore	042-36603412-15	97- Commercial Area, Cavalry Ground, Lahore
22	3032	Central	Township-Regional Office	Lahore	042-35176051-3	894-D, Faisal Town, Peco Road, Township, Lahore
23	3037	Central	Raiwind Road	Lahore	042-35320164, 35320264, 35320360	131/178, Bohbatein Chowk, Raiwind Road, Lahore
24	3051	Central	Bahria Town	Lahore	042 35452054-58	Plot No. 5/A, Sector C, Bahria Town, Lahore
25	3056	Central	Sheikhupura	Sheikhupura	056 3614270-71, 056 3614273	3-C, College Road, Civil Lines, Sheikhupura
26	3057	Central II	Sahiwal	Sahiwal Ganj, Sahiwal	040 4221601-03	Khata No. 923, Khatooni No. 942, Gali Sukh Chain, Mohallah Baloch
27	3067	Central	Ferozpur Road	Lahore	042 35827951-53	Mohalla Makhdoom Abad, Chungi Amar Sidhu, Main Ferozepur Road, Lahore
28	3090	Central	Kot Lakhpat	Lahore	042-35119959-60	Building No. 1, Civic Centre, Quaid-e-Azam Town Scheme, Lahore
29	3073	Central	Illahabad	Kasur	049-4751288-89	Khawat No. 720, Khatooni No. 1470 to 1497 & Qita No. 34, Main Kasur Road, Illahabad, Tehsil Chunian, District Kasur
30	3132	Central	Mull Chowk	Lahore	042-37860075-76	Al Khan Plaza , Near Sundar Industrial Estate Gate No. 1, Mull Chowk, Main Raiwind Road, Lahore
31	3133	Central	Gujrawala Cantt	Gujranwala	055-3861724-25	Plot No. 10-B, Super Market, Saddar Bazaar Area, Cantt, Gujranwala
32	3130	Central	Bahria Orchard	Lahore	0317-2015828-29	Plot No. 19, Eastern Block, Bahria Orchards, Main Raiwind Road, Lahore
33	3082	Central	Samanabad	Lahore	042-37564024-25	Plot No. 381/N, Bearing Number SXVI-1-S-32/A/ Rh, Main Pouch Road, Samanabad, Lahore
34	3116	Central	Phool Nagar	Kasur	049-4510706-07	Khawat No. 230, Khatooni No. 339, Salim Khata 81-Kanal, 8 Marla, Main Phool Bazar, Phool Nagar, Kasur
35	3117	Central	Bund Road	Lahore	042-37140195-96	Building No. SWVII-23-C-S-68 Nawankot, Sanda, Main Bund Road, Lahore
36	3110	Central	Barki Road	Lahore	042-36624946	Building Bearing Khawat No. 41/1, Khatooni No. 245, Khasra No. 512/126/3, Barki Road, Haad Bast Mouza Class Mardl, Lahore
37	3088	Central	DHA Phase - VI	Lahore	042-37188515-16	Plot No. 07, Block-A, Phase - VI, Sector CC, DHA, Cantt, Lahore
38	3092	Central II	New Ghalla Mandi	Rahim Yar Khan	0316-8880958-59	Khatooni No. 116-126, Khata No. 14/14, Qita No. 90, New Ghalla Mandi Chak No. 72/NP, Rahim Yar Khan
39	3072	Central	Maragzar Housing Society	Lahore	042-35461556, 042 35461458	Khasra No. 4397 min, 4398 min, Millad Chowk, Maragzar Housing Society, Niaz Baig, Multan Road, Lahore
40	3085	Central II	Millat Chowk	Faisalabad	041-8580821-27	136.B-II/I, Gulistan Colony Millat Chowk, Faisalabad
41	3109	Central	Kashmir Road	Sialkot	052-4268378-79	B-III, 11 S-99/1/A/1/RH, Kashmir Road, Pacca Garha, Sialkot

BRANCH NETWORK - ISLAMIC

S. No.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
42	3119	Central	Satellite Town	Gujranwala	055-3730427-28	Plot No. D-1, Satellite Town, Gujranwala
43	3122	Central	Gakhar	Gakhar	055-3880165-66	Khewat No. 1965, Khatooni No. 3096, Khasra No. 3182/2, G.T. Road, Gakhar
44	3129	Central	Bhimber	Gujrat	055-3600318-19	Shops Bearing Khewat No. 45, Khatooni No. 58, Khasra No. 882, Main Bhimber Road, Gujrat
45	3084	Central II	Model Town	Multan	061-6306156-57	Plot No. 104, Block A, Model Town, Multan
46	3112	Central II	Layyah	Layyah	060-6411007-08	Khata No. 35, Chak No. 123-B / T.D.A. Shama Colony, Opposite Byco Petrol Pump, Layyah
47	3113	Central II	Jampur	Jampur	060-4567316-17	Ward No.14, Mohamadia Colony, Near THQ Hospital, Jampur
48	3128	Central II	Vehari Chowk	Multan	061-4480914-15	Shop No. 51 & 52, Madni Commercial Center, Vehari Road, Vehari Chowk, Multan
49	3104	Central	People's Colony	Gujranwala	055-4244178-79	Shop No. Y, 37/ 7/SITE/1, Scheme No. 1, Peoples Colony, Gujranwala
50	3105	Central	Small Industrial Estate	Sialkot	052-3242925-26	Shop No. B-III, 8s-222, Ugoki Road Opposite Small Industrial Estate, Sialkot
51	3089	Central	Kot Radha Kishan	Kasur	049-2380105-06	Khewat No. 298, Khatooni No. 403 to 418 Near Ghala Mandi, Azamabad Road, Kot Radha Kishan, District Kasur
52	3091	Central II	Farid Town	Sahiwal	040-4270352, 4270367	Building Bearing Khewat No. 6135, Khatooni No. 6209, Khasra No. 1685/390/1, Farid Town, Sahiwal
53	3118	Central II	Jhang Road	Faisalabad	041-2651805-06	Building No. P-I, Street Tayran Wali, Partab Nagar, Main Jhang Road, Faisalabad
54	3120	Central II	Canal Road	Faisalabad	041-8751940-41	Khasra 16/3/3, Khewat 3688-2421, Sq. No. 83, Chak 207 RB, Canal Road Kashmir Bridge, Faisalabad
55	3150	Central II	Circular Road	Faisalabad	041 2636341 - 43	Chak No. 212/RB, Shop No. 4 & 5, Khasra No. 1038/1, Jinnah Market, Bank Square, T.B Hospital, Circular Road, Faisalabad
56	3148	North	Dinga	Dist. Gujrat	053- 7401930	Khewat No. 140, Khatooni No. 428-462, Khasra 69, Main Bazar, Dhallian Chowk, Mouza Dinga, Tehsil Kharian, District Gujrat
57	3114	North	Adyala Road	Rawalpindi	051 5157527	Khewat No. 521, Khatooni No. 635-637, Khasra No. 1428/462/2/2 (3 Qittas), Mouza Dhaman, Adyala Road, Rawalpindi
58	3070	North	Naseem Chowk	Gilgit	05811-450790	Khasra No. 5938/17, Near Cinema Chowk, Airport Road, Mouza & District, Gilgit
59	3094	North	Edgerton Road	Peshawar	091-2593106	Plot No. 22-23, Wadud Building, Edgerton Road, Muhammad Ali Johar Road, Peshawar
60	3095	North	Phase - III Chowk Hayatabad	Peshawar	091-5612040	Ground Floor, Waqar Plaza, Gulabad Colony, Jamrud Road, Phase - III Chowk Hayatabad, Peshawar
61	3126	North	Mansehra Road	Abbotabad	0992-341780	Property No. CB-933A, Opposite Sethi Masjid, Mansehra Road, Abbotabad

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
62	3024	North	F-10 Markaz	Islamabad	051-2296962-3, 051-2222873	Ground Floor, 7-L, F-10 Markaz, Islamabad
63	3044	North	Aabpara Market	Islamabad	051 2870474-76	Unit No. 715, Kamran Restaurant, Aabpara Market, Khayaban-e-Suhanwardy, Islamabad
64	3048	North	I-8 Markaz	Islamabad	051 4861800-802	Plot No. 33, Aneek Arcade, Sector No. I-8 Markaz, Islamabad
65	3005	North	The Mall	Rawalpindi	051 5701054-57	Century Towers, 6 The Mall, Rawalpindi
66	3034	North	Mansehra	Mansehra	0997 308302-3, 308305-7, 308309-11	Khata / Khatooni No. 3179/6260, Ground Floor, Rehman Plaza, Abbottabad Road, Mansehra
67	3019	North	Mirpur, Azad Kashmir	Azad Kashmir	05827 437272-3, 437259 61, 62, 70, 05827 448412	Plot No. 2, Sector A/5, Al-Manzar Building, Allama Iqbal Road, Mirpur, Azad Kashmir
68	3062	North	Bahria Town, Rawalpindi	Rawalpindi	051 5412154, 051 5412155	Plot No. 177, Service Avenue, Intellectual Village, Bahria Town, Phase - 7 Rawalpindi
69	3009	North	Mingora	Swat	0946-722011-13	Lower Ground & First Floor, Abasin Towers, Green Chowk, Madyan Road, Mingora, Swat
70	3011	North	Mardan	Mardan	0937 870256-58	Ground Floor, Khattak Plaza, Main Bazar, Bank Road, Mardan
71	3020	North	Charsadda	Charsadda	0916 511011, 0916 511013, 0916 512013-4	Ground Floor, Gold Mines Towers, Nowshera Road, Charsadda
72	3028	North	Nowshera Cantt	Nowshera	0923 613400-2	1st Floor, Amin Tower, G.T. Road, Nowshera Cantt, Nowshera
73	3053	North	Buner	Buner	0939 555428	Khasra No. 3249, Khatooni No. 887, Mardan Road, Sawari Main Bazar, District Buner
74	3055	North	Timergara, Lower Dir	Timergara	0945 821351-52	Shop No. 1, 2, Fakir Plaza Opposite General Bus Stand, Main G.T. Road, Lower Dir, Timergara
75	3058	North	Makan Bagh, Mingora	Swat	0946 700801-802	Makan Bagh Chowk, Near Swat Continental Hotel, Saidu Sharff Road, Mingora, Swat
76	3069	North	Batkheila, Malakand	Batkheila	0932 411850-52	Al-Madina Market, Near Khwar, Main Bazar, Batkhela, District Malakand
77	3035	North	Kohat	Kohat	0922 522451, 522454 0966 718941, 0966 718954, 0966 718956	Plot No. 14, Survey No. 253-C, Near Butt Super Store, Katchery Chowk, Hangu Road, Cantt, Kohat
78	3036	North	D.I. Khan	D.I. Khan	0966 718903-6,	Plot No.19, Survey No. 79, Near GPO Chowk, East Circular Road, Cantt, D.I. Khan
79	3049	North	Bannu	Bannu	0928 611540-41	Khasra No. 1462/1833, Mouza Fatima Khel, Near Durrani Plaza, Ex GTS Chowk, Bannu Cantt, Bannu
80	3002	North	Hayatabad	Peshawar	091-5811395/ 091-5810638	Industrial State Karkhano Market, 1st Floor, Shop Number 1-7, S.S. Plaza, Jamrud Road, Hayatabad, Peshawar

