



faysalbank

بلاغت عمل

2017

THIRD QUARTER

ENDED SEPTEMBER 30, 2017
UNAUDITED FINANCIAL STATEMENTS

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Registered Office

Faysal House, St-02, Sharah-e-Faisal, Karachi

Tel: 021-32795200 Fax: 021-32795226

CORPORATE INFORMATION

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment Nomination and Remuneration Committee

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

Board Strategy Committee

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

CORPORATE INFORMATION

Board IT Committee*

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

Chairman
Member
Member
Member

(*Constituted on October 16, 2017)

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 Shahra-e-Faisal,
Karachi-74400

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

DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited along with financial statements for nine months ended September 30, 2017.

Economic Update:

2016-2017 was the first fiscal year Pakistan completed after exiting the IMF program. The authorities declared that the country may not need the IMF. However, the fears of reverting to economic indiscipline without the IMF supervision have materialized as many budgetary benchmarks were missed, the most notable being the current account and the fiscal deficit targets which have broader implications for the economy. The current account deficit for FY17 was recorded at USD 12.1 bln as compared to USD 4.87 bln in the preceding year. Fiscal deficit was recorded at 5.8% of GDP as compared to an initial target of 3.8%. The only silver lining in terms of economy was CPI inflation that averaged at 4.15% comfortably below the revised 4.5 ~ 5.5% target (SBP's state of the economy report).

In contrast to FY17, 1st Qtr FY18 has witnessed a mix of economic ups and downs. The deterioration in the current account deficit has continued; recording USD 2.6 bln in the first two months of the current fiscal year vis-a-vis USD 1.29 bln during the corresponding period last year. In stark contrast to the current account deficit, the fiscal deficit for the first quarter of FY18 was recorded at 0.9% of GDP as compared to 1.3% of GDP this time last year. This was achieved primarily because of significant growth in tax collection. Inflation as highlighted by SBP in its recent monetary policy is also set to remain manageable. It is definitely off to a good start as the reading for the first quarter, as per SBP, has been recorded at 3.39% - well below the annual target of 4.5%-5.5%. Furthermore, SBP has projected the fiscal account deficit of 5-6% and current account deficit of 4-5% of GDP compared to the targets of 4.1% and 2.6%, respectively.

The Pakistan Stock Exchange has suffered losses, having fallen about 25% from its pinnacle of 52,876 in May 2017 to 40,000 level in October 2017.

Going forward it would be critical that the external account is managed carefully. Decline of foreign currency reserves at the current rate is unsustainable and may lead to another currency crisis and push towards IMF.

Company Profile

Faysal Bank Limited (FBL) was incorporated in Pakistan on 3rd October, 1994 as a public limited company. The Bank's shares are listed on the Pakistan Stock Exchange. Its footprint spreads over more than 114 cities with 376 branches and 372 ATM's all over the country. Bank's total assets are in excess of PKR 472 billion.

FBL is engaged in Commercial, Retail, Corporate and Islamic banking activities. Its ambition is to meet the financial needs of the customers while providing them high quality of service. Branches have been transformed to multiproduct selling hub. Cross sell opportunities are being pursued through synergies and partnerships between business segments within the Bank.

DIRECTORS' REVIEW

FBL is on the path of transforming the bank into an Islamic Financial Institution. This will be done after careful evaluation of the conversion progress while ensuring that the interest of all stakeholders are sufficiently protected. Bank is also in the process of developing Digital Banking strategy so as to provide secured, state of art and user friendly banking services to its customers.

Bank foresees gradual resurgence in inflation due to growing aggregate demand and fiscal deficit. The USD/PKR parity and KIBOR will remain under pressure. Main positive factor that may boost Pakistan's economy among others is the CPEC. In a low interest rate environment, the Bank has extended its branch network to generate low cost deposits, increase its core business on selective basis within chosen segments, rationalize its administrative & distribution cost and recovery of non-performing loans from delinquent clients so as to maintain profitability. The increase in branch network is expected to create sustainable value in terms of future profitability of the Bank.

The Bank is aware of its responsibilities with regard to environment protection and has undertaken the task of developing a comprehensive environment policy. To support environment, in case of load shedding, FBL has shifted all its night branch network operations to heavy duty UPS instead of generators, thereby reducing environmental hazards. Also strict working hours are observed to benefit from natural light and save precious energy resources.

Bank's Performance:

The Bank is pursuing a well-defined strategy with focus on technological advancement to support digital banking, asset growth, cost efficiency and transformation to Islamic Banking.

Some of the notable milestones achieved during the period under review are as follows:

Project Financing & Syndication

- FBL acted as Joint Lead Arranger and Shariah Structuring Advisor for PKR 1,000 million syndicated facility arranged under mix of Islamic & Conventional modes of financing. The facility is being utilized to finance the procurement and installation of waste heat recovery system at a leading cement manufacturer's plant.
- FBL acted as Shariah Structuring Advisor for PKR 3,450 million syndicated facility arranged under mix of Islamic & Conventional modes of financing. The facility is being utilized to finance the Balancing, Modernization, Rehabilitation and Expansion (BMRE) requirements of a leading cement plant.
- FBL acted as Joint Arranger and Shariah Structuring Advisor for PKR 4,480 million syndicated facility arranged under mix of Islamic & Conventional modes of financing. The facility is being utilized to partially finance acquisition of tangible assets of a sugar mill.

DIRECTORS' REVIEW

Product Development & New Initiatives

- New home improvement proposition by the name of 'Home Styles' comprising of 16 partners and 1000+ products was introduced for credit card customers.
- Shariah compliant product "Barkat LifePlus Saving Account" catering specifically to the financial needs of our senior citizen clients was launched.
- Barkat Kamil Business saving account product was revamped by adding Takaful coverage.
- Internet Banking has shown significant growth, 39,733 subscribers using this facility and 365,605 transactions worth PKR 10.3 bln were executed against 195,716 transactions worth PKR 5.3 bln in 2016 making a total of 54% growth in usage.
- ATM transactions registered 28% growth in volume to PKR 130 bln. Credit Card spend witnessed 32% increase over same period last year.
- Faysal bank E-Banking team has teamed up with 1LINK (Guarantee) Limited to launch Pakistan's First Domestic Payment Scheme "PayPak Debit Card". This new card offers low cost, easy and affordable solution to customers.

Training & Development

- 7,543 participants were trained in 3rd quarter with a total of 42,518 training man hours.
- Business continuity plan (BCP) operational readiness training was conducted to all relevant stake holders.
- The online Islamic Banking training has been completed by 86% of our Bank staff.
- More than 1,000 staff members were imparted regulatory trainings as part of our annual refreshers in 3rd quarter of 2017.
- 65 Branch Service (Trainee) Officers graduated after completing their on job trainings and were placed in branches.
- Soft Skills training has been initiated for Branch Operations and Distribution teams.

Corporate Social Responsibility:

- President & CEO celebrated the independence day with young cancer patients of Child Aid Association at National Institute of Child Health. Donation was also given to the hospital.
- New relationship with Bait ul Sukoon Cancer Hospital has been established.

DIRECTORS' REVIEW

Future Outlook:

In line with Bank's strategic decision of gradual transformation into an Islamic Bank, 50 new Islamic branches are being opened in 2017. Bank is in the process of developing a seamless end-to-end branch technology based conversion solution for swift and efficient branch conversions to Islamic Banking.

The Bank will continue with its growth momentum in terms of ramping up its loan book, with primary focus on SME segment through branch led model, consumer finance and new customer inductions within both Commercial & Corporate business segments.

Focus on internal controls & compliance with both regulatory guidelines and adherence to best practices would remain a centerpiece of the strategy. The Bank will also remain focused on its sound risk management framework, including credit, operational and IT risk management practices.

Financial Highlights:

	September 2017	September 2016
	PKR in Million	
Operating Profit	5,585	6,084
Reversal / (provision) for non-performing advances	764	(295)
Reversal for diminution in value of investments	1	4
Reversal against off balance sheet obligations	-	6
	765	(285)
Profit before tax	6,350	5,799
Provision for taxation	(2,525)	(2,051)
Profit after tax	3,825	3,748
Earnings per share—Rupees	2.90	2.84

Bank earned Profit after Tax of PKR 3.825 bln as against PKR 3.748 bln of corresponding period of the last year, registering an improvement of 2.0%. This growth in profitability is despite of the fact that 2016 nine months profit included capital gain on PIB's amounting to PKR 1.5 bln which was not available in the current period. Bank improved its net margins by reducing cost of deposits and increasing its lending book. Recoveries of non-performing loans resulted in a net-reversal of provisions to the tune of PKR 765 mln against charge of PKR 285 mln in the corresponding period last year. As a result, EPS of the Bank increased to PKR 2.90 from

DIRECTORS' REVIEW

PKR 2.84. The Bank was able to maintain growth momentum in profitability despite challenging business environment, low interest rates and below par stock exchange performance.