BRANCH NETWORK - ISLAMIC

S. No.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
81	3041	North	Ashraf Road	Peshawar	091 2593364, 091 2593164	Shop No. 471-472/203-204, New Rampura Gate, Ashraf Road, Peshawar
82	3012	North	G. T. Road Peshawar	Peshawar	091 2590484-7	Ground Floor, Raheem Medical Centre, G.T. Road, Peshawar
83	3013	North	6 Saddar	Peshawar	091 5273091- 92 & 091 5275182	6th Saddar Road, Tasneem Plaza, Cantt, Peshawar
84	3071	North	Matta	District Swat	0946-790041-43	Property No. 2468, Main Matta Bazar, Tehsil Matta, District Swat
85	3093	North	Warsak Road	Peshawar	091-5200542	Property 2841,348, Noor Plaza, Ground Floor, Warsak Road, Peshawar
86	3076	North	Kashmir Road	Rawalpindi	051-5562445-47	116 A-C, Kashmir Road, Rawalpindi
87	3077	North	DHA Phase - II	Islamabad	051-5419401-04	Plot No. 12, Sector E, Jinnah Boulevard, Phase - II, DHA, Islamabad
88	3102	North	Kuri Road	Islamabad	051-5402212	Khawat No. 39, Khasra No.1 403/1225/2, Grandeure Arcade, Kuri Road Mouza Rehara Islamabad.
89	3147	North	D-12 Markaz Islamabad	Islamabad	051-2706151	Shop No. 1-2, Aim Arcade, Plot No. 10, Sector D-12, Islamabad
90	3075	North	Muslim Bazar	Sargodha	048-3700850-52	Al-Ghafoor Plaza, Ground Floor, Muslim Bazar, Sargodha
91	3074	North	Katchehry Road	Mandi Bahauddin	0546-500943	B-II / 100, Mohallah Usmani Katchehry Road, Mandi Bahauddin
92	3106	North	Ballo Khel Road	Mianwali	0459-230675	F-229/A, Bismillah Plaza, Main Bazar, Ballo Khel Road, Mianwali
93	3111	North	Satellite Town	Sargodha	048-3213375	Plot No. 46-A, Main Bazar, Satellite Town, Sargodha
94	3124	North	Muzaffarabad	Muzaffarabad	05822-442391	Khasra No. 522, Mouza Muzaffarabad, Near Gillani Hotel Chowk, Bank Road, Tehsil, District Muzaffarabad
95	3125	North	New Adda Road	Mardan	0937-870275	Khasra No. 1564 & 1563, New Adda Road, Mardan
96	3001	South I	Sharfabad	Karachi	021-34923770-4	Alharam Tower 1, BMCHS, Alamgir Road, Sharfabad, Karachi
97	3007	South I	Nazimabad	Karachi	021-36613053-55	1st Floor, Plot No. 16 Row No. 1, Sub Block A, Block III (III-A, 1/16) Nazimabad, Karachi
98	3046	South I	Cattle Colony	Karachi	021-35080125-27	Plot No. 3-A, Commercial Area, Landhi, Cattle Colony, Karachi
99	3059	South I	Nagan Chowrangi	Karachi	021-36940461	Plot No. R-410, Sector No. 11-C/1, North Karachi Township, Karachi
100	3063	South I	Gulbahar	Karachi	021 36729805 – 07	Plot No. 476, 477, 478, Ghousia Colony, Gulbahar, Karachi
101	3064	South I	Shah Faisal Colony	Karachi	021 34686211-12	Plot No. B-09, Main Electronic Market, Shah Faisal Colony No. 1, Karachi
102	3066	South I	Ayesha Manzil	Karachi	021 36360877-79	Shop No. 1 & 2, Ground Floor, Komal Classic, Plot No. C-10, Block No. 4, Federal 'B' Area, Near Ayesha Manzil, Karachi
103	3068	South III	Shershah	Karachi	021 32580175-77	Godown No. D-283/21 & D-283/22, Plot No. D-283, SITE, Shershah, Karachi
104	3400	South 2	DHA Phase I / Regional office	Karachi	021-35311473, 021-35311482	Speedy Towers 129/I & II, Korangi Road, Phase I, DHA, Karachi

BRANCH NETWORK - ISLAMIC

S. No.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
105	3010	South II	Jodia Bazaar	Karachi	021-32463265-68	Shop No. G-1, Ground, Basement & First Floor, Plot No. M.R. 3/18/II-B-143, Market Quarters, Bolton Market, Karachi
106	3043	South II	Gulshan-e-Iqbal	Karachi	021-34819572-76	Plot No. FL-2/4, Block-6, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi
107	3026	South II	Dhoraji	Karachi	021-34860851, 2, 4860855, 8	Shop No. G-1 to G-4, Talha Arcade, Plot No. 35/187, Block 7/8, C.P. Berar Cooperative Housing Society, Karachi
108	3031	South II	Khayaban-e-Shahbaz	Karachi	021-35342364-7	43-C, Khayaban-e-Shahbaz, Phase VI, DHA, Karachi
109	3050	South II	Rashid Minhas Road	Karachi	021 34832875-77	Plot No. 16, Al Musavvir Crown, Block 10-A, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi
110	3060	South II	DHA Phase II Ext.	Karachi	021 35319595-97	Ground Floor Plot No. 61-C, 21st Commercial Street, Phase II Extension, DHA, Karachi
111	3042	South III	Hyderabad	Hyderabad	022 2730074-77	C.B. 41/474/2, Saddar, Hyderabad
112	3018	South III	Qandhari Bazaar	Quetta	081 2837890, 2843005, 2820916, 2837320	1-25/14-15, Qandhari Bazaar, Quetta
113	3052	South III	Market Road (Hyd)	Hyderabad	022 2613406-08	City Survey No. 1284 & 1296, Ward "A", Market Road, Hyderabad
114	3004	South III	Zarghoon Road	Quetta	081-2443177/ 081-2443265	Near Bukhari Petroleum, New Zarghoon Road, Quetta
115	3096	South III	Truck Stand	Karachi	021-32353528-29	Ground Floor, Plot No. 195-C/1, Category 'A', New Truck Stand, Hawkesbay Road, Kiamari Town, Karachi
116	3078	South III	Binoria	Karachi	021-32586605-6	Plot No. LC-2 A/ 29, Survey Sheet No. 35 P/ 1-35L / 13, Ground Floor, Sindh Industrial Trading Estate Ltd, Karachi
117	3079	South	Sohrab Goth	Karachi	021-36829994-95	Shop No. 05 & 06 Ground Floor, Plot No. 1-B/3 Sub Sector 1-B/03, Sector 1-A, KDA Scheme No. 33, Karachi
118	3081	South	Gulberg	Karachi	021/36341938-39	Shop No. 05 & 06, Ground Floor Plot No. BS-1, Block 13, Federal 'B' Area, KDA Scheme No. 16, Karachi
119	3083	South	Auto Bhan Road	Hyderabad	0223-821384-85	Plot No. 55, Block-BI, Hyd. Railway Employee Co-operative Housing Society Ltd, Auto Bhan Road, Giddu Bunder, Latifabad, Hyderabad
120	3108	South	Gari Khata	Hyderabad	022-2720524-25	Plot No. F/ 810, Ward - F, Khokar Mohallah, Station Road, Gari Khata Hyderabad
121	3087	South	Landhi No. 6	Karachi	021-35030615-16	Quarter No. 32/9, Sector 5-D, Landhi Town, Karachi
122	3098	South	Model Colony	Karachi	2134491623	Ground Floor, Plot No. 95, Street No. 4, Model Colony, Karachi
123	3086	South	West Wharf	Karachi	021-32313308-09	Ground Floor, Plot No. 21, Ware House Area, West Wharf, Karachi
124	3115	South	Moin Steel Market	Karachi	021-32375643-46	Shop No. 1, Ground Floor, Survey No. 05, Survey Sheet No. R.C.I, Moin Steel Market, Ranchore Quarters, Karachi