Deposits increased to PKR 358.8 bln and total assets were in excess of PKR 472 bln. The Bank is focusing on mobilization of low-cost CASA deposits to protect and improve its profit margins. Branch network expansion has started to yield results. Strict watch over administrative expenses has assisted in rationalizing expenses to just 8% increase, including branch network expansion cost and inflation which is hovering around 5%. Strict credit monitoring and aggressive follow up from delinquent clients led to reversal of provisions. Provisions coverage of Non-Performing Loans (NPL) portfolio stands at 86.2% as compared to 81.7% of December 31, 2016. This ratio shows that Bank carries adequate provision against non-performing portfolio.

The Bank is also focusing on non-funded income through increase in trade & consumer products volumes and as a result, a 12% increase in commissions and fee based income was witnessed.

On the balance sheet, the Bank's Capital base stood at PKR 32.9 bln, while Capital Adequacy Ratio of 15.9% is well above SBP's minimum requirement.

Credit Rating:

JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings as of December 31, 2016:

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."

DIRECTORS' REVIEW

Acknowledgement:

On behalf of the Board and Management of the bank, we would like to take this opportunity to express our sincere thanks to the shareholders for the trust they have reposed in the Bank. We are also grateful to the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their continued support and guidance and the customers for their patronage. We 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

Chairman

Karachi

Dated: October 25, 2017

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2017

	Note	Un-audited September 30, 2017	Audited December 31, 2016
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks		31,879,375	37,239,302
Balances with other banks	9	1,710,649	1,139,375
Lendings to financial institutions	10	8,576,656	5,000,000
Investments	11	190,661,425	170,210,137
Advances	12	214,274,772	204,830,997
Operating fixed assets	13	12,114,738	12,111,881
Deferred tax assets - net		2,133,324	2,264,212
Other assets		11,360,902	11,668,757
		472,711,841	444,464,661
LIABILITIES			
Bills payable		5,984,806	5,982,285
Borrowings		57,629,925	52,806,084
Deposits and other accounts	14	358,825,985	340,306,404
Sub-ordinated loans		748,500	1,497,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		11,536,353	8,864,563
		434,725,569	409,456,336
NET ASSETS		37,986,272	35,008,325

REPRESENTED BY

Share capital	13,197,361	11,997,601
Reserves	7,064,598	7,158,248
Unappropriated profit	12,663,800	9,985,870
	32,925,759	29,141,719
Surplus on revaluation of assets - net of tax	5,060,513	5,866,606
	37,986,272	35,008,325

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2017

Note	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
----- Rupees '000 -----				
Mark-up / return / interest earned	7,125,767	6,279,094	21,306,501	19,559,699
Mark-up / return / interest expensed	3,776,634	3,440,950	10,947,317	10,660,217
Net mark-up / interest income	3,349,133	2,838,144	10,359,184	8,899,482
(Reversal of provision) / provision against non-performing loans and advances - net	12.2 (259,168)	(166,476)	(769,092)	336,792
Provision for consumer and small enterprise loans - general	12.3 41,350	15,234	85,863	16,454
Reversal against off balance sheet obligations (Reversal of provision) / provision for diminution in value of investments - net	-	(2,435)	-	(6,521)
Recoveries against written-off debts - net	11.4 4,428	5,183	(1,418)	(3,682)
	(26,621)	(7,632)	(80,129)	(58,296)
	(240,011)	(156,126)	(764,776)	284,747
Net mark-up / interest income after provisions	3,589,144	2,994,270	11,123,960	8,614,735
Non mark-up / interest income				
Fee, commission and brokerage income	733,123	542,327	2,115,872	1,884,598
Dividend income	29,428	44,029	109,747	224,395
Income from dealing in foreign currencies	342,911	385,045	928,029	907,248
(Loss) / gain on sale of securities - net	(50,704)	271,842	979,912	2,382,615
Unrealised loss on revaluation of investments classified as held for trading - net	(10,760)	(14,936)	(7,418)	(8,744)
Other income	48,278	66,600	199,606	222,052
Total non mark-up / interest income	1,092,276	1,294,907	4,325,748	5,612,164
	4,681,420	4,289,177	15,449,708	14,226,899
Non mark-up / interest expenses				
Administrative expenses	3,140,682	2,826,269	8,948,725	8,293,039
Other provisions - net	-	2,461	-	12,481
Other charges	30,931	25,774	131,157	112,644
Total non mark-up / interest expenses	3,171,613	2,854,504	9,079,882	8,418,164
	1,509,807	1,434,673	6,369,826	5,808,735
Share of loss of associate	11.3.1 (1,421)	-	(19,375)	(9,797)
Extraordinary / unusual items	-	-	-	-
Profit before taxation	1,508,386	1,434,673	6,350,451	5,798,938
Taxation - Current	529,557	441,707	2,245,612	2,039,582
Taxation - Prior years	14,500	(533,010)	(316,099)	(926,138)
Taxation - Deferred	(1,312)	596,072	595,871	937,474
	542,745	504,769	2,525,384	2,050,918
Profit after taxation	965,641	929,904	3,825,067	3,748,020
----- Rupees -----				
Basic earnings per share	16 0.73	0.70	2.90	2.84

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2017

	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	Rupees '000			
Profit after taxation for the period	965,641	929,904	3,825,067	3,748,020
Other comprehensive income:				
Items that will not be reclassified to profit and loss account	-	-	-	-
Comprehensive income transferred to equity	965,641	929,904	3,825,067	3,748,020
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	(278,582)	12,384	(1,184,450)	(769,547)
- Deferred tax asset on change in value of available for sale securities	97,505	(2,336)	414,558	271,340
	(181,077)	10,048	(769,892)	(498,207)
Total comprehensive income	784,564	939,952	3,055,175	3,249,813

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

Particulars	Share capital	Reserves					Unappropriated profit	Total	
		Capital				Statutory reserve			Sub Total
		Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase (note 3.7)	Reserve arising on amalgamation				
Rupees '000									
Balance as at January 1, 2016 (audited)	11,997,601	-	10,131	1,006,607	23,952	5,382,071	6,422,761	7,638,330	26,058,692
Total comprehensive income for the period from January 1, 2016 to September 30, 2016									
Profit after taxation for the period ended September 30, 2016		-	-	-	-	-	-	3,748,020	3,748,020
Other comprehensive income for the period		-	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	-	3,748,020	3,748,020
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(93,650)	-	-	(93,650)	-	(93,650)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	75,626	75,626
Transactions with owners directly recognised 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)
Balance as at September 30, 2016 (un-audited)	11,997,601	-	10,131	912,957	23,952	5,382,071	6,329,111	10,262,216	28,588,928
Total comprehensive income for the period from October 1, 2016 to December 31, 2016									
Profit after taxation for the period October 1, 2016 to December 31, 2016		-	-	-	-	-	-	553,752	553,752
Other comprehensive income for the period		-	-	-	-	-	-	16,719	16,719
Total comprehensive income for the period		-	-	-	-	-	-	570,471	570,471
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(31,217)	-	-	(31,217)	-	(31,217)
Transfer to statutory reserve	-	-	-	-	-	860,354	860,354	(860,354)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	13,537	13,537
Balance as at December 31, 2016 (audited)	11,997,601	-	10,131	881,740	23,952	6,242,425	7,158,248	9,985,870	29,141,719
Profit after taxation for the nine months ended September 30, 2017		-	-	-	-	-	-	3,825,067	3,825,067
Other comprehensive income for the period		-	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	-	3,825,067	3,825,067
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(93,650)	-	-	(93,650)	-	(93,650)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	52,623	52,623
Transactions with owners recognised directly in equity									
- Transfer to reserve for issue of bonus shares		1,199,760	-	-	-	-	1,199,760	(1,199,760)	-
- Bonus shares issued	1,199,760	(1,199,760)	-	-	-	-	(1,199,760)	-	-
Balance as at September 30, 2017 (un-audited)	13,197,361	-	10,131	788,090	23,952	6,242,425	7,064,598	12,663,800	32,925,759

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

	September 30, 2017	September 30, 2016
	-----Rupees '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,350,451	5,798,938
Less: Dividend income	(109,747)	(224,395)
	<u>6,240,704</u>	<u>5,574,543</u>
Adjustments for non-cash and other items:		
Depreciation	566,347	481,137
Amortisation	134,468	163,004
Depreciation on non-banking assets	10,423	
Workers' Welfare Fund	130,939	118,926
(Reversal of provision) / provision against non-performing loans and advances - net	(769,092)	336,792
Provision for consumer and small enterprise loans - general	85,863	16,454
Reversal of provision for diminution in value of investments - net	(1,418)	(3,682)
Charge of other provisions - net	-	12,481
Reversal of provision against off balance sheet obligations	-	(6,521)
Unrealised loss on revaluation of investments classified as held for trading	7,418	8,744
Net profit on disposal of property and equipment	(17,063)	(56,149)
Charge for defined benefit plan	85,961	67,053
Amortisation of prepaid employee benefits	6,977	19,118
Recoveries against written-off debts	(80,129)	(58,296)
Share of loss of associate	19,375	9,797
	<u>180,069</u>	<u>1,108,858</u>
	<u>6,420,773</u>	<u>6,683,401</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(3,576,656)	250,000
Held for trading securities	(46,263,373)	(10,350,917)
Advances	(8,702,631)	65,151
Other assets	197,705	1,721,805
	<u>(58,344,955)</u>	<u>(8,313,961)</u>
Increase / (decrease) in operating liabilities		
Bills payable	2,521	(1,107,943)
Borrowings	5,209,235	(66,839,895)
Deposits and other accounts	18,519,581	22,336,243
Other liabilities	2,660,500	607,159
	<u>26,391,837</u>	<u>(45,004,436)</u>
	<u>(25,532,345)</u>	<u>(46,634,996)</u>
Income tax paid	(2,000,575)	(744,408)
Net cash (used in) / generated from operating activities	<u>(27,532,920)</u>	<u>(47,379,404)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net divestment / (investment) in available for sale securities	17,004,008	48,819,671
Net investment in held to maturity securities	7,598,252	6,602,526
Dividend income received	106,771	195,391
Investment in operating fixed assets	(855,726)	(689,062)
Proceeds realised on disposal of operating fixed assets	25,039	540,740
Net cash generated from / (used in) investing activities	<u>23,878,344</u>	<u>55,469,266</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of sub-ordinated loan	(748,500)	(748,500)
Dividends paid	(183)	(1,191,402)
Net cash used in financing activities	<u>(748,683)</u>	<u>(1,939,902)</u>
(Decrease) / increase in cash and cash equivalents	<u>(4,403,259)</u>	<u>6,149,960</u>
Cash and cash equivalents at the beginning of the period	37,855,935	26,335,872
Cash and cash equivalents at the end of the period	<u><u>33,452,676</u></u>	<u><u>32,485,832</u></u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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 the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Corporate, Commercial and Consumer banking activities. The Bank has a network of 376 branches (December 31, 2016: 355); including 168 Islamic banking branches (December 31, 2016: 146) and 1 Islamic sub-branch (December 31, 2016: 1) in Pakistan.

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

IB Bank B.S.C (closed)- a wholly owned subsidiary of Ithmaar Holding Company B.S.C, is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2016: 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, 2016, 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, 2015: 'AA') and the short term rating as 'A1+' (December 31, 2015: '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 this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2** The results of the Islamic banking branches have been consolidated in this condensed interim financial information for reporting purposes only. Inter branch transactions and balances have been eliminated. In accordance with the directives issued by the SBP, the key financial figures of Islamic banking branches are disclosed in note 20 to this condensed interim financial information.

3 STATEMENT OF COMPLIANCE

- 3.1** This condensed interim financial information has 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 requirements of the Companies Ordinance, 1984, the requirements of the Banking Companies Ordinance, 1962, or the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and the SBP. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFASs 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, IFASs notified under the Companies Ordinance, 1984 or the requirements of the said directives issued by the SECP and the SBP prevail. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular no 23 dated October 04, 2017, this condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 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 this condensed interim financial information. 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 condensed interim financial information in line with the format prescribed by the SBP. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned format, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in this condensed interim financial information is based on the requirements laid down by the SBP.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

- 3.4** The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of 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 this condensed interim financial information.
- 3.5** The SECP has directed that the requirements of IFRS 10, 'Consolidated Financial Statements' are not applicable in case of investments by Companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of mutual funds are not considered in the preparation of this condensed interim financial information.
- 3.6** The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2016.
- 3.7** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. Accordingly, during the period ended September 30, 2017 the Bank has adjusted amortisation of intangible assets amounting to Rs. 93.650 million (net of tax) from the Non-distributable Capital Reserve.
- 3.8** 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 this condensed interim financial information.

4 BASIS OF MEASUREMENT

This condensed interim financial information has 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 and certain investments and derivative contracts have been marked to market and are carried at fair value. In addition, obligation in respect of staff retirement benefit is carried at present value.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016.

8 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2016.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

9	BALANCES WITH OTHER BANKS	Note	Un-audited September 30, 2017			Audited December 31, 2016		
			Rupees '000					
	In Pakistan							
	- Current accounts				1,227,660			699,488
	Outside Pakistan							
	- Current accounts				482,989			439,887
					<u>1,710,649</u>			<u>1,139,375</u>
10	LENDINGS TO FINANCIAL INSTITUTIONS							
	Call money lending				1,500,000			-
	Repurchase agreement lendings				3,000,000			5,000,000
	Bai Muajjal with State Bank of Pakistan	10.1			4,076,656			-
					<u>8,576,656</u>			<u>5,000,000</u>
10.1	Bai Muajjal placements - gross				4,188,664			-
	Less: deferred income				(49,577)			-
	Less: profit receivable shown in other assets				(62,431)			-
	Bai Muajjal placements - net				<u>4,076,656</u>			<u>-</u>
11	INVESTMENTS							
11.1	Investments by type	Note	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
			Rupees '000					
	Held for trading securities							
	Market Treasury Bills		35,474,901	1,082,858	36,557,759	533,530	-	533,530
	Pakistan Investment Bonds		11,396,147	-	11,396,147	1,170,038	-	1,170,038
	Fully paid up ordinary shares / certificates of closed end mutual funds		13,035	-	13,035	-	-	-
			46,884,083	1,082,858	47,966,941	1,703,568	-	1,703,568
	Available for sale securities							
	Market Treasury Bills		51,875,977	34,852,283	86,728,260	59,502,461	29,646,237	89,148,698
	Pakistan Investment Bonds		25,519,376	-	25,519,376	41,351,395	2,074,936	43,426,331
	Ijara Sukuk Bonds		6,312,593	-	6,312,593	4,474,967	-	4,474,967
	Sukuk Bonds		5,118,895	-	5,118,895	2,900,000	-	2,900,000
	Units of open end mutual funds							
	- Faysal Balanced Growth Fund *		37,480	-	37,480	37,480	-	37,480
	- Faysal Income Growth Fund *		257,544	-	257,544	257,544	-	257,544
	- Faysal Savings Growth Fund *		680,606	-	680,606	680,606	-	680,606
	- Faysal Islamic Savings Growth Fund *		189,432	-	189,432	189,432	-	189,432
	- Faysal Financial Sector Opportunity Fund *		15,000	-	15,000	-	-	-
	Fully paid up ordinary shares / modaraba certificates / certificates of closed end mutual funds	11.2	3,696,836	-	3,696,836	4,370,242	-	4,370,242
	Fully paid up preference shares		22,490	-	22,490	22,490	-	22,490
	Term finance certificates		687,419	-	687,419	762,149	-	762,149
			94,413,648	34,852,283	129,265,931	114,548,766	31,721,173	146,269,939
	Held to maturity securities							
	Pakistan Investment Bonds		-	-	-	9,931,757	-	9,931,757
	Term finance certificates		2,107,588	-	2,107,588	2,455,213	-	2,455,213
	Sukuk Bonds		14,542,747	-	14,542,747	11,861,617	-	11,861,617
			16,650,335	-	16,650,335	24,248,587	-	24,248,587
	Associate *							
	Fully paid up ordinary shares of Faysal Asset Management Limited	11.3	26,657	-	26,657	46,032	-	46,032
	Investments at cost		<u>157,974,723</u>	<u>35,935,141</u>	<u>193,909,864</u>	<u>140,546,953</u>	<u>31,721,173</u>	<u>172,268,126</u>
	Less: Provision for diminution in the value of investments	11.4 & 12.2.1	(3,264,415)	-	(3,264,415)	(3,265,833)	-	(3,265,833)
	Investments (net of provisions)		<u>154,710,308</u>	<u>35,935,141</u>	<u>190,645,449</u>	<u>137,281,120</u>	<u>31,721,173</u>	<u>169,002,293</u>
	Surplus on revaluation of investments classified as held for trading - net		(7,005)	48	(6,957)	461	-	461
	Surplus / (deficit) on revaluation of investments classified as available for sale - net		20,978	1,955	22,933	1,227,520	(20,137)	1,207,383
	Total investments - net		<u>154,724,281</u>	<u>35,937,144</u>	<u>190,661,425</u>	<u>138,509,101</u>	<u>31,701,036</u>	<u>170,210,137</u>

* related parties

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

11.2 These include an investment of the Bank in unlisted shares of DHA Cogen Limited (DHA) (a related party of the Bank) representing 19.1% (December 31, 2016: 19.1%) equity holding of DHA.