BRANCH NETWORK - ISLAMIC

S. NO.	BRANCH CODE	REGION	BRANCH NAME	CITY	CONTACT	BRANCH ADDRESS
125	3097	South	Shahbaz Town	Quetta	081-2820634-36	Plot No. 15-C, Phase II, Shahbaz Town, Summangil Road, Cantt, Quetta
126	3107	South	Chaman	Chaman	082-6612326-27	Khatooni No. 685, Khasra No. 1283, 1284 & 1285, Main Trench Road, Chaman
127	3123	South	Hazar Ganji	Quetta	081-2472927-28	Shop No. 8, 9, Truck Adda, Hazar Ganji, Quetta
128	3103	South	Bahria Town	Karachi	0316-8880975-76	Bahria Town Pvt Ltd, Head Office, Customer Support Center, Super Highway, Karachi
129	3080	South	DHA Phase I Commercial Area	Karachi	021-35311295-96	Plot No. 103/C, Commercial Area B, Phase-I, DHA, Karachi
130	3131	South	Zaibunnisa Street Saddar	Karachi	021-35140214	Shop No. 2, Property Bearing Survey No. 6, Sheet No. SB-7, Main Zaibunnisa Street, Saddar Bazar Quarters, Karachi
131	3146	South	Hub Chowki	Lasbella	0853-310104-05	Plot Bearing Mutation No. 1161, Khasra No. 857/2, Khatooni No. 988, Mouza Pathra, Tensil Hub, District Lasbella
132	3134	South	Zhob	Balochistan	0822-412406-07	Shop No. B/59, Market Road, Zhob, Balochistan
133	3145	Central II	Garden Town	Multan	061-6537423-24	No. 7/RH/SH, Main Shershah Road, Garden Town, Multan
134	3141	Central II	Gol Karyana	Faisalabad	041-2604026-27	Shop No. 72, Gol Karyana Bazar, Near Rail Bazar, Faisalabad
135	3142	Central	Wapda Town	Gujranwala	055-4286014-15	Plot No. MM-07, Main Market, Block B-3, Wapda Town, Gujranwala
136	3140	Central II	People's Colony	Faisalabad	041-8717789-90	Building No. 22/A-1, Peoples Colony, Faisalabad
137	3127	Central	Lake City	Lahore	0317-2015802-03	Plot No. 147, Commercial Block No. 36, Lake City Holdings, Raiwind Road, Lahore
138	3143	Central	Rehman Shaheed Road	Gujrat	0316-1180906-908	Khewat No. 213, Khatoni No. 227, Khasra No. 63, Rehman Shaheed Road, Gujrat
139	3139	Central	Kahna Nau	Lahore	042-35274015-16	Plot No. S-86-R-1968, Kahna Nau, Ferozepur Road, Lahore
140	3138	Central	Sambrial	Sialkot	052-6523964-65	Property No. BVII-281/ RH, Wazirabad Road, Opposite Sabzi Mandi, Sambrial, Sialkot
141	3149	Central	DHA-Phase-III	Lahore	0317-2015804-05	Plot No. 68/A, Block XX, Phase-3 C Commercial, DHA, Cantt, Lahore
142	3099	South	Malir Cantt	Karachi	0316-1180904-905	Plot No. S-20, Bazar Area, Malir Cantonment, Karachi
143	3144	South	Quetta Cantt	Quetta	0316-11080912-913	Shop No. 12, Jinnah Shopping Complex, Jinnah Road, Cantt, Quetta
144	3136	South	Al-Hilal Society	Karachi	021-34890354-55	Shop No. 4/A, 4/B, UK Appartment, Plot No. FL-3/A, Near Al-Hilal Society Block -14, Gulshan-e-Iqbal, Karachi
145	3135	South	Gwadar	Balochistan	086-42110448-49	Khasra No. 427, Khewat No. 19, Khatooni No. 191, Airport Road, Gwadar, Balochistan
146	3137	South	Liaquat Town	Karachi	021-36825615-16	Portion No. G-0, Plot No. 16-C, Survey at Deh Gujro Tapo Sangal Ishaqabad, Garibabad, Liaquatabad Town, Karachi
147 Hotel,	3121	South	Khuzdar	Balochistan	0848-412934-35	Khasra No. 2142, 2143, 2144 & 2145, Intaqal No. 2053, Near AL-Saudia Rabia Khuzdar Road, Khuzdar, Balochistan

CODE OF CONDUCT

INTRODUCTION

Faysal Bank's reputation is a priceless asset that each of us is responsible for maintaining. Our organisational reputation determines employee loyalty and how we feel about coming to work.

The Code of Conduct is designed to guide the personal business ethics of all of us. It applies to every employee of Faysal Bank Limited. In addition, other persons performing services for the Bank may be subject to the Code by Contract or Agreement. You 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. You 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

You 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 suit, 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.

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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 & 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 jewellery.

The above dress code also applies to all internees.

BUSINESS ETHICS AND COMPLIANCE WITH LAW

You 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 behaviour. 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 emphasises 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. You should speak with your supervisor for more information about any of those policies that pertain to you. You also should pay careful attention to compliance training programs to help you apply the Code in your daily activities.

You must discharge your duty in accordance with the Bank's rules & regulations, Islamic Banking practices, internal SOPs, customs & standing instructions, usage and practices pertaining to the Bank's operation, in addition to all applicable laws & regulations imposed by regulatory authorities, along with the Code.

Faysal Bank's Threshold and Differentiator Values are governed by Shariah, and the Bank expects its employees to be committed to the cause of Islamic Banking.

The Code of Conduct provides guidelines for a variety of business situations. It does not try to anticipate every ethical dilemma you may face. Faysal Bank, therefore, relies on your good judgment.

You should consult the Legal Counsel whenever you have a question about the legality of a course of action. You 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 you are in doubt about any situation or behaviour, you should speak to your manager, Compliance or your Human Resources representative.

Managers, by virtue of their positions of authority, must be ethical role models for all employees.

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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 managership 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

You are expected to treat colleagues, employees and others with whom you 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 utilised 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, you must respect and maintain the confidentiality of information you learn about your employees and colleagues (e.g. salaries, performance reviews, disabilities or leaves of absence). You must not share this information with anyone either inside or outside your department, except as is necessary to perform your 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:

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- 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

Regulators may inspect 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 records or files which are, 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) And 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 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 client's 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 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.

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KNOW YOUR CUSTOMER & 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 and drug trafficking etc in this regard.

We must ensure that we have sufficient information about our customers to satisfy ourselves as to their reputation and 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 you suspect that funds stem from illegal activities, this must be reported internally to your next 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 the 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, can distract them from the performance of their duties and can 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

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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 / her 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 Chapter 29 - Personal Account Dealing Policy on the intranet for details and for adherence.

CONFLICT OF INTEREST

You must be alert to any situation that could compromise the position of trust you hold as a Faysal Bank employee, and avoid any kind of conflict between your personal interests and those of Faysal Bank.

You 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 you are uncertain about the propriety of your conduct or business relationships, consult your supervisor, Legal or Compliance.

You should never use your 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. You also should 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, you must report it immediately to your manager or the Compliance Function, who will review 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 you are in doubt about whether a certain circumstance might create a conflict of interest, you may consult the Compliance for guidance before taking action.

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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 and 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

You 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 concerned authorities as and if required.

You must disclose the following outside positions to the HR, who will determine if a conflict exists:

- A member of your 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 your 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.
- Furthermore, you 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 concerned authorities as and if required. This rule does not apply to charitable, civic, religious, educational, public or social organisations, or to residential boards whose activities do not conflict with the interests of the Bank and do not impose excessive demands on your time.
- An employee must obtain the consent from 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

You 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 you have reason to believe that any of the Bank's books and records are not being maintained in an accurate or complete manner, you are expected to report this immediately to your manager, the Chief Financial Officer, Compliance or the HR. Similarly, the Bank relies on you to speak up if you feel that you are being pressured to prepare or destroy documents in violation of Bank policy. You also should speak up if you 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

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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 is also prohibited. If you suspect someone has committed such an act or you witness such an act, you should report it immediately to Security. If you prefer, you can speak informally and confidentially with Compliance.

You 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. You are, therefore, accountable for all activities under your password.

You must remember that the management has zero tolerance on both password sharing (Ref. IT Security Policy Section 10.3.1 present at Bankopedia) and key compromise (esp. vault and ATM keys / combination).

You 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.

You should review the Bank's policies present at the Bank's 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 etc. as well.

CODE OF CONDUCT

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 realised 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 theater 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

You must protect confidential information and trade secrets, and prevent such information from being improperly disclosed to others inside or outside the Bank.

You 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, you may obtain information concerning possible transactions with other companies or receive confidential information about other companies. You 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.

CODE OF CONDUCT

You 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. You must be careful not to discuss such matters with family members, business or social acquaintances or in places where you can be overheard, such as taxis, elevators, the Bank cafeteria or restaurants. In addition, you should not communicate or transmit confidential or sensitive information through external online communications services, such as the Internet. You 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 / organisation, he / she should not disclose that information to anyone else. The distinction between this information and the other is always not 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) behaviour 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.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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.

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).

GLOSSARY OF TERMS

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 aspecified 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.

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.

GLOSSARY OF TERMS

HIBA

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 or a building to a client against an agreed rental.

ISTISNA

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 partly 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.

GLOSSARY OF TERMS

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 Al Fadhl and Riba Al Naseah.

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 for agricultural financing.

NON PERFORMING LOAN - SUBSTANDARD CATEGORY

Where markup/interest or principal is overdue by 90 days or more from the due date.

NON PERFORMING LOAN - DOUBTFUL CATEGORY

Where markup/interest or principal is overdue by 180 days or more from the due date.

GLOSSARY OF TERMS

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.

SHAREHOLDERS' FUNDS

Total of Issued and fully paid share 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 coverage to individuals against hazards of falling into unexpected and dire need.

WEIGHTED AVERAGE COST OF DEPOSITS

Percentage of the total cost / interest expensed on average deposits of the bank for the period.

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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 that will be held on **March 29, 2017** and at any adjournment thereof.

Signed _____ day of _____, 2017

Witness:

1. _____

Revenue Stamp
Rs. 5/-

2. _____

Signature of Member(s)

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **March 21, 2017 to March 29, 2017** (both days inclusive). Transfer received at the Shares Registrar of the Bank, by the close of business on March 20, 2017 will be treated in time for attending Annual General Meeting that will be held on March 29, 2017 in 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 authorised 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.

Form of Proxy

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 Computerised 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.