11.3 Investment of the Bank in Faysal Asset Management Limited (FAML) has been accounted for under the equity method of accounting as per the requirement of IAS 28 - Investment in associates and joint ventures. 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 September 30, 2017 with a corresponding adjustment to the carrying amount of investment. The details of the Bank's investment, post acquisition changes and certain other details relating to FAML are as under:

	Note	Un-audited September 30, 2017	Audited December 31, 2016
11.3.1 Faysal Asset Management Limited - percentage holding 30% (December 31, 2016: 30%)			
-----Rupees '000-----			
At January 1		46,032	68,082
Post acquisition changes during the period / year - recognised in the profit and loss account		(19,375)	(22,050)
Closing Balance		26,657	46,032
Cost of investment		45,000	45,000

11.3.2 Summary of the financial information of the associate

Revenue for the period / year	32,942	139,032
Net Loss for the period / year	(10,071)	(73,499)
Assets	129,114	166,896
Liabilities	40,255	13,456
Net Assets	88,859	153,440
Percentage (%) holding of the Bank	30%	30%
Share of net assets of the Bank	26,657	46,032

11.4 Particulars of provision for diminution in the value of investments

Opening balance	3,265,833	3,282,763
Charge for the period / year	57,501	75,478
Reversals during the period / year	(58,919)	(92,408)
	(1,418)	(16,930)
Closing balance	3,264,415	3,265,833

12 ADVANCES

Loans, cash credits, running finances, etc. – in Pakistan	185,488,607	180,518,663
Net investment in finance lease – in Pakistan	9,061,423	10,431,613
	194,550,030	190,950,276
Bills discounted and purchased (excluding government treasury bills)		
- Payable in Pakistan	2,655,086	5,289,466
- Payable outside Pakistan	910,227	909,279
	3,565,313	6,198,745
Islamic financing and related assets	40,274,939	32,588,297
Margin financing / reverse repo transactions	88,200	88,200
Gross advances	238,478,482	229,825,518
Provision against non-performing advances	12.1 & 12.2 (23,653,590)	(24,530,264)
Provision against consumer and small enterprise loans - general	12.3 (550,120)	(464,257)
	(24,203,710)	(24,994,521)
Advances - net of provision	214,274,772	204,830,997

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

- 12.1** Advances includes Rs 27,455 million (December 31, 2016: Rs 30,036 million) which have been placed under non-performing status as detailed below:

		September 30, 2017 (Un-audited)								
Particulars	Note	Classified Advances			Provision required		Provision held			
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- Rupees '000 -----										
Category of classification										
Other Assets Especially										
Mentioned (OAE)	12.1.1	293,417	-	293,417	-	-	-	-	-	-
Substandard		1,018,367	-	1,018,367	164,592	-	164,592	164,592	-	164,592
Doubtful		1,086,581	-	1,086,581	333,883	-	333,883	333,883	-	333,883
Loss		25,056,933	-	25,056,933	23,155,115	-	23,155,115	23,155,115	-	23,155,115
		27,455,298	-	27,455,298	23,653,590	-	23,653,590	23,653,590	-	23,653,590

		December 31, 2016 (Audited)								
Particulars	Note	Classified Advances			Provision required		Provision held			
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- Rupees '000 -----										
Category of classification										
Other Assets Especially										
Mentioned (OAE)	12.1.1	351,337	-	351,337	-	-	-	-	-	-
Substandard		2,201,772	-	2,201,772	403,413	-	403,413	403,413	-	403,413
Doubtful		1,822,574	-	1,822,574	552,258	-	552,258	552,258	-	552,258
Loss		25,660,377	-	25,660,377	23,574,593	-	23,574,593	23,574,593	-	23,574,593
		30,036,060	-	30,036,060	24,530,264	-	24,530,264	24,530,264	-	24,530,264

- 12.1.1** This represents non-performing portfolio of agricultural, housing and small enterprise financing classified as OAE)M as per the requirements of the Prudential Regulations for agricultural, housing and small enterprise financing issued by the SBP.

12.2 Particulars of provision against non-performing advances

	Un-audited September 30, 2017	Audited December 31, 2016
Rupees '000		
Opening balance	24,530,264	24,101,547
Recognised in the profit & loss account		
Charge for the period / year	713,519	1,991,115
Reversals during the period / year	(1,482,611)	(1,365,302)
Net charge	(769,092)	625,813
Transfer of provision	22,214	-
Amounts written off	(129,796)	(197,096)
Closing balance	23,653,590	24,530,264

- 12.2.1** As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 1,962.640 million (December 31, 2016: Rs 2,193.458 million) relating to advances and Rs Nil (December 31, 2016: Rs 2.884 million) relating to investments while determining the provisioning requirement against non-performing financing (including investments) as at September 30, 2017. The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2017 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs 1,275.716 million (December 31, 2016: Rs 1,427.622 million).

12.3 Particulars of provision against consumer loans and small enterprise - general

	Un-audited September 30, 2017	Audited December 31, 2016
Rupees '000		
Opening balance	464,257	432,672
Charge during the period / year	85,863	31,585
Closing balance	550,120	464,257

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

- 12.3.1** The Bank maintains a general provision against consumer financing in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing issued by the SBP. The prudential regulations specify that general provision should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio ranging from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

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

- 12.4** 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.

	Un-audited September 30, 2017	Audited December 31, 2016
	-----Rupees '000-----	
13 OPERATING FIXED ASSETS		
Capital work-in-progress	505,470	513,696
Tangible fixed assets	10,234,927	9,991,126
Intangible assets	1,374,341	1,607,059
	<u>12,114,738</u>	<u>12,111,881</u>

	Un-audited Nine months ended	
	September 30, 2017	September 30, 2016
	-----Rupees '000-----	
13.1 Additions to operating fixed assets - cost		
Leasehold property and improvements	305,796	126,496
Office furniture, fixtures, equipment and computers	507,300	558,734
Vehicles	5,189	5,698
Capital work-in-progress	855,723	688,186
Additions to Intangibles		
Software	45,667	38,641

13.2 Disposals of operating fixed assets - cost		
Freehold land	-	455,000
Leasehold property and improvements	16,212	-
Office furniture, fixtures, equipment and computers	127,092	15,081
Vehicles	23,096	53,386

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

	Un-audited September 30, 2017	Audited December 31, 2016
	-----Rupees '000-----	
14 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	102,996,358	101,774,589
Savings deposits	116,781,487	107,940,436
Current accounts – Remunerative	3,736,798	3,076,212
Current accounts – Non-remunerative	111,721,115	108,820,931
Margin accounts	3,493,226	2,970,671
	338,728,984	324,582,839
Financial institutions		
Remunerative deposits	19,677,485	15,537,363
Non-remunerative deposits	419,516	186,202
	20,097,001	15,723,565
	358,825,985	340,306,404
15 CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Contingent liability in respect of guarantees favouring:		
- Banking companies and other financial institutions	867,816	483,766
Acceptances		
- Others	4,569,040	7,558,310
15.2 Transaction-related contingent liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:		
- Government	12,532,207	10,688,334
- Banking companies and other financial institutions	60,657	225,272
- Others	2,873,949	2,369,202
	15,466,813	13,282,808
15.3 Trade-related contingent liabilities		
Letters of credit		
- Government	13,970,007	8,078,616
- Others	21,931,302	9,057,727
	35,901,309	17,136,343
15.4 Other contingencies		
i) Indemnity issued favouring the High Court in one of the cases	457,543	457,543

There are certain claims against the Bank not acknowledged as debt amounting to Rs 34,119 million (December 31, 2016: Rs 34,086 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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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 this condensed interim financial information.

- (ii) Income tax assessments of the Bank have been finalised upto the tax year 2016 (accounting year 2015).

15.5 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 35,029 million (December 31, 2016: Rs 22,799 million) which are irrevocable in nature.

	Un-audited September 30, 2017	Audited December 31, 2016
	-----Rupees '000-----	
15.6 Commitments in respect of forward exchange contracts		
Purchase		
- Customers	1,710,789	627,720
- Banks	38,440,181	25,971,518
	<u>40,150,970</u>	<u>26,599,238</u>
Sale		
- Customers	526,264	87,256
- Banks	19,765,638	9,325,891
	<u>20,291,902</u>	<u>9,413,147</u>
15.7 Commitments for the acquisition of operating fixed assets	<u>125,047</u>	<u>156,240</u>
15.8 Commitments in respect of repo transactions		
Repurchase	<u>35,964,828</u>	<u>31,743,703</u>
Resale	<u>3,340,122</u>	<u>5,312,485</u>
15.9 Others		
Cross currency swaps (notional principal)	<u>1,938,588</u>	<u>877,690</u>

16 EARNINGS PER SHARE

	Un-audited			
	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	----- Rupees '000 -----			
Profit after tax for the period	<u>965,641</u>	<u>929,904</u>	<u>3,825,067</u>	<u>3,748,020</u>
	----- Number of shares in thousands -----			
Weighted average number of ordinary shares	<u>1,319,736</u>	<u>1,319,736</u>	<u>1,319,736</u>	<u>1,319,736</u>
	----- Rupees -----			
Earnings per share - basic	<u>0.73</u>	<u>0.70</u>	<u>2.90</u>	<u>2.84</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

- 16.1** Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at September 30, 2017 and September 30, 2016 which would have any effect on the earning per share if the option to convert is exercised.

17 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
September 30, 2017 - Un-audited					
	Rupees '000				
Total income ***	113,895	4,788,386	18,035,304	2,695,289	25,612,874
Total expenses	(85,123)	(3,578,326)	(16,596,348)	(1,528,010)	(21,787,807)
Net income	28,772	1,210,060	1,438,956	1,147,279	3,825,067
Segment assets (Gross)	-	191,609,104	97,859,871	210,959,705	500,428,680
Segment non performing loans	-	-	5,834,601	21,620,697	27,455,298
Segment provision required against loans **	-	-	(3,876,644)	(20,327,066)	(24,203,710)
Segment liabilities	-	(46,996,367)	(354,074,872)	(33,654,330)	(434,725,569)
Segment return on assets (ROA) (%) *	-	0.85%	2.46%	0.82%	
Segment cost of funds (%) *	-	4.53%	3.62%	5.87%	
September 30, 2016 - Un-audited					
Total income ***	334,744	6,534,954	16,144,081	2,148,287	25,162,066
Total expenses	(138,936)	(3,784,873)	(15,610,722)	(1,879,515)	(21,414,046)
Net income	195,808	2,750,081	533,359	268,772	3,748,020
	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Total
December 31, 2016 - Audited					
	Rupees '000				
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	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%	

* These percentages have been computed based on average balances.

** Includes general provision

*** Net of share of loss of associate

18 RELATED PARTY TRANSACTIONS

The Bank has related party relationship 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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

Particulars	As at September 30, 2017 (Un-audited)				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
Rupees '000					
Deposits					
Balance at the beginning of the period	76,655	921,493	3,173	981,862	1,891,917
Placements during the period	818,891	1,074,302	3,896,960	907	37,471,680
Withdrawals during the period	(820,174)	(1,251,261)	(3,898,944)	(982,277)	(36,455,576)
Balance at end of the period	75,372	744,534	1,189	492	2,908,021
Advances *					
Balance at the beginning of the period	84,388	-	-	-	3,987,241
Disbursements during the period	82,238	-	-	-	1,022,266
Repayments during the period	(69,510)	-	-	-	(140,082)
Balance at end of the period	97,116	-	-	-	4,869,425
Investments **					
Balance at the beginning of the period	-	-	46,032	-	3,567,571
Disbursements / purchases during the period	-	-	-	-	167,999
Repayments / sales / share of loss during the period	-	-	(19,375)	-	(152,999)
Balance at end of the period	-	-	26,657	-	3,582,571
Trust activities	110,830	631,600	-	-	-
Shares held by related parties	1,229	-	-	8,812,815	698,860

* Provision held against advances in respect of other related parties amounted to Rs 2,762.997 million.

** Provision held against investments in respect of other related parties amounted to Rs 2,259.073 million.

Particulars	As at December 31, 2016 (Audited)				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
Rupees '000					
Deposits					
Balance at the beginning of the year	55,474	517,875	2,265	315	517,814
Placements during the year	1,187,752	1,231,961	4,420,973	10,466,848	26,973,329
Withdrawals during the year	(1,166,571)	(828,343)	(4,420,065)	(9,485,301)	(25,599,226)
Balance at end of the year	76,655	921,493	3,173	981,862	1,891,917
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	84,388	-	-	-	3,987,241
Investments **					
Balance at the beginning of the period	-	-	68,082	-	3,642,469
Disbursements / purchases during the period	-	-	-	-	764,219
Repayments / sales / share of loss during the period	-	-	(22,050)	-	(839,117)
Balance at end of the period	-	-	46,032	-	3,567,571
Trust activities	157,360	563,300	-	-	57,900
Shares held by related parties	1,083	-	-	8,011,650	635,328

* Provision held against advances in respect of other related parties amounted to Rs 2,994.048 million.

** Provision held against investments in respect of other related parties amounted to Rs 2,234.844 million.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

Particulars	For the nine months ended September 30, 2017 (Un-audited)				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
	Rupees '000				
Shares / units purchased during the period	-	-	-	-	167,999
Shares / units sold during the period	-	-	-	-	149,460
Government securities purchased during the period	235,711	509,255	-	-	-
Government securities sold during the period	473,760	720,391	-	-	429,093
Profit paid / accrued	900	41,251	330	-	59,189
Profit return / earned	3,368	-	-	-	46,846
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	253,784	-	-	-	-
- Post-employment benefits	8,166	-	-	-	-
- Directors fee	58,557	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	188,621	-	-	-
Capital loss	-	-	-	-	3,539
Dividend Income	-	-	-	-	57,379
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397
Trade related commitments	-	-	-	-	1,795,894
Share of loss from associate	-	-	19,375	-	-
Dividend payable	-	-	-	-	-
Bonus shares issued	111	-	-	801,165**	63,532

* represents outstanding guarantee

** These include 4,005,826 shares in respect of withholding tax on bonus shares issued by the Bank during the period. These shares have not been released by the Bank to the Government Treasury based on the stay order issued by the Honorable High Court of Sindh.

Particulars	For the nine months ended September 30, 2017 (un-audited)				
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies	Other Related Parties
	Rupees '000				
Shares / units purchased during the period	-	-	-	-	289,720
Shares / units sold during the period	-	-	-	-	706,290
Government securities purchased during the period	404,905	-	-	-	-
Government securities sold during the period	442,942	189,940	-	-	297,749
Profit paid / accrued	1,400	26,426	201	-	14,606
Profit return / earned	3,109	-	-	-	53,626
Remuneration of the key management personnel					
- Salaries and other short-term employee benefits	261,527	-	-	-	-
- Post-employment benefits	14,341	-	-	-	-
- Directors fee	39,678	-	-	-	-
Contribution / charge relating to staff retirement benefits	-	162,590	-	-	-
Capital gain	-	-	-	-	2,008
Dividend Income	-	-	-	-	86,775
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	29,397
Trade related commitments	-	-	-	-	360,077
Share of loss from associate	-	-	9,797	-	-
Dividend paid	111	-	-	801,165	63,532
Bonus shares issued	-	-	-	-	-

* represents outstanding guarantee

- 18.1** Balances pertaining to parties that were related at the beginning of the period 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 CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

19 FAIR VALUE DISCLOSURES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

19.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value. 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).

Recurring fair value measurements

	September 30, 2017 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	Rupees '000			
Investments - net				
Market Treasury Bills	-	123,294,055	-	123,294,055
Pakistan Investment Bonds	-	37,046,936	-	37,046,936
Ijara Sukuk Bonds	-	6,311,694	-	6,311,694
Fully Paid up Ordinary Shares	1,756,197	-	-	1,756,197
Term Finance Certificates	-	54,774	-	54,774
Units of Open end Mutual Funds	1,166,931	-	-	1,166,931
Sukuk Bonds	-	5,187,893	-	5,187,893

Commitments in respect of forward exchange contracts

Forward purchase of foreign exchange	-	40,126,958	-	40,126,958
Forward sale of foreign exchange	-	20,347,195	-	20,347,195

Derivative instruments

	-	1,938,588	-	1,938,588
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Other Liabilities

Pakistan Investment Bonds	-	2,526,988	-	2,526,988
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Recurring fair value measurements

	December 31, 2016 (Audited)			
	Level 1	Level 2	Level 3	Total
	Rupees '000			
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 Bonds	-	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
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The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date when the event or change in circumstances require Bank to exercise such transfers.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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	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.

20 ISLAMIC BANKING BUSINESS

The Bank is operating 168 Islamic banking branches (December 31, 2016: 146) and 1 Islamic sub-branch (December 31, 2016: 1).