پراکسی فارم

اے۔ برائے اجلاس میں شرکت

- i۔ انفرادی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا اس فرد کو جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات قواعد کے مطابق اپ لوڈ کر لی گئی ہیں۔ اپنی شناخت کے لئے اصل کمپیوٹرائزڈ شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس کے موقع پر پیش کرنا ہوگا۔
- ii۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیئے گئے ہوں) اجلاس کے موقع پر پیش کرنے ہونگے۔

بی۔ برائے پراکسی کی تقرری

- i۔ انفرادی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا اس فرد کو جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات قواعد کے مطابق اب لوڈ کر لی گئی ہیں۔ پراکسی فارم مندرجہ بالا شرائط کے مطابق جمع کرانے ہوں گے۔
- ii۔ پراکسی فارم پر دو افراد کی گواہی ہونی چاہیئے جن کے نام پتے اور قومی شناختی کارڈ نمبر فارم میں درج ہوں۔
- iii۔ ممبر / پراکسی ہولڈر کے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک ہونی چاہئیں۔
- iv۔ پراکسی ہولڈر کو اجلاس کے موقع پر اپنا اصل CNIC یا پاسپورٹ پیش کرنا ہوگا۔
- v۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم کے ہمراہ کمپنی کو پیش کرنا ہوں گے۔

شریعی بورڈ رپورٹ برائے سال ۲۰۱۶

- ۵۔ فنڈز کا تعین، نفع و نقصان کی تقسیم اور پول منجھٹ، شرعی اصولوں اور اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق ہوا ہے۔
- ۶۔ شریعی بورڈ اسلامی بینکاری اور اُس کے شعور کو بڑھانے کے لئے تربیتی پروگرامز اور آگاہی سیشنز سے متعلق لرننگ اینڈ ڈویلپمنٹ کی کوششوں کو سراہتا ہے۔
- دوران سال بینک میں اسلامی بینکاری پر متعدد تربیتی پروگرامز کا انتظام کیا گیا۔ بورڈ آف ڈائریکٹرز اور ایگزیکٹو منجھٹ کے لئے بھی ان پروگرامز کا انتظام کیا گیا۔
- تربیتی پروگرامز کے علاوہ بورڈ آف ڈائریکٹرز اور منجھٹ کو شریعی گورننس فریم ورک کے تحت انکے کردار اور ذمہ داریوں کے متعلق تفصیلی آگاہی دی گئی تاکہ وہ غیر شرعی ہونے کے خطرے اور بینک کی ساکھ اور بزنس پر اس کے ممکنہ اثرات سے بخوبی آگاہ ہو سکیں۔
- شریعی بورڈ کو وسائل مہیا کیئے گئے جسکی وجہ سے وہ اپنی ذمہ داریوں سے عہدہ براہ ہونے کے قابل ہو سکا۔

شریعی بورڈ کی تجاویز

مندرجہ بالا امور کی بنیاد پر تجویز دیتے ہیں کہ:

- ۱۔ بینک کو اسلامی بینکاری اور فنانس کے سرٹفکیٹ / ڈپلومہ پروگرامز کے لئے ایگزیکٹو اور اسلامی بینکاری کے اسٹاف کی نامزدگی کو مسلسل جاری رکھنا چاہئے۔
- انتظامیہ کو یہ مشورہ بھی دیا جاتا ہے کہ اسلامی بینکاری اور متعلقہ اسلامی پروڈکٹس پر فرنٹ لائن اسٹاف کی تربیت میں اضافہ کرے۔ مزید یہ کہ موجودہ تربیتی پروگرامز میں بہتری درکار ہے اور اسی طرح کسٹمرز اور عوام الناس کے شعور کو بڑھانے کے لئے پروگرامز متعارف کروائے جائیں۔
- ۲۔ اسلامک بینکنگ بزنس میں اضافہ کے پیش نظر اسلامک بینکنگ پروڈکٹس اور سروسز کی مارکیٹنگ کو بھی مزید وسعت دینی چاہئے۔
- ۳۔ نئے ملازمین کو ملازمت فراہم کرتے ہوئے، اس بات کا اہتمام کرنا چاہیے کہ اسلامی بینکاری کے سلسلے میں ان کا زاویہ فکر اور اخلاص کیسا ہے۔

واللہ اعلم بالصواب

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مفتی محمد محبت الحق صدیقی
چیرمین شریعی بورڈ

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ڈاکٹر مفتی خلیل احمد اعظمی
شریعی بورڈ ممبر

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مفتی خواجہ نور الحسن
ریزیڈنٹ شریعی بورڈ ممبر

تاریخ: ۲۶ جنوری ۲۰۱۷ء - ۲۷ ربیع الثانی ۱۴۳۸ھ

شریعی بورڈ رپورٹ برائے سال ۲۰۱۶

روپے بینک کے شریعہ بورڈ کی ہدایت کے مطابق مختلف رفاہی اداروں میں چیریٹی اکاؤنٹ سے تقسیم کئے گئے۔
چیریٹی کی تفصیلات نوٹ نمبر A2.2 کے فنانشل اسٹیٹمنٹ کے Annexure III میں ملاحظہ کریں۔

اسٹاف کے لئے اسلامی تمویل

شریعی بورڈ کی سفارش کے مطابق اسلامک بینکنگ اسٹاف کے لئے آٹوز اور ہوم اسلامک فنانسنگ کی سہولیات مہیا کر دی گئی ہیں۔

ضابطہ اخلاق

فیصل بینک کو مکمل اسلامی بینک بنانے کے نظریہ اور شریعہ بورڈ کی ہدایات کے مطابق ہمارے اسٹاف کی وضع قطع اور رویہ کو اسلامی اقدار کے قریب لانے کے لئے ہیومن ریسورس (HR) نے ضابطہ اخلاق میں مزید بہتری پیدا کی ہے۔ الحمد للہ نئے ضابطہ اخلاق کا نفاذ یکم محرم الحرام ۱۴۳۸ھ بمطابق ۳ اکتوبر ۲۰۱۶ء سے ہو چکا ہے۔

شریعی بورڈ کی رائے

اگرچہ بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ مکمل طور سے اس بات کو یقینی بنانے کے ذمہ دار ہیں کہ فیصل بینک لمیٹڈ برکت اسلامک بینکنگ کے امواس طور پر انجام دیئے جائیں جو ہمہ وقت شریعت کے اصولوں کے عین مطابق ہوں، تاہم ہم سے ایک رپورٹ پیش کرنا مطلوب ہے جو مجموعی حیثیت میں شریعت پر عمل درآمد کے ماحول کے اعتبار سے ہو۔

شریعی کمپلائنس ڈپارٹمنٹ اور شریعی آڈٹ یونٹ نے تمام اقسام کے مالی معاملات، متعلقہ دستاویزات اور پروسس فلو (Process Flow) کے شرعی جائزہ اور شریعی آڈٹ کو نمونہ جاتی (Test Check) کی بنیاد پر انجام دیا ہے۔ اسلامک بینکنگ ڈویژن کے شریعت کے مطابق ہونے پر اپنی رائے قائم کرنے کے لئے ہم نے انٹرنل شریعی آڈٹ یونٹ اور شریعی کمپلائنس ڈپارٹمنٹ کی رپورٹس کا تجزیہ کیا ہے۔

مندرجہ بالا کی بنیاد پر ہماری رائے یہ ہے کہ:

۱۔ ہماری رائے کے مطابق اسلامک بینکنگ ڈویژن کے تمام امور کو شریعی بورڈ کے جاری کردہ فیصلے، فتاویٰ جات اور ہدایات کی روشنی میں شریعت کے اصول و ضوابط کے مطابق انجام دیا گیا ہے۔

۲۔ جائزہ کے دوران کسی بھی قابل تفتیح مسئلہ کو نوٹ کیا گیا اور مینجمنٹ نے اسے حل کیا یا مستقبل میں اسکی درستگی کی یقین دہانی کروائی۔ مندرجہ بالا کے مطابق ہماری رائے میں اسلامک بینکنگ ڈویژن کے امور کو شریعت کے اصول و قواعد، اسٹیٹ بینک آف پاکستان کی شریعی کمپلائنس سے متعلق قراردادوں اور ہدایات کے مطابق انجام دیا گیا ہے۔

۳۔ بینک تمام معاملات میں شریعی کمپلائنس کو یقینی بنانے کے لئے جامع نظام رکھتا ہے۔

۴۔ بینک، انٹرنل شریعی آڈٹ اور SCD کی صورت میں ایک واضح نظام رکھتا ہے، اس بات کو یقینی بنانے کے لئے کہ جو آمدنی غیر شرعی ذرائع اور طریقوں سے حاصل ہو، اسکو چیریٹی اکاؤنٹ میں منتقل اور صحیح طور سے خرچ کیا جائے۔

شریعی بورڈ رپورٹ برائے سال ۲۰۱۶

بسم اللہ الرحمن الرحیم
الحمد للہ رب العالمین، والصلاۃ والسلام علی خاتم الانبیاء والمرسلین محمد المصطفیٰ الامین وعلیٰ الہ واصحابہ اجمعین

الحمد للہ، زیر جائزہ گذشتہ سال فیصل بینک برکت اسلامک بینکنگ کے برانڈ کے تحت کام کرتے ہوئے اسلامی بینکاری میں ساتواں سال تھا۔ فیصل بینک لمیٹڈ کی اسلامی بینکاری کی ۱۴۶ برانچز اور ۱۰ سب برانچ ہے۔ دوران سال شریعہ بورڈ نے چار میٹنگز کا انعقاد کیا جس میں مختلف پروڈکٹس، پالیسیز، طریقہ ہائے عمل، عقود معاملات، اور انکے شریعت کے مطابق ہونے کا جائزہ لیا گیا۔ شریعہ بورڈ نے اس سال دو مرتبہ بورڈ آف ڈائریکٹرز کے ساتھ شریعت سے تعلق رکھنے والے مختلف امور پر گفتگو کی غرض سے بھی ملاقات کی۔

شریعی بورڈ، اسلامی بینکاری کی وسعت اور تحول کے معاملات سے متعلق بورڈ آف ڈائریکٹرز اور انتظامیہ کی مدد برائے بصیرت کو سراہتا ہے۔
سال ۲۰۱۶ کا عبوری تجزیہ درج ذیل ہے:

اسلامک برانچ نیٹ ورک کی توسیع اور پروڈکٹ ڈیولپمنٹ

دوران سال اسلامی بینکاری کے پروڈکٹ ڈیولپمنٹ اور مینجمنٹ ٹیم نے اپنے ڈپازٹ پروڈکٹ کی فہرست میں دو نئی پروڈکٹس کا اضافہ کیا جو کہ "منتظم سیونگ اکاؤنٹ" اور "برکت پے چیک پلس سیونگ اکاؤنٹ" ہیں۔ اثاثہ جات کی پروڈکٹس میں رنگ مشارک کی پروڈکٹ کو حتمی شکل دے دی گئی۔ مزید یہ کہ، شریعہ بورڈ بینک کی ان کاوشوں کا معترف ہے کہ تین (۳) کنٹینرل برانچز کو اسلامک میں تبدیل کرنے کے علاوہ تمام نئی برانچز کا اضافہ اسلامک بینکنگ برانچ نیٹ ورک میں یکجہڑ (۷۵) نئی اسلامک برانچز کو کھول کے کیا گیا ہے۔