20.1 The statement of financial position of these branches as at September 30, 2017 is as follows:

	Note	Un-audited September 30, 2017	Audited December 31, 2016
-----Rupees '000-----			
ASSETS			
Cash and balances with treasury banks		5,601,267	5,601,380
Balances with other banks		102,607	83,370
Due from financial institutions		4,076,656	-
Investments		23,913,974	16,246,917
Islamic financing and related assets	20.3.1	39,990,648	32,316,678
Operating fixed assets		1,475,098	1,175,046
Deferred tax assets		-	-
Other assets		2,232,445	954,377
		77,392,695	56,377,768
LIABILITIES			
Bills payable		1,038,946	896,669
Due to financial institutions		300,000	200,000
Deposits and other accounts			
- Current accounts		26,348,448	18,424,972
- Saving accounts		13,529,746	12,548,303
- Term deposits		11,130,395	7,077,218
- Others		13,535	34,955
- Deposits from financial institutions - remunerative		9,573,852	9,618,020
- Deposits from financial institutions - non-remunerative		117,509	5,500
Due to head office		9,693,835	1,007,797
Deferred tax liabilities		30,905	24,645
Other liabilities		651,276	2,131,144
		72,428,447	51,969,223
NET ASSETS		4,964,248	4,408,545
REPRESENTED BY			
Islamic banking fund		2,880,000	2,880,000
Reserves		-	-
Unappropriated profit		1,901,724	1,357,645
		4,781,724	4,237,645
Surplus on revaluation of assets - net of tax		182,524	170,900
		4,964,248	4,408,545

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

20.2 The profit and loss account of the Bank's Islamic Banking branches for the nine months ended September 30, 2017 is as follows:

	Un-audited	
	Nine months ended	
	September 30, 2017	September 30, 2016
	Rupees '000	
Profit / return earned on financing and investments	3,425,193	2,446,100
Profit / return expensed	1,370,806	1,436,937
Net spread earned	2,054,387	1,009,163
(Reversal of provision) / provision against non-performing financings - net	(2,546)	24,371
Provision / (reversal of provision) against consumer financings - general	15,218	(3,436)
Recoveries against written off debts	-	(220)
	12,672	20,715
	2,041,715	988,448
Other Income		
Fee, commission and brokerage income	191,005	113,224
Income from dealing in foreign currencies - net	43,519	4,312
Loss on sale of securities - net	(712)	-
Other income	4,015	1,508
Total other income	237,827	119,044
	2,279,542	1,107,492
Other expenses		
Administrative expenses	1,735,444	1,116,279
Other provision / write-offs	-	31,336
Other charges	19	18
Total other expenses	1,735,463	1,147,633
	544,079	(40,141)
Extraordinary items / unusual items	-	-
Profit / (loss) for the period	544,079	(40,141)
Unappropriated profit brought forward	1,357,645	1,436,604
Unappropriated profit carried forward	1,901,724	1,396,463
	7,818	7,672
Remuneration to shariah board		
	Un-audited	Audited
	September 30, 2017	December 31, 2016
	Rupees '000	
CHARITY FUND		
Opening balance	4,844	1,034
Additions during the period / year	6,041	5,610
Payments / utilisation during the period / year	(4,800)	(1,800)
Closing balance	6,085	4,844
Sector wise details of charity disbursement		
Health	4,300	1,300
Education	200	200
Social Work	300	300
	4,800	1,800

The charity has been paid by the Bank on account of non-shariah compliant income, late payment amount received from customers and profit earned thereon.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

	Note	Un-audited September 30, 2017	Audited December 31, 2016
		-----Rupees '000-----	
20.3 Islamic Financing and Related Assets	20.3.1	<u>39,990,648</u>	<u>32,316,678</u>
20.3.1 Islamic Mode of Financing			
Financing			
Murabaha		683,416	861,049
Musharika cum Ijara		11,269	11,269
Diminishing Musharika		29,344,282	23,602,710
Running Musharika		241,105	-
Fixed Assets Ijara Financing (net)		32,602	493,559
		30,312,674	24,968,587
Advance against Financing			
Advance against Murabaha Financing		105,351	251,821
Advance against Diminishing Musharika		6,907,445	6,332,472
Advance against Ijara		2,534,190	635,417
Advance against Istisna		355,279	400,000
Istisna Inventory		60,000	-
		9,962,265	7,619,710
Gross Islamic financing and related assets		40,274,939	32,588,297
Provision against Islamic financing and related assets		(284,291)	(271,619)
		<u>39,990,648</u>	<u>32,316,678</u>

21 GENERAL

21.1 Comparative information has been re-classified, re-arranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

22 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 25, 2017 by the Board of Directors of the Bank.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

DIRECTOR

ڈائریکٹرز کا جائزہ

بیلنس شیٹ پر، بینک کا کپٹل بیس ۳۲۶۹ ارب روپے ہے، جبکہ کپٹل ایڈیوکیسی ریشو ۹۵ فیصد ہے جو کہ بینک دولت پاکستان کے طے کردہ معیار سے خاصا بلند ہے۔

کریڈٹ ریٹنگ

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ۳۱ دسمبر ۲۰۱۶ء کے مالیاتی گوشواروں کی بنیاد پر درج ذیل درجہ بندی جاری کی ہے:

طویل المیعاد: AA

قلیل المیعاد: A1+

مذکورہ بالا کریڈٹ ریٹنگ ایجنسیز نے مستحکم حالت کی درجہ بندی تفویض کی ہے۔ JCR-VIS کی جانب سے تفویض کردہ درجہ بندیوں کی تعریفات درج ذیل ہیں:

”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 لیے بڑی یقین دہانی۔ قلیل المیعاد فنڈز کے متبادل ذرائع تک رسائی موجود ہے۔ درجہ بندی سرکاری قلیل المیعاد قرضوں کی درجہ بندی سے ذرا سی نیچے ہے۔“

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

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

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

توثیقی بیان:

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

منجانب بورڈ آف ڈائریکٹرز

چیرمین

صدر اور سی ای او

کراچی۔ ۲۵ اکتوبر، ۲۰۱۷

ڈائریکٹرز کا جائزہ

مالیاتی جھلکیاں:

ستمبر ۲۰۱۶	ستمبر ۲۰۱۷
ملین روپے	
۶،۰۸۴	۵،۵۸۵
(۲۹۵)	۷۶۴
۴	۱
۶	-
(۲۸۵)	۷۶۵
۵،۷۹۹	۶،۳۵۰
(۲،۰۵۱)	(۲،۵۲۵)
۳،۷۴۸	۳،۸۲۵
۲،۸۴۴	۲،۹۰۰

آپریٹنگ منافع

پرویشن برائے نان پرفارمنگ لونز
سرمایہ کاری کی قدر میں کمی کے لئے پرویشن
پرویشن برائے آف۔ بیلنس شیٹ او بلیگیشن

قبل از محصول منافع

پرویشن برائے محصول

بعد از محصول منافع

فی حصص آمدن (روپے)

گزشتہ سال ۲۸ ارب روپے کے مقابلے میں بینک نے بعد از محصول منافع کی مد میں ۳۸۲۵ ارب روپے کمائے ہیں جو کہ گزشتہ سال کے منافع میں ۲ فیصد اضافہ ظاہر کرتا ہے۔ ۲۰۱۷ کے منافع میں بہتری اس بات کے باوجود ہے کہ ۲۰۱۶ کے اسی عرصے کے منافع میں پی آئی بی پریکٹیکل گین کی رقم ۱۵ ارب روپے شامل تھی جو کہ رواں سال دستیاب نہیں ہے۔ بینک نے ڈپازٹس کی قیمت میں کمی اور اپنے قرضوں کی بک میں اضافے کے ذریعے اپنے خالص منافع جات میں اضافہ کر لیا ہے۔ غیر فعال قرضہ جات کی مد میں گزشتہ سال ۲۸۵ ملین روپے کے پرویشن کے مقابلے میں غیر فعال قرضہ جات کی واپسی سے رواں سال ۷۶۵ ملین روپے حاصل ہوئے ہیں۔ اس کے نتیجے میں بینک کی فی حصص آمدنی (EPS) گزشتہ عرصے کے ۲۸۴ روپے کے مقابلے میں بڑھ کر ۲۹۰ روپے ہو گئی ہے۔ مشکل کاروباری حالات، کم شرح سود اور اسٹاک ایکسچینج کی خراب کارکردگی کے باوجود بینک نے منافع جات کو برقرار رکھا ہے۔

بینک کے ڈپازٹس ۳۵۸۸ ارب روپے کی سطح پر پہنچ گئے ہیں اور مجموعی اثاثہ جات کی مالیت ۱۴۷۰ ارب روپے سے زائد ہے۔ بینک کم لاگت کے CASA ڈپازٹس اور منافع جات کی شرح میں اضافے پر توجہ دے رہا ہے۔ برانچ نیٹ ورک میں توسیع سے فوائد کا آغاز ہو چکا ہے۔ انتظامی اخراجات پر کڑی نگرانی کے باعث ان میں صرف ۸ فیصد اضافہ ہوا ہے، اس اضافے کی وجوہات میں برانچ نیٹ ورک کی وسعت پر اخراجات اور افراط زر جس کا تخمینہ ۵ فیصد کے قریب ہے، شامل ہیں۔ ناہندہ صارفین سے قرضہ جات کی واپسی کے لیے کڑی نگرانی اور موثر اقدامات کیے جا رہے ہیں۔ ۳۱ دسمبر، ۲۰۱۶ پر ۸۱ فیصد کے مقابلے میں بینک کے ناہندہ قرضوں کا پرویشن کوریج ۸۶ فیصد پر آ گیا ہے۔ اس تناسب سے ظاہر ہوتا ہے کہ بینک ناہندہ قرضوں کے پورٹ فولیو کی مد میں مناسب پرویشن رکھے ہوئے ہے۔

ٹریڈ اور کنزیومر پروڈکٹس کے حجم میں اضافے کے ذریعے نان فنڈڈ انکم میں اضافے کے لیے بینک از سر نو کوششیں کر رہا ہے اور اس کے نتیجے میں کمیشن اور فیس کی بنیاد پر آمدنی میں ۱۲ فیصد اضافہ دیکھا گیا ہے۔

ڈائریکٹرز کا جائزہ

تریت اور ترقی

- تیسری سہ ماہی میں ۵۲۳، ۷۰۰ شرکاء کو مجموعی طور پر ۲۲، ۵۱۸ گھنٹوں پر مشتمل تربیت فراہم کی گئی۔
- کاروباری تسلسل کے منصوبے (BCP) کے تحت تمام منسلک اسٹیک ہولڈرز کو تربیت دی گئی۔
- اسلامی بینکاری کی لازمی آن لائن تربیت ہمارے بینک کے ۸۶ فیصد اسٹاف کو فراہم کی جا چکی ہے۔
- ۲۰۱۷ کی تیسری سہ ماہی میں ہمارے سالانہ ریفریشرز کے حصے کے طور پر ۱،۰۰۰ سے زائد اسٹاف ممبرز کو بینکاری قوانین کی تربیت فراہم کی گئی۔
- ۶۵ برانچ سروس (ٹرینی) آفیسرز نے اپنی ملازمت کے دوران تربیت مکمل کر کے گریجویٹیشن کی سند حاصل کی اور انھیں شاخوں میں مقرر کیا گیا۔
- برانچ آپریشنز اور ڈسٹری بیوشن کی ٹیموں کے لیے سوفٹ اسکور ٹریننگ کا بھی آغاز کیا گیا۔

ادارے کی سماجی ذمہ داری

- صدر اور سی ای او نے نیشنل انسٹی ٹیوٹ آف چائلڈ ہیلتھ میں چائلڈ ایڈیوسی ایشن کے کینسر میں مبتلا بچوں کے ساتھ یوم آزادی منایا۔ اسپتال کو امدادی عطیہ بھی فراہم کیا گیا۔
- بیت السکون کینسر اسپتال کے ساتھ نئے تعلقات بھی استوار کیے گئے ہیں۔

مستقبل پر نظر:

فیصل بینک کو مرحلہ وار مکمل اسلامی بینک میں تبدیل کرنے کے ہدف کی تکمیل کی طرف بڑھتے ہوئے ۲۰۱۷ میں مزید ۵۰ نئی اسلامی شاخیں کھولی جائیں گی۔ رواں سال کے پہلے نو مہینوں میں ۲۰ اسلامی شاخیں کھولی گئیں۔ بینک تیزی کے ساتھ تمام شاخوں کو اسلامی شاخوں میں تبدیل کرنے کے عمل میں مصروف ہے۔

بینک اپنے قرضہ جات کی بک میں اضافے کے تسلسل کو برقرار رکھے گا، جس میں ابتدائی طور پر دونوں کمرشل اور کارپوریٹ برنس کے شعبوں کے اندر شاخوں کے تشکیل کردہ ماڈل، کنزرویٹو فنانس اور نئے صارفین کی شمولیت کے ذریعے ایس ایم ای (SME) کے شعبے پر توجہ دی جائے گی۔

قانونی رہنما اصولوں اور بہترین روایات پر عملدرآمد اور اندرونی طور پر ان کی پابندی پر توجہ ہماری حکمت عملی کا اہم عنصر رہے گا۔ بینک اپنے اہم ترین رسک مینجمنٹ کے فریم ورک، بشمول کریڈٹ، آپریشنل اور آئی ٹی رسک پر قابو پانے کی روایات پر بھی اپنی توجہ برقرار رکھے گا۔

ڈائریکٹرز کا جائزہ

زیر جائزہ عرصے کے دوران بینک کی چند نمایاں کامیابیوں پر نظر ڈالتے ہیں:

پروجیکٹ فنانسنگ اور سنڈیکیشن

- فیصل بینک نے فنانسنگ کے اسلامی اور روایتی طریقوں کے امتزاج کے تحت ایک ارب روپے کے سنڈیکیٹڈ سہولت کے انتظام کے لیے جوائنٹ لیڈ اریجنجر اور شرعیہ اسٹرکچرنگ ایڈوائزر کے طور پر حصہ لیا۔ اس سہولت کو سیمنٹ تیار کرنے والے بڑے پلانٹ پروڈیوسر ہیٹ ریکوری سسٹم کی خریداری اور تنصیب کے لیے استعمال کیا جا رہا ہے۔
- فیصل بینک نے فنانسنگ کے اسلامی اور روایتی طریقوں کے امتزاج کے تحت ۳۵ ارب روپے کی سنڈیکیٹڈ سہولت کے انتظام کے لیے شرعیہ اسٹرکچرنگ ایڈوائزر کے طور پر حصہ لیا۔ یہ سہولت بڑے سینٹ پلانٹ پر ہیٹنگ، ماڈرنائزیشن، ری ہیبیلی ٹیشن اور آپٹیمائزیشن (BMRE) کی ضروریات پوری کرنے کے لیے استعمال کی جا رہی ہے۔
- فیصل بینک نے فنانسنگ کے اسلامی اور روایتی طریقوں کے امتزاج کے تحت ۲۸ ارب روپے کے سنڈیکیٹڈ سہولت کے انتظام کے لیے جوائنٹ اریجنجر اور شرعیہ اسٹرکچرنگ ایڈوائزر کے طور پر حصہ لیا۔ یہ سہولت شوگر مل کے ٹھوس اثاثہ جات کے حصول میں پیش آنے والی مالیاتی ضروریات پوری کرنے کے لیے استعمال کی جائے گی۔

پروڈکٹ ڈیولپمنٹ اور نئے اقدامات

- کریڈٹ کارڈ صارفین کے لیے ۱۶ پانٹرز اور ۱۰۰۰ سے زائد پروڈکٹس پر مشتمل ”ہوم اسٹائلز“ کے نام سے گھر کی تزئین و آرائش کے لیے نئی سہولت متعارف کرائی گئی ہے۔
- ہمارے معزز کھاتہ دار بزرگ شہریوں کی مالی ضروریات کو خصوصی طور پر پورا کرنے کے لیے شرعیہ کمپلائنٹ پروڈکٹ ”برکت لائف پلس سیونگ اکاؤنٹ“ کی سہولت متعارف کرا دی گئی ہے۔
- برکت کامل بزنس سیونگ اکاؤنٹ کی پروڈکٹ پر نظر ثانی کر کے اس میں تکافل کوریج کا اضافہ کر دیا گیا ہے۔
- انٹرنیٹ بینکنگ میں شاندار اضافہ دیکھا گیا، جس کے مطابق ۳۳،۷۳۹ سبسکرائبر یہ سہولت استعمال کر رہے ہیں اور ۲۰۱۶ میں ۵۷ ارب روپے کی ۱۶،۹۵ ٹرانزیکشنز کے مقابلے میں ۱۰۳ ارب روپے کی ۶۰،۳۶۵ ٹرانزیکشنز ہوئیں، اور استعمال میں مجموعی طور پر ۵۲ فیصد اضافہ ہوا ہے۔
- گزشتہ سال اسی عرصے کے دوران اے ٹی ایم ٹرانزیکشنز میں ۱۳۰ ارب روپے کے حجم کے ساتھ ۲۸ فیصد اضافہ ریکارڈ کیا گیا، ساتھ ہی کریڈٹ کارڈ کے استعمال میں ۳۲ فیصد اضافہ دیکھا گیا ہے۔
- فیصل بینک ای۔ بیکنگ ٹیم نے ون لنک (گارنٹی) لمیٹڈ کے ساتھ مل کر پاکستان کی فرسٹ ڈومیسٹک بے منٹ اسکیم ”پاک ڈیٹ کارڈ“ کو متعارف کرایا۔ یہ نیا کارڈ صارفین کو کم خرچ، آسان اور سستی سہولیات فراہم کرتا ہے۔

ڈائریکٹرز کا جائزہ

کمپنی پروفائل

فیصل بینک لمیٹڈ (FBL) کا قیام پاکستان میں ۳ اکتوبر ۱۹۹۴ کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ بینک کے شیئرز کا اندراج پاکستان اسٹاک ایکسچینج میں ہے۔ فیصل بینک لمیٹڈ کی ملک بھر کے ۱۱۴ سے زائد شہروں میں ۳۷۶ برانچیں اور ۳۷۲ اے ٹی ایبز ہیں۔ اس وقت بینک کے قفل اثاثوں کی مالیت ۴۷۲ ارب روپے سے ہیں۔