شریعی کمپلائنس ڈپارٹمنٹ

شریعی کمپلائنس ڈپارٹمنٹ ("SCD") شریعہ بورڈ کی زیر نگرانی کام سرانجام دے رہا ہے۔ SCD، شریعت کے مطابق عملدرآمد کو یقینی بنانے کے لئے دیگر ڈپارٹمنٹس کے ساتھ معاونت کر رہا ہے۔ جیسا کہ پروڈکٹ ڈپارٹمنٹ کے ساتھ، نئی پروڈکٹس کے اضافہ میں، موجودہ پالیسیز و طریقہ ہائے عمل کی بہتری میں، اور رزلٹنگ اینڈ ڈیولپمنٹ کے ساتھ اسلامی بینکاری کے تربیتی پروگرامز کے انعقاد اور انکی بہتری میں معاونت فراہم کر رہا ہے۔ مزید یہ کہ شریعی کمپلائنس ڈپارٹمنٹ اسٹاف میں اسلامی بینکاری کے شعور کو بڑھانے کے لئے برانچز کا دورہ کرتا ہے۔ نیز SCD اسلامک پروڈکٹس کے بارے میں واضح تفہیم فراہم کرنے اور پروسس فلو کو آخری شکل دینے سے پہلے انکے طریقہ تمویل سے واقفیت کے لئے کسٹمرز سے بھی ملاقاتوں کا اہتمام کرتا ہے۔

دوران سال SCD نے متعدد پروسس فلو، پالیسیز اور طریقہ کار کا جائزہ لیا۔ مزید یہ کہ SCD ڈپازٹرز کے نفع کے تحفظ اور شریعت کے اصولوں پر عمل درآمد کے لئے ماہانہ بنیادوں پر نفع کی تقسیم کے نظام کا جائزہ بھی لیتا ہے۔

خیرات

خیراتی فنڈ کا ابتدائی بیلنس ۱.۰۳۴ ملین روپے تھا اور سال کے دوران ۵.۶۱ ملین روپے کی رقم چیریٹی اکاؤنٹ میں منتقل کی گئی جو ادائیگی میں تاخیر کی وجہ سے کسٹمرز سے وصول کی گئی تھی۔ مزید یہ کہ ۲۹۶،۳۳۶.۳۰ روپے کو شرعاً درست نہ ہونے کی وجہ سے چیریٹی اکاؤنٹ میں منتقل کر دیا جائے گا۔ ۱.۸۰ ملین

ڈائریکٹرز رپورٹ

رسک منیجمنٹ فریم ورک نافذ کرنے کا مکمل اختیار دیا ہے۔ رسک منیجمنٹ فریم ورک مالیاتی گوشواروں کے نوٹ ۴۳ میں بیان کیا گیا ہے۔

ہولڈنگ کمپنی

بحرین کارٹیل بینک اتمار بینک بی ایس سی بلا واسطہ اور (ذیلی کمپنیوں کے ذریعے) بالواسطہ طور پر ۶۶.۷۸ فیصد (۶۶.۷۸ فیصد: ۲۰۱۵) حصص کے ساتھ سربراہ ادارہ تھا۔ ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کے دوران اتمار بینک بی ایس سی کو تین اداروں اتمار ہولڈنگ کمپنی بی ایس سی، آئی بی بینک بی ایس سی (کلوزڈ) اور آئی بی بینک کیپٹل (کلوزڈ) میں تبدیل کر دیا گیا۔ اس تنظیم نو کے بعد بینک کی شیئر ہولڈنگ اتمار بینک بی ایس سی سے اب آئی بی بینک بی ایس سی (کلوزڈ) کو منتقل کر دی گئی ہے جو اتمار ہولڈنگ کمپنی بی ایس سی کی مکمل ملکیت کا ذیلی ادارہ ہے۔ اس سے فیصل بینک کے مجموعی کنٹرول پر کوئی فرق نہیں پڑے گا۔ تنظیم نو کے نتیجے میں اب آئی بی بینک بی ایس سی (کلوزڈ) ۶۶.۷۸ فیصد حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ دارالمال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی)، فیصل بینک کا بلند ترین سربراہی ادارہ، اتمار ہولڈنگ کمپنی بی ایس سی کی ہولڈنگ کمپنی ہے۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، اگلے سالانہ اجلاس عام کی تاریخ کو ریٹائر ہو جائیں گے۔ آڈیٹرز اپنی میعاد پوری کر چکے ہیں تاہم بینک دولت پاکستان نے انہیں دوبارہ مقرر کرنے کی اجازت دے دی ہے۔ آڈٹ کمیٹی کی پیش کردہ سفارشات کی روشنی میں بورڈ آف ڈائریکٹرز نے ۲۰۱۷ء کے لیے اے ایف فرگوسن اینڈ کمپنی کو آڈیٹرز کے طور مقرر کرنے کی سفارش کی ہے۔

توثیقی بیان

میں بورڈ بورڈ آف ڈائریکٹرز اور بینک انتظامیہ کی طرف سے حصص مالکان کا شکریہ ادا کرتا ہوں کہ انہوں نے ہم پر بھرپور اعتماد کا اظہار کیا ہے۔ تعاون اور رہنمائی کا سلسلہ جاری رکھنے پر میں بینک دولت پاکستان اور سکیورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کا بھی شکر گزار ہوں۔ ادارے کی سرپرستی کے لئے تمام صارفین (اندرونی و بیرونی) کا بھی تہہ دل سے شکریہ ادا کرتا ہوں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لئے پوری لگن اور تن دہی سے کام کرنے پر ہم تمام ملازمین کے بھی بے حد مشکور ہیں۔

منجانب بورڈ آف ڈائریکٹرز

Humam Ansari

پریزیڈنٹ اور سی ای او

کراچی

تاریخ: ۲۶ جنوری ۲۰۱۷ء

ڈائریکٹرز رپورٹ

گورننس کے تحت مطلوب ڈائریکٹرز ٹریننگ کی سرٹیفکیشن قواعد کے مطابق ہے۔

ب۔ شیئر ہولڈنگ کا پیٹرن بھی اس رپورٹ کا حصہ ہے۔

ج۔ ۲۰۱۶ء کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ یا ان کی شریک حیات یا بچوں نے بینک کے شیئرز میں کوئی تجارت نہیں کی۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

کارپوریٹ گورننس سے متعلق تمام مروج طریقوں کے مطابق فیصل بینک ۲۰۱۲ء سے اب تک پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) اور مشیروں کی ٹیم کی مدد سے اپنے ڈائریکٹرز کی کارکردگی کا جائزہ لیتا آیا ہے۔ بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ لینے سے متعلق بینک دولت پاکستان کے جاری کردہ رہنما اصولوں کا اگست ۲۰۱۶ء میں اطلاق کیا گیا اور اس سلسلے میں انسٹی ٹیوٹ آف کارپوریٹ گورننس کی معاونت سے فیصل بینک کے بورڈ آف ڈائریکٹرز نے اپنی کارکردگی کا مختلف پہلوؤں سے احاطہ کیا ہے۔ اس میں بورڈ کا کردار، کمیٹیز، ٹریننگ، اسٹریٹجی، رسک منیجمنٹ اور بورڈ میٹنگز شامل ہیں۔ کارکردگی کے جائزے میں درج ذیل پہلوؤں کا احاطہ کیا گیا۔

- مجموعی طور پر پورا بورڈ

- انفرادی ڈائریکٹر (انڈیپنڈنٹ، نان ایگزیکٹو، سی ای او)

- بورڈ کمیٹیز

بینک دولت پاکستان کے طے کردہ طریق کار پر عمل کرتے ہوئے ماہرین کے تیار کردہ سوال ناموں اور دیگر متعلقہ طریق کار کے تحت بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ ”مقداری“ طریقے کے تحت کیا گیا۔ یہ طریقہ مخصوص معاملات کی نشاندہی اور درست پیمائش کے حوالے سے انتہائی کارآمد ہے۔ فیصل بینک کے بورڈ آف ڈائریکٹرز کے لیے پیمانے میں اسے ۱۰ تک نمبر رکھے جاتے ہیں۔ کسی بھی بیان سے ڈائریکٹرز اپنے اتفاق یا عدم اتفاق کا اس پیمانے پر تعین کرتے ہیں۔ اس طریقہ کار کے تحت بالکل درست اور قابل پیمائش معلومات حاصل ہوتا ہے جو بیچ مارک کے طور پر بروئے کار لائی جاسکتی ہیں۔

اسٹیٹمنٹ آف انٹرنل کنٹرول

بینک انتظامیہ کی جانب سے انٹرنل کنٹرول کے حوالے سے پیش کی جانے والی رپورٹ کی توثیق کرتے ہوئے بورڈ انتہائی مسرت محسوس کر رہا ہے۔ انٹرنل کنٹرول کا نظام مستحکم ہے۔ اس کا اطلاق اور نگرانی بھی معیاری ہے۔ انٹرنل کنٹرول سے متعلق انتظامیہ کا بیان بھی اس رپورٹ کا حصہ ہے۔

رسک منیجمنٹ فریم ورک

چیف رسک آفیسر (سی آراو) کی سربراہی میں رسک منیجمنٹ گروپ (آرایم جی) تشکیل دیا گیا ہے۔ بورڈ آف ڈائریکٹرز نے سی آراو کو پورے ادارے میں

ڈائریکٹرز رپورٹ

AA: ہائی کریڈٹ کوالٹی۔ حفاظتی عوامل مضبوط ہیں۔ خطرات بہت کم ہیں لیکن اقتصادی حالات کے باعث بسا اوقات کچھ خطرات رونما ہو سکتے ہیں۔

A1+: بروقت ادائیگی کے لئے بڑی یقین دہانی۔ قلیل المیعا دفنڈز کے متبادل ذرائع تک رسائی موجود ہے۔ درجہ بندی سرکاری قلیل المیعا 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 معیار۔ **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 لئے بڑی یقین دہانی موجود ہے۔

کارپوریٹ گورننس

بینک نے کوڈ آف کارپوریٹ گورننس (دی کوڈ) کے تقاضے نبھائے ہیں۔ اس حوالے سے انتظامیہ کا بیان، آڈیٹرز کی نظر ثانی رپورٹ کے ہمراہ اس سالانہ رپورٹ کا حصہ ہے۔

کوڈ کی شق ۱۱-۱۹-۵ کے تحت بیان

- الف۔ بینک انتظامیہ کے تیار کردہ مالیاتی گوشوارے تمام معاملات، آپریشنز کے نتائج، کیش فلو اور اکوئیٹی میں تبدیلی کی درست نشاندہی کرتے ہیں۔
- ب۔ بینک کے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا گیا ہے۔
- ج۔ مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ پالیسیوں کے تسلسل کو لاگو کیا گیا سوائے ان تبدیلیوں کے جو مالیاتی گوشواروں کے نوٹ ۸ء ۳ میں بیان کی گئی ہے اور اکاؤنٹنگ اندازے مناسب اور دانش مندانہ فیصلوں پر مبنی ہیں۔
- د۔ بین القوامی مالیاتی رپورٹنگ کے معیار کو جو پاکستان کے بینکوں پر قابل عمل ہیں، مالیاتی گوشواروں کی تیاری میں مد نظر رکھا گیا ہے اور اس سے کسی بھی روگردانی کی مناسب طور پر اشاعت اور وضاحت کی گئی ہے۔
- ز۔ لسٹنگ ریگولیشن میں درج کارپوریٹ گورننس کے قواعد سے کوئی انحراف نہیں کیا گیا ہے۔
- ھ۔ انٹرنل کنٹرول نظام مستحکم ہے۔ اس پر موثر عمل کے ساتھ ساتھ نگرانی بھی کی جاتی ہے۔
- و۔ بینک کے تسلسل کے ساتھ کام کرنے کی صلاحیت پر کوئی قابل ذکر شک نہیں ہے۔
- ح۔ گزشتہ ۶ برس کے کلیدی آپریشننگ اور مالیاتی ڈیٹا کو خلاصے کی شکل میں سالانہ رپورٹ کے ابتدائی صفحات میں پیش کیا گیا ہے۔
- ط۔ پراویڈنٹ فنڈ اور گریجویٹ فنڈ کے آڈٹ شدہ مالیاتی گوشواروں کے تحت ان کی مالیت ۸۸۸۳۸۱ ملین روپے اور ۵۸۷۰۷۹ ملین روپے ہے۔
- ی۔ رواں سال بورڈ آف ڈائریکٹرز کے ۱۶ اجلاس منعقد ہوئے۔ بورڈ اور کمیٹی کی میٹنگز کی تفصیلات (بشمول ڈائریکٹرز کی حاضری) کی تفصیل سالانہ رپورٹ میں شامل ہے۔

الف۔ بینک نے شریعہ گورننس اور نیکی نالوجی رسک کے حوالے سے ۲۰۱۶ میں ڈائریکٹرز کے لیے دو تربیتی پروگراموں کا اہتمام کیا۔ کوڈ آف کارپوریٹ

ڈائریکٹر رپورٹ

شرح سود میں غیر معمولی کمی کے ماحول میں بینکاری کے شعبے کی مشکلات بڑھ گئی ہیں۔ ان مشکلات کے باوجود فیصل بینک نے ۲۰۱۶ء میں ۴۶۳ ارب روپے کا بعد از محصول منافع کمایا جو کہ ۲۰۱۵ء میں ۴۶۲ ارب روپے تھا یہ انتظامیہ کے بروقت اقدامات کی بدولت ممکن ہو سکا۔

فیصل بینک نے کم لاگت کے بنیادی ڈپازٹس کو متحرک کرنے پر خاص توجہ دی۔ ۲۰۱۵ء کے مقابلے میں ۲۰۱۶ء میں بنیادی ڈپازٹس ۱۶۶۲ فیصد بڑھ گئیں۔ ان ڈپازٹس میں ۳۱۶۹ ارب روپے کا اضافہ ہوا جس کے نتیجے میں ڈپازٹس کی لاگت ۴۶۲ فیصد سے کم ہو کر ۳۵۵ فیصد پر آگئی۔ اس سے منافع کمانے کی مجموعی صلاحیت پر مثبت اثر مرتب ہوا۔

موثر نظم و نسق اور نان پرفارمنگ قرضوں کی ریکوری بہتر بنانے سے منافع کمانے کی صلاحیت میں اضافہ ہوا۔ فیصل بینک نے نان فنڈڈ انکم پر بھی خاص توجہ مرکوز کی ہے۔ فیس اور کمیشن کی مد میں ہونے والی آمدن میں گزشتہ برس کے مقابلے میں ۲۱۶۶ فیصد اضافہ ہوا۔ کنزیومر اور کرڈٹ کارڈز کا حجم مسلسل بڑھ رہا ہے۔ اس مد میں اگلے سالوں میں مزید آمدن متوقع ہے۔ موثر نظم و نسق کے ذریعے انتظامی اخراجات نچلی سطح پر رکھنے میں بھی کامیابی ملی ہے۔ نئے اقدامات سے لاگت کم کرنا بھی ممکن ہوا ہے۔ فوائد کے بہتر تجربے نے بھی اس سلسلے میں کلیدی کردار ادا کیا ہے۔ لاگت میں اضافہ ۷ نئی شاخوں کے نظم و نسق کے حوالے سے ہے۔

دسمبر ۲۰۱۵ء کے ۹۱ فیصد کے مقابلے میں نادہندہ قرضوں کی کوریج اب ۸۱ فیصد کی سطح پر ہے جس سے یہ ظاہر ہوتا ہے کہ بینک نے نادہندہ قرضوں کی مد میں مناسب پروویژن رکھی ہے۔

بینک کے مجموعی اثاثے ۱۴۴۴۵ ارب روپے ہو گئے ہیں۔ ۱۳۱ فیصد نمو کے ساتھ قرضے ۲۰۴۸ ارب روپے ہو گئے ہیں۔ ۶۰ فیصد کاسٹ منڈائیڈوانسز ٹو ڈپازٹ ریشو اس شعبے کے دیگر بینکوں کے مقابلے میں بہتری کی طرف اشارہ کرتا ہے یہی سبب ہے کہ بینک قرضے دینے میں محتاط ہے اور ایسی سرکاری سکیورٹیز میں سرمایہ کاری کی جارہی ہے جن میں کم خطرہ ہو۔

۱۶۵۵ فیصد اضافے کے ساتھ ڈپازٹس ۲۹۲۱ ارب سے بڑھ کر ۳۴۰۳ ارب روپے ہو گئے ہیں۔ کاسا ڈپازٹس کا تناسب ۶۷ فیصد ہے۔ لاگت میں ۷۲ بی پی ایس کی کمی واقع ہوئی ہے۔ اس کے نتیجے میں بینک کا سرمایہ مستحکم تر ہوا ہے۔

بینک کی مجموعی کارکردگی حکمت عملی اور بزنس پلان کے مطابق ہے۔ بورڈ آف ڈائریکٹرز نے ۲۰۱۶ء کے لیے ۱۰ فیصد حتمی حصص تقسیم کا اعلان کیا ہے۔

کرڈٹ ریٹنگ

JCR-VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ (JCR) اور پاکستان کرڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ۳۱ دسمبر ۲۰۱۵ء کے لیے درج ذیل درجہ

بندی جاری کی ہیں۔

طویل المیعاد: AA

قلیل المیعاد: A1+

مذکورہ بالا کرڈٹ 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۔

ڈائریکٹرز رپورٹ

کے ساتھ بھی اشتراک عمل کی تیاری کر رہا ہے اور اس حوالے سے پیدا ہونے والے مواقعوں سے بھرپور استفادہ کیا جائے گا۔ فیصل بینک مستقل محنت اور لگن کے ذریعے قرضوں کی ریکوری میں کامیاب رہا ہے۔ اس حوالے سے کوششیں جاری رکھی جائیں گی۔ نارل بزنس آپریشنز کو متاثر کیے بغیر انتظامی اخراجات کنٹرول کیے گئے ہیں۔

مالیاتی جھلکیاں

دسمبر ۲۰۱۵	دسمبر ۲۰۱۶	
(ملین روپے)		
۸،۳۴۶	۷،۲۲۳	آپریٹنگ منافع
(۹۵۱)	(۵۷۷)	پراویژن برائے نان پرفارمنگ لونز
(۴۵۵)	۱۷	سرمایہ کاری کی قدر میں کمی کیلئے پراویژن
(۲۰)	(۴)	پراویژن برائے آف بیلنس شیٹ آپریٹنگ منافع
(۱،۴۲۶)	(۵۶۴)	
۶،۹۲۰	۶،۶۵۹	قبل از محصول منافع
(۲،۶۹۸)	(۲،۳۵۷)	محصول
۴،۲۲۲	۴،۳۰۲	بعد از محصول منافع
۵،۶۹۶	۷،۶۳۸	غیر تقسیم شدہ منافع
۹،۹۱۸	۱۱،۹۳۰	
(۱،۵۶۵)	-	منتقلی/تقسیم:
-	(۱،۲۰۰)	بونس حصص کا اجراء ۱۵ فیصد
(۸۴۴)	(۸۶۰)	حتمی کیش ڈویڈنڈ ایک روپیہ فی حصص
۵۴	۸۹	اسٹیٹوسٹری ریزرو میں منتقلی
۷۵	۱۷	ری ویلوشن سرپلس میں منتقلی - بعد از محصول
(۲،۲۸۰)	(۱،۹۵۴)	ری میورمنٹ آف پوسٹ ایسپلائمنٹ اوپلیکیشن - بعد از محصول
۷،۶۳۸	۹،۹۸۶	غیر تقسیم شدہ منافع
۳،۵۵۲	۳،۵۵۹	فی حصص آمدن (روپے)

ڈائریکٹر رپورٹ

ادارے کی سماجی ذمہ داری

- ☆ طلباء کی امداد کے لیے مختلف تعلیمی اداروں کو ۶۰ لاکھ روپے فراہم کیے۔
- ☆ ایک پرانے تعلیمی ادارے کو دو وینز فراہم کی گئیں تاکہ طلباء کو آمدورفت میں دشواری کا سامنا نہ کرنا پڑے۔
- ☆ عوام کو پینے کا صاف پانی فراہم کرنے کے لیے دفطریشن پلانٹس لگائے گئے۔
- ☆ ایس او ایس ٹیکنیکل ٹریننگ انسٹی ٹیوٹ اور کارگریٹر ٹریننگ انسٹی ٹیوٹ میں ۳۵۰ طلباء کی اسپانسرشپ کی تجدید کی گئی۔
- ☆ رج ذیل کے لیے بھی عطیات فراہم کیے گئے۔

- الف۔ جناح پوسٹ گریجویٹ میڈیکل سینٹر میں دیگر عطیہ کنندگان کے ساتھ مل کر سرجیکل کمپلیکس کی تعمیر
- ب۔ برنس سینٹر، کراچی میں ایمرجنسی ایلیویٹر کی فراہمی
- ج۔ گلگت بلتستان میں تپ دق کے خاتمے کے لیے میری ایڈیلیڈ لپروسی سینٹر کی معاونت
- د۔ نمل یونیورسٹی، میانوالی میں آڈیٹوریم کی تعمیر