فیصل بینک لمیٹڈ کمرشل، ریٹیل، کارپوریٹ اور اسلامی بینکاری کی تمام سرگرمیوں میں مصروف عمل ہے۔ بینک کا عزم ہے کہ اپنے صارفین کو معیاری خدمات فراہم کی جائیں اور ان کی مالی ضروریات پوری کی جائیں۔ برانچوں کو مختلف پروڈکٹس کی فروخت کے مرکز میں تبدیل کر دیا گیا ہے۔ بینک کے اندر کاروباری شعبوں کے درمیان ہم آہنگی اور شراکت داری کے ذریعے پروڈکٹس کی فروخت کے تمام تر مواقع بروئے کار لائے جاتے ہیں۔

فیصل بینک لمیٹڈ اب اسلامی مالیاتی ادارے میں تبدیل ہونے کی راہ پر گامزن ہے۔ یہ تبدیلی محتاط جائزہ لینے کے بعد کی جائے گی جبکہ اس سے قفل صارفین، حصص مالکان اور تمام اسٹیک ہولڈرز کے مفادات یقینی طور پر محفوظ کیے جائیں گے۔ بینک اپنے صارفین کو محفوظ، جدید اور استعمال میں آسان بینکنگ کی سہولیات فراہم کرنے کے لیے ڈیجیٹل بینکنگ کے لیے بھی حکمت عملی ترتیب دے رہا ہے۔

بینک کو مستقبل میں بڑھتی ہوئی طلب اور مالیاتی خسارے کی وجہ سے افراط زر میں دوبارہ اضافہ نظر آ رہا ہے۔ اس طرح امریکی ڈالر اور پاکستانی روپے کی شرح قیمت میں فرق اور KIBOR بہت زیادہ دباؤ میں رہیں گے۔ پاکستان کی معیشت کو مستحکم کرنے کے لیے اہم عنصری پیک (CPEC) ہو سکتا ہے۔

کم شرح سود کے ماحول میں، بینک اپنے کم قیمت ڈپازٹس میں اضافے، منتخب کاروباری شعبوں میں قرضہ جات کی فراہمی کی بنیاد پر، اپنے انتظامی اور تقسیم کے اخراجات میں کمی اور ڈوبے ہوئے قرضہ جات کی واپسی کے ذریعے اپنے برانچ نیٹ ورک کو مستحکم بنانے پر توجہ دے رہا ہے تاکہ منافع جات کو برقرار رکھا جائے۔ برانچ نیٹ ورک میں وسعت سے مستقبل میں بینک کے منافع جات میں پائیدار اضافے کی توقع ہے۔

بینک ماحولیاتی تحفظ کے حوالے سے اپنی ذمہ داریوں سے باخبر ہے اور اس سلسلے میں ایک جامع ماحولیاتی پالیسی تشکیل دی جا رہی ہے۔ ماحول دوستی کے طور پر لوڈ شیڈنگ کی صورت میں، فیصل بینک لمیٹڈ نے رات کے اوقات میں مصروف عمل اپنی تمام شاخوں میں آپریشنز کو جزیئر کی جگہ ہیوی ڈیوٹی یو پی ایس (UPS) پر منتقل کر دیا ہے، تاکہ ماحولیاتی آلودگی کے نقصانات کو کم کیا جاسکے۔ اس کے علاوہ قدرتی روشنی سے فائدہ اٹھانے اور توانائی کے قیمتی وسائل کو بچانے کے لیے اوقات کار پر سختی سے عمل کیا جاتا ہے۔

فیصل بینک کی کارکردگی:

بینک اپنے نیٹ ورک کی توسیع، ڈیجیٹل بینکنگ سپورٹ میں جدید ٹیکنالوجی، اثاثوں میں اضافے، اخراجات میں کمی اور اسلامی بینکاری میں منتقلی کے لیے جامع حکمت عملی کے تحت مصروف عمل ہے۔

ڈائریکٹرز کا جائزہ

فیصل بینک کے بورڈ آف ڈائریکٹرز کی طرف سے میں آپ کی خدمت میں ۳۰ ستمبر، ۲۰۱۷ کو ختم ہونے والی تیسری سہ ماہی کی رپورٹ (مالیاتی گوشواروں کے ساتھ) پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

اقتصادی اپ ڈیٹ

مالی سال ۲۰۱۷-۲۰۱۸، آئی ایم ایف (IMF) پروگرام سے نکلنے کے بعد پاکستان کا پہلا مکمل مالی سال تھا۔ حکام نے قرارداد یا تھا کہ ملک کو مستقبل میں آئی ایم ایف (IMF) سے مالی تعاون کی ضرورت پیش نہیں آئے گی۔ البتہ، آئی ایم ایف (IMF) کی نگرانی کے بغیر ملکی معاشی بدحالی کی طرف لوٹنے کے خطرات درست ثابت ہوئے اور کافی معاشی اہداف حاصل نہ کیے جاسکے۔ جن میں انتہائی اہم جاری کھاتے اور مالی خسارے کے معاملات ہیں جن کے ملکی معیشت پر وسیع اثرات مرتب ہو سکتے ہیں۔ گزشتہ مالی سال ۲۰۱۷-۱۸ ارب امریکی ڈالر کے مقابلے میں مالی سال ۲۰۱۷-۱۸ کا جاری کھاتے کا خسارہ ۱۲ ارب امریکی ڈالر ریکارڈ کیا گیا ہے۔ ابتدائی ہدف ۳۸ فیصد کے مقابلے میں مالیاتی خسارہ جی ڈی پی کا ۸.۵ فیصد ریکارڈ کیا گیا ہے۔ بینک دولت پاکستان کی معاشی رپورٹ کے مطابق CPI انفلیشن نظر ثانی شدہ ہدف ۴.۵ - ۵.۵ فیصد سے کم رہا اور اس کا تناسب ۱۵.۵ فیصد ریکارڈ کیا گیا۔

مالی سال ۲۰۱۷ کے مقابلے میں، مالی سال ۲۰۱۸ کی پہلی سہ ماہی میں معاشی اتار چڑھاؤ دیکھا گیا۔ جاری کھاتے کے خسارے میں اضافے کا تسلسل برقرار رہا، رواں مالی سال کے پہلے دو مہینوں میں ۲.۶ ارب امریکی ڈالر ریکارڈ کیا گیا جبکہ گزشتہ سال اسی عرصے کے دوران یہ خسارہ ۱۲.۹ ارب امریکی ڈالر تھا۔ مالی سال ۲۰۱۸ کی پہلی سہ ماہی میں جاری کھاتے کے خسارے کے بالکل برعکس مالیاتی خسارہ جی ڈی پی کا ۹.۰ فیصد ریکارڈ کیا گیا، جبکہ گزشتہ سال اسی عرصے میں یہ خسارہ ۳.۰ فیصد تھا۔ اس بہتری کی بنیادی وجہ ٹیکس کلیکشن میں شاندار اضافہ تھا۔ بینک دولت پاکستان کی جانب سے حالیہ مانیٹری پالیسی میں افراط زر کا واضح ذکر کیا گیا ہے کہ اس پر قابو پانے کے لیے کوششیں کی جارہی ہیں۔ یہ بات خاص طور پر قابل ذکر ہے کہ بینک دولت پاکستان کی جانب سے طے شدہ سالانہ ہدف ۴.۵ - ۵.۵ فیصد کے برعکس رواں مالی سال کی پہلی سہ ماہی میں افراط زر کی شرح صرف ۳.۹ فیصد ریکارڈ کی گئی۔ علاوہ ازیں بینک دولت پاکستان نے طے شدہ اہداف ۴.۶ فیصد اور ۲.۶ فیصد کے مقابلے میں مالیاتی خسارے کا ہدف جی ڈی پی کے ۶.۵ فیصد اور جاری کھاتے کے خسارے کا ہدف جی ڈی پی کے ۵.۵ فیصد رہنے کی توقع ظاہر کی ہے۔

پاکستان اشاک ایکسچینج میں شدید مندی کا رجحان رہا ہے؛ مئی ۲۰۱۷ میں ۵۲.۸۷۶ کی بلند ترین سطح سے گر کر اکتوبر ۲۰۱۷ میں ۴۰.۰۰۰ کی سطح پر آ گیا ہے۔ اس بدترین کمی کے اسباب میں مختلف معاملات کے ساتھ سب سے زیادہ اہم وجہ غیر یقینی سیاسی صورتحال ہے۔

اس کے علاوہ ایک سنگین معاملہ یہ ہے کہ بیرونی اکاؤنٹ کو محتاط انداز میں برقرار رکھا جائے۔ موجودہ شرح سے غیر ملکی ذخائر میں کمی خطرناک ہے جس کے نتیجے میں ملک کو کرنسی بحران کا سامنا کرنا پڑ سکتا ہے اور ہمیں دوبارہ آئی ایم ایف سے رجوع کرنے کی ضرورت پیش آ سکتی ہے۔

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