اندرونی مواصلات

فوڈ اور لائف اسٹائل مراکز پر فیصل کارڈز کے ذریعے اضافی فوائد کے ساتھ ایزی میمنٹ پلان کے تحت پرکشش آفرز متعارف کرائی گئیں۔

نمایاں کامیابیاں

- ☆ جاری کھاتوں کے ۱۱۰ ارب روپے کے ساتھ مجموعی ڈپازٹس ۳۳۰ ارب روپے سے زائد ہو چکے ہیں۔
- ☆ بنگا شورٹس پروڈکٹس کی بڑے پیمانے پر فروخت کے ذریعے اپنے حجم کے ٹیکوں میں نمایاں پوزیشن حاصل کی۔
- ☆ کریڈٹ کارڈز کے حوالے سے کئی سالوں میں فیصل بینک نے بلند ترین ماہانہ ایکویزیشن، کرم فرماؤں کا استعمال اور ای این آر (آؤٹ اسٹینڈنگ) حاصل کیا ہے۔
- ☆ فیصل کارفنانسنگ میں کئی گنا اضافہ ہوا۔
- ☆ نئی برانچ اسٹاف کی آسامیوں کے لیے بیرونی اور اندرونی ٹیلنٹ پول قائم کیا گیا۔

مستقبل پر نظر

کرم فرماؤں کو آسان رسائی فراہم کرنے کے لیے فیصل بینک نے مالیاتی مراکز، قصبوں اور دیہی علاقوں میں شاخوں کے جال کو مزید وسعت دینے کی منصوبہ بندی کی ہے۔ یہ شاخیں بنیادی ڈپازٹس میں اضافے کے ساتھ ڈپازٹس مکس کو بھی بہتر بنائیں گی جس کے نتیجے میں لاگت میں کمی واقع ہوگی۔ کرم فرماؤں کی بینکاری ضروریات کو مد نظر رکھتے ہوئے نئی اسلامی بینکاری پروڈکٹس تیار کی جارہی ہیں تاکہ جامع پروڈکٹ مینو پیش کیا جاسکے۔ اسلامی بینکاری تیزی سے فروغ پا رہی ہے اور متعدد کارپوریٹ لینڈنگ پروپوزل اس وقت زیر غور ہیں جو بہت جلد عملی شکل اختیار کریں گے۔ فیصل بینک، سی پیک اور دیگر منصوبوں

ڈائریکٹر رپورٹ

- ☆ اسلامک سیونگ کی پروڈکٹ ”برکت منظم“ متعارف کرائی گئی۔
- ☆ ”فیصل بزنس فرسٹ کرنٹ اکاؤنٹ پروڈکٹ“ کو بھرپور مارکیٹنگ مہم کے ذریعے متعارف کیا گیا۔
- ☆ اسلامک پروڈکٹ مینو متعارف کرانے کے لیے آدم جی لائف ونڈو مکافل آپریشنز اور ایف یو ہمایہ مکافل آپریشنز سے اشتراک کیا گیا۔
- ☆ ای ایف یو لائسنز لمیٹڈ کے تعاون سے ویلیو ایڈڈ انشورنس پروڈکٹ ”ہیلتھ پلس“ اضافی فوائد کے ساتھ متعارف کرائی گئی۔
- ☆ فیصل ایسیٹ منجمنٹ لمیٹڈ کے ذریعے میو چل فنڈ کی آفرنگ کو مزید بہتر بنایا گیا۔
- ☆ پراجیکٹ منجمنٹ اسٹینڈرڈز متعارف کرائے گئے جس کی وجہ سے وسائل کے بہتر استعمال کو یقینی بناتے ہوئے پراجیکٹس کو مقررہ وقت پر مکمل کرنے میں مدد ملے گی۔
- ☆ آئی ٹی حکمت عملی برائے سال ۲۰۱۷ء تا ۲۰۱۹ء متعارف کرائی گئی۔ یہ حکمت عملی تمام ریکویزری ہدایات کی پاسداری کرتے ہوئے آئی ٹی کے شعبے میں ممکنہ بہترین مہارت اور استعداد کا حصول یقینی بنائے گی۔
- ☆ بینک کے تنظیمی ڈھانچے میں تبدیلی اور درستی لائی گئی جس سے بینک کے انتظام کو بہتر بنانے میں مدد ملے گی۔
- ☆ بینک دولت پاکستان کے ”ہیسل تھری لکویڈیٹی اسٹینڈرڈ“ کی روشنی میں لکویڈیٹی رسک منجمنٹ کا معیار بلند کرنے کے لیے ”لکویڈیٹی کوریج ریٹو“ (ایل سی آر) اور ”نیٹ اسٹیل فنڈنگ ریٹو“ (این ایس ایف آر) متعارف کرائے گئے۔
- ☆ موجودہ اسٹاف کو برقرار رکھنے اور ان کی کارکردگی کو بلند کرنے کے لیے کیریئر کوآگے بڑھانے والے مواقع متعارف کرائے گئے۔
- ☆ فیصل بینک کی برانڈ کو بیٹ اور اندرونی دیرونی صارفین کی نظر میں بینک کی وقعت کا درست اندازہ لگانے کے لیے کنسلٹنٹ کی خدمات حاصل کی گئیں۔
- ☆ اپنی ظاہری ہیئت اور عملے کے رویے کو اسلامی اقدار سے نزدیک تر کرنے کے لیے فیصل بینک نے نیا ضابطہ اخلاق متعارف کرایا۔

تربیت و ترقی

- ☆ آن لائن اور کلاس روم ٹریننگ پروگرام کے ذریعے ۱۸ ہزار سے زائد افراد کی تربیت و ترقی کی گئی۔
- ☆ پانچ روزہ اسلامک سٹوفکیٹ پروگرام کے تحت ۶۰۰ ملازمین کی تربیت کی گئی۔
- ☆ ۵۵ فیصد اہم ملازمین نے عیاف کا اسلامک بینکنگ سٹوفکیٹ کورس مکمل کیا۔
- ☆ ۸۰ فیصد عملے نے لازمی آن لائن اسلامی بینکاری ٹریننگ مکمل کی۔
- ☆ خدمات کا معیار بلند کرنے کے لیے ملک بھر میں ۷۰۰ سے زائد ملازمین کو تربیت فراہم کی گئی۔
- ☆ ادارے میں تربیت کی ۱۰ اہم ترین ضروریات ہنر کا تعین کر کے انہیں تربیتی پروگرام کا حصہ بنایا گیا۔
- ☆ تمام شاخوں میں مرکزی اکاؤنٹ پروسیڈنگ سسٹم (سی اے پی ایس) کے تحت تربیت فراہم کی گئی۔
- ☆ ٹریننگ ریلیشن شپ مینجر پروگرام اور ٹریننگ برانچ سروسز آفیسر پروگرام کے تحت ۲۰۰ سے زائد ملازمین کو تربیت فراہم کی گئی۔
- ☆ عملے کو فارن ایکسچینج ریکویزیشن ۲۰۱۶ء (امپورٹ اینڈ ایکسپورٹ) کے لیے تربیت فراہم کی گئی۔

ڈائریکٹر رپورٹ

- ☆ فیصل بینک نے اپنے شعبے میں مارکیٹ لیڈر کا درجہ رکھنے والی ایک بی او پی پی فلزم فرم کے لیے ۱۵۰ ملین روپے کے استحقاقی حصص کے اجراء میں انڈر رائٹر کا کردار ادا کیا۔
- ☆ فیصل بینک نے ملک میں کھاد کی مارکیٹنگ اور ڈسٹری بیوشن سے متعلق ایک بڑی کمپنی کے لیے ۵ ارب روپے مالیت کے ریڈ، ان لسٹڈ، سیکورڈ، قلیل المیعاد، نجی طور پر پیش کیے جانے والے سکوک کے لیے مینڈیٹ لیڈائیڈ وائزر اور رائٹر کا کردار ادا کیا۔
- ☆ فیصل بینک نے ملک کے شمالی حصے میں کام کرنے والی سب سے بڑی گیس کمپنی کے ایل این جی گیس پائپ لائن منصوبے کے لیے ایک مشترکہ کنسورشیم کے جڑ کے طور پر ۵۴۶۷ ارب روپے کے کنونینشل اور اسلامک موڈ آف فنانسنگ میں لیڈائیڈ وائزر اور رائٹر کا کردار ادا کیا۔
- ☆ فیصل بینک نے ملک کے جنوبی حصے میں کام کرنے والی سب سے بڑی گیس کمپنی کے ایل این جی گیس پائپ لائن منصوبے کے لیے ایک مشترکہ کنسورشیم کے جڑ کے طور پر ۳۹۸۶ ارب روپے کے کنونینشل اور اسلامک موڈ آف فنانسنگ میں لیڈائیڈ وائزر اور رائٹر کا کردار ادا کیا۔
- ☆ فیصل بینک نے سرکاری ملکیت کی سب سے بڑی ہائیڈل کمپنی کے پن بجلی منصوبے کی فنانسنگ کے لیے لیڈ رائٹر کا کردار ادا کیا۔
- ☆ فیصل بینک نے گاڑیوں کے پرزے تیار کرنے والے ایک بڑے ادارے کے حصص کی پبلک آفرنگ کے لیے ۵۰ ملین روپے کی حد تک انڈر رائٹر کا کردار ادا کیا۔
- ☆ فیصل بینک نے ایک معروف اسلامی بینک کے ٹریڈ سکوک میں ۵۰۰ ملین روپے کی حد تک سرمایہ کاری کی۔
- ☆ فیصل بینک نے ملک کے پانچ بڑے بینکوں کے ساتھ پرائیویٹ اور کارپوریٹ سیکٹر کو ماحول دوست توانائی فراہم کرنے کے لیے امریکی ادارہ برائے بین الاقوامی ترقیات (یو ایس ایڈ) کے ساتھ ۸۴ ملین امریکی ڈالر کے کریڈٹ گارنٹی پروگرام پر دستخط کیے۔
- ☆ سکوک سٹریٹجیٹس میں ۱۴ ارب روپے کی سرمایہ کاری کے ساتھ فیصل بینک نے ایک معروف فریڈلائزر کمپنی کے ۱۰۶۵ ارب روپے کے لیڈ رائٹر کا کردار ادا کیا۔

بنیادی ڈھانچے کا استحکام

- ☆ ۵۷ نئی شاخوں کے کھولے جانے سے بینک کی شاخوں کا جال ۳۵۵ شاخوں تک پہنچ گیا۔ اب ۱۰۳ شہروں میں فیصل بینک کی ۲۰۸ روایتی اور ۱۴۶ اسلامی بینکاری شاخوں کے علاوہ ایک ذیلی شاخ بھی کام کر رہی ہے۔
- ☆ ملک بھر میں اب فیصل بینک کی ۳۴۴ اے ٹی ایمز کام کر رہے ہیں جن سے ہمارے کرم فرما ۲۴ گھنٹے مستفید ہو رہے ہیں۔

پروڈکٹ ڈیولپمنٹ اور نئے اقدامات

- ☆ ۲۰۱۶ء کے دوران انفرادی کھاتہ داروں کے لیے طویل تر معیاد کے ڈپازٹ پروڈکٹ ”فیصل اضافہ پریمیم“ اور بزرگ شہریوں کے لیے ”فیصل لائف سیونگزن پلس اکاؤنٹس“ اور پے رول کی سہولت کے ساتھ ”فیصل پے چیک پلس“ بھی متعارف کرائی گئی۔

ڈائریکٹر رپورٹ

معاشی منظر نامہ

ملکی سطح پر معاشی ماحول بہت حد تک مضبوط لگ رہا ہے اور بڑے پیمانے کی معاشی سرگرمیوں کے حوالے سے قدرے استحکام پایا جاتا ہے تاہم ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال میں عالمی سطح پر چند ایسے سیاسی اور معاشی واقعات رونما ہوئے ہیں جو آنے والے برسوں میں پاکستانی معیشت پر اثر انداز ہو سکتے ہیں۔

برطانیہ کا یورپی یونین سے علیحدگی کا فیصلہ پاکستان کے لیے کچھ زیادہ اہمیت کا حامل نہیں مگر برطانیہ اور چند دوسرے یورپی ممالک میں اس کا منفی اثر مرتب ہو سکتا ہے جس کے نتیجے میں آگے چل کر پاکستان کی برآمدات میں کمی آ سکتی ہے۔ ترسیلات زر پر منفی اثر پڑا سکتا ہے اور براہ راست نجی سرمایہ کاری بھی کم ہو سکتی ہے۔ دوسرا یہ کہ امریکا میں جناب ڈونلڈ ٹرمپ کے صدر بننے سے امریکی معاشی نظام میں ایسی تبدیلیاں رونما ہو سکتی ہیں جن کے نتیجے میں عالمی معیشت اور اشیاء کی قیمتیں متاثر ہو سکتی ہیں۔ ایسی صورت میں پاکستانی معیشت پر بھی دباؤ بڑھے گا۔ اور تیسرا یہ کہ ایک طرف اوپیک نے پیداوار میں ۱۲ لاکھ بیرل یومیہ کی کا اعلان کیا ہے اور دوسری طرف اوپیک سے باہر تیل پیدا کرنے والے دیگر ممالک جیسے روس نے بھی اپنی تیل کی پیداوار میں یومیہ ۶ لاکھ بیرل کی کمی کا فیصلہ کیا ہے۔ ان فیصلوں نے عالمی منڈی میں تیل کی قیمت کو ۵۰ ڈالر فی بیرل سے اوپر پہنچا دیا ہے۔ اس کے نتیجے میں ایک طرف تو درآمدی بل بڑھنے سے ملک کا تجارتی خسارہ بڑھے گا اور دوسری طرف ملک میں پٹرولیم مصنوعات کے نرخ بلند ہونے سے افراط زر کی سطح بھی بلند ہو سکتی ہے۔ اگر حکومت نے اس صورت حال کے اثرات سے عوام کو محفوظ رکھنے کی کوشش کی تو بجٹ خسارے میں اضافہ ہو سکتا ہے۔

فیصل بینک کی کارکردگی

بینک کا بنیادی مقصد ملک میں اقتصادی سرگرمیوں کو فروغ دینا ہے۔ فیصل بینک کی حکمت عملی ہے کہ صارفین کو سہل اور آسان پروڈکٹس اور خدمات ان کی سہولت کے مطابق قریب ترین مقامات پر فراہم کی جائیں اور ترجیح یہ رہی ہے کہ براؤنچ نیٹ ورک میں توسیع اور ڈیپازٹس بڑھائے جائیں، لاگت کو معقول سطح تک رکھا جائے اور اسلامی بینکاری کی طرف پیش رفت یقینی بنا کر بینک کو مزید مستحکم کیا جائے۔

گزشتہ سال میں فیصل بینک نے کئی سنگ میل عبور کیے اور قابل قدر سرمایہ کاری میں حصہ لیا۔ ان میں چند ایک کی تفصیل یہاں پیش کی جا رہی ہے۔

پراجیکٹ فنانسنگ اور سنڈیکیشن

☆ فیصل بینک نے مشترکہ مینڈیٹ لیڈر بنجر اور شریعہ اسٹرکچرنگ ایڈوائزر کی حیثیت سے ایم ٹی کے لیے ۶۴۷۳ ملین روپے کے قرضے کا کامیابی کے ساتھ بندوبست کیا۔

☆ فیصل بینک نے مشترکہ مینڈیٹ لیڈر بنجر کی حیثیت سے ملک کے ایک بڑے کاروباری ادارے کے لیے ۱۶۵۵ ملین امریکی ڈالر کے مساوی پاکستانی رقم کے اسٹینڈ بائی لیٹر آف کریڈٹ کا انتظام کیا۔

ڈائریکٹر رپورٹ

میں فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے آپ کی خدمت میں ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کی رپورٹ (مالیاتی گوشواروں کے ساتھ) پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

اقتصادی اپ ڈیٹ

۲۰۱۶ء میں عالمی مالیاتی فنڈ سے لیا ہوا پروگرام اختتام پذیر ہوا جس کے دوران پاکستان نے مالیاتی خسارہ کم کرنے میں نمایاں کامیابی حاصل کی، افراط زر کو قابو میں رکھنے میں مدد ملی اور زرمبادلہ کے ذخائر کو ریکارڈ سطح تک پہنچانا ممکن ہوا۔

۲۰۱۶ء کے دوران مالیاتی خسارہ ۴۵ فیصد کے ابتدائی ہدف کے مقابلے میں ۶۱ کی سطح پر رہا جو کہ گزشتہ برس کے خسارہ ۵۳ فیصد اور ۲۰۱۳ء میں ۸ فیصد سے کافی بہتر ہے۔ عالمی مالیاتی فنڈ کا پروگرام کامیابی سے مکمل کرنے کے بعد قومی معیشت مالیاتی امور میں طے شدہ راہ سے کچھ ہٹ کر چلتی محسوس ہوئی۔ جولائی تا دسمبر ۲۰۱۶ء کی مدت میں آمدن میں گزشتہ برس کے مقابلے میں ۸۵ فیصد کا اضافہ ہوا۔ اس مدت کے دوران حکومت نے بینک دولت پاکستان سے ۹۸۶ ارب روپے کے قرضے لیے جبکہ گزشتہ برس اسی مدت کے دوران بینک دولت پاکستان سے لیے گئے قرضوں میں سے ۴۳۴ ارب روپے کی ادائیگی کی گئی تھی۔ یہ تبدیلی اس لیے رونما ہوئی کہ حکومت نے جدولی بینکوں سے قرضے حاصل کرنے کے بجائے بینک دولت پاکستان سے قرضے لینے کو ترجیح دی تاکہ ثانوی مارکیٹ میں غیر معمولی حصول کا تاثر نہ بڑھ سکے۔

اکتوبر ۲۰۱۶ء میں زرمبادلہ کے ذخائر ۲۴ ارب ڈالر کی ریکارڈ سطح پر تھے تاہم اُس کے بعد درآمدات میں اضافے، برآمدات میں کمی اور ترسیلات زر میں گراؤ کے باعث ان ذخائر میں کمی واقع ہوئی۔ پاک چین اقتصادی راہداری منصوبے (سی پیک) کے لیے گاڑیاں اور مشینری منگوانے سے درآمدی بل میں اضافہ ہوا ہے۔ برآمدات میں گراؤ عالمی منڈی میں طلب کی کمی اور پاکستانی روپے کی قدر میں قدرے استحکام کے باعث ہے۔ ۶ ماہ کے دوران ترسیلات زر میں رونما ہونے والی کمی سے کرنٹ اکاؤنٹ کو شدید دھچکا لگا ہے۔ اندرونی ترسیلات زر جولائی تا نومبر ۲۰۱۵ء میں ۸۰ ارب ڈالر کی سطح پر تھیں۔ جولائی تا نومبر ۲۰۱۶ء کی اسی مدت میں یہ ۸۷ ارب ڈالر کی سطح پر آگئیں یعنی ۲۵ فیصد کی گراؤ واقع ہوئی۔

مجموعی قیمتوں کے اشاریے (سی پی آئی) کی بنیاد پر طے پانے والا افراط زر مالی سال ۲۰۱۶ء میں ۹۰ فیصد کی کم ترین سطح پر رہا۔ سال ۲۰۱۶ء میں افراط زر کی شرح ۳۷ فیصد کے آس پاس رہی جو معیشت میں قدرے استحکام کی نشاندہی کرتا ہے۔ بینک دولت پاکستان نے مئی ۲۰۱۶ء میں سود کی شرح ۲۵ پیسز پوائنٹ کی کمی سے ۵۷ فیصد کردی جو ۱۹۷۰ء کے بعد سے نچلی ترین سطح ہے۔ شرح سود میں کمی اور عالمی منڈی میں تیل کی کم قیمتوں نے ملک میں نجی شعبے کو فروغ پانے کا بھرپور موقع فراہم کیا۔ عالمی مالیاتی فنڈ کے اندازوں کے مطابق افراط زر مالی سال ۲۰۱۷ء میں ۵ فیصد کے آس پاس رہے گا۔ تیل برآمد کرنے والے ممالک کی تنظیم اوپیک نے نومبر ۲۰۱۶ء میں پیداوار گھٹانے پر اتفاق کیا جس کی وجہ سے عالمی منڈی میں تیل کی قیمت بڑھنے کا امکان ہے اس لیے بینک دولت پاکستان کی طرف سے اس حوالے سے مرتب ہونے والے مالیاتی دباؤ کے باعث مالیاتی پالیسی میں تبدیلی کا امکان ہے۔

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